OFFERING MEMORANDUM **STRICTLY CONFIDENTIAL**

U.S.$1,000,000,000
Cencosud S.A.

$650,000,000 5.150% Senior Notes due 2025
$350,000,000 6.625% Senior Notes due 2045

Unconditionally Guaranteed on a Limited Basis by

Cencosud Retail S.A.

We are offering U.S.$650,000,000 aggregate principal amount of our 5.150% senior notes due 2025 (the "2025 notes") and U.S.$350,000,000 aggregate principal amount of our 6.625% senior notes due 2045 (the "2045 notes" and, together with the 2025 notes, the "notes"). The 2025 notes will mature on February 12, 2025, and the 2045 notes will mature on February 12, 2045. The 2025 notes will accrue interest at a rate of 5.150% per year, and the 2045 notes will accrue interest at a rate of 6.625% per year. We will pay interest on the notes semi-annually in arrears on February 12 and August 12 of each year, commencing on August 12, 2015.

Our majority-owned subsidiary Cencosud Retail S.A. (the "guarantor") will irrevocably and unconditionally guarantee the payment of principal, premium, if any, accrued and unpaid interest, additional amounts, if any, and any other amounts in respect of the notes (the "subsidiary guarantee"). The notes and the subsidiary guarantee will be our and the guarantor's senior unsecured obligations and will rank *pari passu* in right of payment with all of our and the guarantor's respective existing and future unsecured and unsubordinated debt. The subsidiary guarantee will be released under certain circumstances. See "Description of the Notes—The Subsidiary Guarantee."

We may redeem the notes at our option, in whole but not in part, at the redemption prices described under "Description of the Notes—Optional Redemption–Make-Whole Redemption" and "–At Par Redemption", as applicable. In addition, we may redeem the notes, in whole but not in part, at a price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest, if any, to the date of redemption, in the event of certain changes in the tax laws of Chile or any jurisdiction from or through which any payment under the notes is made by us or the guarantor or at our or the guarantor's direction, as applicable.

There is currently no public market for the notes. We have applied to have the notes listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market.

Investing in the notes involves risks. See "Risk Factors" beginning on page 21 of this offering memorandum and page 12 of our Annual Report annexed to this offering memorandum.

Offering Price
2025 notes: 99.637% plus accrued interest, if any, from February 12, 2015.
2045 notes: 99.909% plus accrued interest, if any, from February 12, 2015.

The notes and the subsidiary guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Prospective purchasers that are qualified institutional buyers are hereby notified that the sellers of the notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act. See "Transfer Restrictions."

The notes may not be publicly offered or sold, directly or indirectly, in the Republic of Chile ("Chile"), or to any resident of Chile. The notes will not be registered under Law No. 18,045, as amended (the securities market law of Chile) in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Superintendency of Securities and Insurance (*Superintendencia de Valores y Seguros* or "SVS"). As unregistered securities, we are not required to disclose public information about the notes in Chile. Accordingly, the notes cannot and will not be publicly offered or sold to persons in Chile except in circumstances which have not resulted and will not result in a public offering under Chilean law or in compliance with Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the SVS ("Rule 336"). Pursuant to Rule 336, the notes may be privately offered in Chile to certain "qualified investors," identified as such therein (which in turn are further described in Rule No. 216, dated June 12, 2008, of the SVS).

We expect that delivery of the notes will be made to purchasers on or about February 12, 2015 only in book-entry form through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream").

Joint Book-Running Managers

HSBC **Scotiabank**

The date of this offering memorandum is February 5, 2015.

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We have not authorized anyone to provide any information other than that contained in this offering memorandum. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor HSBC Securities (USA) Inc. and Scotia Capital (USA) Inc., as the initial purchasers, are making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate at any date other than the date on the front cover of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this offering memorandum.

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to "we," "us," "our," "our company," the "Company" and "ourselves" mean Cencosud S.A. and its consolidated subsidiaries, and all references to the "Issuer" mean Cencosud S.A., excluding its subsidiaries.

This offering memorandum is confidential. This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the securities described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. You are authorized to use this offering memorandum solely for the purpose of considering the purchase of our notes. Distribution of this offering memorandum to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision, prospective investors must rely on their own examination of our company and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

We have furnished the information in this offering memorandum. You acknowledge and agree that the initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers. This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

The distribution of this offering memorandum and the offering and sale of the notes in certain jurisdictions may be restricted by law. We and the initial purchasers require persons into whose possession this offering memorandum comes to inform themselves about and to observe any such restrictions. This offering memorandum does not constitute an offer of, or an invitation to purchase, any of the notes in any jurisdiction in which such offer or sale would be unlawful.

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Transfer Restrictions."

The notes may not be offered or sold to any person in the United Kingdom, other than to persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE IMPLIES THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CHILEAN INVESTORS

DISCLAIMER UNDER RULE 336 OF THE CHILEAN SUPERINTENDENCY OF SECURITIES AND INSURANCE

THE PRIVATE OFFERING OF THESE NOTES STARTS ON JANUARY 29, 2015, AND IS MADE SUBJECT TO GENERAL RULING N° 336 OF THE CHILEAN SUPERINTENDENCE OF SECURITIES AND INSURANCE ("SVS"). THIS OFFER REFERS TO SECURITIES NOT REGISTERED AT THE SECURITIES REGISTRY OR AT THE FOREIGN SECURITIES REGISTRY OF THE CHILEAN SUPERINTENDENCE OF SECURITIES AND INSURANCE, AND THEREFORE SUCH SECURITIES ARE NOT SUBJECT TO ITS OVERSIGHT. GIVEN THAT THESE SECURITIES ARE NOT REGISTERED IN CHILE, THERE IS NO OBLIGATION FROM THE ISSUER TO PROVIDE PUBLIC INFORMATION ON THEM. THESE SECURITIES CANNOT BE SUBJECT TO PUBLIC OFFERING IN CHILE WHILE THEY ARE NOT REGISTERED AT THE CORRESPONDING SECURITIES REGISTRY IN CHILE.

LA OFERTA PRIVADA DE ESTOS BONOS SE INICIA EL DÍA 29 DE ENERO DE 2015 Y SE ACOGE A LAS DISPOSICIONES DE LA NORMA DE CARÁCTER GENERAL Nº 336 DE LA SUPERINTENDENCIA DE VALORES Y SEGUROS DE CHILE ("SVS"). ESTA OFERTA VERSA SOBRE VALORES NO INSCRITOS EN EL *REGISTRO DE VALORES* O EN EL *REGISTRO DE VALORES EXTRANJEROS* QUE LLEVA LA SVS, POR LO QUE TALES VALORES NO ESTÁN SUJETOS A LA FISCALIZACIÓN DE ÉSTA. POR TRATARSE DE VALORES NO INSCRITOS EN CHILE NO EXISTE LA OBLIGACIÓN POR PARTE DEL EMISOR DE ENTREGAR EN CHILE INFORMACIÓN PÚBLICA RESPECTO DE LOS MISMOS. ESTOS VALORES NO PODRÁN SER OBJETO DE OFERTA PÚBLICA EN CHILE MIENTRAS NO SEAN INSCRITOS EN EL *REGISTRO DE VALORES* CORRESPONDIENTE.

NOTICE TO RESIDENTS OF PERU

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH OR APPROVED BY THE PERUVIAN SUPERINTENDENCY OF CAPITAL MARKETS (SUPERINTENDENCIA DEL MERCADO DE VALORES) OR THE LIMA STOCK EXCHANGE (BOLSA DE VALORES DE LIMA). ACCORDINGLY, THE NOTES CANNOT BE OFFERED OR SOLD IN PERU, EXCEPT IF SUCH OFFERING IS CONSIDERED A PRIVATE OFFERING UNDER THE SECURITIES LAWS AND REGULATIONS OF PERU. THE PERUVIAN CAPITAL MARKET LAW ESTABLISHES THAT ANY PARTICULAR OFFER MAY QUALIFY AS PRIVATE IF IT IS DIRECTED EXCLUSIVELY TO INSTITUTIONAL INVESTORS (AS SUCH TERM IS DEFINED IN THE SEVENTH FINAL DISPOSITION OF CONASEV RESOLUTION NO. 141-98-EF/94.10, AS AMENDED).

AVAILABLE INFORMATION

Cencosud S.A. is a public company registered with the Chilean Superintendence of Securities and Insurance (SVS), under No.743, which shares are quoted in Chile on the Stock Brokers-Stock Exchange (Valparaíso), the Chilean Electronic Stock Exchange and the Santiago Stock Exchange. The shares are also quoted on the New York Stock Exchange ("NYSE") in the form of American Depositary Receipts (ADRs).

We are currently required to periodically furnish certain information, including quarterly and annual reports, to the SVS and to the Santiago Stock Exchange, the Valparaíso Stock Exchange and the Chilean Electronic Stock Exchange, which are available in Spanish for inspection through the SVS's website at www.svs.cl. Information contained on, or accessible through, the website of the SVS is not incorporated in this offering memorandum and you should not consider any such information to be part of this offering memorandum.

In addition, we are a public company in the United States and file annual and other reports as required by the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). You may read a copy of our annual and other reports and any other document we file on the SEC's website at *http://www.sec.gov* and at the SEC's public reference room at 450 Fifth Street, N.W. Washington, D.C. 20549. These documents are also available at the public reference rooms at the SEC's regional offices in New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms.

We have included in this offering memorandum, (i) as Annex I, our Annual Report on Form 20-F for the year ended December 31, 2013, filed by us with the SEC on April 29, 2014, which includes our audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 (our "Annual Report"), (ii) as Annex II, our Report on Form 6-K furnished by us to the SEC on January 29, 2015, which includes revised audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 which supersede the audited consolidated financial statements in our Annual Report and revises certain other financial and other information in our Annual Report as described therein (our "Revised Financials Report"), and (iii) as Annex III, our Report on Form 6-K furnished by us to the SEC on January 29, 2015, which includes our unaudited consolidated financial statements as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013 as well as Management's Discussion and Analysis of Financial Condition and Results of Operations for said periods (our "Interim Report"). Our Revised Financials Report includes, among other things, updated non-IFRS information reconciliation tables, updated selected financial data, an updated operating results discussion in respect of the Company on a consolidated basis and in respect of the financial services segment, an updated discussion of indebtedness and cash flows, updated tabular disclosure of contractual obligations, and certain other updated financial and other information, all of which has been revised from our Annual Report to account for the revised presentation required by International Financial Reporting Standards in respect of the financial services segment in Chile as a result of our entry into the Joint Venture Framework Agreement described further under "Presentation of Financial and Other Information" and "Summary—Recent Developments." See also "Explanatory Note Regarding Revised Financial Information" in our Revised Financials Report. All references in this offering memorandum to our Annual Report are deemed to mean our Annual Report as so revised by our Revised Financials Report, unless otherwise indicated or the context otherwise requires.

At any time when we are not subject to or are not current in our reporting obligations under Section 13 or Section 15(d) of the Exchange Act or are exempt from the registration requirements of Section 12(g) of the Exchange Act pursuant to Rule 12g3-2(b) thereunder, and any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of notes that are "restricted securities" under the Securities Act, the information referred to in Rule 144A(d)(4) under the Securities Act in order to permit resale of the notes in compliance with Rule 144A.

You may obtain copies, without charge, of the indentures that govern the notes by requesting them in writing or by telephone at the address and phone number below.

Cencosud S.A.
Av. Kennedy 9001, Piso 6
Las Condes, Santiago
Chile
Attention: Department of Investor Relations
Telephone: 56 (2) 959-0104
Fax: 56 (2) 959-0625

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

Each of the issuer and the guarantor is a corporation (*sociedad anónima*) organized under the laws of Chile. Substantially all of the directors and officers of the issuer and the guarantor named herein reside outside the United States (principally in Chile and Argentina). All or a substantial portion of the assets of the issuer and the guarantor, and the assets of the directors and officers of the issuer and the guarantor are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against the issuer, the guarantor or them in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

We have been advised by Servicios Legales Baker McKenzie Limitada, our external Chilean counsel, that no treaty exists between the United States and Chile providing for recognition and enforcement in Chile of judgments of courts of the United States in civil and commercial matters and that a final judgment for the payment of money rendered by any general or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be automatically enforceable in Chile. Chilean courts, however, have enforced judgments rendered by U.S. courts by virtue of the legal principles of reciprocity and comity, subject to review in Chile of any such U.S. judgment in order to ascertain whether certain basic principles of due process and public policy have been respected, without reviewing the merits of the subject matter. If a U.S. court grants a final judgment, enforceability of this judgment in Chile will be subject to obtaining the relevant exequatur (i.e., recognition and enforcement of the foreign judgment) according to Chilean civil procedure law in force at that time and satisfying certain legal requirements. Currently, the most important of these requirements are:

- the existence of reciprocity as to the enforcement of judgments (i.e., the relevant court sitting in the United States would enforce a comparable judgment of a Chilean court in comparable circumstances), absent which the foreign judgment may not be enforced in Chile;

- the absence of any conflict between the foreign judgment and Chilean law (excluding for this purpose the laws of civil procedure) and Chilean public policy;

- the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances;

- the Chilean court's determination that the U.S. courts had jurisdiction, that process was appropriately served on the defendant and that the defendant was afforded a real opportunity to appear before the court and defend its case. We have been advised by Servicios Legales Baker McKenzie Limitada that there are decisions of the Supreme Court of Chile that have considered that the service of process by means of mailing copies to the defendant was not effective to cause proper service of process and, consequently, have denied enforcement in Chile of a judgment rendered in a proceeding in which legal process was served by such means; and

- a final and conclusive judgment (i.e., the absence of any further means for appeal or review of the judgment in the jurisdiction where judgment was rendered). We note that whether a judgment is final and conclusive will depend on the laws of the jurisdiction in which judgment is rendered and this must be proven to the courts of Chile.

To enforce such judgment, a copy legalized by the Chilean Consul in the United States must be presented to the Supreme Court of Chile and, if not in Spanish, duly translated into Spanish by a sworn public translator appointed by the Chilean Ministry of Foreign Affairs. The Supreme Court may hear whatever presentation the party against whom enforcement is sought wishes to make, which hearing will be limited to aspects relating to such enforcement and not to substantive issues resolved in the judgment. The Supreme Court may decide to hear the Supreme Court prosecutor (fiscal judicial) as to such limited aspects and then declare whether or not the judgment should be enforced.

We have been advised by Servicios Legales Baker McKenzie Limitada, that there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely on the U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

We and the guarantor will appoint CT Corporation System located at 111 Eighth Avenue, 13th Floor, New York, New York 10011, as agent to receive service of process under the indentures governing the notes, including with respect to any action brought against us in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any State of the United States or any action brought against us in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

FORWARD-LOOKING STATEMENTS

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

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

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

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

In this offering memorandum, unless otherwise specified or if the context so requires:

- References to "$," "U.S.$," "U.S. dollars," "dollars" and "USD" are to U.S. dollars.
- References to "Chilean pesos" or "Ch$" are to Chilean pesos, the official currency of Chile.
- References to "Argentine pesos" or "Ar$" are to Argentine pesos, the official currency of Argentina.
- References to "Brazilian Real," "Real," "Reais" or "R$" are to the Brazilian real, the official currency of Brazil.
- References to "Nuevo Sol," "Nuevos Soles" or "S/." are to Peruvian nuevos soles, the official currency of Peru.
- References to "Colombian pesos" or "Col$" are to Colombian pesos, the official currency of Colombia.
- References to "Carrefour" refer to Carrefour Société Anonyme.
- References to "UF" are to *Unidades de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the official Consumer Price Index ("CPI") of the *Instituto Nacional de Estadísticas* (the "Chilean National Institute of Statistics"). The UF is adjusted in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. As of September 30, 2014, UF1.00 was equivalent to U.S.$41.19 and Ch$24,233.31, in each case based on the observed exchange rate reported by the Central Bank of Chile. See "Exchange Rates—Chile."

This offering memorandum contains translations of certain Chilean peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Chilean peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated, at any particular rate or at all. Unless otherwise indicated, the exchange rate used in converting Chilean pesos into U.S. dollars for amounts presented as of and for the year ended December 31, 2013 is based on the observed exchange rate (*dólar observado*) reported by the Central Bank of Chile (the "Chilean Central Bank") for December 30, 2013, which was Ch$523.76 per U.S.$1.00, and for amounts presented as of and for the nine months ended September 30, 2014, is based on the observed exchange rate for September 30, 2014, which was Ch$599.20 per U.S.$1.00. The rates reported by the Chilean Central Bank for December 31, 2013 and September 30, 2014 are based upon the observed exchange rate published by the Chilean Central Bank on the first business day following the respective period. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. See "Exchange Rates" for additional information regarding rates of exchange.

Financial Statements

Issuer

Our financial information included herein has been derived from:

- our unaudited interim consolidated financial statements as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013, together with the notes thereto, prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, which we refer to in this offering memorandum as our "Unaudited Interim Consolidated Financial Statements" and are included in our Interim Report annexed to this offering memorandum; and

- our audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 together with the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), which we refer to in this offering memorandum as our "Audited Consolidated Financial Statements" and are included in our Revised Financials Report annexed to this offering memorandum.

Our Audited Consolidated Financial Statements have been audited by PricewaterhouseCoopers *Consultores, Auditores y Compañia Limitada*, an independent registered public accounting firm, whose report on our Audited Consolidated Financial Statements appears in our Revised Financials Report annexed to this offering memorandum. We maintain our books and records in Chilean pesos and prepare consolidated financial statements in accordance with IFRS. Our date of adoption of IFRS was January 1, 2010.

Unless otherwise noted, the financial data presented herein as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013, and as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, is stated in Chilean pesos, our functional and reporting currency.

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

Our interim consolidated financial statements in our Interim Report are unaudited but reflect all adjustments (consisting only of normal recurring adjustments), which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The results of these interim periods are not necessarily indicative of results for a full year. Our interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements in our Revised Financials Report.

The financial statements as of and for the year ended December 31, 2013 presented in our Annual Report differ from the local financial statements as of and for the year ended December 31, 2013 published in Chile on March 28, 2014, and furnished to the SEC on Form 6K on March 31, 2014, due to the inclusion in our Annual Report of a Ch$20,000 million lawsuit provision related to the April 24, 2013 ruling from the Chilean Supreme Court on the class action suit filed by the *Servicio Nacional del Consumidor* (the National Consumer Service) against Cencosud Administradora de Tarjetas S.A. ("CAT"). For further information on this matter, please see "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings" in our Annual Report.

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

Cencosud prepares and reports its financial statements under IFRS. Under IFRS Standard N 5 ("IFRS 5"), "Disposal of subsidiaries, business and non-current assets", the Subject Companies, which comprise the Chilean portion of our financial services segment, are considered as from June 20, 2014, as "Assets held for sale" as a result of Cencosud's commitment to sell a controlling interest to an unrelated party under the Joint Venture Framework Agreement and the occurrence of such transaction is deemed highly probable by management.

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

Under IFRS 5, this re-presentation would occur in the normal course of the company's periodic filings with the SEC under the 1934 Act, and would normally be reflected in a company's subsequent filings of audited financial statements with the SEC. However, in the context of an offering of securities, such re-presentation must be included in the offering document for any financial periods included therein. In the case of Cencosud, the application of IFRS 5 in the context of this transaction requires Cencosud to re-present its audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 (the "**2013 Financials**"). The revised 2013 Financials were prepared by management on January 26, 2015, solely to give retroactive effect to the discontinued operations of the financial services segment in Chile, and not to reflect any other subsequent events since March 28, 2014, the date on which the financial statements were approved by the Board of Directors.

In the Revised Financials Report that is annexed to this offering memorandum, Cencosud has included its re-presented 2013 Financials. In addition, Cencosud has re-presented certain sections of its Management's Discussion and Analysis of Results of Operations and Financial Condition for the years ended December 31, 2013, 2012 and 2011 included in the Annual Report, as well as certain additional information, that were affected by the re-presented 2013 Financials.

Guarantor

The guarantor is our majority-owned subsidiary and represents, as of September 30, 2014, 30%, 135% and 15% of our consolidated net revenues, net income and assets, respectively, exclusive of inter-company adjustments. The guarantor's financial statements have not been included in this offering memorandum. The guarantor is not registered with the SVS and is not required under Chilean law to independently publish quarterly or annual financial statements in Chile. Pursuant to SVS regulations, we are required to file on an annual basis limited financial information about the guarantor and its consolidated subsidiaries (including a statement of operations and balance sheet). This information is available in Spanish at the SVS's website at www.svs.cl. Neither that website nor its contents are part of this offering memorandum. Accordingly, you must make an investment decision with respect of the notes without the benefit of the guarantor's financial statements. For a summary of the guarantor's outstanding debt as of September 30, 2014, see "Capitalization." The subsidiary guarantee will be released under certain circumstances. See "Description of the Notes—The Subsidiary Guarantee."

Rounding

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

Operating Data

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

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

Industry and Market Data

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

General

This offering memorandum contains data related to the economic conditions in the markets in which we operate. Unless otherwise indicated, information in this offering memorandum concerning economic conditions is based on publicly available information from third-party sources which we believe to be reasonable. The economic conditions in the markets in which we operate may deteriorate, and those economies may not grow at the rates projected by market data, or at all. The deterioration of the economic conditions in the markets in which we operate may have a material adverse effect on our business, results of operations, financial condition and the market price of the notes.

Chile

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

Argentina

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

Brazil

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

Peru

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

Colombia

Market and certain other data relating to Colombia used in this offering memorandum was obtained from our own research, surveys or studies conducted by third parties and industry or general publications and other publicly available sources. Industry and general publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Certain data is based on published information made available by the Colombian government and its agencies, such as the *Departamento Administrativo Nacional de Estadística* (the National Administrative Department of Statistics, or "DANE") and the *Banco de la Republica* ("Colombian Central Bank"). Although we believe these sources to be reliable, we do not guarantee the accuracy of the information.

Other Information

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

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

SPECIAL NOTE REGARDING NON-IFRS FINANCIAL MEASURES

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

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

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

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

EBIT, EBITDA and Adjusted EBITDA have important limitations as analytical tools. For example, none of EBIT, EBITDA or Adjusted EBITDA reflect (a) our cash expenditures, or future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and (d) tax payments or distributions to our parent to make payments with respect to taxes attributable to us that represent a reduction in cash available to us. Although we consider the items excluded in the calculation of non-IFRS measures to be less relevant to evaluate our performance, some of these items may continue to take place and accordingly may reduce the cash available to us.

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

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

	Nine months ended September 30,		
	2014	2014	2013
		(unaudited)	
	(in millions of U.S.$)	(in millions of Ch$)	
Profit attributable to controlling shareholders	79.1	47,412	61,844
Profit attributable to non-controlling shareholders	0.4	221	467
Profit from continuing operations	79.5	47,633	62,311
Financial expense (net)	256.3	153,561	161,835
Income tax charge	94.9	56,856	65,476
EBIT from continuing operations	430.6	258,050	289,623
Depreciation and amortization	247.7	148,420	144,023
EBITDA from continuing operations	678.3	406,470	433,646
Exchange differences	43.8	26,273	20,928
Increase on revaluation of investment properties[1]	(44.0)	(26,368)	(35,335)
(Losses) gains from indexation	44.0	26,369	10,292
Adjusted EBITDA from continuing operations	722.2	432,744	429,531
As a % of revenues			
Profit from continuing operations	0.62%	0.62%	0.85%
Financial income (expenses)	2.00%	2.00%	2.21%
Income tax charge	0.74%	0.74%	0.89%
EBIT from continuing operations	3.35%	3.35%	3.96%
Depreciation and amortization	1.93%	1.93%	1.97%
EBITDA from continuing operations	5.28%	5.28%	5.93%
Exchange differences	0.34%	0.34%	0.29%
Increase on revaluation of investment properties[1]	(0.34)%	(0.34)%	(0.48)%
(Losses) gains from indexation	0.34%	0.34%	0.14%
Adjusted EBITDA from continuing operations	5.62%	5.62%	5.87%

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

	Year ended December 31,			
	2013	2013	2012	2011
	(in millions of U.S.$)	(in millions of Ch$)		
Profit attributable to controlling shareholders	460	241,573	216,911	241,329
Profit attributable to non-controlling shareholders	-	(166)	2,851	10,559
Profit from continuing operations	460	241,408	219,762	251,888
Financial expense (net)	415	217,857	170,399	105,054
Income tax charge	179	94,068	92,226	111,305
EBIT from continuing operations	1,055	553,333	482,387	468,247
Depreciation and amortization	356	186,576	138,941	117,498
EBITDA from continuing operations	1,410	739,909	621,328	585,745
Exchange differences	48	25,054	12,053	(1,577)
Increase on revaluation of investment properties[1]	(181)	(95,110)	(98,633)	(72,798)
(Losses) gains from indexation	36	18,885	23,538	27,641
Adjusted EBITDA from continuing operations	1,313	688,738	558,285	539,011
As a % of revenues				
Profit from continuing operations	2.38%	2.38%	2.46%	3.41%
Financial income (expenses)	2.15%	2.15%	1.91%	1.42%
Income tax charge	0.93%	0.93%	1.03%	1.51%
EBIT from continuing operations	5.46%	5.46%	5.40%	6.34%
Depreciation and amortization	1.84%	1.84%	1.56%	1.59%
EBITDA from continuing operations	7.30%	7.30%	6.96%	7.93%

	Year ended December 31,			
	2013	2013	2012	2011
	(in millions of U.S.$)	(in millions of Ch$)		
Exchange differences	0.25%	0.25%	0.14%	(0.02)%
Increase on revaluation of investment properties[(1)]	(0.94)%	(0.94)%	(1.11)%	(0.99)%
(Losses) gains from indexation	0.19%	0.19%	0.26%	0.37%
Adjusted EBITDA from continuing operations	6.80%	6.80%	6.26%	7.30%

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

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

Information by segment	Supermarkets	Shopping centers	Home improvement stores	Department stores	Financial services	Other	Consolidated total
(unaudited)					Continuing Operations		Continuing Operations
	Nine months ended September 30, 2014 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	177,391	137,714	67,513	(12,320)	27,751	(350,637)	47,412
Profit attributable to non-controlling shareholders	-	-	-	-	-	221	221
Net income	**177,391**	**137,714**	**67,513**	**(12,320)**	**27,751**	**(350,416)**	**47,633**
Financial expense (net)	-	-	-	-	-	153,561	153,561
Income tax charge	-	-	-	-	-	56,856	56,856
EBIT from continuing operations	**177,391**	**137,714**	**67,513**	**(12,320)**	**27,751**	**(139,999)**	**258,050**
Depreciation and amortization	100,113	4,138	15,084	19,392	1,391	8,303	148,420
EBITDA from continuing operations	**277,504**	**141,853**	**82,596**	**7,072**	**29,141**	**(131,696)**	**406,470**
Exchange differences	-	-	-	-	-	26,273	26,273
Increase on revaluation of investment properties[(1)]	-	(26,368)	-	-	-	-	(26,368)
Losses from indexation	-	-	-	-	-	26,369	26,369
Adjusted EBITDA from continuing operations	**277,504**	**115,485**	**82,596**	**7,072**	**29,141**	**(79,055)**	**432,744**
As a % of revenues	4.7%	76.2%	9.5%	1.1%	35.0%	N/A	5.6%

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

Information by segment	Supermarkets	Shopping centers	Home improvement stores	Department stores	Financial services	Other	Consolidated total
(unaudited)					Continuing Operations		Continuing Operations
	Nine months ended September 30, 2013 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	177,536	145,485	45,581	6,958	15,361	(329,077)	61,844
Profit attributable to non-controlling shareholders	-	-	-	-	-	467	467
Net income	**177,536**	**145,485**	**45,581**	**6,958**	**15,361**	**(328,610)**	**62,311**
Financial expense (net)	-	-	-	-	-	161,835	161,835
Income tax charge	-	-	-	-	-	65,476	65,476

EBIT from continuing operations	**177,536**	**145,485**	**45,581**	**6,958**	**15,361**	**(101,298)**	**289,623**
Depreciation and amortization	102,079	2,947	14,521	18,353	1,268	4,854	144,023
EBITDA from continuing operations	**279,616**	**148,432**	**60,103**	**25,311**	**16,629**	**(96,444)**	**433,646**
Exchange differences	-	-	-	-	-	20,928	20,928
Increase on revaluation of investment properties(1)	-	(35,335)	-	-	-	-	(35,335)
Losses from indexation	-	-	-	-	-	10,292	10,292
Adjusted EBITDA from continuing operations	**279,616**	**113,096**	**60,103**	**25,311**	**16,629**	**(65,224)**	**429,531**
As a % of revenues	5.0%	76.7%	7.1%	3.9%	28.5%	N/A	5.9%

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

Information by segment	Supermarkets	Shopping centers	Home improvement stores	Department stores	Financial services	Other	Consolidated total
					Continuing Operations		Continuing Operations
				Year ended December 31, 2013 (in millions of Ch$)			
Profit (loss) attributable to controlling shareholders	288,254	249,086	80,042	24,754	40,046	(440,609)	241,573
Profit attributable to non-controlling shareholders	-	-	-	-	-	(166)	(166)
Net income	**288,254**	**249,086**	**80,042**	**24,754**	**40,046**	**(440,775)**	**241,408**
Financial expense (net)	-	-	-	-	-	217,857	217,857
Income tax charge	-	-	-	-	-	94,068	94,068
EBIT from continuing operations	**288,254**	**249,086**	**80,042**	**24,754**	**40,046**	**(128,850)**	**553,333**
Depreciation and amortization	130,205	3,950	19,481	24,610	1,776	6,554	186,576
EBITDA from continuing operations	**418,459**	**253,035**	**99,523**	**49,364**	**41,822**	**(122,296)**	**739,909**
Exchange differences	-	-	-	-	-	25,054	25,054
Increase on revaluation of investment properties(1)	-	(95,110)	-	-	-	-	(95,110)
Losses from indexation	-	-	-	-	-	18,885	18,885
Adjusted EBITDA from continuing operations	**418,459**	**157,925**	**99,523**	**49,364**	**41,822**	**(78,357)**	**688,738**
As a % of revenues	5.4%	76.9%	8.5%	5.1%	51.2%	N.A.	6.8%

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

Information by segment	Supermarkets	Shopping centers	Home improvement stores	Department stores	Financial services	Other	Consolidated total
					Continuing Operations		Continuing Operations
				Year ended December 31, 2012 (in millions of Ch$)			
Profit (loss) attributable to controlling shareholders	314,538	222,701	73,646	20,231	(9,431)	(404,773)	216,911
Profit attributable to non-controlling shareholders	-	-	-	-	-	2,851	2,851

Net income	**314,538**	**222,701**	**73,646**	**20,231**	**(9,431)**	**(401,923)**	**219,762**
Financial expense (net)	-	-	-	-	-	170,399	170,399
Income tax charge	-	-	-	-	-	92,226	92,226
EBIT from continuing operations	**314,538**	**222,701**	**73,646**	**20,231**	**(9,431)**	**(139,298)**	**482,387**
Depreciation and amortization	89,454	2,606	17,740	22,896	955	5,290	138,941
EBITDA from continuing operations	**403,992**	**225,307**	**91,386**	**43,127**	**(8,476)**	**(134,008)**	**621,328**
Exchange differences	-	-	-	-	-	12,053	12,053
Increase on revaluation of investment properties(1)	-	(98,633)	-	-	-	-	(98,633)
Losses from indexation	-	-	-	-	-	23,538	23,538
Adjusted EBITDA from continuing operations	**403,992**	**126,674**	**91,386**	**43,127**	**(8,476)**	**(98,418)**	**558,285**
As a % of revenues	6.0%	73.6%	8.6%	4.9%	N.A.	N.A.	6.3%

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

Information by segment	**Supermarkets**	**Shopping centers**	**Home improvement stores**	**Department stores**	**Financial services**	**Other**	**Consolidated total**
					Continuing Operations		**Continuing Operations**
				Year ended December 31, 2011 (in millions of Ch$)			
Profit (loss) attributable to controlling shareholders	299,605	170,391	67,291	29,698	6,964	(332,621)	241,329
Profit attributable to non-controlling shareholders	-	-	-	-	-	10,559	10,559
Net income	**299,605**	**170,391**	**67,291**	**29,698**	**6,964**	**(322,062)**	**251,888**
Financial expense (net)	-	-	-	-	-	105,054	105,054
Income tax charge	-	-	-	-	-	111,305	111,305
EBIT from continuing operations	**299,605**	**170,391**	**67,291**	**29,698**	**6,964**	**(105,703)**	**468,247**
Depreciation and amortization	76,559	2,344	16,501	17,292	261	4,541	117,498
EBITDA from continuing operations	**376,164**	**172,735**	**83,792**	**46,990**	**7,225**	**(101,162)**	**585,745**
Exchange differences	-	-	-	-	-	(1,577)	(1,577)
Increase on revaluation of investment properties(1)	-	(72,798)	-	-	-	-	(72,798)
Losses from indexation	-	-	-	-	-	27,641	27,641
Adjusted EBITDA from continuing operations	**376,164**	**99,937**	**83,792**	**46,990**	**7,225**	**(75,097)**	**539,011**
As a % of revenues	6.8%	77.0%	8.8%	6.8%	15.9%	N.A.	7.3%

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

SUMMARY

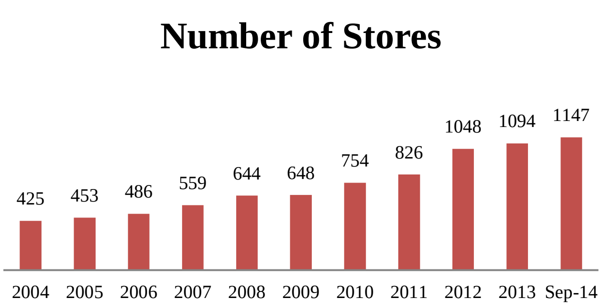
This summary highlights selected information about us. Before investing in the notes, you should read this entire offering memorandum carefully for a more complete understanding of our business and this offering, including our Audited Consolidated Financial Statements, the Unaudited Interim Consolidated Financial Statements, and the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this offering memorandum and in our Annual Report, Revised Financials Report and Interim Report annexed to this offering memorandum.

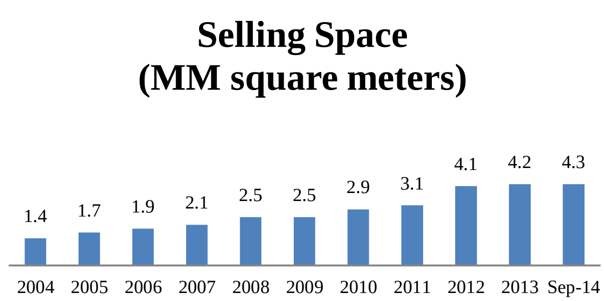
Our Business

We believe we are one of the leading multi-brand retailers in South America, based on revenues, selling space, number of stores and gross leasable area in the sectors and countries in which we operate. We operate through a number of formats, including supermarkets, home improvement stores, shopping centers and department stores. We are headquartered in Chile and have operations in Chile, Argentina, Brazil, Colombia and Peru. Our business consists of five segments, including four retail segments, which allows us to reach a wide range of customers offering various combinations of products, price, quality and service. We believe Peru and Colombia are high growth and underpenetrated markets due to their favorable demographics, sustainable household consumption growth, low formal retail penetration, and strong macroeconomic environments. As a complement to our core retailing business, we are actively involved across the region in the commercial real estate development business, particularly in Chile, Argentina and Peru, with 48 shopping malls representing 726,730 square meters of gross leasable area as of September 30, 2014, and we also offer private label credit cards, consumer loans and limited financial services to our retail customers.

For the year ended December 31, 2013, we had 1,123 stores and shopping centers with an aggregate of 4,237,899 square meters selling space and had assets of Ch$10,065,234 million, liabilities of Ch$5,803,867 million, net earnings attributable to controlling shareholders of Ch$249,930 million, and shareholders' equity of Ch$4,261,367 million. As of September 30, 2014, we had 1,147 stores and shopping centers with an aggregate of 4,266,331 square meters selling space and had assets of Ch$10,690,527 million, liabilities of Ch$6,181,187 million, net earnings attributable to controlling shareholders of Ch$62,458 million, and shareholders' equity of Ch$4,509,339 million.

Throughout our 50-year history of growth we have developed, acquired, integrated and expanded several retail businesses with strong brands in the various markets where we operate. Since January 1, 2005, we have grown our total number of stores and shopping centers from 425 to 1,147 as of September 30, 2014 and the total selling area of our retail stores and shopping centers from 1,433,838 to 4,266,331 square meters as of September 30, 2013. In addition, over the same period, we completed eleven strategic acquisitions that have significantly increased the size and geographic scope of our operations.





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

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

The following table presents our total number of stores and shopping centers by country as of September 30, 2014:

	Chile	Argentina	Brazil	Peru	Colombia	Total
Supermarkets	228	290	220	87	99	924
Home improvement stores	32	50	—	—	9	91
Department stores	78	—	—	6	—	84
Shopping centers	25	18	—	3	2	48
Total	363	358	220	96	110	1,147

In summary, highlights of our commercial activities include:

- 1,147 stores and shopping centers as of September 30, 2014, an increase of 160% compared to 719 stores and shopping centers as of December 31, 2010.

- 4.3 million square meters of selling space as of September 30, 2014, an increase of 170% compared to 2.5 million square meters as of December 31, 2010.

- A total of 2.4 million credit cards issued and U.S.$1.8 billion in financial services portfolio as of September 30, 2014.

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

	Nine months ended September 30, 2014				
	Chile	Argentina	Brazil	Peru	Colombia
			(unaudited) (in millions of Ch$)		
Revenues from ordinary activities	2,760,120	1,866,960	1,607,958	672,278	788,881
Gross profit	753,566	661,794	320,091	165,400	162,787

The following tables sets forth key financial and operating data for each of our principal segments:

	Nine months ended September 30,		
	2014	2014	2013
		(unaudited)	
	(in millions of U.S.$)[1]	(in millions of Ch$)[1]	
Supermarkets			
Revenues from ordinary activities	9,874	5,916,731	5,601,339
Gross profit	2,339	1,401,588	1,375,542
Adjusted EBITDA[2]	463	277,504	279,616
Number of stores	924	924	915
Total selling area (square meters)	2,367,542	2,367,542	2,332,528
Home Improvement Stores			
Revenues from ordinary activities	1,452	870,044	842,063
Gross profit	502	300,955	270,489
Adjusted EBITDA[2]	138	82,596	60,103
Number of stores	91	91	85

	Nine months ended September 30,		
	2014	2014 (unaudited)	2013
	(in millions of U.S.$)[(1)]	(in millions of Ch$)[(1)]	
Total selling area (square meters)	767,371	767,371	726,602
Department Stores			
Revenues from ordinary activities	1,121	671,448	654,189
Gross profit	282	169,001	179,729
Adjusted EBITDA[(2)]	12	7,072	25,311
Number of stores	84	84	80
Total selling area (square meters)	404,688	404,688	388,605
Shopping Centers			
Revenues from ordinary activities	253	151,497	147,428
Gross profit	224	134,012	130,562
Adjusted EBITDA[(2)]	197	115,485	113,096
Number of shopping centers	48	48	48
Total leasable area (square meters)	726,730	726,730	726,730
Financial Services			
Revenues from ordinary activities	398	83,259	58,273
Gross profit	284	57,268	41,142
Adjusted EBITDA from continuing operations[(2)]	155	29,141	16,629

(1) Excluding number of stores and shopping centers, total selling area and total leasable area.
(2) See "Special Note Regarding Non-IFRS Financial Measures" for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.

	Year ended December 31,							
	2013		2013		2012		2011	
	(in millions of U.S.$)[(1)]		(in millions of Ch$)[(1)]					
Supermarkets								
Revenues from ordinary activities	U.S.$	14,643	Ch$	7,682,064	Ch$	6,733,610	Ch$	5,556,271
Gross profit	U.S.$	3,645	Ch$	1,911,994	Ch$	1,676,133	Ch$	1,378,607
Adjusted EBITDA[(2)]	U.S.$	798	Ch$	418,459	Ch$	403,992	Ch$	376,164
Number of stores		922		922		888		684
Total selling area (square meters)		2,349,981		2,349,981		2,275,172		1,591,332
Home Improvement Stores								
Revenues from ordinary activities	U.S.$	2,243	Ch$	1,176,890	Ch$	1,063,086	Ch$	948,641
Gross profit	U.S.$	742	Ch$	389,487	Ch$	351,586	Ch$	301,303
Adjusted EBITDA[(2)]	U.S.$	190	Ch$	99,523	Ch$	91,386	Ch$	83,792
Number of stores		89		89		82		81
Total selling area (square meters)		757,074		757,074		705,933		703,170
Department Stores								
Revenues from ordinary activities	U.S.$	1,850	Ch$	970,360	Ch$	886,075	Ch$	690,772
Gross profit	U.S.$	512	Ch$	268,830	Ch$	241,407	Ch$	191,359
Adjusted EBITDA[(2)]	U.S.$	94	Ch$	49,364	Ch$	43,127	Ch$	46,990
Number of stores		83		83		78		35
Total selling area (square meters)		404,113		404,113		377,191		272,388
Shopping Centers								
Revenues from ordinary activities	U.S.$	391	Ch$	205,332	Ch$	172,104	Ch$	129,727
Gross profit	U.S.$	347	Ch$	181,991	Ch$	144,891	Ch$	110,278

	Year ended December 31,							
	2013		2013		2012		2011	
	(in millions of U.S.$)[(1)]		(in millions of Ch$)[(1)]					
Adjusted EBITDA[(2)]	U.S.$	301	Ch$	157,925	Ch$	126,674	Ch$	99,937
Number of shopping centers		48		48		43		25
Total leasable area (square meters)		756,264		756,264		692,830		564,839
Financial Services								
Revenues from ordinary activities	U.S.$	155.64	Ch$	81,651	Ch$	58,454	Ch$	45,314
Gross profit	U.S.$	106.20	Ch$	55,713	Ch$	37,372	Ch$	31,286
Adjusted EBITDA from continuing operations[(2)]	U.S.$	79.72	Ch$	41,822	Ch$	(8,476)	Ch$	7,225

(1) Excluding number of stores and shopping centers, total selling area and total leasable area.
(2) See "Special Note Regarding Non-IFRS Financial Measures" for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.

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

Supermarkets. We operate 924 supermarkets throughout Chile, Argentina, Brazil, Peru and Colombia as of September 30, 2014, selling a wide variety of name brand and private label products. We believe that we are the second-largest supermarket operator in Chile, in terms of revenues, based on our comparisons against information from public filings of our main competitors as of December 31, 2013, the second largest in Argentina and the largest in Peru, based also on information provided by a third-party market researcher, Planet Retail. We pioneered the hypermarket format in Chile with the opening of our first Jumbo hypermarket in 1976. Since then, we have expanded and grown our supermarkets division, and as of September 30, 2014 we operated a total of 191 supermarkets and 37 hypermarkets in Chile under the *Santa Isabel* and *Jumbo* brands. We operate 20 hypermarkets and 270 supermarkets under *Jumbo*, *Disco* and *Super Vea* brands in Argentina, as of September 30, 2014.

In Brazil, as a result of recent acquisitions, we are now the fourth-largest supermarket operator in terms of revenues, according to ABRAS. We believe we are the largest operator in the state of Minas Gerais, the second-largest in the northeast of Brazil, and we estimate we are the third-largest in the state of Rio de Janeiro (after the acquisition of Prezunic Comercial Ltda. ("*Prezunic*") in January 2012), all in terms of sales. In January 2012 we acquired *Prezunic*, the operator of a supermarket chain of 31 stores in the state of Rio de Janeiro, in Brazil, thus further expanding our presence in the Brazilian market. Our operations in Brazil are comprised of 220 *Gbarbosa*, *Mercantil Rodriguez*, *Perini*, *Bretas* and *Prezunic* supermarkets as of September 30, 2014. According to Apoyo y Asociados, a Peruvian Rating Agency associated with Fitch, Inc., we are the largest supermarket operator in Peru in terms of sales, with 87 stores as of September 30, 2014.

On November 30, 2012, we completed the acquisition of Carrefour's operations in Colombia, and currently stand as the third largest player in Colombia in the food retailing industry according to Nielsen data as of December 31, 2013. Our operations in the country comprise 100 supermarkets operating under the *Jumbo*, *Metro* and *Metro Express* brands as of September 30, 2014.

Home improvement stores. We believe we are the second-largest home improvement store operator in Chile and the largest in Argentina in terms of revenues based on our comparison against publically filed information from our main competitors as of December 31, 2013. We sell a wide variety of building and other materials, including name brand and private label products. As of September 30, 2014, we have 32 *Easy* home improvement stores and 307,853 square meters of home improvement store selling space in Chile and 50 *Easy* and *Blaisten* home improvement stores and 383,786 square meters of home improvement store selling space in Argentina. In October 2008, we opened the first home improvement store in Colombia and as of September 30, 2014 we have nine *Easy* home improvement stores and 75,732 square meters of selling space in Colombia.

Department stores. We believe that we are the second-largest department store operator in Chile, in terms of revenues based on our comparison against information from public filings of our main competitors as of December 31, 2013. We also believe we have the largest selling space for department stores in Chile. We operate 40 *Paris* and 38 *Johnson* department stores in Chile with 371,891 square meters of total selling area as of

September 30, 2014 and six *Paris* stores in Peru with selling space of 31,990 square meters. Our *Paris* stores sell a wide variety of merchandise such as apparel, home furnishings, electronics and sporting goods, including name brand and private label products. In December 2011, we acquired an 85.58% interest in Johnson's S.A. ("*Johnson*"), a department store with 39 stores throughout Chile under the *Johnson* brand and an additional 13 stores using the *FES* brand with a total of 117,569 square meters or an additional 44.3% of selling space over our existing *Paris* stores. *FES* stores were closed during the 2013 period. We completed the acquisition of the remainder of outstanding shares of *Johnson* on December 18, 2013.

Shopping centers. We believe that we are the second-largest operator of shopping centers in each of Chile and Argentina, in terms of total leasable area based on our comparisons against publically filed information from our main competitors as of December 31, 2013. As of September 30, 2014, we own and manage 25 shopping centers in Chile, 18 in Argentina and 3 in Peru with a total gross leasable area of 726,730 square meters. In Chile and Argentina, each of our shopping centers contains a *Jumbo* hypermarket, an *Easy* home improvement store and, in Chile, a *Paris* department store as well as other third-party-owned businesses intended to attract customers and enhance their overall shopping experience.

Financial services. We established our financial services division in 2003 when we launched our "*Jumbo Más*" credit card to facilitate in-store purchases and, since then, have significantly increased our credit card operations in Chile, Argentina, Brazil and Peru. We have grown both through our own private-label cards and joint ventures with third party bank issuers of credit cards, primarily to finance customers' purchases in our stores. We also own Banco Paris, a specialty retail consumer bank in Chile, which provides a wide range of consumer and financial services. In August 2010, we launched our own private label credit card in Peru and we are expanding our offerings of financial services. In 2011, we established Banco Cencosud S.A. in Peru and in June 2012 we received the operation license from the banking superintendence (*Superintendencia de Bancos y Seguros*), and started operations in August 2012 through our Cencosud credit card. In 2011, we entered into an agreement with a major Brazilian bank, Banco Bradesco S.A., to offer financial services for all our stores in Brazil, namely the exclusive issuance and operation of the Cencosud Card credit card (*Cartão Cencosud*), as well as the offer, within Cencosud stores in Brazil, of consumer loans, purchase financing and insurance products. *Prezunic* is currently not a participant in the above-mentioned joint venture. In June 2014, we entered into a joint venture framework agreement to further develop the retail finance business in Chile. See "—Recent Developments."

As of September 30, 2014, we had a total of 2.4 million credit cards and other accounts in Chile, Argentina, Brazil and Peru. As of September 30, 2014, we also had U.S.$1.5 billion in customer loans outstanding. Our financial services segment also includes our insurance brokerage services in Argentina, Chile, Brazil and Peru.

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

For the nine months ended September 30, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011, results from our "Other" segment represented 0.04%, 0.2%, 0.2%, 0.1% and 0.2%, respectively, of our consolidated revenues.

	Nine months ended September 30, 2014					
	Supermarkets	**Home improvement**	**Department stores**	**Shopping centers**	**Financial services**	**Other**
	(unaudited) (in millions of Ch$)					
Revenues from ordinary activities	5,916,731	870,044	671,448	151,497	83,258	3,217
Gross profit	1,401,588	300,955	169,001	134,012	57,268	815
Adjusted EBITDA from continuing operations[(1)]	277,504	82,596	7,072	115,485	29,141	79,055

(1) See "Special Note Regarding Non-IFRS Financial Measures" for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.

Our Strengths

We believe that our primary business strengths are the following:

Pan-regional market leader. We believe we are one of the leading multi-format retailers in South America, based on revenues, selling space, number of stores and gross leasable area. Our operations cover the region's largest markets in terms of population and Gross Domestic Product ("GDP") such as Chile, Argentina, Brazil, Peru and Colombia. We believe our presence in several markets reduces our dependence on any one market and helps mitigate the impact of any individual country's economic cycle on our operations. The majority of our operations are concentrated in countries that are considered investment grade by major credit rating agencies – Chile, Brazil, Peru and Colombia. These countries have experienced a strong macroeconomic recovery since 2009. Based on our current market share participation and our ability to successfully open and acquire stores in various countries, we believe we are well positioned to capitalize on their future growth potential.

We operate in a region with favorable demographics. We benefit from South America's growing populations and improving socio-economic conditions in the countries where we operate. Based on data from the World Bank, we operate in a market of approximately 558 million people in 2013 with an average growth rate of 3.38% from 2010 to 2014, compared to 2.2% for the United States. Additionally, we believe the sustained macroeconomic growth and increasing disposable income in these countries has resulted in an unprecedented shift in socio-economic classes and a significant reduction in poverty levels. For example, according to *La Encuesta de Caracterización Socioeconómica Nacional* (The National Socio-economic Survey for Chile), the percentage of people living below the poverty level in Chile has decreased from 39% in 1990 to 14.4% in 2014. Brazil has the fifth largest middle-class globally, with 103 million households as of December 31, 2013. Additionally, in Peru, according to the Ministry of Finance of Peru (MEF), nearly 18 million people, representing approximately 60% of the country's population, have risen above the poverty level between 2007 and 2013

Well-recognized brand portfolio. We offer a wide variety of leading products with recognized brand names, such as *Jumbo*, *Paris*, *Easy*, *Santa Isabel*, *Johnson*, *GBarbosa*, *Bretas*, *Prezunic*, *Wong*, *Metro*, *Vea* and *Disco*, which are associated with diverse consumption patterns, convenience, personalized customer service, broad product assortment and affordable prices. Our well-known brand names, supported by in-store and out-of-store advertising, have enabled us to reach a wide range of consumer segments.

Integrated multi-format strategy. Originally focused on supermarkets, our anchor format representing 76.9% of our total sales as of September 30, 2014, we have developed a multi-format strategy that has allowed us to expand our customer reach by offering various combinations of product, price, quality and service according to our customer needs in each country and city where we operate. This strategy has been a key factor in achieving sustained operating and financial growth. Furthermore, our continuous efforts on maximizing operational efficiency across countries and retail segments has enabled us to maximize the synergistic potential of our operations and, at the same time, sustain our operating margins and generate strong cash flow generation.

Proven track record in successfully integrating acquisitions. We have a proven track record of acquiring and successfully integrating companies into our regional platform. We typically keep the brand name, the key personnel and the local customs and traditions of acquired companies, and focus on (i) improving aspects which we believe can be upgraded, such as technology, operations management, and quality of service, and (ii) exploiting economies of scale and scope derived from integrating the newly acquired operations into the existing regional platform. During the last five years, we have made eight acquisitions for more than U.S.$4.4 billion that have significantly increased the size and geographic footprint of our operations. For a discussion of our most recent acquisition, see also "—Recent Developments."

Experienced management team and lead shareholder. Our senior management team is led by Mr. Horst Paulmann Kemna, our Chairman of the Board, founder and controlling shareholder, who has been with Cencosud for more than 35 years. The experience and commitment of our senior management team has been a critical component in the international growth of our operations as well as the continuing enhancement of our operational and financial performance.

Our Business Strategy

We aim to leverage our competitive strengths across our formats and business units to become one of the most profitable South American retailers by providing our customers with a superior shopping experience. We plan to accomplish our objectives by focusing on the following:

Continue to develop and expand our multi-format and multi-brand approach. We believe that our integrated multi-format business model allows us to drive customer traffic in our stores and materialize synergies across our different business units. Currently we only operate department stores in Chile and we only operate home improvement stores in Argentina, Chile and Colombia. We expect to operate department stores in Peru in the near future. We will continue to develop and expand new formats in our key markets seeking to capture a greater share of the disposable income of our customer base.

Focus on operating margins and cash flows. We are focused on streamlining distribution and back-office capabilities and improving operating efficiencies, seeking to improve our profitability and cash flow generation. Our emphasis on financial discipline has successfully allowed us to implement our capital expenditure and expansion plans with sufficient flexibility to rapidly adapt and react to new opportunities and market dynamics.

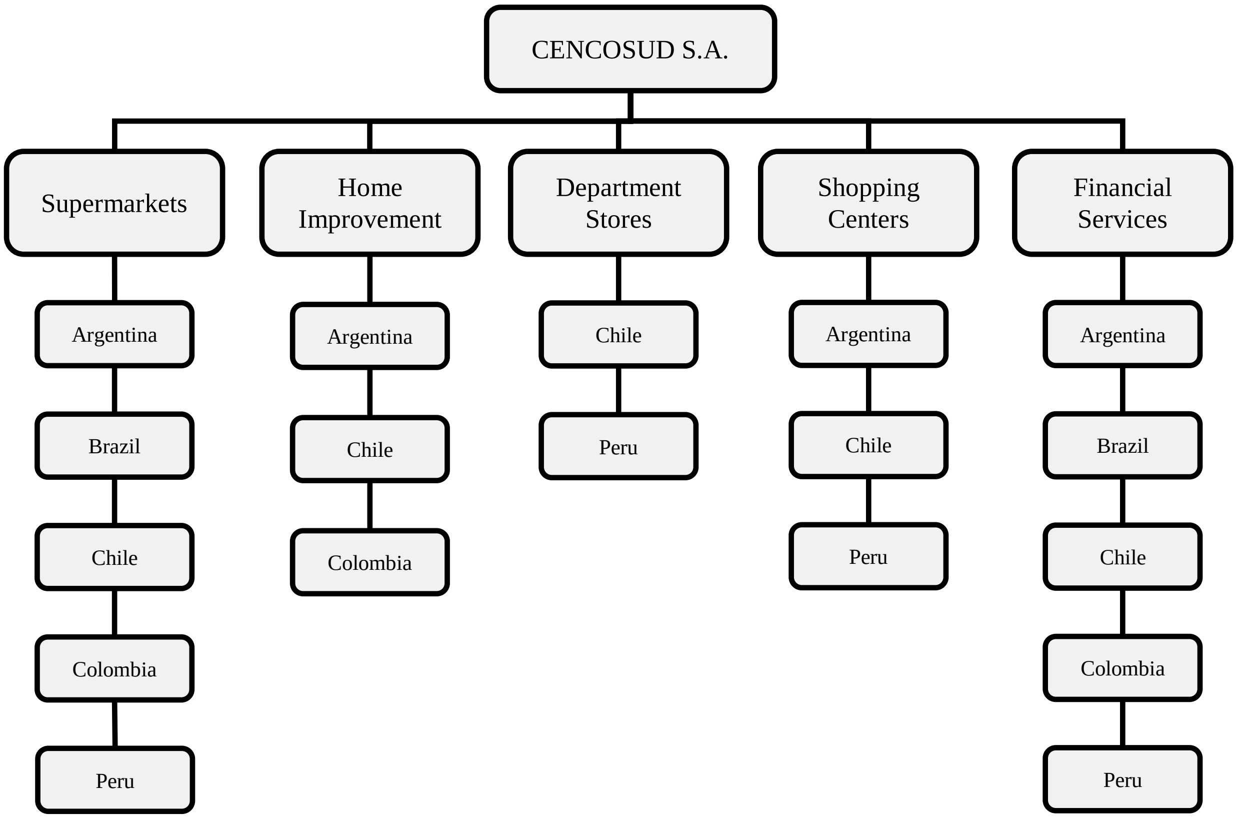
Expand through growth in selective markets. We believe we have significant opportunities to increase our presence and market share in those countries that we believe offer the best growth prospects, particularly Peru and Colombia, due to their favorable demographics, sustainable household consumption growth, low formal retail penetration, and strong macroeconomic environments. We believe that we have a solid foundation for continued growth, due to our focus on improving profitability, our store openings track record and our leading position based on revenues, selling space, number of stores and gross leasable area based on our market position in the sectors and countries in which we operate. We intend to leverage on our strong brand recognition, integrated business model and multi-format experience.

Continue to pursue opportunistic acquisitions while maximizing synergies. We believe that further opportunities exist to gain scale and access to attractive locations and strong local brands through opportunistic acquisitions in key markets. We intend to seek a successful integration of all of our acquisitions expecting that these will facilitate our ability to implement synergies in purchasing, supply chain, marketing, back-office operations, technology and infrastructure. We expect to focus our efforts in expanding our presence in our core markets, particularly in Peru and Brazil, gaining access to key locations and strong local brands in our target markets.

Enhance customer loyalty. We intend to increase our share of our customers' total retail spending by offering a combination of competitive prices, quality products, convenient locations, personalized service and an attractive "one-stop" shopping environment. We seek to deliver a comprehensive shopping experience and we aim to successfully fulfill our customers' needs through our multi-format approach, diversified product mix, innovative marketing and pricing and complementary consumer finance services.

Our Organizational Structure

In 2011, we reorganized our operating structure to fully integrate our acquired operations in Peru and Brazil in order to improve our profitability. The following is a simplified organizational chart showing our company and our principal operating divisions as of the date of this offering memorandum.



Recent Developments

Joint Venture Framework Agreement

On June 20, 2014, BNS and Scotiabank Chile S.A. (together "Scotiabank") and the Company, together with its subsidiaries Cencosud Retail S.A. and Easy S.A., executed the Joint Venture Framework Agreement whereby, subject to certain conditions and governmental approvals, Scotiabank will purchase 51% of the shares in the Subject Companies for the amount of U.S.$280 million and will also provide financing for 100% of CAT's financial services portfolio in Chile, which currently amounts to approximately U.S.$1.0 billion. The Joint Venture Framework Agreement contemplates that the parties will develop, on a joint basis, the retail finance business in Chile (hereinafter, the "Business"). The Joint Venture Framework Agreement provides that the Business shall be operated through (i) CAT, a subsidiary of Cencosud that is in the business of issuing credit cards, and (ii) Cencosud Administradora de Procesos S.A., Cencosud Servicios Integrales S.A. and Cencosud Corredores de Seguros y Servicios Ltda., or other companies to be established by Cencosud for purposes of the Joint Venture Framework Agreement, to assist in developing the Business, including information processing and collection activities related thereto. Under this agreement, we believe that 2.5 million cardholders will benefit from easier access to new products and financial services and the expertise of Scotiabank, while receiving benefits as clients of the Company at our *Jumbo*, *Santa Isabel*, *Easy*, *Paris* and *Johnson* stores and shopping centers. In addition to numerous benefits to clients, the new company will seek to achieve synergies that we believe should result in lower operational costs. This association is framed within the Company's long term strategic plan to boost financial services offered to clients without utilizing Company capital, implementing the same model that has already been successful in our Brazil and Colombia operations.

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

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

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

The Company expects to use part of the net proceeds from this offering to repay the Bridge Loan in full.

Internal Controls

Over the past years, we have acquired numerous businesses in South America, and we are continuing to work on the integration of operations systems, processes and controls through implementation of IT tools, controls and procedures. Based on management's assessment of internal control over financial reporting as of December 31, 2013, we identified a material weakness in internal control over financial reporting relating to information technology general controls – security administration, resulting from the aggregation of the following significant deficiencies:

- Inadequate controls over segregation of duties and restricted access to the system that allow certain personnel to access applications, databases and operating systems, and execute certain critical transactions;

- Late removal of the former users' accesses; and

- Lack of monitoring controls over emergency user accounts.

Consequently, controls that were dependent on the effective operation of information technology were not effectively designed to include adequate review of system generated data used in the operation of the controls and were determined not to be operating effectively. Specifically, our internal controls were not designed or operating effectively to provide reasonable assurance that transactions were appropriately recorded to ensure validity, accuracy, and completeness.

In an effort to remediate the identified material weakness and other deficiencies and enhance our internal controls, we have undertaken, and continue to work on, a series of measures, including:

- Segregation of duties, access to critical transactions: We will continue deploying IT tools in order to improve controls over segregation of duties and access to critical transactions, and completing the implementation of software which assists management in automating and controlling the end-user provisioning process.

- Prompt removal of the former users' accesses: We will improve controls and procedures in order to ensure that all accesses are removed as the employees leave the Company.

- Utilization and monitoring of emergency users: We will continue improving the "emergency account provisioning process" in order to further restrict the use and deploying additional monitoring reports and controls of the utilization of "emergency accounts."

In addition, we have worked to strengthen the process level controls in order to standardize and unify them in accordance with "Internal Control—Integrated Framework" (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

While we have not fully re-tested our internal controls systems or undertaken an assessment of our internal control over financial reporting or disclosure controls as of December 31, 2014, which we will perform in conjunction with the audit of our 2014 financial statements, we believe, based on the results of our interim testing, that the majority of the significant deficiencies that resulted in the material weakness have been reasonably remediated, with any remaining issues still undergoing remediation on track for resolution in connection with our 2014 audit.

Potential Initial Public Offering of the Shopping Centers Division

On January 30, 2015, the board of directors of the Company resolved to evaluate a potential initial public offering of the Company's shopping centers division, focusing on Chile, Peru and Colombia, with the Company maintaining a majority position in the resulting entity. This evaluation process is in the preliminary stages, and any transaction ultimately undertaken with respect thereto will be subject to approval by the board of directors of the Company as well as the procurement of any other regulatory approvals required under applicable law.

We are a publicly-held stock corporation (*sociedad anónima abierta*) organized under the laws of Chile and have an indefinite corporate duration. We were incorporated by a public deed dated November 10, 1978. The abstract of this deed was recorded on page 13808 No. 7412 of the *Registro de Comercio de Santiago* (Commercial Registry of Santiago) for the year 1978. Our legal name is "Cencosud S.A." Our registered office is located at Av.

Kennedy 9001, Piso 6, Las Condes, Santiago, Chile and our main telephone number is 56 (2) 2959-0000. Our website is www.cencosud.com. The information on our website is not incorporated into this offering memorandum.

THE OFFERING

This summary highlights information presented in detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information that you should consider before investing in the notes. You should carefully read this entire offering memorandum before investing in the notes, including "Description of the Notes."

Issuer	Cencosud S.A.
Guarantor..	Cencosud Retail S.A., a majority-owned subsidiary that represents, as of September 30, 2014, 30%, 135% and 15% of our consolidated net revenues, net income and assets, respectively, exclusive of inter-company adjustments.
Notes Offered	U.S.$650,000,000 aggregate principal amount of 5.150% notes due 2025; U.S.$350,000,000 aggregate principal amount of 6.625% notes due 2045.
Maturity	The 2025 notes will mature on February 12, 2025, and the 2045 notes will mature on February 12, 2045.
Interest	The 2025 notes will bear interest at the rate of 5.150% per annum, and the 2045 notes will bear interest at the rate of 6.625% per annum. Interest on the notes will be payable semi-annually in arrears on each February 12 and August 12 of each year, beginning on August 12, 2015.
Issue Price...	99.637% plus accrued interest, if any, from February 12, 2015 for the 2025 notes, and 99.909% plus accrued interest, if any, from February 12, 2015 for the 2045 notes.
Subsidiary Guarantee..	The payment of principal, premium (if any), accrued and unpaid interest, additional amounts (if any) and any other amounts in respect of the notes and the indentures will be unconditionally guaranteed on a general unsecured and unsubordinated basis by the guarantor. See "Description of the Notes—The Subsidiary Guarantee."
Ranking...	The notes and the subsidiary guarantee will be our and the guarantor's respective general, unsecured and unsubordinated obligations and will, at all times, rank *pari passu* in right of payment with all our and the guarantor's respective other existing and future unsecured and unsubordinated indebtedness (except those obligations preferred by operation of Chilean law, including labor and tax claims). Upon the release of the subsidiary guarantee following the repayment of our existing outstanding debt issued in the international markets as contemplated in "Description of the Notes—The Subsidiary Guarantee", to the extent the guarantor incurs any indebtedness, or any of our other subsidiaries incur any indebtedness, the notes will be structurally subordinated to all of such indebtedness of the guarantor or our other subsidiaries. The notes and the subsidiary guarantee will be effectively

	subordinated to our and the guarantor's secured indebtedness to the extent of the assets securing such indebtedness. In addition, the notes and the subsidiary guarantee will be structurally subordinated to all existing and future unsecured and unsubordinated indebtedness and other liabilities (including trade payables) of our operating subsidiaries (other than the guarantor) and the guarantor's operating subsidiaries. As of September 30, 2014, we had U.S.$5,130 million of outstanding consolidated indebtedness, of which U.S.$1,240 million was indebtedness of our subsidiaries, and none of which was secured indebtedness. As of September 30, 2014, the guarantor had U.S.$325 million of outstanding indebtedness, none of which was secured indebtedness.
Book-Entry System; Delivery and Form and Denomination of the Notes................................	The notes will be issued in the form of global notes without coupons and registered in the name of a nominee of DTC. The notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Optional Redemption..	At any time prior to November 12, 2024, we may redeem the 2025 notes, in whole but not in part, by paying the greater of the outstanding principal amount of the 2025 notes and a "make-whole" amount, in each case plus accrued and unpaid interest, if any, to the date of redemption. At any time prior to August 12, 2044, we may redeem the 2045 notes, in whole but not in part, by paying the greater of the outstanding principal amount of the 2045 notes and a "make-whole" amount, in each case plus accrued and unpaid interest, if any, to the date of redemption. See "Description of the Notes—Optional Redemption—Make-whole Redemption."
At Par Redemption	At any time on or after November 12, 2024 (three months prior to the maturity date of the 2025 notes), we may redeem the 2025 notes, in whole but not in part, at our option, at a redemption price equal to 100% of the outstanding principal amount of the 2025 notes, plus accrued and unpaid interest, if any, to the date of redemption. At any time on or after August 12, 2044 (six months prior to the maturity date of the 2045 notes), we may redeem the 2045 notes, in whole but not in part, at our option, at a redemption price equal to 100% of the outstanding principal amount of the 2045 notes, plus accrued and unpaid interest, if any, to the date of redemption. See "Description of the Notes—Optional Redemption—At Par Redemption."
Optional Tax Redemption..	The notes are redeemable at our option in whole (but not in

	part), at any time, at the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption and any additional amounts due thereon if the laws or regulations affecting taxes in Chile, or any jurisdiction from or through which any payment under the notes is made by us or the guarantor or at our or the guarantor's direction, as applicable, change in certain respects and impose withholding tax on the notes in excess of 4.0%. See "Description of the Notes—Optional Redemption—Tax Redemption."
Additional Amounts	Payments of interest in respect of the notes made by us to foreign holders will be subject to Chilean interest withholding tax at a rate of 4.0%. Subject to certain exemptions, we will pay, or as applicable, the guarantor will pay, additional amounts as may be necessary so that the net amount received by the holders of the notes after withholding or deduction for or on account of any Chilean taxes, or any taxes imposed by any other jurisdiction from or through which any payment under the notes is made by us or the guarantor or at our or the guarantor's direction, as applicable, will not be less than the amount that would have been received in the absence of such withholding or deduction. For a discussion of the tax consequences of, and limitations on, the payment of additional amounts with respect to any such taxes, see "Description of the Notes—Additional Amounts" and "Taxation—Chilean Taxation."
Covenants	The indentures governing the notes will contain covenants that restrict our and our subsidiaries' ability to, among other things: • incur secured indebtedness; • engage in sale/leaseback transactions; or • merge or consolidate with another entity or sell substantially all of our assets to another entity. These covenants are subject to a number of important limitations and exceptions. See "Description of the Notes."
Events of Default...	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued and unpaid interest, if any, and any other amounts due with respect to the notes, see "Description of the Notes—Events of Default."
Use of Proceeds...	We intend to use the net proceeds from the sale of the notes to repay in full the U.S.$400 million outstanding under our Bridge Loan with Scotiabank Chile S.A. and HSBC Bank Chile, affiliates of the initial purchasers. The remainder, if any, will be used for general corporate purposes. See "Use of Proceeds."

Governing Law	The notes, the subsidiary guarantee and the indentures will be governed by New York law.
Listing	We have applied to have the notes listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. However, we cannot assure you that the listing application will be approved.
Trustee, Registrar, Paying Agent and Transfer Agent	The Bank of New York Mellon.
Luxembourg Paying Agent, Transfer Agent and Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Transfer Restrictions	The notes and the subsidiary guarantee have not been registered under the Securities Act and are subject to restrictions on transfer and resale. See "Transfer Restrictions" and "Plan of Distribution."
Further Issuances	Subject to the limitations contained in the indentures, we may from time to time, without notice to or consent of the holders of the notes, create and issue an unlimited principal amount of additional notes of the same series as the 2025 notes or the 2045 notes offered pursuant to this offering memorandum.
Risk Factors	Investing in the notes involves substantial risks and uncertainties. See "Risk Factors" and other information included in this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the notes.

SUMMARY FINANCIAL AND OPERATING DATA

The following tables set forth our summary consolidated financial information under IFRS. The financial information as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013 has been derived from our Unaudited Interim Consolidated Financial Statements included in our Interim Report annexed to this offering memorandum. The financial information as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 has been derived from our Audited Consolidated Financial Statements included in our Revised Financials Report annexed to this offering memorandum, which have been audited by PricewaterhouseCoopers *Consultores, Auditores y Compañia Limitada*, an independent registered public accounting firm. We maintain our books and records in Chilean pesos and prepare consolidated financial statements in accordance with IFRS. Our date of adoption of IFRS was January 1, 2010. The following financial and operating information should be read in conjunction with, and is qualified in its entirety by reference to, our Unaudited Interim Consolidated Financial Statements, our Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

Unless otherwise noted, U.S. dollar amounts have been translated from Chilean pesos based on the *dólar observado*, or observed exchange rate of Ch$601.66 per U.S.$1.00 as of September 30, 2014, as reported by the Chilean Central Bank. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

In our opinion, the summary consolidated financial data presented in the tables below includes all adjustments necessary to present fairly in all material respects our financial condition and results of operations at the dates and the periods presented. The results of operations for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011 are not necessarily indicative of future performance.

	Nine months ended September 30,		
Income statement data:	**2014**	**2014**	**2013**
		(unaudited)	
	(in millions of U.S.$)	**(in millions of Ch$)**	
Revenues from ordinary activities:			
Supermarkets	9,874	5,916,731	5,601,339
Home improvement stores	1,452	870,044	842,063
Department stores	1,121	671,448	654,189
Shopping centers	253	151,497	147,428
Financial services	139	83,258	58,273
Other(1)	5	3,217	13,624
Total revenues from ordinary activities	12,844	7,696,197	7,316,915
Cost of sales:			
Supermarkets	(7,535)	(4,515,144)	(4,225,797)
Home improvement stores	(950)	(569,089)	(571,574)
Department stores	(839)	(502,447)	(474,460)
Shopping centers	(29)	(17,485)	(16,866)
Financial services	(43)	(25,990)	(17,131)
Other(1)	(4)	(2,402)	(3,289)
Total cost of sales	(9,400)	(5,632,557)	(5,309,115)
Gross profit:			
Supermarkets	2,339	1,401,588	1,375,542
Home improvement stores	502	300,955	270,489
Department stores	282	169,001	179,729
Shopping centers	224	134,012	130,562
Financial services	96	57,268	41,142
Other(1)	1	815	10,335

Income statement data:	Nine months ended September 30, 2014	2014	2013
Total gross profit	3,444	2,063,639	2,007,800
Administrative expenses, distribution costs and other expenses	(3,027)	(1,813,992)	(1,745,425)
Other revenues by function	61	36,399	44,202
Participation in earnings of associates	1	475	3,980
Financial income	9	5,288	4,290
Financial expenses	(265)	(158,849)	(166,126)
Other earnings	40	24,170	10,287
Exchange differences	(44)	(26,273)	(20,928)
Losses from indexation	(44)	(26,369)	(10,292)
Income (loss) before taxes	174	104,489	127,787
Income tax charge	(95)	(56,856)	(65,476)
Profit from continuing operations	79	47,633	62,311
Profit from discontinued operations	25	15,046	30,000
Net income	105	62,679	92,311
Profit attributable to non-controlling shareholders	-	(221)	(467)
Profit attributable to controlling shareholders	104	62,458	91,844
Net earnings attributable to shareholders per share for continuing operations:			
Basic(2)	0.0280	16.8	23.2
Diluted(2)	0.0280	16.8	23.2
Net earnings attributable to shareholders per share for discontinued operations:			
Basic(2)	0.0088	5.3	11.2
Diluted(2)	0.0088	5.3	11.2

(1) Includes the results of our Aventura entertainment centers, our loyalty programs and corporate back-office operations.
(2) In U.S. dollars and Chilean pesos.

Income statement data:	Year ended December 31, 2013	2013	2012	2011
	(in millions of U.S.$)	(in millions of Ch$)		
Revenues from ordinary activities:				
Supermarkets	14,643	7,682,064	6,733,610	5,556,271
Home improvement stores	2,243	1,176,890	1,063,086	948,641
Department stores	1,850	970,360	886,075	690,772
Shopping centers	391	205,331	172,104	129,727
Financial services	156	81,651	58,454	45,314
Other(1)	34	17,861	12,022	11,520
Total revenues from ordinary activities	19,317	10,134,158	8,925,351	7,382,246
Cost of sales:				
Supermarkets	(10,999)	(5,770,070)	(5,057,477)	(4,177,664)
Home improvement stores	(1,501)	(787,402)	(711,500)	(647,337)
Department stores	(1,337)	(701,530)	(644,667)	(499,413)
Shopping centers	(44)	(23,341)	(27,212)	(19,448)
Financial services	(49)	(25,938)	(21,082)	(14,028)
Other (1)	(7)	(3,451)	(2,294)	(5,421)
Total cost of sales	(13,937)	(7,311,732)	(6,464,234)	(5,363,313)
Gross profit:				
Supermarkets	3,645	1,911,994	1,676,132	1,378,607
Home improvement stores	742	389,487	351,586	301,303
Department stores	512	268,830	241,406	191,359
Shopping centers	347	181,991	144,890	110,278
Financial services	106	55,713	37,372	31,286

Income statement data:	2013	2013	2012	2011
	Year ended December 31,			
	(in millions of U.S.$)		(in millions of Ch$)	
Other[1]	27	14,410	9,727	6,099
Total gross profit	5,380	2,822,426	2,461,116	2,018,933
Administrative expenses, distribution costs and other expenses	(4,518)	(2,370,101)	(2,048,390)	(1,602,881)
Other revenues by function	206	108,291	107,011	85,107
Participation in earnings of associates	20	10,289	5,642	5,779
Financial income	11	5,999	8,231	10,713
Financial expenses	(427)	(223,856)	(178,631)	(115,767)
Other earnings	50	26,366	(7,403)	(12,626)
Exchange differences	(48)	(25,054)	(12,053)	1,577
Losses from indexation	(36)	(18,885)	(23,538)	(27,641)
Income (loss) before taxes	639	335,476	311,988	363,193
Income tax charge	(179)	(94,068)	(92,226)	(111,305)
Profit from continuing operations	460	241,408	219,762	251,888
Profit from discontinued operations	16	8,357	33,047	33,004
Net income	476	249,765	252,809	284,892
Profit attributable to non-controlling shareholders	-	(165)	2,851	10,559
Profit attributable to controlling shareholders	476	249,930	249,959	274,333
Net earnings attributable to shareholders per share for continuing operations:				
Basic[2]	0.17	87.40	93.20	106.60
Diluted[2]	0.17	86.80	92.30	105.50
Net earnings attributable to shareholders per share for discontinued operations				
Basic[2]	0.0057	3.0	14.2	14.6
Diluted[2]	0.0057	3.0	14.1	14.4
Dividends per share:				
Basic[2]	0.0402	28.85	22.88	34.65
Diluted[2]	0.0398	28.64	22.66	34.31

(1) Includes the results of our Aventura entertainment centers, our loyalty programs and corporate back-office operations.
(2) In U.S. dollars and Chilean pesos.

Balance sheet data:	2014	2014	2013
	As of September 30,		As of December 31,
		(unaudited)	
	(in millions of U.S.$)	(in millions of Ch$)	
Total current assets	4,750	2,846,434	2,434,485
Property, plant, equipment and investment property net	5,270	3,157,867	3,101,884
Other assets	7,821	4,686,225	4,528,866
Total assets	17,841	10,690,527	10,065,234
Total current liabilities	4,558	2,731,044	2,951,699
Total non-current liabilities	5,758	3,450,143	2,852,168
Total liabilities	10,315	6,181,187	5,803,867
Non-controlling interest	1	337	100
Net equity attributable to controlling shareholders	7,525	4,509,002	4,261,267
Total net equity and liabilities	17,841	10,690,527	10,065,234

Balance sheet data:	As of December 31, 2013	2013	2012
	(in millions of U.S.$)	(in millions of Ch$)	
Total current assets	4,641	2,434,485	2,316,812
Property, plant, equipment and investment property net	5,919	3,101,884	1,728,263
Other assets	8,633	4,528,866	5,698,515
Total assets	19,186	10,065,234	9,743,590
Total current liabilities	5,626	2,951,699	3,336,630
Total non-current liabilities	5,437	2,852,168	3,008,748
Total liabilities	11,063	5,803,867	6,345,378
Non-controlling interest	-	100	678
Net equity attributable to controlling shareholders	8,123	4,261,267	3,397,534
Total net equity and liabilities	19,186	10,065,234	9,743,590

Other financial data:	Nine months ended September 30, 2014	2014	2013
		(unaudited)	
	(in millions of U.S.$) (1)	(in millions of Ch$)(1)	
Cash Flow Data for Continuing Operations			
Net cash provided by (used in):			
Operating activities	163	97,477	89,921
Investing activities	(269)	(161,037)	(205,790)
Financing activities	154	92,146	(69,756)
Other Financial Information			
Capital expenditures	290	173,507	250,402
Depreciation and amortization	248	148,420	144,023
Adjusted EBITDA(2)	722	432,744	429,531
Financial Ratios			
Gross margin(3)	26.8%	26.8%	27.4%
Net margin(4)	1.2%	1.2%	1.0%
Current ratio(5)	0.92x	0.92x	0.86x
Leverage ratio(6)	3.77x	3.77x	3.66x
Interest coverage ratio(7)	3.18x	3.18x	2.97x

(1) Except financial ratios.
(2) See "Special Note Regarding Non-IFRS Measures" for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.
(3) Consolidated gross profit divided by consolidated revenues from ordinary activities.
(4) Consolidated net income divided by consolidated revenues from ordinary activities.
(5) Consolidated current assets divided by consolidated current liabilities.
(6) Other financial liabilities net of other financial assets (both current and non-current) divided by EBITDA (excluding earnings from banking operations).
(7) EBITDA (excluding earnings from banking operations) divided by interest expenses.

Other financial data:	Year ended December 31, 2013	2013	2012	2011
	(in millions of U.S.$) (1)	(in millions of Ch$)(1)		
Cash Flow Data for Continuing Operations				
Net cash provided by (used in):				
Operating activities	576	302,066	668,273	537,614
Investing activities	(590)	(309,367)	(1,876,091)	(622,648)
Financing activities	(220)	(115,918)	1,255,427	108,660
Other Financial Information				
Capital expenditures	(607)	(318,597)	(575,228)	(616,336)

Other financial data:	Year ended December 31, 2013	2013	2012	2011
	(in millions of U.S.$) [1]	(in millions of Ch$)[1]		
Depreciation and amortization	356	186,576	138,941	117,498
Adjusted EBITDA[2]	1,312	688,738	558,285	539,011
Financial Ratios				
Gross margin[3]	27.9%	27.9%	27.6%	27.3%
Net margin[4]	2.4%	2.4%	2.5%	3.4%
Current ratio[5]	0.82x	0.82x	0.69x	0.88x

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

Other financial data:	Nine months ended September 30, 2014	2014	2013
		(unaudited)	
	(in millions of U.S.$)	(in millions of Ch$)	
Cash Flow Data for Discontinued Operations			
Net cash provided by (used in):			
Operating activities	(17)	(10,137)	37,341
Investing activities	(10)	(5,891)	(13,771)
Financing activities	(105)	(63,157)	33,326
Other Financial Information for Discontinued Operations			
Depreciation and amortization	(3)	(1,692)	(1,834)

	Year ended December 31, 2013	2013	2012	2011
	(in millions of U.S.$)	(in millions of Ch$)		
Cash Flow Data for Discontinued Operations				
Net cash provided by (used in):				
Operating activities	120	62,717	50,442	30,125
Investing activities	(21)	(11,141)	2,524	(1,105)
Financing activities	17	8,888	(9,349)	(19,053)
Other Financial Information for Discontinued Operations				
Depreciation and amortization	5	2,462	2,510	2,676

RISK FACTORS

You should carefully consider the risks described below and the risk factors in the Annual Report annexed to this offering memorandum before making an investment decision regarding the notes. The risks described below and in the Annual Report are not the only ones we face. Our business, financial condition, results of operations or prospects or our ability to make payment on the notes could be materially 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 offering memorandum also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." 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 offering memorandum.

Risks related to our Business

Chile's recently enacted tax reform legislation may increase our operating and compliance costs and present uncertainty to our bondholders regarding their tax obligations.

On September 29, 2014, Chile enacted Law No. 20,780 (the "Tax Reform Act"). The Tax Reform Act introduced changes to the corporate tax rate, mandating a gradual increase of the rate from 20% to 25% or 27% in certain cases, the rules regarding minimum capitalization, and the taxation of Chilean investments abroad (the controlled-foreign-corporation rules), among others. The new rules are set to come into effect gradually, with the implementation process having commenced on October 1, 2014 and set to be completed by January 1, 2018. The effects of this tax reform may increase our operating and compliance costs, which could negatively affect our financial results and our ability to grow our business.

The Tax Reform Act also establishes that bonds and other debt instruments issued in Chile by Chilean companies will be deemed to be located in Chile for capital gain purposes. However, it does not specifically address Chilean companies' issuance of bonds and other debt instruments outside of Chile. This new rule, which came into effect on October 1, 2014, could reasonably be interpreted to mean that bonds issued abroad by Chilean companies would not be located in Chile for capital gain purposes, which would exempt such bonds from capital gains tax in Chile if the sale is made by a non-Chilean resident holder. However, we cannot assure you that the Chilean tax authorities will not interpret the rule more strictly.

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

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

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

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

In recent years, we have grown our business through a series of acquisitions and strong organic capital expenditures, expanding our geographical business scope and increasing the size and complexity of our operations. As a consequence, our internal controls, systems and procedures may not be appropriate to support the scope and complexity of our operations. The existence of multiple legacy systems from the acquired operations and the complexities of the business integration process may adversely affect our Company. As part of the process of integrating the operations, systems, processes and controls that are part of the acquired businesses, we have identified a material weakness in our internal control over financial reporting relating to information technology general controls – security administration. This material weakness is the result of the aggregation of several significant deficiencies, as further described under "Summary—Recent Developments—Internal Controls."

While we have undertaken, and continue to work on, a series of measures to remediate the material weakness and other deficiencies and to enhance our internal controls, including measures to specifically address the issues discovered in our assessment of our internal controls as well as efforts to strengthen our process level controls in accordance with guidance issued by COSO, there can be no assurance that this material weakness or the underlying significant deficiencies have been remediated, or will be remediated in conjunction with and prior to the conclusion of our upcoming audit, or that other material weaknesses or significant deficiencies will not be discovered in the course of the remediation and review and testing process. If we are not able to carry out our remediation plan regarding our procedures and systems to properly address this material weakness, there could be a negative impact in investor confidence and in the reliability of our financial statements, which may result in a decline in our share price and/or lawsuits being filed against us by our shareholders, and we may have to incur increased costs in connection with hiring additional staff or implementing controls to remediate this material weakness.

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

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

Under the current draft the proposed bill contemplates several amendments to the existing labor framework in Chile, including, among other points:

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

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

Risks related to the Notes

The notes are a new issue of securities for which there is currently no public market. You may be unable to sell your notes if a trading market for the notes does not develop.

The notes have not been registered under the Securities Act, the Chilean Securities Markets Law or the securities law of any other jurisdiction and the notes are being offered and sold only to qualified institutional buyers within the meaning of Rule 144A under the Securities Act and in offshore transactions to persons other than U.S. persons pursuant to Regulation S under the Securities Act, and in the case of Chilean residents, only to a "qualified investors" within the meaning of Rule No. 216 issued by the SVS. The notes will constitute a new issue of securities with no established trading market. Although we have applied to have the notes listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, we cannot assure you that the application will be accepted or that a trading market will develop or be sustained. If a trading market does not develop or is not maintained, holders of the notes may experience difficulty in reselling the notes or may be unable to sell them at all.

Even if a market develops, the liquidity of any market for the notes will depend on the number of holders of the notes, the interest of securities dealers in making a market in the notes and other factors; therefore, a market for the notes may develop though it may not be liquid. If an active trading market does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions, our performance and business prospects and other factors.

Changes in our credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and the market price of the notes.

Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading or downgrading the current rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading would likely increase our cost of financing, including resulting in an increase to the interest rate applicable to borrowings under credit facilities entered by us, limit our access to the capital markets and have an adverse effect on the market price of the notes. There can be no assurance that the rating agencies will maintain our current ratings or outlooks and any such changes may have a material adverse effect on us.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

The guarantee of the guarantor may be released under certain circumstances.

Under the terms of each of the indentures governing the notes, the guarantor will be released from its guarantee under certain circumstances, including (i) when it is released from its guarantee under the Company's existing notes due 2021 and notes due 2023, whether through maturity or prepayment of such notes or otherwise, and (ii) upon a sale or disposition (including by way of consolidation or merger) of the guarantor, or the sale or disposition of all or substantially all the assets of the guarantor (other than to the Company) otherwise permitted by the applicable indenture, including under the merger covenant therein. If the guarantor is released from its guarantee, it will have no obligation to pay any amounts due on the notes. In the event of the release of the guarantor's guarantee, to the extent the guarantor incurs any indebtedness, as with our other subsidiaries, the notes will be structurally subordinated to all of the guarantor's indebtedness, and Cencosud's right, as an equity holder of the guarantor, to receive any assets of the guarantor upon its liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of the guarantor's creditors, including trade creditors, and holders of preferred stock, if any.

Changes in certain laws could lead to the redemption of the notes by us.

Payments of interest in respect of the notes made by us to foreign holders will be subject to Chilean interest withholding tax at a rate of 4.0%. Subject to certain exceptions, we will pay additional amounts so that the amount received by the holder after withholding tax will equal the amount that would have been received if no such taxes had been applicable. Under each of the indentures, the notes issued thereunder are redeemable at our option, subject to applicable Chilean law, in whole (but not in part) at any time at the principal amount thereof plus accrued and unpaid interest and any additional amounts due thereon if, as a result of changes in the laws or regulations affecting tax laws in Chile or any jurisdiction or from or through which any payment under such notes is made, we become obligated to pay additional amounts on such notes (in excess of additional amounts payable in respect of the 4.0% withholding tax payable on payments of interest on the notes). Although no proposal to increase the withholding tax rate in Chile is currently pending, we cannot assure you that an increase in withholding tax rate will not be presented to or enacted by the Chilean Congress. See "Description of the Notes—Optional Redemption—Tax Redemption."

There are restrictions on your ability to transfer the notes.

The notes and the subsidiary guarantee have not been registered under the Chilean Securities Markets Law, the Securities Act or any state securities laws and may not be offered or sold within Chile or to Chilean residents, or within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Chilean Securities Markets Laws, the Securities Act and applicable state securities laws. Such exemptions include in the case of Chile compliance with Rule No. 336 issued by the SVS, and in case of the United States offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A under the Securities Act. For a discussion of certain restrictions on resale and transfer, see "Plan of Distribution" and "Transfer Restrictions." Consequently, a holder of notes and an owner of beneficial interests in those notes must be able to bear the economic risk of their investment in the notes for the term of the notes.

We and the guarantor may incur additional secured indebtedness or indebtedness ranking equally to the notes or the subsidiary guarantee, as applicable.

The indentures governing the notes will permit us and the guarantor to issue additional debt that ranks on an equal and ratable basis with the notes or the subsidiary guarantee, as applicable. If we incur or the guarantor incurs any additional debt that ranks on an equal and ratable basis with the notes or the subsidiary guarantee, as applicable, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us or the guarantor, as applicable, subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you. We and the guarantor also have the ability to incur secured debt and such debt would be effectively senior to the notes and the subsidiary guarantee, as applicable, to the extent of such collateral.

The obligations under the notes and the subsidiary guarantee will be subordinated to certain statutory liabilities.

Under Chilean bankruptcy law, the obligations under the notes and the subsidiary guarantee are subordinated to certain statutory preferences. In the event of liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the notes or the subsidiary guarantee, as applicable.

The notes and the subsidiary guaranty will be structurally subordinated to the indebtedness and other obligations of our non-guarantor subsidiaries and the subsidiaries of the guarantor, respectively.

The notes will be structurally subordinated to any indebtedness of our subsidiaries (other than the guarantor). Additionally, the subsidiary guarantee will be structurally subordinated to any future indebtedness of the guarantor's subsidiaries. As of September 30, 2014, our subsidiaries (other than the guarantor) had U.S.$853 million of indebtedness outstanding, and none of the guarantor's subsidiaries had outstanding indebtedness. In the event of a liquidation, winding-up, dissolution or a bankruptcy, administration, reorganization, insolvency, receivership, or similar proceeding, of any of these subsidiaries, the subsidiaries will pay the holders of their own debt, their trade creditors and any preferred shareholders before they would be able to distribute any of their assets to us or the guarantor, as applicable.

Further regulation might impair our access to U.S. dollars for repayment of the notes.

While we are permitted, as of the date of this offering memorandum, to purchase U.S. dollars to make payments of interest and principal on the notes, there is no assurance that we will have guaranteed access in the future to the Formal Exchange Market for payment of interest and principal on the notes in U.S. dollars. Future Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile could restrict or prevent us from purchasing U.S. dollars for purposes of making payments under the notes. See "Exchange Controls."

Holders of the notes may find it difficult to enforce civil liabilities against us or the guarantor, or against our directors, officers and controlling person and that of the guarantor's.

We are, and the guarantor is, organized under the laws of Chile and our principal place of business and that of the guarantor is in Santiago, Chile. Most of our directors, officers and controlling persons and that of the guarantor reside outside of the United States. In addition, all or a substantial portion of our assets and that of the guarantor are located outside of the United States. As a result, it may be difficult for holders of notes to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based on civil liabilities under the U.S. federal securities laws. Based on the opinion of our Chilean counsel, there is doubt as to the enforceability against such persons in Chile, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws. See "Service of Process and Enforcement of Civil Liabilities."

USE OF PROCEEDS

We intend to use the net proceeds from the sale of the notes to repay in full the outstanding indebtedness under our Bridge Loan with Scotiabank Chile S.A. and HSBC Bank Chile, affiliates of the initial purchasers. The remainder, if any, will be used for general corporate purposes, specifically to refinance certain short- and long-term indebtedness at or before maturity. Certain of the indebtedness intended to be refinanced is held by affiliates of the initial purchasers.

The full amount under the Bridge Loan was disbursed on November 17, 2014 and used by us to fund the redemption on November 19, 2014 of our Series A, C and D bonds issued under Issuance No. 443. See "Summary—Recent Developments." As of December 31, 2014, the outstanding indebtedness under the Bridge Loan totaled U.S.$400 million, and bore interest at a floating rate, calculated at the specified LIBOR rate plus an applicable margin of 0.20%, such margin increasing incrementally starting three months following the closing date of the Bridge Loan. The Bridge Loan is scheduled to mature on February 17, 2015. However, for a year following the original drawdown date, we have an option to extend the date of maturity in one-month increments. If such option is exercised, the applicable interest rate will increase in accordance with the terms of the Bridge Loan.

EXCHANGE RATES

Chile

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

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

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

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

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

	Daily Observed Exchange Rate Ch$ per U.S.$			
	Low[(1)]	High[(1)]	Average[(2)]	Period End[(3)]
Year ended December 31,				
2011	533.74	455.91	483.56	519.20
2012	519.69	469.65	486.58	479.96
2013	533.95	466.50	495.17	524.61
Monthly				
July 2014	573.14	548.72	559.14	573.14
August 2014	593.28	571.75	579.94	590.91
September 2014	601.66	585.29	593.88	599.22
October 2014	598.64	527.53	538.36	553.84
November 2014	592.48	580.62	588.08	592.48
December 2014	621.41	606.75	612.98	606.75
January 2015 (through January 27)	629.09	612.47	621.18	625.67

Source: Chilean Central Bank.

(1) Exchange rates are the actual low and high, on a daily basis for each period

(2) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period.

(3) Each year period ends on December 31, and the respective period-end exchange rate is published by the Chilean Central Bank on the first business day of the following year. Each month period ends on the last calendar day of such month, and the respective period end exchange rate is published by the Chilean Central Bank on the first business day of the following month.

Argentina

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

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

	Daily Observed Exchange Rate Ar$ per U.S.$			
	High	**Low**	**Average**(1)	**Period End**
Year Ended December 31,				
2011	4.304	3.972	4.131	4.304
2012	4.917	4.304	4.552	4.917
2013	6.518	4.923	5.479	6.518
Monthly				
July 2014	8.210	8.135	8.161	8.210
August 2014	8.425	8.210	8.311	8.404
September 2014	8.464	8.402	8.419	8.464
October 2014	8.503	8.448	8.480	8.502
November 2014	8.513	8.507	8.510	8.512
December 2014	8.556	8.526	8.550	8.552
January 2015 (through January 27)	8.629	8.554	8.595	8.629

Source: Central Bank of Argentina.

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

Brazil

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

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

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

	Daily Observed Exchange Rate R$ per U.S.$			
	High	Low	Average	Period End
Year Ended December 31,				
2011	1.901	1.534	1.674	1.875
2012	2.112	1.705	1.955	2.043
2013	2.445	1.952	2.160	2.342
Monthly				
July 2014	2.2674	2.2054	2.2246	2.2674
August 2014	2.2986	2.2396	2.2680	2.2396
September 2014	2.4522	2.2319	2.3328	2.4510
October 2014	2.5341	2.3914	2.4482	2.4442
November 2014	2.6136	2.4839	2.5541	2.5282
December 2014	2.7403	2.5607	2.6393	2.6562
January 2015 (through January 27)	2.7107	2.5754	2.6378	2.5809

Source: Central Bank of Brazil.
(1) Represents the daily average exchange rate during each of the relevant periods.

Peru

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

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

	Daily Observed Exchange Rate S/. per U.S.$			
	High	Low	Average(1)	Period End
Year Ended December 31,				
2011	2.832	2.693	2.753	2.695
2012	2.709	2.549	2.638	2.549
2013	2.819	2.539	2.700	2.794
Monthly				
July 2014	2.795	2.772	2.785	2.795
August 2014	2.844	2.789	2.814	2.842
September 2014	2.892	2.847	2.863	2.888
October 2014	2.920	2.890	2.905	2.920
November 2014	2.933	2.923	2.928	2.923
December 2014	2.987	2.925	2.960	2.981
January 2015 (through January 23)	3.009	2.981	2.995	3.009

Source: Central Bank of Peru.
(1) Calculated as the average of the month-end exchange rates during the relevant period.

Colombia

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

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

During 2012 and 2013, the value of the Colombian peso appreciated approximately 9.9% and depreciated 8.2% against the U.S. dollar, respectively. Although the foreign exchange market is allowed to float freely, there are no guarantees that the Central Bank of Colombia or the Colombian government will not intervene in the exchange market in the future. The Federal Reserve Bank of New York does not report a rate for Colombian pesos. The *Superintendencia Financiera de Colombia* calculates the representative market rate based on the weighted averages of the buy/sell foreign exchange rates quoted daily by certain financial institutions for the purchase and sale of foreign currency.

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

	Daily Observed Exchange Rate Col$ per U.S.$			
	High	**Low**	**Average[(1)]**	**Period End**
Year Ended December 31,				
2011	1,972.76	1,748.41	1,846.97	1,942.70
2012	1,942.70	1,754.89	1,797.65	1,768.23
2013	1,952.11	1,758.45	1,869.10	1,926.83
Monthly				
July 2014	1,881.19	1,846.12	1,857.64	1,872.43
August 2014	1,935.04	1,873.65	1,898.13	1,918.62
September 2014	2,028.48	1,918.62	1,973.72	2,028.48
October 2014	2,074.40	2,021.49	2,048.57	2,050.52
November 2014	1,881.19	2,061.92	2,086.49	2,103.12
December 2014	2,446.35	2,206.19	2,342.25	2,392.46
January 2015 (through January 27)	2,452.11	2,361.54	2,397.52	2,386.28

Source: Central Bank of Colombia.

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

EXCHANGE CONTROLS

Chile

The Chilean Central Bank is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally provided they comply with, among other things, the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations (*Compendio de Normas de Cambios Internacionales*) of the Chilean Central Bank (the "Chilean Central Bank Compendium").

Pursuant to the provisions of Chapter XIV of the Chilean Central Bank Compendium, it is not necessary to seek the Chilean Central Bank's prior approval in order to issue the notes. The Chilean Central Bank only requires that (i) the remittance of funds obtained from the sale of the notes into Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below; and (ii) all remittances of funds to make payments under the notes made from Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below.

The proceeds of the sale of the notes may be brought into Chile or held abroad. If we remit the funds obtained from the sale of the notes into Chile, such remittance must be made through the Formal Exchange Market and we must deliver to the Department of Statistics Information of the Chilean Central Bank directly or through an entity participating in the Formal Exchange Market an annex providing information about the transaction, together with a letter instructing such entity to deliver us the foreign currency or the Chilean peso equivalent thereof. If we do not remit the funds obtained from the sale of the notes into Chile, we have to provide the same information to the Department of Statistics Information of the Chilean Central Bank directly or through an entity of the Formal Exchange Market, within the first 10 days of the month following the date on which we received the funds. Any international issue of bonds in an aggregate amount exceeding U.S.$1,000,000 must be reported to the Chilean Central Bank directly or through an entity of the Formal Exchange Market by the next business day following the date the proceeds from the issuance are remitted to Chile and received by the issuer. The regulations require that the information provided describe the financial terms and conditions of the securities offered, related guarantee and the schedule of payments. All payments in connection with the notes made from Chile must be made through the Formal Exchange Market. Pursuant to Chapter XIV of the Chilean Central Bank Compendium, no prior authorization from the Chilean Central Bank is required for such payments in U.S. dollars. The participant of the Formal Exchange Market involved in the transfer must provide certain information to the Chilean Central Bank on the banking business day following the day of payment. In the event payments are made outside Chile using foreign currency held abroad, we must provide the relevant information to the Chilean Central Bank directly or through an entity of the Formal Exchange Market within the first 10 days of the month following the date on which the payment was made.

Under Chapter XIV of the Chilean Central Bank Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof will affect foreign investors who have acquired the notes. We cannot assure you that further Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars or that further restrictions applicable to us will not affect our ability to remit U.S. dollars for payment of interest or principal on the notes.

The above is a summary of the Chilean Central Bank's regulations with respect to the issuance of debt securities, including the notes, as in force and effect as of the date of this offering memorandum. We cannot assure you that restrictions will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of Chapter XIV of the Chilean Central Bank Compendium, a copy of which is available from us upon request at the address provided under the caption "Our Corporate Information."

Argentina

Prior to December 1989, the Argentine foreign exchange market was subject to exchange controls. From December 1989 until April 1991, Argentina had a freely floating exchange rate for all foreign currency transactions, and the transfer of dividend payments in foreign currency abroad and the repatriation of capital were permitted without prior approval of the Central Bank of Argentina. From April 1, 1991, when the Convertibility Law became effective, until December 21, 2001, when the Central Bank of Argentina decided to close the foreign exchange market, the Argentine currency was freely convertible into U.S. dollars.

On December 3, 2001, the Argentine government imposed a number of monetary and currency exchange control measures through Decree 1570/01, which included restrictions on the free disposition of funds deposited with banks and tight restrictions on transferring funds abroad without the Central Bank of Argentina's prior authorization subject to specific exceptions for transfers related to foreign trade. Beginning in January 2003, the Central Bank of Argentina has gradually eased these restrictions and expanded the list of transfers of funds abroad that do not require its prior authorization. However, in June 2003 the Argentine government instituted restrictions on capital flows into Argentina, which mainly consisted of a prohibition against the transfer abroad of any funds until 180 days after their entry into the country.

In June 2005, the Argentine government issued Decree 616/05, which established additional restrictions over all capital flows that could result in the decreased availability of international credit. Pursuant to the decree, all private sector indebtedness of physical persons or corporations in Argentina are required to be agreed upon and repaid not prior to 365 days from the date of entry of the funds into Argentina, regardless of the form of repayment. The decree outlines several types of transactions that are exempt from its requirements, including foreign trade financings, foreign trade balances of those entities authorized to carry out foreign exchange, and primary offerings of debt securities issued pursuant to a public offering and listed on a self-regulated market.

In addition, the decree, as supplemented by subsequent regulations, stipulates that all capital inflows of residents exceeding U.S.$2 million per month, as well as all capital inflows of non-residents settled in the local exchange market destined for local money holdings, acquisition of active or passive private sector financings and investments in securities issued by the public sector that are acquired in secondary markets (excluding foreign direct investment, which includes capital contributions to local companies of direct investments (namely, a company in which the foreign direct investor holds at least 10% of ordinary shares or voting rights, or its equivalent), and primary offerings of debt securities issued pursuant to a public offering and listed on a self-regulated market), must meet certain requirements, including those outlined below:

- such funds may be transferred only outside the local exchange market after a 365-day period from the date of entry of the funds into Argentina;
- any Argentine Pesos resulting from the exchange of such funds are to be credited to an account within the Argentine banking system; and
- except for certain type of capital inflows, a non-transferable, non-interest-bearing U.S. dollar-denominated mandatory deposit must be maintained for a term of 365 calendar days, in an amount equal to 30% of any such inflow of funds to the local foreign exchange market (which mandatory deposit may not be used as collateral or guaranty for any transaction).

In addition, on November 16, 2005, the Ministry of Economy and Production issued Resolution 637/05, pursuant to which Decree 616/05 was regulated, providing that any inflow of funds to the local exchange market in connection with an initial public offering of securities, bonds or certificates issued by a trustee under a trust, whether or not such trust is publicly offered and listed in a self-regulated market, shall comply with all requirements provided for section 4 of Decree 616/05 whenever such requirements are applicable to the inflow of funds to the local exchange market in connection with the acquisition of any of the assets under the trust.

The transfer abroad of dividend payments is currently authorized by applicable regulations to the extent such dividend payments are made in connection with audited financial statements approved by a shareholders' meeting. Any breach of the provisions of Decree No. 616/05 or any other foreign exchange regulation is subject to criminal penalties of the laws governing the Argentine exchange market.

In addition, pursuant to Resolutions AFIP N° 3210/2011 and N° 3212/2011 and Communication "A" 5245, enacted in late 2011, prior to authorizing the sale of foreign currency to make portfolio investments abroad or similar investments, the local bank must obtain prior clearance from an online database run by AFIP. This database must confirm whether an individual or entity has sufficient declared assets or funds to make the purchase of foreign currency. In the event that declared assets or funds are not sufficient, the bank may not sell foreign currency to such individual or entity. However, the regulations fail to explain how this calculation is carried out. This clearance requirement may affect the ability of our Argentine subsidiaries to make or manage its foreign currency investments or to transfer funds abroad.

Repatriation of investments by non-Argentine residents

Repatriation of funds by non-Argentine residents is subject to the prior approval of the Central Bank; however, various exceptions exist to this general principle, including, among others:

- Repatriation of direct investments resulting from the sale of investments, the process of wind-up or liquidation of a company, capital reduction or the repayment of capital contributions. In these instances, the foreign investor must demonstrate that it has held the Argentine investment for at least 365 days. In addition, investments made after October 28, 2011 (capital contributions or acquisition of interests in Argentine companies) may be repatriated only if it can be demonstrated that the funds invested in the Argentine company were brought into Argentina at least 365 days prior to repatriation; a certificate from a financial institution or foreign exchange firm must be provided that states the amount of the funds and the date on which such funds were transferred into Argentina for the purpose of making the investment. However, in the event that the investor is organized or domiciled in a country which, pursuant to Argentine law, is considered to be of low or no taxation, repatriation must be approved by the Central Bank.

- Repatriation of portfolio investments (and the related income), provided that the aggregate amount of such repatriation does not exceed U.S.$500,000 per month. Repatriation in this instance is permitted provided the investor can demonstrate that the funds used to make such investment were brought into Argentina at least 365 days prior to repatriation; a certificate from a financial institution or foreign exchange firm must be provided that states the amount of the funds and the date on which such funds were transferred into Argentina for the purpose of making the investment. However, in the event that the investor is organized or domiciled in a country which, pursuant to Argentine law, is considered to be of low or no taxation, repatriation must be approved by the Central Bank.

These repatriation exceptions are available provided the financial institution through which a funds transfer is made is capable of determining (among other things) that "*from the date of collection of the funds (…) to the date of the foreign exchange transaction, the funds received were not allocated to other investments in Argentina.*"

Any transactions not covered by the preceding paragraphs (or any other exception) are subject to prior Central Bank approval.

Foreign investments by Argentine residents

As a general matter, individuals and legal entities (excluding private trusts and non-registered civil and commercial companies, associations and foundations) are authorized to buy or transfer foreign currency in an amount of up to U.S.$2 million per month (provided they do not have due and unpaid debts of any nature owing to foreign creditors). However, in practice, certain regulations have restricted the ability to purchase or transfer foreign currency for general savings or investment purposes (such practice is referred to as "accumulation" or "*atesoramiento*"):

(a) Pursuant to Communication "A" 5236 (as amended) of the Central Bank, in the event that the aggregate amount of foreign currency purchases (including transfers) during a calendar year exceeds U.S.$250,000:

(i) in the case of individuals, the total amount of foreign currency purchases may not exceed the sum of: (i) the investments in Argentine financial assets and the amount of Argentine currency declared in the individual's most recent personal tax return filed with Argentine tax authorities, (ii) the funds resulting from the sale in Argentina of recordable assets and foreign currency declared in the individual's most recent personal tax return filed with Argentine tax authorities, (iii) the individual's earnings for the current year which are subject to income tax withholding, (iv) other sources of income collected by the individual during the year that are not subject to income tax and (v) amounts received by the individual through an inheritance; and

(ii) in the case of legal entities, the total amount of foreign currency purchases may not exceed: (i) the entity's net worth (per the financial statements corresponding to the immediately preceding fiscal year), plus (ii) the entity's earnings generated after the end of the immediately preceding fiscal year, *plus* (iii) the entity's proceeds from the sale of foreign currency in the foreign exchange market, *minus* (iv) the entity's investments in external assets (including foreign currency) as of the date of purchase, *minus* (v) deposits in Argentina of foreign currency, *minus* (vi) investments in Argentine companies, *minus* (vii) distributions by the entity of dividends approved after the end of the immediately preceding fiscal year.

(b) Pursuant to Resolutions AFIP No. 3210/2011 and No. 3212/2011 and Communication "A" 5245, prior to authorizing the sale of foreign currency to a given client, the bank handling such sale must consult an online database maintained by the Argentine federal tax authority to confirm whether the client desiring to make such purchase has met the requirements outlined above. In the event that the requirements are not met by the client, the bank may not carry out the sale of foreign currency. However, the regulations fail to provide detail as to how the required calculations are to be made.

In addition, purchases of foreign currency for purposes of accumulation are subject to the following conditions:

(a) The Argentine resident must not have due and unpaid debts owing to foreign creditors (whether financial or commercial in nature). This requirement will not apply if the purchase of foreign currency does not exceed U.S.$10,000 per calendar month.

(b) If the purpose of the purchase and transfer of funds is to purchase Argentine securities, including ADRs, the purchase of such securities may only be carried out 20 business days following the transfer of funds.

(c) In the case of foreign portfolio investments, the funds must be transferred from an Argentine bank account of the Argentine resident to a different bank account opened with:

(i) a foreign bank established in any country member of the OECD whose foreign indebtedness has an international rating of at least "BBB" or that consolidates its financial statements in Argentina with an Argentine bank; or

(ii) foreign banks of the country of permanent residence of individuals authorized to remain in Argentina as "temporary residents" under the provisions of section 23 of Argentine Immigration Law No. 25,871; or

(iii) a financial entity regularly engaged in investment banking activities, established in any country member of the OECD whose foreign indebtedness has an international rating of at least "BBB."

Repatriation of funds by Argentine residents

Repatriation of funds by Argentine residents up to U.S.$2 million per month is exempt from the deposit (*encaje*) requirement. If the funds repatriated by an Argentine resident exceed this monthly cap, the deposit requirement will apply in an amount equal to 30% of the excess funds.

Criminal foreign exchange regime

Pursuant to the provisions of Central Bank Communication "A" 3471, foreign exchange transactions may only be carried out through financial institutions authorized to do so by the Central Bank (e.g., financial institutions and foreign exchange bureaus). Central Bank Communication "A" 3471 further provides that any transactions that fail to comply with the applicable requirements will be subject to the penalties set forth in the Criminal Foreign Exchange Regime set by Law No. 19,359.

For a complete detail of all foreign exchange restrictions, investors should consult with their own legal and financial advisors. Additionally, the review of Executive Order No. 616/2005, MEP Resolution No. 365/2005, Law No. 19,359 and their amending and supplementing regulations is suggested.

Brazil

General rules

The basic law regulating foreign investment was enacted in 1962 (Law No. 4131) and was amended in 1964 (Law No. 4390). Foreign investment is not subject to government approvals or authorizations, and there are no requirements regarding minimum investment or local participation in capital (except in very limited cases such as in financial institutions, insurance companies and other entities subject to the regulating authority of the Central Bank of Brazil). Foreign participation, however, is limited or prohibited in limited areas of activities, including those detailed below.

The Central Bank of Brazil is the agency responsible for: (i) managing the day-today control over foreign capital flow in and out of Brazil (risk capital and loans under any form); (ii) setting forth the administrative rules and regulations for registering investments; (iii) monitoring foreign currency remittances; and (iv) allowing repatriation of funds. It has no jurisdiction over the quality of the investment and cannot restrict the remittances of funds resulting from the risk capital or loan, which are based on a registration with the Central Bank, through its Electronic System of Registration.

In the event of a serious balance of payment deficit, the Central Bank may limit profit remittances and prohibit remittances as capital repatriation for a limited period of time. This limitation, however, has never been applied even during Brazil's most difficult balance of payments problems.

Foreign investments in currency must be officially channeled through financial institutions duly authorized to deal in foreign exchange (e.g. commercial banks). Foreign currency must be converted into Brazilian currency and vice-versa through the execution of an exchange contract with a commercial bank. Foreign investments may also be made through the contribution of assets and equipment intended for the local production of goods or services.

Foreign exchange market

Brazil previously operated with two official exchange rate markets, the commercial and floating rate markets, both of which were regulated and monitored by the Central Bank. Participation in a particular market was determined by the nature of the remittance of funds to be made.

In March, 2005 the Central Bank unified both markets and enacted more flexible exchange rules. As a consequence, remittances of funds in and out of Brazil now flow through one single exchange market regardless of the nature of the payments.

Foreign investment registration

Foreign investments in currency or in assets and equipment must be registered with the Central Bank of Brazil. Such registration grants the foreign investor the right to remit dividends and interest and to repatriate the investment. As of August 2000, foreign investments in capital must be registered with the Electronic System of Registration of the online data system of the Central Bank of Brazil (the "SISBACEN Data System"). Since February 2001, foreign loans are also subject to registration in the SISBACEN Data System.

The amount registered with the Central Bank of Brazil as foreign investment includes the sum of (i) the original investment (whether in cash or in kind); (ii) subsequent additional investments (including the capitalization of credits); and (iii) eventual profit reinvestments. This aggregate amount constitutes the basis for repatriation of capital and computation of any eventual capital gain tax, as explained below.

Profit remittance

Since January 1996, profits paid by a Brazilian company to a foreign investor are not subject to any withholding tax. The foreign currency to be remitted must be purchased in the exchange market directly from any commercial bank, upon presentation of the corporate act declaring the dividends, the pertinent financial statements, proof of the tax payment and the registration in the SISBACEN Data System. No further approval or consent of the Central Bank is necessary and there is no limitation on the amounts to be remitted if the original investment has been registered with the Central Bank as described above.

Repatriation of capital

Foreign capital invested in Brazil may be repatriated at any time and there is no minimum period of investment. Repatriation of the investment within the amount stated in the SISBACEN Data System may be made free of any tax or authorization. In principle, any excess over the registered amount will be treated as a capital gain, subject to a 15% withholding tax (such rate is increased to 25% in case of investors residing in tax havens) and prior (and discretionary) approval of the Central Bank.

In accordance with an common practice of the Central Bank of Brazil, whenever the total or partial repatriation of capital is sought upon the sale of an investment, the book value of the foreign investment (based on the financial statements of the company which received the investment) will be compared against the amount registered in foreign currency. If the book value is lower than the registered foreign investment, the remittance abroad of any amount exceeding the book value may be understood by the Central Bank as a capital gain, and, as such, subject to a 15% tax.

Other forms of funding Brazilian subsidiaries

The Brazilian foreign debt challenges, combined with other circumstances, forced the market to find various ways to fund Brazilian companies through the issuance of notes and bonds, as well as commercial paper placed outside Brazil under private and public placements. In recent years, the Central Bank has authorized a great volume of issues of bonds, fixed rate notes, floating rate notes, commercial papers and fixed or floating rate certificates of deposit, to be traded abroad. Nonetheless, foreign loans with maturity of less than ninety days are currently subject to a financial transactions tax. Interest paid to foreigners is subject to a 15% withholding tax (such rate is increased to 25% in case of creditors residing in tax heavens). Another source of funding has been the issue of ADRs—American Depositary Receipts and IDRs—International Depositary Receipts.

Peru

At the beginning of the 1990s, former President Alberto Fujimori liberalized price and wage controls in the private sector and eliminated all restrictions on capital flows. Since March 1991, there have been no exchange controls in Peru and all foreign exchange transactions are based on market rates. Prior to March 1991, the Peruvian foreign exchange market consisted of several alternative exchange rates. During the last two decades, the Peruvian currency has experienced a significant number of large devaluations and Peru has consequently adopted and operated under various exchange rate control practices and exchange rate determination policies, ranging from strict control over exchange rates to market-determination of rates. Current Peruvian regulations on foreign investment allow the foreign holders of equity shares and fixed income instruments to receive and repatriate 100% of the proceeds of the investment. Such investors are allowed to purchase foreign exchange at free market exchange rates through any member of the Peruvian banking system.

Colombia

Although the exchange market flows freely, there are exchange regulations which regulate the exchange operations that must be channeled through the exchange market, the procedures for doing so and penalties for infringement.

The rules applicable on exchange matters are issued jointly by the Colombian congress, the government and the Central Bank. The primary regulations on foreign investment and international exchange ("Exchange Regulations") are set forth in Law 9 of 1991, Decree 2080 of 2000, External Resolution No. 8 of 2000 and Regulation DCIN-83. The law requires all foreign investment to be registered with the Central Bank.

The Central Bank is responsible for Exchange Regulations and managing, recording and authorizing changes in foreign investment. In turn, the Colombian Superintendency of Companies is responsible for overseeing compliance with the provisions on foreign investment set forth in the Exchange Regulations. Such foreign investment is divided into (1) direct foreign investment, and (2) portfolio foreign investment.

The foreign investment registered with the Central Bank grants the investor the following rights, known as "exchange rights":

- The possibility of repatriating the profits from a registered investment.

- The possibility of reinvesting such profits in Colombia.

- The possibility of repatriating sums resulting from the transfer of the investment within the country, the liquidation of the company or the portfolio and/or the reduction of the equity of the recipient company.

Foreign indebtedness

The foreign currency received or paid in connection with the incurrence of indebtedness must be transacted through the exchange market. In addition, prior to or simultaneously with any disbursement, amounts received or paid in respect of indebtedness must be reported to the Central Bank through financial intermediaries.

Up until October 28, 2011, Colombian residents could only obtain credit in foreign currency from foreign financial institutions, foreign market intermediaries or through the placement of securities in international capital markets. Since that date, the Central Bank now permits the incurrence of indebtedness with any foreign third party, including related parties. Colombian residents may also grant loans in foreign currency to non-residents.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of September 30, 2014 (i) on a historical basis and (ii) as adjusted to give effect to (a) entry into the Bridge Loan and the redemption of the Issuance No. 443 bonds and (b) the completion of this offering, including the application of the net proceeds thereof, as if such transactions had occurred on September 30, 2014. See "Use of Proceeds." This table should be read together with our financial statements included in our Annual Report, Revised Financials Report and Interim Report annexed to this offering memorandum.

	As of September 30, 2014			
	Actual	**As Adjusted***	**Actual**	**As adjusted***
	(in millions of nominal Ch$)		**(in millions of U.S.$)**	
Short-term debt:				
Bank debt	Ch$371,429	Ch$233,229	U.S.$620	U.S.$389
Bonds	38,214	26,098	64	44
Other financial liabilities	81,999	81,999	137	137
Total short-term debt	491,642	341,326	820	570
Long-term debt:				
Bank debt	807,604	607,269	1,348	1,013
Bonds	1,856,568	2,213,769	3,098	3,695
Other financial liabilities	34,769	34,769	58	58
Total long-term debt	2,698,941	2,855,807	4,504	4,766
Shareholders' equity:				
Shares, without (nominal) par value and issuing premiums	2,848,014	2,848,014	4,752	4,752
Reserves	(418,217)	(418,217)	(698)	(698)
Retained earnings	2,079,205	2,079,205	3,470	3,470
Non-controlling interest	337	337	1	1
Total shareholders' equity	4,509,339	4,509,339	7,525	7,525
Total capitalization	Ch$7,699,922	Ch$7,706,472	U.S$12,849	U.S$12,861

* In addition to the repayment of the Bridge Loan as indicated under "Use of Proceeds," the Company intends to apply the remaining proceeds from this offering to refinance certain of its short- and long-term indebtedness at or before maturity.

(1) Chilean peso amounts have been translated into U.S. dollars at an exchange rate of Ch$599.20 per U.S.$1.00, the observed exchange rate on September 30, 2014. See "Exchange Rates."

(2) As of September 30, 2014, the guarantor had U.S.$325 million of outstanding debt, of which U.S.$172 million was short-term debt and U.S.$153 million was long-term debt. As of September 30, 2014, the guarantor had no outstanding secured debt.

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

DESCRIPTION OF THE NOTES

The 2025 notes and the 2045 notes will each be issued as a series of debt securities under a separate indenture (each an “Indenture” and, collectively, the “Indentures”) each to be entered into among the Issuer, Cencosud Retail S.A., as guarantor (the “Guarantor”), The Bank of New York Mellon, as trustee (the “Trustee”), registrar, transfer agent and paying agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent.

The following description of certain provisions of the notes and the Indentures does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the terms and conditions of the notes and the Indentures. Copies of the Indentures are available at the Issuer’s principal executive offices, as well as at the offices of the Trustee in New York City and, for so long as the notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, at the office of the paying agent in Luxembourg.

In this section of the offering memorandum, the term “Issuer” refers only to Cencosud S.A., excluding its subsidiaries. As used herein, the term “Holder” means the person in whose name a note is registered in the register for the notes (the “Register”). You will find definitions of certain other capitalized terms used in this section under “—Certain Definitions.”

General

The notes will be general unsecured and unsubordinated obligations of the Issuer and will, at all times, rank *pari passu* in right of payment with all other existing and future unsecured and unsubordinated debt of the Issuer. The notes will be fully and unconditionally guaranteed by the Guarantor, which, as of September 30, 2014, represented 30%, 135% and 15% of our consolidated net revenues, net income and assets, respectively, exclusive of inter-company adjustments.

The Issuer will initially issue 2025 notes in an aggregate principal amount of U.S.$650,000,000, and 2045 notes in an aggregate principal amount of U.S.$350,000,000. The principal amount of the 2025 notes will mature on February 12, 2025, and the principal amount of the 2045 notes will mature on February 12, 2045. The 2025 notes will accrue interest at a rate of 5.150% per year, and the 2045 notes will accrue interest at a rate of 6.625% per year. Interest on the notes will be payable semi-annually in arrears on February 12 and August 12 of each year, commencing on August 12, 2015 (each, an “Interest Payment Date”). Interest on the notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Subsidiary Guarantee

The Guarantor will unconditionally and irrevocably guarantee, on a senior unsecured basis, the due and punctual payment of all amounts due and payable on the notes (including the payment of additional amounts described under “—Additional Amounts” below) when due and as the same shall become due and payable (the “Subsidiary Guarantee”). No Subsidiary of the Issuer, other than the Guarantor, is or will be obligated to guarantee the notes.

The Guarantor’s obligations under the Subsidiary Guarantee with respect to each series of notes will be released upon: (a) legal defeasance or satisfaction and discharge of the applicable Indenture as provided below under the captions “—Legal Defeasance and Covenant Defeasance” and “—Satisfaction and Discharge,” (b) a sale or disposition (including by way of consolidation or merger) of the Guarantor, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company) otherwise permitted by the applicable Indenture, including under the covenant “—Covenants—Consolidation, merger, sale or conveyance” below or (c) repayment in full by the Company of all principal, interest and other amounts due on both the Company’s 5.500% notes due 2021 (the “2021 Notes”) issued on January 20, 2011 in an aggregate principal amount of U.S.$750,000,000 and the Company’s 4.875% notes due 2023 (the “2023 Notes”) issued on December 6, 2012 in an aggregate principal amount of U.S.$1,200,000,000; *provided*, *however*, that under this clause (c), the Company shall be required to provide to the Trustee an officer’s certificate and, if requested by the Trustee, an opinion of counsel, to the effect that both the 2021 Notes and 2023 Notes have been paid in full and all conditions precedent relating to such release under the applicable Indenture have been satisfied.

Further Issues

The Issuer may, without notice to or the consent of the Holders of the 2025 notes or the 2045 notes, issue additional notes of the same series under the applicable Indenture on the same terms and conditions (except for the issue date, issue price and first payment date) as the 2025 notes or the 2045 notes being offered hereby in an unlimited aggregate principal amount (the "Additional Notes"). The 2025 notes or the 2045 notes, as applicable, and the applicable Additional Notes, if any, will be treated as a single series for all purposes under the applicable Indenture, including waivers and amendments, provided that any Additional Notes that are not fungible with applicable series of notes issued hereunder for U.S. federal income tax purposes shall have a separate CUSIP, ISIN or other identifying number from such notes. Unless the context otherwise requires, in this section, references to the 2025 notes and references to the 2045 notes include, in each case, any applicable Additional Notes actually issued.

Ranking

Notes. The notes will be the general unsecured and unsubordinated obligations of the Issuer and will, at all times, rank pari passu in right of payment with all other existing and future unsecured and unsubordinated debt of the Issuer (except those obligations preferred by operation of Chilean law, including labor and tax claims). The notes will be effectively subordinated to the secured debt of the Issuer to the extent of the assets securing such debt. In addition, the notes will be structurally subordinated to all existing and future unsecured and unsubordinated debt and other liabilities (including trade payables) of the operating subsidiaries of the Issuer. As of September 30, 2014, the Issuer had Ch$3,073,814 million (U.S.$5,130 million) of outstanding consolidated debt, of which Ch$743,095 million (U.S.$1,240 million) was indebtedness of its subsidiaries, none of which was secured.

Subsidiary Guarantee. The Subsidiary Guarantee with respect to each series of notes will be the general unsecured and unsubordinated obligations of the Guarantor and will, at all times, rank *pari passu* in right of payment with all other existing and future unsecured and unsubordinated debt of the Guarantor (except those obligations preferred by operation of Chilean law, including labor and tax claims). The Subsidiary Guarantee will be effectively subordinated to the secured debt of the Guarantor to the extent of the assets securing such debt. In addition, the Subsidiary Guarantee will be structurally subordinated to all existing and future unsecured and unsubordinated debt and other liabilities (including trade payables) of the subsidiaries of the Guarantor. As of September 30, 2014, the Guarantor had Ch$194,747 million (U.S.$325 million) of outstanding debt, none of which was secured. Additionally, the Guarantor's subsidiaries did not have any outstanding debt as of such date. In addition, upon the release of the Subsidiary Guarantee following the repayment of the Issuer's 2021 Notes and 2023 Notes as contemplated in "– The Subsidiary Guarantee" above, to the extent the Guarantor incurs any indebtedness, as with our other Subsidiaries, the notes will be structurally subordinated to all of the Guarantor's indebtedness.

Payments on the Notes

Payments on the notes may be made at the corporate trust office of the Trustee. Alternatively, the Issuer or the Guarantor, as the case may be, may choose to pay such amounts by (a) check mailed or delivered to the address of the person entitled thereto at the address appearing in the Register or (b) wire transfer to an account located in the United States as specified by the person entitled thereto.

At least one Business Day prior to each due date of principal or interest on a note, the Issuer or the Guarantor, as applicable, shall deposit with the Trustee or a paying agent, as applicable, a sum sufficient to pay such principal or interest. If any payment in respect of a note is due on a date that is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding day that is a Business Day, with the same force and effect as if made on the date for such payment, and no interest will accrue on such payment for the period from and after such date on account of such delay. "Business Day" means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in The City of New York, New York or Santiago, Chile.

Payments of interest will be made to the person in whose name a note is registered at the close of business on January 28 or July 28 (each a "Record Date"), as the case may be, immediately preceding an Interest Payment Date. Notwithstanding the foregoing, any interest which is payable, but which is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") will cease to be payable to the Holder registered on such date, and will be payable to the person in whose name such note is registered at the close of business on a special record date to be fixed by the Trustee not more than 15 nor less than 10 days prior to the date fixed by the Issuer or the Guarantor, as the case may be, for payment thereof.

Registrar, Paying Agent and Transfer Agent for the Notes

The Trustee will initially act as registrar and New York paying agent and transfer agent. So long as the notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Issuer will also maintain a paying agent and transfer agent in Luxembourg. The Issuer may change the registrar, paying agents or transfer agents without prior notice to the Holders of the notes, and the Issuer or any of its Subsidiaries (as defined below) may act as registrar, paying agent or transfer agent.

Additional Amounts

All payments of principal, premium, if any, and interest in respect of the notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature and interest, penalties and fines in respect thereof (collectively, "Taxes") imposed, levied, collected, withheld or assessed by, within or on behalf of Chile or any jurisdiction from or through which any payment under the notes is made by or at the direction of the Issuer or the Guarantor, as applicable (each a "Relevant Jurisdiction") or by or within any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or by the interpretation or administration thereof. In the event of any such withholding or deduction of Taxes, the Issuer or the Guarantor, as applicable, will pay to Holders of the affected series of notes such additional amounts ("Additional Amounts") as will result in the payment to each Holder of such series of the net amount that would otherwise have been receivable by such Holder in the absence of such withholding or deduction, except that no such Additional Amounts will be payable:

(a) in respect of any Taxes that would not have been so withheld or deducted but for the existence of any present or former connection (including, without limitation, a permanent establishment in a Relevant Jurisdiction) between the Holder, applicable recipient of payment or beneficial owner of the note or any payment in respect of such note (or, if the Holder or beneficial owner is an estate, nominee, trust, partnership, corporation or other business entity, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the Holder, applicable recipient of a payment or beneficial owner) and an authority with the power to levy or otherwise impose or assess a Tax, other than the mere receipt of such payment or the mere holding or ownership of such note or beneficial interest or the enforcement of rights thereunder;

(b) in respect of any Taxes that would not have been so withheld or deducted if the note had been presented for payment within 30 days after the Relevant Date (as defined below) to the extent presentation is required (except to the extent that the Holder would have been entitled to Additional Amounts had the note been presented for payment on the last day of such 30-day period);

(c) in respect of any Taxes that would not have been so withheld or deducted but for the failure by the Holder or the beneficial owner of the note or any payment in respect of such note to (i) make a declaration of non-residence, or any other claim or filing for exemption, to which it is entitled or (ii) comply with any certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or connection with a Relevant Jurisdiction; provided that such declaration or compliance was required as of the closing date as a precondition to exemption from all or part of such Taxes and the Issuer or the Guarantor, as applicable, has given the Holders at least 30 days prior notice that they will be required to comply with such requirements;

(d) in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, capital gains, personal property or similar taxes, duties, assessments or other governmental charges;

(e) in respect of any Taxes that are payable otherwise than by deduction or withholding from payments on the notes;

(f) in respect of any Taxes that would not have been so imposed if the Holder had presented the note for payment (where presentation is required) to another paying agent;

(g) in respect of any payment to a Holder of a note that is a fiduciary or partnership (including an entity treated as a partnership for tax purposes) or any Person other than the sole beneficial owner of such payment or note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such note;

(h) in respect of any withholding or deduction imposed on a payment required to be made pursuant to European Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such a directive;

(i) in respect of any Taxes imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any successor law or regulation implementing or complying with, or introduced in order to conform to, such sections or any intergovernmental agreement or any agreement entered into pursuant to section 1471(b)(1) of the Code; or

(j) in respect of any combination of clauses (a) through (i) above.

For purposes of the above, "Relevant Date" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received in The City of New York, New York by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect has been given to the Holders of the affected notes in accordance with the applicable Indenture.

All references to principal, premium, if any, and interest in respect of the notes will be deemed also to refer to any Additional Amounts which may be payable as set forth in the Indentures or in the notes.

Notwithstanding the foregoing, the limitations on the obligations of the Issuer and the Guarantor to pay Additional Amounts set forth in clause (c) will not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (c) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of an affected note (taking into account any relevant differences between U.S. and Chilean law, rules, regulations or administrative practice) than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8BEN, W-8BEN-E and W-9).

The Issuer or the Guarantor, as applicable, will furnish to the Holders, within 60 days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by the Issuer or the Guarantor, as applicable, or, if such receipts are not obtainable, other evidence of such payments by the Issuer or the Guarantor, as applicable, reasonably satisfactory to the Holders.

The Issuer or the Guarantor, as applicable, will promptly pay when due any present or future stamp, court or similar documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each note or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Chile and except, in certain cases, for taxes, charges or similar levies resulting from certain registration of transfer or exchange of notes.

Optional Redemption

Make-Whole Redemption

At any time prior to November 12, 2024 (three months prior to the maturity date of the 2025 notes), the Issuer may redeem the 2025 notes, in whole but not in part, at its option, at a redemption price equal to the greater of (a) 100% of the outstanding principal amount of the 2025 notes, and (b) the sum of the present values of the remaining scheduled payments of principal and interest on the 2025 notes to be redeemed discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 50 basis points, in each case plus accrued and unpaid interest, if any, to the date of redemption.

At any time prior to August 12, 2044 (six months prior to the maturity date of the 2045 notes), the Issuer may redeem the 2045 notes, in whole but not in part, at its option, at a redemption price equal to the greater of (a) 100% of the outstanding principal amount of the 2045 notes, and (b) the sum of the present values of the remaining scheduled payments of principal and interest on the 2045 notes to be redeemed discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 50 basis points, in each case plus accrued and unpaid interest, if any, to the date of redemption.

For purposes of the above:

"*Comparable Treasury Issue*" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

"*Comparable Treasury Price*" means, with respect to the redemption date, (a) the average of four Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (b) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Independent Investment Banker*" means one of the Reference Treasury Dealers.

"*Reference Treasury Dealer*" means HSBC Securities (USA) Inc. and Scotia Capital (USA) Inc., or their affiliates which are primary United States government securities dealers, and not less than three other leading primary United States government securities dealers in New York City reasonably designated by the Issuer; provided that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer will substitute therefor another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or about 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

At Par Redemption

At any time on or after November 12, 2024 (three months prior to the maturity date of the 2025 notes), the Issuer may redeem the 2025 notes, in whole but not in part, at its option, at a redemption price equal to 100% of the outstanding principal amount of the 2025 notes, plus accrued and unpaid interest, if any, to the date of redemption.

At any time on or after August 12, 2044 (six months prior to the maturity date of the 2045 notes), the Issuer may redeem the 2045 notes, in whole but not in part, at its option, at a redemption price equal to 100% of the outstanding principal amount of the 2045 notes, plus accrued and unpaid interest, if any, to the date of redemption.

Tax Redemption

Each of the 2025 notes and the 2045 notes may be redeemed, in whole but not in part, at the Issuer's option at a redemption price equal to 100% of the outstanding principal amount of the applicable series of notes, plus accrued and unpaid interest, if any, to the redemption date and any Additional Amounts, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) in a Relevant Jurisdiction, or any other jurisdiction with the power to impose, levy or assess a Tax, the Issuer has or will become obligated to pay Additional Amounts in respect of interest received on the applicable notes at a rate of withholding or deduction in excess of 4.0% ("Excess Additional Amounts"), if such change or amendment is announced or occurs on or after the date of the applicable Indenture and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; provided that no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay such Excess Additional Amounts, were a payment in respect of the applicable notes then due. For the avoidance of doubt, reasonable measures shall include a change in the jurisdiction of the paying agent. Prior to the giving of notice of redemption of notes pursuant to an Indenture, the Issuer will deliver to the Trustee (i) an officer's certificate to the effect that the Issuer is or at the time of the redemption will be entitled to effect such a redemption pursuant to such Indenture and (ii) a written opinion of recognized counsel admitted to practice in the applicable Relevant Jurisdiction and independent of the Issuer to the effect that the Issuer is, or is expected to become, obligated to pay Excess Additional Amounts as a result of such change or amendment, as described above, and setting forth in reasonable detail the circumstances giving rise to such right of redemption.

General

Notice of a redemption must be mailed to each holder of notes and published in accordance with the provisions set out under "—Notices," not less than 30 days nor more than 60 days prior to the redemption date.

On and after any redemption date, interest will cease to accrue on the notes unless the Issuer or the Guarantor, as the case may be, defaults in the payment of the redemption price.

Each of the Issuer and the Guarantor may at any time purchase the notes in the open market or otherwise at any price. Any such purchased notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

Covenants

Each of the Indentures provides that the following covenants will be applicable to the Issuer and its Subsidiaries for so long as any of the related notes issued thereunder remains outstanding.

Limitation on Liens

The Issuer will not, nor will it permit any Subsidiary to, issue, assume or suffer to exist any Indebtedness, if such Indebtedness is secured by a Lien upon any property or assets of the Issuer or any Subsidiary, unless, concurrently therewith, the notes of the applicable series will be secured equally and ratably with (or prior to) such Indebtedness; provided, however, that the foregoing restriction will not apply to:

(a) any Lien on any property acquired, constructed, developed, extended or improved by the Issuer or any Subsidiary (individually or together with other Persons) after the date of the applicable Indenture or any shares or other ownership interest in, or any Indebtedness of, any Person which holds, owns or is entitled to such property, to the extent such Lien is created, incurred or assumed (i) during the period such property was being constructed, developed, extended or improved or (ii) contemporaneously with, or within 360 days after, such acquisition or the completion of such construction, development, extension or improvement in order to secure or provide for the payment of all or any part of the purchase price or other consideration of such property or the other costs of such acquisition, construction, development, extension or improvement (including costs such as escalation, interest during construction and financing and refinancing costs);

(b) any Lien on any property or assets existing at the time of acquisition thereof and which (i) is not created as a result of or in connection with or in anticipation of such acquisition and (ii) does not attach to any other property or assets other than the property or assets so acquired (except for property affixed or appurtenant thereto);

(c) any Lien on any property or assets acquired from a Person which is merged with or into the Issuer or any Subsidiary or any Lien existing on property or assets of any Person at the time such Person becomes a Subsidiary, in either such case which (i) is not created as a result of or in connection with or in anticipation of any such transaction and (ii) does not attach to any other property or assets other than the property or assets so acquired or of such Person at the time it becomes a Subsidiary (except for property affixed or appurtenant thereto);

(d) any Lien which secures Indebtedness owed by a Subsidiary to the Issuer or any other Subsidiary;

(e) any Lien securing Indebtedness of the type described in clause (a)(v) of the definition of "Indebtedness"; provided that such Indebtedness was entered into in the ordinary course of business and not for speculative purposes or the obtaining of credit;

(f) any Lien in favor of any Person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations required or requested by any governmental authority in connection with any contract or statute;

(g) any Lien existing on the date of the applicable Indenture or granted pursuant to an agreement existing on the date of the applicable Indenture;

(h) Liens for taxes, assessments or governmental charges or levies if such taxes, assessments, governmental charges or levies are not at the time due and payable, or if the same are being contested in good faith by appropriate proceedings and appropriate provisions, if any, have been established as required by IFRS;

(i) Liens arising solely by operation of law;

(j) Liens created for the sole purpose of securing Indebtedness that, when incurred, will be applied to repay all (but not part) of the applicable notes and all other amounts payable under the applicable notes; provided that such notes and all other such amounts are fully satisfied within 30 days after the incurrence of such Indebtedness;

(k) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired and appropriate provisions, if any, have been established as required by IFRS; or

(l) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part, of any Lien referred to in the foregoing clauses (a) through (k) inclusive or any Lien securing any Indebtedness that refinances, extends, renews, refunds or replaces any other Indebtedness secured in accordance with the foregoing clauses (a) through (k) inclusive; provided that the principal amount of Indebtedness secured thereby will not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement plus an amount necessary to pay any customary fees and expenses, including premiums and defeasance costs related to such transaction, and that such extension, renewal or replacement will be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property) and property affixed or appurtenant thereto.

Notwithstanding the foregoing, the Issuer or any Subsidiary may issue or assume Indebtedness secured by a

Lien which would otherwise be prohibited under the provisions of any of the Indentures described in this section or enter into Sale and Leaseback Transactions that would otherwise be prohibited by the provisions of any of the Indentures described below under "—Limitation on Sale and Leaseback Transactions," provided that the amount of such Indebtedness or the Attributable Value of such Sale and Leaseback Transaction, as the case may be, together with the aggregate amount (without duplication) of (a) Indebtedness outstanding at such time, that was previously incurred pursuant to this paragraph by the Issuer and its Subsidiaries, plus (b) the Attributable Value of all such Sale and Leaseback Transactions of the Issuer and its Subsidiaries outstanding at such time that were previously incurred pursuant to this paragraph will not exceed 20% of Consolidated Net Tangible Assets at the time any such Indebtedness is issued or assumed by the Issuer or any Subsidiary or at the time any such Sale and Leaseback Transaction is entered into.

Limitation on Sale and Leaseback Transactions

The Issuer will not, and will not permit any Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any of their property or assets, unless: (a) the Issuer or such Subsidiary would be entitled pursuant to the provisions of the applicable Indenture described above under "—Limitation on Liens" to issue or assume Indebtedness (in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction) secured by a Lien on such property or assets without equally and ratably securing the notes; (b) the Issuer or such Subsidiary will apply or cause to be applied, in the case of a sale or transfer for cash, the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value (as determined in good faith by the board of directors of the Issuer) of the property or assets so leased, (i) to the retirement, within 360 days after the effective date of such Sale and Leaseback Transaction, of (A) Indebtedness of the Issuer ranking at least pari passu with the applicable notes or (B) Indebtedness of any Subsidiary, in each case owing to a Person other than the Issuer or any Affiliate of the Issuer, or (ii) to the acquisition, purchase, construction, development, extension or improvement of any property or assets of the Issuer or any Subsidiary used or to be used by or for the benefit of the Issuer or any Subsidiary in the ordinary course of business; or (c) the Issuer or such Subsidiary equally and ratably secures the applicable notes.

The foregoing restrictions will not apply to any transactions providing for a lease for a term, including any renewal, of not more than three years or to arrangements between the Issuer and a Subsidiary or between Subsidiaries.

Consolidation, Merger, Sale or Conveyance

Each Indenture provides that neither the Issuer nor, until the release of the Subsidiary Guarantee in accordance with the provisions under "—The Subsidiary Guarantee," the Guarantor will consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless (a) the successor Person will be a Person existing under the laws of the United States (or any State thereof or the District of Columbia) or Chile and will assume, by a supplemental indenture, the due and punctual payment of the principal, premium, if any, and interest (and Additional Amounts, if any) in respect of all the outstanding notes under such Indenture and the performance of every covenant in such Indenture on the part of the Issuer or the Guarantor, as applicable, to be performed or observed, (b) immediately after giving effect to such transaction, no Event of Default under such Indenture, and no event which, after notice or lapse of time or both, would become an Event of Default under such Indenture, will have happened and be continuing; and (c) the Issuer or the Guarantor, as applicable, will have delivered to the Trustee an officer's certificate and opinion of counsel stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the foregoing provisions relating to such transaction. In case of any such consolidation, merger, conveyance or transfer (other than a lease), such successor entity will succeed to and be substituted for the Issuer, as obligor, or the Guarantor, as guarantor, as applicable, on the applicable notes, with the same effect as if it had been named in such Indenture as such obligor or guarantor, as applicable.

Reporting Requirements

The Issuer will furnish to the Holders of each series of notes and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes of such series are not freely transferable under the Securities Act.

In addition, each Indenture provides that so long as the notes issued thereunder remain outstanding the Issuer will:

(a) in the event the Issuer is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, furnish (or in lieu of furnishing, make accessible electronically with notice to the Trustee) to the Trustee and Holders of such notes:

(i) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Issuer, copies of its audited financial statements (on a consolidated basis) in respect of such fiscal year (including a profit and loss account, balance sheet and cash flow statement), in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants; and

(ii) as soon as they are available, but in any event within 90 days after the end of each of the first three fiscal quarters of each fiscal year of the Issuer, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, balance sheet and cash flow statement), in English, prepared on a basis consistent with the audited financial statements of the Issuer and in accordance with IFRS, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Issuer to the effect that such financial statements are true in all material respects and present fairly the financial position of the Issuer as at the end of, and the results of its operations for, the relevant quarterly period;

(b) in the event the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act,

(i) timely file with the SEC such annual and other reports as may be required by the rules and regulations of the SEC in effect at the relevant time and in the form required thereunder; and

(ii) unless such information is publicly available on the SEC's EDGAR System, provide the Trustee, for further delivery to a Holder of such notes upon request by any such Holder, with copies of the reports referred to in clause (b)(i) within 15 days after such reports are required to be filed with the SEC; and

(c) so long as the Issuer is required to file the same with the SVS, furnish (or in lieu of furnishing, make accessible electronically with notice to the Trustee) to the Trustee and Holders of such notes, as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Guarantor, copies of the Guarantor's audited financial statements (on a consolidated basis) in respect of such fiscal year in the format required by the SVS, in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants.

Delivery of such reports, information and documents to the Trustee shall be for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the compliance by the Issuer or the Guarantor, as applicable, with any of the covenants contained in the Indentures (as to which the Trustee will be entitled to conclusively rely upon an officer's certificate).

Certain Definitions

The following is a summary of certain defined terms used in the Indentures. Reference is made to the Indentures for the complete definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

For purposes of the following definitions, all calculations and determinations will be made in accordance with IFRS and will be based upon the consolidated financial statements of the Issuer and its subsidiaries:

"*Affiliate*" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"*Attributable Value*" means, as to any particular lease under which the Issuer or any Subsidiary is at any time liable as lessee and any date as of which the amount thereof is to be determined, the total net obligations of the lessee for rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) discounted from the respective due dates thereof to such date at a rate per annum equivalent to the interest rate inherent in such lease (as determined in good faith by the Issuer in accordance with generally accepted financial practice).

"*Consolidated Net Tangible Assets*" means the total of all assets appearing on a consolidated balance sheet of the Issuer and its Subsidiaries, net of all applicable reserves and deductions, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets, less the aggregate of the current liabilities of the Issuer and its Subsidiaries appearing on such balance sheet as determined in accordance with IFRS.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, direct or indirect, contingent or otherwise, or entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantee" will not apply to a guarantee of intercompany indebtedness among the Issuer and the Subsidiaries or among the Subsidiaries.

"*IFRS*" means international financial reporting standards or other accounting standards generally accepted in Chile, as required by the SVS for Chilean public companies, in each case an in effect from time to time.

"*Indebtedness*" means, with respect to any Person (without duplication) (a) any obligation of such Person (i) for borrowed money, (ii) evidenced by bonds, debentures, notes or other similar instruments, (iii) under any reimbursement obligation relating to a letter of credit other than letters of credit in the ordinary course of business, (iv) for the payment of money relating to any obligations under any capital lease of real or personal property, (v) under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction, (vi) to pay the deferred and unpaid purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such service, or (vii) a Guarantee of such Person; and (b) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clause (a) above. For the purpose of determining any particular amount of Indebtedness under this definition, Guarantees of (or obligations with respect to letters of credit) Indebtedness otherwise included in the determination of such amount will not be included. For the avoidance of any doubt, any obligation that is non-recourse to any such Person will not be deemed to be Indebtedness under this definition.

"*Issue Date*" means, with respect to each series of notes, the first date of issuance of such notes under the applicable Indenture.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Sale and Leaseback Transaction*" means any transaction or series of related transactions pursuant to which the Issuer or any Subsidiary sells or transfers any property to any Person with the intention of taking back a lease of such property pursuant to which the rental payments are calculated to amortize the purchase price of such property substantially over the useful life thereof and such property is in fact so leased.

"*SEC*" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the

Exchange Act.

"*Significant Subsidiaries*" means, with respect to each Indenture, collectively, (a) each Subsidiary of the Issuer which would be a "significant subsidiary" within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC in effect on the date of such Indenture, assuming the Issuer is the registrant referred to in such definition, and (b) to the extent not a "significant subsidiary" pursuant to clause (a) above, until the release of the Subsidiary Guarantee in accordance with the provisions under "—The Subsidiary Guarantee," the Guarantor.

"*Subsidiary*" means any corporation or other business entity of which the Issuer owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not capital stock or other ownership interests or any other class or classes have or might have voting power upon the occurrence of any contingency), including, without limitation, the Guarantor.

"*SVS*" means the Chilean Securities Commission (*Superintendencia de Valores y Seguros*).

Events of Default

Each of the Indentures will provide that the following events constitute "Events of Default" with respect to the notes issued thereunder:

(a) default in the payment of the principal or premium, if any, in respect of any note of such series, at maturity, upon redemption or otherwise;

(b) default in the payment of interest or Additional Amounts in respect of the notes of such series if such default continues for 30 days after any such interest or Additional Amount becomes due;

(c) failure to observe or perform any covenant or agreement contained in the notes of such series or in the Indenture with respect to such series of notes (other than a payment default referred to in clause (a) or (b) above), and such failure continues for 60 days after notice to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% in principal amount of the outstanding notes of the series affected thereby, specifying such failure and requiring it to be remedied and stating that such notice constitutes a notice of default under such Indenture;

(d) the Issuer or any of its Subsidiaries fails to pay when due (whether at maturity, upon redemption or acceleration or otherwise) the principal of any Indebtedness in excess, individually or in the aggregate, of U.S.$50 million (or the equivalent thereof in other currencies), if such failure continues for more than the period of grace, if any, applicable thereto and the period for payment has not been expressly extended;

(e) one or more final and non-appealable judgments or decrees for the payment of money in excess of U.S.$50 million (or the equivalent thereof in other currencies) in the aggregate are rendered against the Issuer or any of its Subsidiaries and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (i) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (ii) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(f) a decree or order by a court having jurisdiction has been entered adjudging the Issuer or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of or by the Issuer or any of its Significant Subsidiaries and such decree or order continues undischarged or unstayed for a period of 60 days; or a decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or for the liquidation or dissolution of the Issuer or any of its Significant Subsidiaries, has been entered, and such decree or order continues undischarged and unstayed for a period of 60 days; provided that any Significant Subsidiary may be liquidated or dissolved if, pursuant to such liquidation or dissolution, all or substantially all of its assets are transferred to the Issuer or another Significant Subsidiary of the Issuer;

(g) the Issuer or any of its Significant Subsidiaries institutes any proceeding to be adjudicated as voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganization, or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property; or

(h) the Subsidiary Guarantee ceases to be in full force and effect with respect to the applicable series of notes or the Guarantor denies or disaffirms its obligations under the Subsidiary Guarantee with respect to the applicable series of notes (other than as provided under "—The Subsidiary Guarantee").

Each Indenture provides that if an Event of Default specified in clause (f) or (g) above occurs, the maturity of all outstanding notes issued thereunder will automatically be accelerated and the principal amount of such notes, together with accrued interest thereon, will be immediately due and payable. If any other Event of Default occurs and is continuing with respect to a series of notes, the Trustee or the Holders of not less than 25% of the aggregate principal amount of the notes then outstanding of the affected series may, by written notice to the Issuer (and to the Trustee if given by Holders of such series of notes), declare the principal amount of the notes of such series, together with accrued interest thereon, if any, immediately due and payable. The right of the Holders of the notes of such series to give such acceleration notice will terminate if the event giving rise to such right has been cured before such right is exercised. Any such declaration may be annulled and rescinded by written notice from the Holders of a majority of the aggregate principal amount of the notes then outstanding of the affected series to the Issuer if all amounts then due with respect to the applicable notes are paid (other than amount due solely because of such declaration) and all other defaults with respect to the notes of such series are cured and all amounts owed to the Trustee are paid.

The Trustee shall not be deemed to have notice of any default or Event of Default (other than a payment default of principal, premium or interest) unless an officer of the Trustee having direct responsibility for the administration of the applicable Indenture has received written notice of any event which is in fact such a Default or Event of default at the Corporate Trust Office, and such notice references the applicable series of notes and the applicable Indenture.

Subject to the provisions of the Indentures relating to the duties of the Trustee, in case the Issuer or the Guarantor fails to comply with its obligations under an Indenture, the related notes or the related Subsidiary Guarantee, as the case may be, and such failure is continuing, the Trustee will be under no obligation to exercise any of its rights or powers under such Indenture at the request or direction of any of the Holders of the related notes, unless such Holders have offered to the Trustee indemnity or security satisfactory to it. The Holders of a majority in aggregate principal amount of the outstanding notes of the affected series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, to the extent such action does not conflict with the provisions of the applicable Indenture or applicable law.

No Holder of any note will have any right to institute any proceeding with respect to an Indenture or the notes or for any remedy thereunder, unless such Holder has previously given to the Trustee written notice of a continuing Event of Default under the applicable Indenture and unless also the Holders of at least 25% in aggregate principal amount of the outstanding notes of the affected series have made a written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee, such Holder or Holders of the affected series have offered to the Trustee indemnity or security satisfactory to it, the Trustee for 60 days after receipt of such notice has failed to institute any such proceeding and no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the outstanding notes of such series. However, such limitations do not apply to a suit individually instituted by a Holder of a note for enforcement of payment of principal, premium, if any, and interest in respect of such note on or after any respective due date expressed in such note.

So long as certain conditions are met (including, but not limited to, the deposit with the Trustee of a sum sufficient to pay all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel), the Holders of a majority in aggregate principal amount of the notes then outstanding of a series by notice to the Trustee and the Issuer may waive an existing Event of Default and its consequences in respect of such series of notes except (a) an Event of Default in the payment of the principal of or interest on a note or (b) an Event of Default in respect of a provision that cannot be amended without the consent of each Holder affected. When an Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Event of Default or impair any consequent right.

Legal Defeasance and Covenant Defeasance

With respect to each Indenture, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantor with respect to outstanding notes discharged ("Legal Defeasance"). If the Issuer exercises its legal defeasance option, payment of the applicable notes may not be accelerated because of an Event of Default with respect thereto. Such Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes under such Indenture after the deposit specified in clause (a) of the second following paragraph, except for:

(a) the rights of Holders to receive payments of the principal, premium, if any, and interest in respect of the notes when such payments are due;

(b) the Issuer's obligations with respect to each series of the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(c) the rights, powers, trust, duties, protections, indemnities and immunities of the Trustee and the Issuer's and the Guarantor's obligations in connection therewith; and

(d) the Legal Defeasance provisions of such Indenture.

In addition, with respect to each Indenture, the Issuer may, at its option and at any time, elect to have its obligations released with respect to the covenants described under "Covenants—Limitation on Liens," "Covenants—Limitation on Sale and Leaseback Transactions" and "Covenants—Reporting Requirements" and the covenant default and cross-acceleration provisions described under "Events of Default" ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a default or Event of Default with respect to the applicable notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to such notes.

In order to exercise either Legal Defeasance or Covenant Defeasance under either Indenture:

(a) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal, premium, if any, and interest (including Additional Amounts) in respect of the applicable notes on the stated date for payment thereof;

(b) in the case of Legal Defeasance, the Issuer will have delivered to the Trustee an opinion of counsel from counsel in the United States independent of the Issuer to the effect that (subject to customary exceptions and exclusions):

    (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

    (ii) since the date of issuance of the notes, there has been a change in the applicable U.S. federal income tax law,

    in either case to the effect that, and based thereon such opinion of counsel state that, the Holders of the applicable notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Issuer will have delivered to the Trustee an opinion of counsel from counsel in the United States independent of the Issuer (subject to customary exceptions and exclusions) to the effect that the Holders of the applicable notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) in the case of Legal Defeasance or Covenant Defeasance, the Issuer will have delivered to the Trustee, an opinion of counsel from counsel in Chile independent of the Issuer (subject to customary exceptions and exclusions) to the effect that, based upon Chilean law then in effect, Holders of the applicable series of notes will not recognize income, gain or loss for Chilean tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of such Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Chilean taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred.

(e) no default or Event of Default has occurred and is continuing on the date of the deposit pursuant to clause (a) of this paragraph (other than a default or Event of Default arising in connection with the grant of any Lien securing a borrowing of funds to be applicable to such deposit);

(f) the Issuer has delivered to the Trustee an officer's certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders of the applicable series of notes over any other creditors of the Issuer or any Subsidiary of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others;

(g) the Issuer has delivered to the Trustee an officer's certificate and an opinion of counsel from counsel independent of the Issuer (subject to customary exceptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(h) the Issuer has delivered to the Trustee opinions of counsel from U.S. and Chilean counsel independent of the Issuer (subject to customary exceptions and exclusions and to assumptions as to factual matters, including the absence of an intervening bankruptcy, insolvency or reorganization during the applicable preference period following the date of such deposit and that no Holder of the applicable series of notes or the Trustee is deemed to be an "insider" of the Issuer under the U.S. Bankruptcy Code and any equivalent law of Chile) to the effect that the transfer of trust funds pursuant to such deposit will not be subject to avoidance as a preferential transfer pursuant to the applicable provisions of the U.S. Bankruptcy Code or any successor statute and any equivalent law of Chile.

Satisfaction and Discharge

With respect to each Indenture, such Indenture will be discharged and will cease to be of further effect (except as to surviving rights provided for under such Indenture and registration of transfer or exchange of the notes, as expressly provided for in such Indenture) as to all outstanding notes issued thereunder when:

(a) either:

(i) all the notes theretofore authenticated and delivered under such Indenture (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation; or

(ii) all notes issued thereunder not theretofore delivered to the Trustee for cancellation have become due and payable or will become due and payable at the stated date for payment thereof within one year or will be called for redemption within one year, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay and discharge the entire indebtedness on the notes issued thereunder not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and interest in respect of such notes to the date of deposit (in the case of notes which have become due and payable) or to the date such notes will become due and payable or to the date of redemption, as the case may be (in the case of notes which will become due and payable at the stated date for payment thereof within one year or which will be called for redemption within one year), together with irrevocable instructions from the Issuer directing the Trustee to apply such funds to the payment;

(b) the Issuer has paid all other sums payable under such Indenture and such notes by it; and

(c) the Issuer has delivered to the Trustee an officer's certificate stating that all conditions precedent under such Indenture relating to the satisfaction and discharge of such Indenture have been complied with.

Notices

All notices will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices (in English) to Holders of the notes at their registered addresses as recorded in the Register. In addition, so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the exchange so require, notices will also be published in a leading newspaper having general circulation in Luxembourg, which is expected to be "*Luxemburger Wort*." If such publication is not practicable, notice will be considered to be validly given if otherwise made in accordance with the rules of the Luxembourg Stock Exchange. Any such notice will be deemed to have been delivered on the date of first publication. Any notice to Holders may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Amendments and Waivers

Each of the Indentures, the notes and/or the Subsidiary Guarantee may be amended by the Trustee, the Issuer and the Guarantor, without the consent of the Holders, for the purpose, among others, of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, or in any manner which may be deemed necessary or desirable and which does not adversely affect the interests of any of the Holders of the notes in any material respect.

Modification and amendments to each Indenture or to the terms and conditions of the notes may also be made, and future compliance therewith or past default by the Issuer (other than a default in the payment of any amount, including in connection with a redemption, due on the notes or in respect of a covenant or provision which cannot be modified and amended without the consent of the Holders of all notes so affected) may be waived, either:

(a) with the written consent (including consents obtained in connection with a tender offer or exchange offer for the notes) of the Holders of at least a majority in aggregate principal amount of outstanding notes of the applicable series; or

(b) by the adoption of resolutions at a meeting of Holders of the notes by, or the consent of, the Holders of at least a majority of the outstanding notes of the applicable series;

provided that no such modification or amendment to an Indenture or to the terms and conditions of the notes issued thereunder may, without the consent or the affirmative vote of each Holder of each note of the applicable series so affected:

(i) change the interest rate with respect to any note or reduce the principal amount of any note, or change the time for such payments;

(ii) modify the obligation to pay Additional Amounts;

(iii) change the prices at which the notes of the applicable series may be redeemed by the Issuer, or change the time at which any note of the applicable series may be redeemed;

(iv) change the currency in which, or change the required place at which, payment on principal, premium, if any, and interest with respect to the notes of the applicable series is payable;

(v) impair the right to institute suit for the enforcement of any payment obligation on or with respect to any note of the applicable series; or

(vi) reduce the above-stated percentage of principal amount of outstanding notes whose Holders are required to consent to modify or amend such Indenture or the terms or conditions of the notes of the applicable series or to waive any future compliance or past default; and

provided, *further, that*, in connection with any modification, amendment or supplement, the Issuer has delivered to the Trustee an opinion of counsel and an officer's certificate upon which the Trustee may conclusively rely, each stating, that such modification, amendment or supplement complies with the applicable provisions of the applicable Indenture.

Listing

In the event that the notes are listed as anticipated on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Issuer will use its reasonable best efforts to maintain such listing; provided that if, as a result of the European Union regulated market amended Directive 2001/34/EC (the "Transparency Directive") or any legislation implementing the Transparency Directive or other directives or legislation, the Issuer could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Issuer would otherwise use to prepare its published financial information, the Issuer may delist the notes from the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Issuer's board of directors may decide.

Governing Law, Consent to Jurisdiction and Service of Process

The Indentures, the notes and the Subsidiary Guarantee will be governed by, and construed in accordance with, the laws of the State of New York.

Each of the Issuer and the Guarantor has consented to the non-exclusive jurisdiction of the New York State and U.S. federal courts located in the Borough of Manhattan, The City of New York with respect to any action that may be brought in connection with the Indentures, the notes or the Subsidiary Guarantee, as applicable, and has irrevocably appointed CT Corporation as agent for service of process.

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the holder of a note from U.S. dollars into another currency, each of the Issuer and the Guarantor has agreed, and each Holder by holding such note will be deemed to have agreed, to the fullest extent that the Issuer and they may effectively do so, that the rate of exchange used will be that at which in accordance with normal banking procedures such Holder could purchase U.S. dollars with such other currency in The City of New York, New York on the day two Business Days preceding the day on which final judgment is given.

The Issuer's and the Guarantor's obligation in respect of any sum payable by it to a Holder will, notwithstanding any judgment in a currency (the "judgment currency") other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt by the Holder of a note of any sum adjudged to be so due in the judgment currency, the Holder of such note may in accordance with normal banking procedures purchase U.S. dollars with the judgment currency; if the amount of the U.S. dollars so purchased is less than the sum originally due to the Holder in the judgment currency (determined in the manner set forth in the preceding paragraph), each of the Issuer and the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Holder of such note against such loss, and if the amount of the U.S. dollars so purchased exceeds the sum originally due to such Holder, such Holder agrees to remit to the Issuer or the Guarantor, as applicable, such excess, provided, however, that such Holder will have no obligation to remit any such excess as long as the Issuer or the Guarantor, as applicable, have failed to pay such Holder any obligations due and payable under such note, in which case such excess may be applied to the Issuer's obligations under such note in accordance with the terms thereof.

Enforceability of Judgments

Each of the Issuer and the Guarantor is incorporated in Chile and all of their respective operating assets may be outside the United States. Accordingly, any judgment obtained in the United States against the Issuer or the Guarantor, including judgments with respect to the payment of principal, premium, if any, and interest, Additional Amounts and any purchase price with respect to the notes, may not be collectable within the United States. See "Service of Process and Enforcement of Civil Liabilities."

Waiver of Immunity

To the extent that the Issuer, the Guarantor or any of their respective properties, assets or revenues may have or may hereafter become entitled to, or have attributed to the Issuer or the Guarantor, as applicable, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or from counterclaim from the jurisdiction of any Chilean, New York State or U.S. federal court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of the Issuer or the Guarantor, as applicable, or any other matter under or arising out of or in connection with, the notes, the Indentures or the Subsidiary Guarantee, each of the Issuer and the Guarantor irrevocably and unconditionally waives or will waive such right, and agrees not to plead or claim any such immunity and consents to such relief and enforcement.

Form, Denomination and Title

The notes will be issued in registered form, without interest coupons, in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of notes, but the Issuer or Trustee or other agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The notes of each series will be represented by a Restricted Global Note (as defined below) and a Regulation S Global Note (as defined below) (each sometimes referred to herein as a "Global Note" and together sometimes referred to herein as the "Global Notes").

Notes of each series sold in reliance on Rule 144A under the Securities Act initially will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (the "Restricted Global Note") and will be deposited with the Trustee as custodian for DTC and registered in the name of DTC or its nominee.

Notes of each series sold outside the United States in reliance on Regulation S of the Securities Act will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (the "Regulation S Global Note") and will be deposited with the Trustee as custodian for DTC, and registered in the name of DTC or its nominee for the accounts of Euroclear and Clearstream (as indirect participants in DTC).

The Restricted Global Notes and the Regulation S Global Notes will be subject to certain restrictions on transfer and will bear a legend to that effect as described under "Transfer Restrictions." Until the termination of such restrictions on transfers:

- transfers of a note or beneficial interest therein to a person who takes delivery in the form of a Restricted Global Note or beneficial interest therein may be made only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the applicable Indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; and

- transfers of a note or beneficial interest therein to a person who takes delivery in the form of a Regulation S Global Note or beneficial interest therein may be made only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the applicable Indenture) to the effect that such transfer is being made in accordance with Rules 903 and 904 of Regulation S.

Any beneficial interest in one of the Global Notes of a series of notes that is transferred to a person who takes delivery in the form of an interest in another Global Note of such series of notes will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

The Issuer will initially appoint the Trustee at its office in The City of New York, New York specified herein as registrar and New York paying agent and transfer agent for the notes. In such capacities, the Trustee will be responsible for, among other things, (a) maintaining a record of the aggregate holdings of notes represented by the Global Notes and accepting notes for exchange and registration of transfer, (b) ensuring that payments of principal, premium, if any, and interest in respect of the notes received by the Trustee from the Issuer are duly paid to DTC or its nominee and (c) transmitting to the Issuer any notices from Holders.

Global Notes

Upon the issuance of the Restricted Global Notes and the Regulation S Global Notes, DTC or its nominee will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("DTC Participants") or persons who hold interests through DTC Participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the Regulation S Global Note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in the Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC. Investors that are qualified institutional buyers may hold their interests in Restricted Global Notes directly through DTC if they are DTC Participants, or indirectly through organizations that are DTC Participants.

Payments of the principal, premium, if any, and interest in respect of notes represented by a Global Note registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the Global Note representing such notes. None of the Issuer, the Guarantor, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests. The Issuer expects that DTC or its nominee, upon receipt of any payment of principal, premium, if any, and interest in respect of a Global Note representing any notes held by it or its nominee, will immediately credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by DTC Participants to owners of beneficial interests in such Global Note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC rules and procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and procedures.

The laws of some jurisdictions require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks. Accordingly, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of each interest, may be affected by the lack of a physical certificate for such interest.

Subject to compliance with the transfer restrictions applicable to the notes described above and under “Transfer Restrictions,” cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules and procedures on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in Regulation S Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and the credit of any transactions in interests in a Global Note settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised the Issuer that it will take any action permitted to be taken by a Holder of notes (including, without limitation, the presentation of notes for transfer, exchange or conversion as described below) only at the direction of one or more DTC Participants to whose account with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, in the limited circumstances described herein, DTC will exchange the Global Notes for notes in certificated form, which it will distribute to DTC Participants. See “—Certificated Notes.”

DTC has advised the Issuer as follows: DTC will act as the depositary for the notes. The notes will be issued as fully registered senior notes registered in the name of Cede & Co., which is DTC’s partnership nominee. Fully registered Global Notes will be issued for the notes, in the aggregate principal amount of the issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes to participants’ accounts, thereby eliminating the need for physical movement of notes certificates. Direct participants of DTC include securities brokers and dealers, including the initial purchasers of the notes, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to DTC's system is also available to indirect participants, which includes securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

To facilitate subsequent transfers, all Global Notes representing the notes which are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of Global Notes with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Global Notes representing the notes; DTC's records reflect only the identity of the direct participants to whose accounts the notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Notes representing the notes. Under its usual procedure, DTC mails an omnibus proxy to the Issuer as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

DTC may discontinue providing its services as securities depositary with respect to the notes at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depositary is not obtained, certificated notes are required to be printed and delivered. See "—Certificated Notes."

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depositary. In that event, certificated notes will be printed and delivered. See "—Certificated Notes."

Although DTC, Euroclear and Clearstream have agreed to the procedures described above in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. None of the Trustee the Issuer or the Guarantor will have any liability or responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If DTC is at any time unwilling or unable to continue as a depositary for the reasons set forth under "—Global Notes" above and a successor depositary is not appointed by the Issuer within 90 days, the Issuer elects to discontinue use of the system of book-entry transfers through DTC or a successor securities depository, or an Event of Default has occurred and is continuing with respect to the notes, then, upon surrender by DTC of the global notes, the Issuer will issue individual definitive notes in certificated form, having the same terms and conditions and which will have the same aggregate principal amount, in registered form in exchange for Regulation S Global Notes and Restricted Global Notes, as the case may be. Upon any exchange for certificated notes, the certificated notes will be registered in the names of the beneficial owners of the Global Notes representing the notes, which names will be provided by DTC's relevant participants (as identified by DTC) to the Trustee.

The Holder of a certificated note may transfer such note by surrendering it at the office or agency maintained by the Issuer for such purpose in the Borough of Manhattan, The City of New York, which initially will be the office of the Trustee. Upon the transfer, exchange or replacement of certificated notes bearing the legend, or upon specific request for removal of the legend on a certificated note, the Issuer will deliver only certificated notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Neither the Trustee nor the registrar or any transfer agent will be required to register the transfer of or exchange certificated notes for a period from the Record Date to the due date for any payment of principal of, or interest on, the notes or register the transfer of or exchange any notes for 15 days prior to selection for redemption through the date of redemption.

Prior to presentment of a note for registration of transfer (including a Global Note), the Issuer, the Guarantor, the Trustee and any agent of the Issuer, the Guarantor or the Trustee may treat the person in whose name such note is registered as the owner or Holder of such note for the purpose of receiving payment of principal or interest on such note and for all other purposes whatsoever, whether or not such note is overdue, and none of the Issuer, the Guarantor the Trustee or any agent of the Issuer, the Guarantor or the Trustee will be affected by notice to the contrary.

Replacement of Notes

In the event that any note becomes mutilated, defaced, destroyed, lost or stolen, the Issuer and, until the release of the applicable Subsidiary Guarantee in accordance with the provisions under "—The Subsidiary Guarantee," the Guarantor will execute and, upon the Issuer's request, the Trustee will authenticate and deliver a new note, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such note (or, if no interest has been paid, then from the date of original issuance), in exchange and substitution for such note (upon surrender and cancellation thereof in the case of a mutilated or defaced Note) or in lieu of and substitution for such note. In the event that such note is destroyed, lost or stolen, the applicant for a substitute note will furnish to the Issuer, the Guarantor and the Trustee such security or indemnity as may be required by them to hold each of them harmless, and, in every case of destruction, loss or theft of such note, the applicant will also furnish to the Issuer, the Guarantor and the Trustee satisfactory evidence of the destruction, loss or theft of such note and of the ownership thereof. Upon the issuance of any substituted note, the Issuer may require the payment by the registered holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the Trustee) connected therewith.

Trustee

The Bank of New York Mellon is the Trustee under the Indentures. Each of the Issuer and the Guarantor may have normal banking relationships with The Bank of New York Mellon and its affiliates in the ordinary course of business. The address of the Trustee is 101 Barclay Street, Floor 7 East, New York, NY 10286, Attention: International Corporate Trust.

The Indentures contain provisions for the indemnification of the Trustee and for its relief from responsibility. The obligations of the Trustee to any Holder of notes are subject to such immunities and rights as are set forth in the related Indenture.

The Trustee and any of its affiliates may hold notes in their own respective names.

TAXATION

General

The following discussion summarizes certain Chilean tax and United States federal income tax consequences to beneficial owners arising from the purchase, ownership and disposition of the notes. The summary does not purport to be a comprehensive description of all potential Chilean tax and United States federal income tax considerations that may be relevant to a decision to purchase, own or dispose of the notes and is not intended as tax advice to any particular investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Chile and the United States. There is currently no applicable income tax treaty in effect between the United States and Chile. However, the United States and Chile have recently signed an income tax treaty that will enter into force once the treaty is ratified by both countries. There can be no assurance that the treaty will be ratified by either country. The following summary assumes that there is no applicable income tax treaty in effect between the United States and Chile.

Prospective purchasers of the notes should consult their own tax advisors as to the Chilean, United States or other tax consequences of the purchase, ownership and disposition of the notes, including, in particular, the application of the tax considerations discussed below to their particular situations, as well as the application of state, local, foreign or other tax laws.

Chilean Taxation

The following is a general summary of the principal consequences under Chilean tax law with respect to an investment in the notes made by a Foreign Holder (as defined below). It is based on the tax laws of Chile as in effect on the date of this offering memorandum, as well as regulations, rulings and decisions of Chile available on or before such date and now in effect. All of the foregoing is subject to change. Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another law. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of Chilean tax law. Chilean tax law may not be applied retroactively against taxpayers who act in good faith relying on such rulings, regulations or interpretations, but Chilean tax authorities may change their rulings, regulations or interpretations prospectively. For purposes of this summary, the term "Foreign Holder" means either (1) in the case of an individual, a person who is not resident or domiciled in Chile (for purposes of Chilean taxation, (a) an individual holder is resident in Chile if he or she has remained in Chile for more than six months in one calendar year, or a total of more than six months in two consecutive fiscal years and (b) an individual is domiciled in Chile if he or she resides in Chile with the actual or presumptive intent of staying in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of one's family to Chile)); or (2) in the case of a legal entity, a legal entity that is not organized under the laws of Chile, unless the notes are assigned to a branch, agent, representative or permanent establishment of such entity in Chile.

Under the *Ley de Impuesto a la Renta* (the "Income Tax Law"), payments of interest or premium, if any, made to a Foreign Holder in respect of the notes will generally be subject to a Chilean withholding tax currently at the rate of 4.0%. However, the same interest and premium that qualify for the referred 4% withholding tax rate is subject to the thin-capitalization rules introduced by the Tax Reform Act. Thin-capitalization rules are triggered when a Chilean-resident taxpayer makes interest and other similar payments abroad, by virtue of related-party debt. Per the thin-capitalization rules, any interest (and similar) payments made abroad to a related party and attributed to Excessive Indebtedness (as defined below) are subject to a 35% sole tax.

"Excessive indebtedness" is defined as that which exceeds three times the debtor's adjusted tax equity in a given year. In order to determine the indebtedness factor for testing the 3:1 ratio, it should be considered the aggregate of (i) related-party and third-party debt; (ii) local and foreign debt, and; (iii) foreign permanent establishment's debt. The 3:1 ratio should be tested annually.

Once the amount of Excessive Indebtedness is determined, interest and fee payments (and other payments of similar nature) made to related parties abroad and attributed to such Excessive Indebtedness are subject to the 35% sole tax. The 35% sole tax is borne by the borrower and may be deducted as a tax expense according to general rules. In addition, any withholding tax applied to the interest or fees paid abroad that are later subject to the 35% sole tax can be credited against the sole tax.

The 35% sole tax would only be applicable when in breach of the 3:1 ratio, and only to interest (and similar) payments made to related-parties abroad and attributable to the "excessive indebtedness". The latter, regardless of the withholding tax rate, is applicable to such payments.

Indebtedness will be deemed to be related-party debt if (i) it is granted by residents in a tax haven jurisdiction qualified as such by the Tax Reform Act, (ii) it is secured with any kind of guarantee, not only with cash or cash equivalents provided by third parties (including bank deposits), (iii) it is granted between parties of the same business group and (iv)it is payable to 10% or more affiliates of the debtor.

We have agreed, subject to specific exceptions and limitations, to pay to the Foreign Holders of the notes Additional Amounts in respect of the 4% tax described above in order that the interest and premium, if any, the Foreign Holder receives, net of such taxes, equals the amount which would have been received by such Foreign Holder in the absence of such taxes. See "Description of the Notes—Additional Amounts."

Under existing Chilean law and regulations, a Foreign Holder will not be subject to any Chilean taxes in respect of payments of principal made by us with respect to the notes.

The Income Tax Law provides that a Foreign Holder is subject to income tax on his Chilean source income. For this purpose, Chilean source income means earnings from activities performed in Chile or from the sale, disposition or other transactions in connection with assets or goods located in Chile. As of this date, there are no rulings from the Chilean tax authorities under which the capital gain earned by a Foreign Holder on the sale or other disposition of a note issued abroad by a Chilean company may be considered Chilean source income. Therefore, as long as this interpretation prevails, any capital gains realized on the sale or other disposition by a Foreign Holder of the notes generally should not be subject to any Chilean taxes provided that such sales or other dispositions occur outside of Chile to a Foreign Holder (except that any premium payable on redemption of the notes will be treated as interest and subject to the Chilean interest withholding tax, as described above).

A Foreign Holder (other than a Chilean citizen) will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings unless notes held by a Foreign Holder are either located in Chile at the time of such Foreign Holder's death, or, if the notes are not located in Chile at the time of a Foreign Holder's death, if such notes were purchased or acquired with cash obtained from Chilean sources. A Foreign Holder will not be liable for Chilean stamp, registration or similar taxes.

The issuance of the notes is subject to stamp tax at a maximum rate of 0.4% of the aggregate principal amount of the notes, which will be payable by us. If the stamp tax is not paid when due, Chilean Tax Law imposes penalties of three times the amount of the tax due plus inflation adjustments and 1.5% interest per each month or portion thereof during which payment for such taxes is unpaid. In addition, until such tax (and any penalty) is paid, Chilean courts will not enforce any action based on the notes. We have agreed to promptly pay such tax when due. See "Description of the Notes—Additional Amounts." However, please note that for debt instruments issued and placed from January 1, 2016 the maximum rate will be 0.8%.

Material United States Federal Income Tax Considerations

The following is a general discussion based upon present law of the material U.S. federal income tax considerations for prospective purchasers of the Notes. The discussion addresses only persons that purchase Notes in the original offering, hold the Notes as capital assets, and use the U.S. dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax exempt organizations, dealers, traders who elect to mark their investment to market, and persons holding the Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction) are subject to special tax regimes. The discussion does not address any state, local or foreign taxes, the Medicare tax on net investment income or the federal alternative minimum tax. Special rules also apply to individuals, certain of which may not be discussed below. Prospective investors should note that no rulings have been, or are expected to be, sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE STATE AND LOCAL LAWS OF THE UNITED STATES, CHILE AND THE LAWS OF ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, "U.S. Holder" means the beneficial owner of a Note that for U.S. federal income tax purposes is

- a citizen or individual resident of the United States,
- a corporation organized in or under the laws of the United States, any state thereof or the District of Columbia,
- a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person, or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

"Non-U.S. Holder" means a person that is a beneficial owner of a Note other than a U.S. Holder.

The treatment of partners in a partnership that owns Notes may depend on the status of such partners and the status and activities of the partnership and such persons should consult their own tax advisors about the consequences of an investment in the Notes.

Interest

Stated interest paid to a U.S. Holder, and any Additional Amounts with respect to withholding tax on the Notes (including the amount of tax withheld from payments of interest and Additional Amounts), will be includible in the U.S. Holder's gross income as ordinary interest income at the time interest and Additional Amounts are received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes. It is expected, and the remainder of this discussion assumes, that the Notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest on the Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the Notes. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including redemption) of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid interest, which will be taxable as interest) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will be equal to the amount that the U.S. Holder paid for the Note. Any such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the Note has been held for more than one year at the time of its sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on interest and Additional Amounts on or gain with respect to the Notes. A Non-U.S. Holder also generally will not be subject to U.S. federal income tax on a net income basis with respect to interest and Additional Amounts received in respect of the Notes or gain realized on the sale, exchange or other taxable disposition (including redemption) of the Notes, unless that interest or gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States or, in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Information reporting generally will apply to payments of principal of, and interest on, Notes (including Additional Amounts), and to proceeds from the sale, exchange or other taxable disposition (including redemption) of Notes, to a U.S. Holder (other than an exempt recipient). Backup withholding may be required on reportable payments if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, information reporting and backup withholding. Non-U.S. Holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of information reporting and backup withholding. Backup withholding is not an additional tax. A holder of Notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

"Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The Notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in a purchase agreement between us and the initial purchasers named in the table below, we have agreed to sell to the initial purchasers, and each of the initial purchasers has, severally and not jointly, agreed to purchase from us, the principal amount of the notes that appears opposite its name in the table below.

Initial purchasers	Principal amount of 2025 notes	Principal amount of 2045 notes
HSBC Securities (USA) Inc.	U.S.$325,000,000	U.S.$175,000,000
Scotia Capital (USA) Inc.	325,000,000	175,000,000
Total	U.S.$650,000,000	U.S.$350,000,000

The purchase agreement provides that the obligations of the initial purchasers to purchase the notes offered hereby are subject to certain conditions precedent and that the initial purchasers will purchase all of the notes offered hereby if any of the notes are purchased. The initial purchasers may offer and sell notes through certain of their affiliates.

After the initial offering, the initial purchasers may change the offering price and other selling terms of the notes.

We and the guarantor have agreed to jointly and severally indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the initial purchasers may be required to make in respect of any of these liabilities.

The notes have not been registered under the Securities Act. Each initial purchaser has agreed that it will offer or sell the notes only (a) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act or (b) in offshore transactions in reliance on Regulation S under the Securities Act. See "Transfer Restrictions."

We and the guarantor have agreed that, during the 30-day period commencing on the date of delivery of the notes, neither we nor the guarantor will, without the prior written consent of the initial purchasers, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by us or the guarantor and having a tenor of more than one year in the international capital markets.

New Issue of Securities

The notes are a new issue of securities with no established trading market. We have applied to have the notes listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market. However, we cannot assure you that the application will be approved. The initial purchasers may make a market in the notes after completion of the offering, but will not be obligated to do so, and may discontinue any market-making activities at any time without notice. Neither we nor the initial purchasers can provide any assurance as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

Stabilization Transactions

In connection with the offering of the notes, the initial purchasers may engage in over-allotment and stabilizing transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchaser. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. If the initial purchasers engage in stabilizing covering transactions, they may discontinue them at any time. Stabilizing transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions.

Sales Outside the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the SVS, the notes may be privately offered in Chile to certain "qualified investors" identified as such by SVS Rule 336 (which in turn are further described in Rule N°. 216, dated June 12, 2008, of the SVS).

SVS Rule 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer: January 29, 2015. The offer of the notes is subject Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the Superintendency of Securities and Insurance of Chile (*Superintendencia de Valores y Seguros de Chile* or "SVS").

2. The subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*) of the SVS, nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the SVS, due to the notes not being subject to the oversight of the SVS.

3. Since the notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the notes in Chile.

4. The notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry of the SVS.

Información a los Inversionistas Chilenos

De conformidad con la ley N° 18.045, de mercado de valores y la Norma de Carácter General N° 336 (la "NCG 336"), de 27 de junio de 2012, de la Superintendencia de Valores y Seguros de Chile (la "SVS"), los bonos pueden ser ofrecidos privadamente a ciertos "inversionistas calificados", a los que se refiere la NCG 336 y que se definen como tales en la Norma de Carácter General N° 216, de 12 de junio de 2008, de la SVS.

La siguiente información se proporciona a potenciales inversionistas de conformidad con la NCG 336:

1. *La oferta de los bonos comienza el 29 de enero de 2015, y se encuentra acogida a la Norma de Carácter General N° 336, de fecha 27 de junio de 2012, de la SVS.*

2. *La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que tales valores no están sujetos a la fiscalización de esa Superintendencia.*

3. *Por tratarse de valores no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública sobre los mismos.*

4. *Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.*

The Republic of Italy

The offering of the notes has not been cleared by CONSOB pursuant to Italian securities legislation. Accordingly, no notes may be offered, sold or delivered, directly or indirectly, nor may copies of the offering memorandum or any other document relating to the notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined under Article 100 of the Legislative Decree No. 58 of February 24, 1998, as amended (the "Italian Securities Act"), as implemented by Article 26, paragraph 1, letter (d) of CONSOB Regulation No. 16190 of October 27, 2007, as amended ("Regulation 16190"), pursuant to Article 34-*ter*, paragraph 1, letter (b), of CONSOB Regulation No. 11971 of May 14, 1999, as amended ("Regulation 11971"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Securities Act and its implementing CONSOB regulations, including Regulation No. 11971.

Any such offer, sale or delivery of the notes or distribution of copies of the offering memorandum or any other document relating to the notes in the Republic of Italy must be in compliance with the selling restriction under (i) and (ii) above and:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Securities Act, Regulation No. 16190 and Legislative Decree No. 385 of September 1, 1993, as amended (the "Italian Banking Act");

(b) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

Any investor purchasing the notes is solely responsible for ensuring that any offer or resale of the notes by such investor occurs in compliance with the applicable Italian laws and regulations.

Please note that in accordance with Article 100-bis of the Italian Securities Act, either the subsequent resale on the secondary market in Italy of the notes (which were part of a public offer made pursuant to an exemption from the obligation to publish a prospectus) or the subsequent systematic resale on the secondary market in Italy to investors that are not qualified investors within 12 months of completion of the offer reserved to qualified investors only, constitutes a distinct and autonomous offer that must be made in compliance with the public offer and the prospectus requirement rules provided under the Italian Securities Act and Regulation No. 11971, unless an exemption applies. Failure to comply with such rules may result in the subsequent resale of such notes being declared null and void and in the liability of the intermediary transferring the notes for any damages suffered by the investors.

European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of notes described in this offering memorandum may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers nominated by the Company for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the Company or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state), and includes any relevant implementing measure in the relevant member state and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The sellers of the notes have not authorized and do not authorize the making of any offer of notes through any financial intermediary on their behalf, other than offers made by the initial purchasers with a view to the final placement of the notes as contemplated in this offering memorandum. Accordingly, no purchaser of the notes, other than the initial purchasers, is authorized to make any further offer of the notes on behalf of the sellers or the initial purchasers.

United Kingdom

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to(d) of the Order (each such person being referred to as a "relevant person"). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Peru

The notes and this offering memorandum have not been, and will not be, registered with or approved by the Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*) or the Lima Stock Exchange (*Bolsa de Valores de Lima*). Accordingly, the notes cannot be offered or sold in Peru, except if such offering is considered a private offering under the securities laws and regulations of Peru.

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The notes will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside of Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offering may not be circulated or distributed, nor may the notes be offered, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the notes are subscribed for under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities, debentures and units of securities and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the notes under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered for exchange to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Brazil

The notes have not been and will not be issued nor publicly placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the notes and the subsidiary guarantee has not been nor will be registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of the notes (including the subsidiary guarantee) in Brazil is not legal without prior registration under Law No. 6,385/76, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the offering of the notes (including the subsidiary guarantee), as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the notes to the public in Brazil. Therefore, each of the initial purchasers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian laws and regulations. Persons wishing to offer or acquire the notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Japan

The notes offered in this offering memorandum have not been registered under the Financial Instruments and Exchange Law of Japan. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except: (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law; and (ii) in compliance with any other applicable requirements of Japanese law.

Relationships with the Initial Purchasers

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the initial purchasers and their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and reimbursement of expenses.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The initial purchasers and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

On November 13, 2014, the Company entered into a Bridge Loan Facility with The Bank of Nova Scotia and HSBC Bank USA N.A., both affiliates of the initial purchasers. The Company anticipates applying the net proceeds of this offering to repay the full U.S.$400 million outstanding thereunder; and thus affiliates of the initial purchasers will receive proceeds of this offering. See "Use of Proceeds."

Settlement

Delivery of the notes is expected on or about February 12, 2015, which will be the fifth business day following the date of pricing of the notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the pricing date or the next succeeding business day should consult their own advisor.

TRANSFER RESTRICTIONS

The notes are subject to restrictions on transfer as summarized below. By purchasing notes, you will be deemed to have made the following acknowledgements and representations to, and agreements with, us and the initial purchasers:

You acknowledge that:

- the notes have not been registered, and will not be registered, under the Chilean Securities Markets Law, the Securities Act or any other securities laws and are being offered for sale in transactions that do not require registration under the Chilean Securities Markets Law, the Securities Act or any other securities laws; and

- unless so registered, the notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Chilean Securities Markets Law, the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

You represent that either:

- you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing the notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the notes to you in the reliance on Rule 144A under the Securities Act; or

- you are neither a U.S. person (as defined in Regulation S under the Securities Act) nor are you purchasing the notes for the account or benefit of a U.S. person, and you are purchasing notes in an offshore transaction in accordance with Regulation S.

In addition to the above, in case you are a Chilean resident, you represent that you are a "qualified investor" within the meaning of Rule No. 216, dated June 12, 2008, of the SVS.

You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers has made any representation to you with respect to us or the offering of the notes, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the notes. You agree that you have had access to such financial and other information concerning us and the notes as you have deemed necessary in connection with your decision to purchase notes, including an opportunity to ask questions and request information from us.

You represent that you are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Chilean Securities Markets Law or the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the notes pursuant to Rule 144A under the Securities Act or any other available exemption from registration under the Securities Act. You agree, and each subsequent holder of the notes by its acceptance of the notes will agree, that the notes may be offered, sold or otherwise transferred only:

- to us;

- to a person whom the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act purchasing for its own account or for the account of a qualified institutional buyer or buyers in a transaction meeting the requirements of Rule 144A under the Securities Act;

- in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act;

- pursuant to an exemption from registration under the Securities Act (if available); or
- pursuant to an effective registration statement under the Securities Act;
- and, in each case, in accordance with the applicable securities laws of the states of the United States, of Chile and other jurisdictions.

As a condition to registration of transfer of the notes, we may require delivery of any documents or other evidence that we, in our discretion, deems necessary or appropriate to evidence compliance with such exemption referred to in the fourth bullet point of the immediately preceding paragraph.

You acknowledge that:

- the above restrictions on resale will apply from the issue date until the date that is one year (in the case of Rule 144A notes) or 40 days (in the case of Regulation S notes) after the later of the issue date and the last date that we or any of our affiliates was the owner of the notes or any predecessor of the notes (the "resale restriction period"), and will not apply after the applicable resale restriction period ends; and
- each note will contain a legend substantially to the following effect:

NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO CENCOSUD S.A. OR A SUBSIDIARY THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. AS A CONDITION TO REGISTRATION OF TRANSFER OF THIS GLOBAL NOTE IN ACCORDANCE WITH CLAUSE (4) ABOVE, CENCOSUD S.A. OR THE TRUSTEE MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR OTHER EVIDENCE THAT IT, IN ITS ABSOLUTE DISCRETION, DEEMS NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION.

THIS LEGEND MAY BE REMOVED SOLELY IN THE DISCRETION AND AT THE DIRECTION OF CENCOSUD S.A.

The relevant resale restriction period may be extended, in our discretion, in the event of one or more issuances of additional notes, as described under "Description of the Notes—General." The above legend (including the restrictions on resale specified therein) may be removed solely in our discretion.

You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements. You agree that if any of the acknowledgements, representations and agreements you are deemed to have made by your purchase of notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgements, representations and agreements on behalf of each account.

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance and settlement through DTC, Euroclear and Clearstream. The CUSIP, Common Code and ISIN numbers for the notes are as follows:

	Restricted Global Note	Regulation S Global Note
2025 notes:		
CUSIP	15132H AF8	P2205J AK6
Common Code	118935519	118935527
ISIN	US15132HAF82	USP2205JAK62
2045 notes:		
CUSIP	15132H AG6	P2205J AL4
Common Code	118935543	118935551
ISIN	US15132HAG65	USP2205JAL46

2. Copies of our audited consolidated annual financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011, our unaudited financial statements as of September 30, 2014 and for the periods ended September 30, 2014 and 2013, our future audited consolidated annual financial statements, and our future unaudited consolidated quarterly financial statements, if any, and copies of our *estatutos*, or by-laws, as well as the indentures (including forms of notes), will be available free of charge at the offices of the principal paying agent and any other paying agent, including the Luxembourg listing agent.

3. Except as disclosed in this offering memorandum, there has been no material adverse change in our financial position since September 30, 2014, the date of or latest financial statements included in the Interim Report, annexed to this offering memorandum.

4. Except as disclosed in this offering memorandum, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as we are aware is any such litigation or arbitration threatened.

5. We have applied to have the notes listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market.

6. The issuance of the notes was authorized by our Board of Directors on November 28, 2014 and January 30, 2015. The issuance of the subsidiary guarantee was authorized by the extraordinary shareholders meetings of the guarantor held on January 14, 2015 and a meeting of the board of directors of the guarantor on January 19, 2015.

7. *PricewaterhouseCoopers Consultores, Auditores y Compañía Limitada* has agreed to the inclusion of its reports in this offering memorandum in the form and context in which they are included.

LEGAL MATTERS

The validity of the notes will be passed upon by Milbank, Tweed, Hadley & McCloy LLP, New York, New York, U.S. counsel for us, and Shearman & Sterling LLP, New York, New York, U.S. counsel for the initial purchasers, and certain Chilean legal matters will be passed upon by Servicios Legales Baker McKenzie Limitada, Santiago, Chile, Chilean counsel for us, and Carey y Cía Ltda., Santiago, Chile, Chilean counsel for the initial purchasers.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements of Cencosud S.A. and subsidiaries as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 included in this offering memorandum, and the effectiveness of internal control over financial reporting as of December 31, 2013, have been audited by PricewaterhouseCoopers *Consultores, Auditores y Compañia Limitada*, an independent registered public accounting firm, as stated in their report (which contains an adverse opinion on the effectiveness of internal control over financial reporting) appearing herein.

ANNEX I

ANNUAL REPORT ON FORM 20-F FOR THE YEAR ENDED DECEMBER 31, 2013

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

Form 20-F

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

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED ON DECEMBER 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM __________ TO __________

OR

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

Date of event requiring this shell company report __________

COMMISSION FILE NUMBER: 001-35575

Cencosud S.A.
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Republic of Chile
(Jurisdiction of incorporation or organization)

Av. Kennedy 9001, Piso 6
Las Condes, Santiago, Chile
+56 (2) 2959-0000
(Address of principal executive offices)

Maria Soledad Fernández / Natalia Nacif / Ignacio Reyes
Av. Kennedy 9001 6th Floor
Email: IR@cencosud.cl / Mariasoledad.fernandez@cencosud.cl
Tel: +56229590545 / +56229590368
(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

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

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

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

The number of outstanding shares of each of the issuer's classes of capital stock as of December 31, 2013: 2,828,723,963 Common Shares, no par value

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

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

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

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

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

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

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FORWARD-LOOKING STATEMENTS

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

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

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

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Defined Terms

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

- References to the terms “Cencosud S.A.,” “we,” “us,” “our” and “our company” refer to the registrant, Cencosud S.A., a corporation organized under the form of a *sociedad anónima* under the laws of Chile, and its consolidated subsidiaries, unless otherwise indicated.
- References to “$,” “U.S.$,” “U.S. dollars,” “dollars” and “USD” are to U.S. dollars.
- References to “Chilean pesos” or “Ch$” are to Chilean pesos, the official currency of Chile.
- References to “Argentine pesos” or “Ar$” are to Argentine Pesos, the official currency of Argentina.

- References to "Brazilian Real," "Real," "Reais" or "R$" are to the Brazilian real, the official currency of Brazil.
- References to "Nuevo Sol," "Nuevos Soles" or "S/." are to Peruvian nuevos soles, the official currency of Peru.
- References to "Colombian pesos" or "Col$" are to Colombian pesos, the official currency of Colombia.
- References to "Carrefour" refer to Carrefour Société Anonyme

References to "UF" are to *Unidades de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the official Consumer Price Index ("CPI") of the *Instituto Nacional de Estadísticas* (the Chilean National Institute of Statistics). The UF is adjusted in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. As of December 31, 2013, UF1.00 was equivalent to U.S.$44.43 and Ch$23,309.56, in each case based on the observed exchange rates reported by the Central Bank of Chile.

This annual report contains translations of certain Chilean peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Chilean peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated, at any particular rate or at all. Unless otherwise indicated, the exchange rate used in converting Chilean pesos into U.S. dollars for amounts presented is based on the observed exchange rate (*dólar observado*) reported by the Central Bank of Chile (the "Chilean Central Bank") for December 31, 2013, which was Ch$524.61 per U.S.$1.00. The rates reported by the Chilean Central Bank for December 31, 2012 and December 31, 2011 are based upon the observed exchange rate published by the Chilean Central Bank on the first business day following the respective period. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

Financial Statements

The financial information contained in this annual report includes our audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 together with the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB"), which we refer to in this annual report as our "Audited Consolidated Financial Statements." Our date of adoption of IFRS was January 1, 2010.

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

Unless otherwise noted, the financial data presented herein as of and for the years ended December 31, 2013, 2012 and 2011 is stated in Chilean pesos, our functional and reporting currency.

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

The financial statements as of and for the year ended December 31, 2013 presented in this Form 20-F differ from the local financial statements as of and for the year ended December 31, 2013 published in Chile on March 28, 2014, and furnished to the SEC on Form 6K on March 31, 2014, due to the inclusion in this report of a Ch$ 20,000 million lawsuit provision related to the April 24, 2013 ruling from the Chilean Supreme Court on the class action suit filed by the *Servicio Nacional del Consumidor* (the National Consumer Service) against Cencosud Administradora de Tarjetas S.A. ("CAT"). For further information on this matter, please see "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings" in this report.

Special Note Regarding Non-IFRS Financial Measures

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

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

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

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

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

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

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

	Year ended December 31,					
	2013	2013	2012	2011	2010	2009
	(in millions of U.S.$)	(in millions of Ch$)				
Profit attributable to controlling shareholders	476	249,930	249,959	274,333	296,261	243,597
Profit attributable to non-controlling shareholders	—	(166)	2,851	10,559	10,220	3,948
Net Income	476	249,765	252,809	284,892	306,481	247,546
Financial expense (net)	482	(252,830)	(202,912)	(133,152)	(69,807)	(89,592)
Income tax charge	183	(96,158)	(100,488)	(119,556)	(76,830)	(53,900)
EBIT	1,141	598,753	556,209	537,599	453,119	391,038
Depreciation and amortization	(360)	(189,038)	(141,450)	(120,174)	(102,310)	(101,533)
EBITDA	1,502	787,790	697,659	657,774	555,429	492,571
Exchange differences	66	(34,723)	(2,680)	(9,876)	(2,053)	(4,424)
Increase on revaluation of investment properties(1)	181	95,110	98,633	72,798	37,573	5,061
Losses from indexation	40	(20,960)	(25,915)	(31,289)	(15,657)	12,957
Adjusted EBITDA	1,427	748,363	627,621	626,141	535,565	478,976
As a % of revenues						
Profit (loss)	2.4%	2.4%	2.8%	3.7%	4.9%	4.4%
Financial income (expenses)	(2.4%)	(2.4%)	(2.2%)	(1.8%)	(1.1%)	(1.6%)
Income tax charge	(0.9%)	(0.9%)	(1.1%)	(1.6%)	(1.2%)	(1.0%)
EBIT	5.8%	5.8%	6.1%	7.1%	7.3%	7.0%
Depreciation and amortization	(1.8%)	(1.8%)	(1.5%)	(1.6%)	(1.6%)	(1.8%)
EBITDA	7.6%	7.6%	7.6%	8.6%	8.9%	8.9%
Exchange differences	(0.3%)	(0.3%)	(0.0%)	(0.1%)	(0.0%)	(0.1%)
Increase on revaluation of investment properties(1)	(0.9%)	(0.9%)	1.1%	1.0%	0.6%	0.1%
Losses from indexation	(0.2%)	(0.2%)	(0.3%)	(0.4%)	(0.3%)	0.2%
Adjusted EBITDA	7.2%	7.2%	6.9%	8.2%	8.6%	8.6%

(1) Represents a fair value adjustment of investment properties, through the application of discounted cash flows.

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

Information by segment	**Supermarkets**	**Shopping centers**	**Home improvement**	**Department stores**	**Financial services**	**Other**	**Consolidated total**
			Year ended December 31, 2013 (in millions of Ch$)				
Profit (loss) attributable to controlling shareholders	288,254	249,226	80,042	24,754	97,194	(489,400)	249,930
Profit attributable to non-controlling shareholders	—	—	—	—	—	(166)	(166)
Net Income	288,254	249,086	80,042	24,754	97,194	(489,565)	249,765
Financial Expense (net)	—	—	—	—	—	(252,830)	(252,830)
Income tax charge	—	—	—	—	—	(96,158)	(96,158)
EBIT	288,921	248,557	80,042	24,754	97,194	(140,577)	598,753
Depreciation and amortization	(130,205)	(3,950)	(19,481)	(24,610)	(4,238)	(6,554)	(189,038)
EBITDA	418,459	253,036	99,523	49,364	121,432	(154,024)	787,790
Exchange differences	—	—	—	—	—	(34,723)	(34,723)
Increase on revaluation of investment properties(1)	—	95,110	—	—	—	—	95,110
Losses from indexation	—	—	—	—	—	(20,960)	(20,960)
Adjusted EBITDA	418,459	157,926	99,523	49,364	121,432	(98,341)	748,363
As a % of revenues	5.5%	76.9%	8.5%	5.1%	42.1%	(550.6%)	7.0%

(1) Represents a fair value adjustment of investment properties, through the application of discounted cash flows.

Information by segment	Supermarkets	Shopping centers	Home improvement	Department stores	Financial services	Other[2]	Consolidated total
	Year ended December 31, 2012 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	314,538	222,701	73,646	20,231	57,362	(438,520)	249,959
Profit attributable to non-controlling shareholders	—	—	—	—	—	2,851	2,851
Net Income	314,538	222,701	73,646	20,231	57,362	(435,664)	252,809
Financial Expense (net)	—	—	—	—	—	(202,912)	(202,912)
Income tax charge	—	—	—	—	—	(100,488)	(100,488)
EBIT	314,538	222,701	73,646	20,231	57,362	(132,269)	556,209
Depreciation and amortization	(89,425)	(2,636)	(17,740)	(22,896)	(3,464)	(5,290)	(141,450)
EBITDA	403,963	225,337	91,386	43,127	60,826	(126,979)	697,659
Exchange differences	—	—	—	—	—	(2,680)	(2,680)
Increase on revaluation of investment properties[1]	—	98,633	—	—	—	—	98,633
Losses from indexation	—	—	—	—	—	(25,915)	(25,915)
Adjusted EBITDA	403,963	126,704	91,386	43,127	60,826	(98,384)	627,622
As a % of revenues	6.0%	73.6%	8.6%	4.9%	21.6%	(818.4%)	6.9%

(1) Represents a fair value adjustment of investment properties, through the application of discounted cash flows.

Information by segment	Supermarkets	Shopping centers	Home improvement	Department stores	Financial services	Other	Consolidated total
	Year ended December 31, 2011 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	299,605	170,391	67,291	29,698	91,418	(384,070)	274,333
Profit attributable to non-controlling shareholders	—	—	—	—	—	10,559	10,559
Net Income	299,605	170,391	67,291	29,698	91,418	(373,511)	284,892
Financial Expense (net)	—	—	—	—	—	(133,152)	(133,152)
Income tax charge	—	—	—	—	—	(119,556)	(119,556)
EBIT	299,605	170,391	67,291	29,698	91,418	(120,804)	537,599
Depreciation and amortization	(76,559)	(2,344)	(16,501)	(17,292)	(2,937)	(4,541)	(120,174)
EBITDA	376,164	172,735	83,792	46,990	94,355	(116,263)	657,774
Exchange differences	—	—	—	—	—	(9,876)	(9,876)
Increase on revaluation of investment properties[1]	—	72,798	—	—	—	—	72,798
Losses from indexation	—	—	—	—	—	(31,289)	(31,289)
Adjusted EBITDA	376,164	99,937	83,792	46,990	94,355	(75,097)	626,141
As a % of revenues	6.8%	77.0%	8.8%	6.8%	35.2%	(651.9%)	8.2%

(1) Represents a fair value adjustment of investment properties, through the application of discounted cash flows.

Information by segment	Supermarkets	Shopping centers	Home improvement	Department stores	Financial services	Other	Consolidated total
	Year ended December 31, 2010 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	249,364	122,349	53,352	24,584	74,039	(227,427)	296,261
Profit attributable to non-controlling shareholders	—	—	—	—	—	10,220	10,220
Net Income	249,364	122,349	53,352	24,584	74,039	(217,207)	306,481
Financial Expense (net)	—	—	—	—	—	(69,807)	(69,807)
Income tax charge	—	—	—	—	—	(76,830)	(76,830)
EBIT	249,364	122,349	53,352	24,584	74,039	(70,570)	453,119
Depreciation and amortization	(58,347)	(4,300)	(16,435)	(16,211)	(3,231)	(3,786)	(102,310)
EBITDA	307,711	126,649	69,787	40,795	77,271	(66,784)	555,429
Exchange differences	—	—	—	—	—	(2,053)	(2,053)
Increase on revaluation of investment properties(1)	—	37,573	—	—	—	—	37,573
Losses from indexation	—	—	—	—	—	(15,657)	(15,657)
Adjusted EBITDA	307,711	89,076	69,787	40,795	77,271	(49,075)	535,565
As a % of revenues	6.9%	76.1%	8.5%	6.6%	35.0%	(1,342.0%)	8.6%

(1) Represents a fair value adjustment of investment properties, through the application of discounted cash flows.

Information by segment	Supermarkets	Shopping centers	Home improvement	Department stores	Financial services	Other	Consolidated total
	Year ended December 31, 2009 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	198,863	73,395	33,008	(6,601)	67,093	(122,162)	243,597
Profit attributable to non-controlling shareholders	—	—	—	—	—	3,949	3,949
Net Income	198,863	73,395	33,008	(6,601)	67,093	(118,213)	247,546
Financial Expense (net)	—	—	—	—	—	(89,592)	(89,592)
Income tax charge	—	—	—	—	—	(53,900)	(53,900)
EBIT	198,863	73,395	33,008	(6,601)	67,093	25,279	391,038
Depreciation and amortization	(53,981)	(9,025)	(15,937)	(17,991)	(1,049)	(3,550)	(101,533)
EBITDA	252,843	82,420	48,945	11,390	68,143	28,829	492,571
Exchange differences	—	—	—	—	—	(4,424)	(4,424)
Increase on revaluation of investment properties(1)	—	5,061	—	—	—	—	5,061
Losses from indexation	—	—	—	—	—	12,957	12,957
Adjusted EBITDA	252,843	77,360	48,945	11,390	68,143	20,295	478,976
As a % of revenues	6.3%	71.5%	7.3%	2.2%	26.1%	1,449%	8.6%

(1) Represents a fair value adjustment of investment properties, through the application of discounted cash flows.

Rounding

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

Operating Data

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

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

Industry and Market Data

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

General

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

Chile

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

Argentina

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

Brazil

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

Peru

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

Colombia

Market and certain other data relating to Colombia used in this annual report was obtained from our own research, surveys or studies conducted by third parties and industry or general publications and other publicly available sources. Industry and general publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Certain data is based on published information made available by the Colombian government and its agencies, such as the *Departamento Administrativo Nacional de Estadística* (the National Administrative Department of Statistics, or “DANE”) and the *Banco de la Republica* (“Colombian Central Bank”). Although we believe these sources to be reliable, we do not guarantee the accuracy of the information.

Other Information

We conduct our supermarket operations primarily through the following trade names: *Bretas, Disco, Gbarbosa, Jumbo, Metro, Perini, Prezunic, Santa Isabel, Vea* and *Wong*.

According to the ASACH, “*hypermarkets*” are defined as retail stores with more than 10,000 square meters of selling space, offering more than 25,000 products and having more than 40 cashiers. ASACH defines “*supermarkets*” as retail stores having up to 6,000 square meters of selling space, between 400 and 10,000 products and ten to 25 cashiers. We consolidate the results of our supermarkets and hypermarkets under our “supermarkets” segment. Therefore, unless otherwise noted, our discussions of “supermarkets” in this annual report include our Santa Isabel supermarkets and Jumbo hypermarkets and supermarkets in Chile; Disco and Super Vea supermarkets and Jumbo hypermarkets and supermarkets in Argentina; Bretas, GBarbosa, Mercantil Rodrigues, Perini and Prezunic supermarkets in Brazil; Wong and Metro supermarkets and hypermarkets in Peru, and Jumbo and Metro supermarkets in Colombia.

In addition, we conduct our home improvement operations through the Easy and Blaisten trade names and our department store operations through the Paris and Johnson trade names. By “home improvement” stores we mean retail establishments that sell a wide assortment of building materials and home improvement and lawn and garden products and provide certain related services. Our “home improvement stores” refer to our home improvement stores operated under the Easy and Blaisten brand names, including our Easy stores in Chile, Argentina and Colombia.

References to “stores” refer collectively to our hypermarkets, supermarkets, department stores and home improvement stores.

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

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

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. SELECTED FINANCIAL DATA

Selected Financial and Operating Data

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

The financial information as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011has been derived from our Audited Consolidated Financial Statements included elsewhere in this annual report, and the financial information as of and for the years ended December 31, 2011, 2010 and 2009 has been derived from our audited financial statements not included in this annual report, all of which have been audited by PricewaterhouseCoopers *Consultores, Auditores y Compañia Limitada*, an independent registered public accounting firm. We maintain our books and records in Chilean pesos and prepare consolidated financial statements in accordance with IFRS. Our date of adoption of IFRS was January 1, 2010. The following financial and operating information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Financial Statements included elsewhere in this annual report.

Unless otherwise noted, U.S. dollar amounts have been translated from Chilean pesos based on the *dólar observado*, or observed exchange rate of Ch$524.61 per U.S.$1.00 as of December 31, 2013, as reported by the Chilean Central Bank. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

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

Income statement data:	**2013**	**2013**	**Year ended December 31, 2012**	**2011**	**2010**	**2009**
	(in millions of U.S.$)			**(in millions of Ch$)**		
Revenues from ordinary activities:						
Supermarkets	14,643	7,682,064	6,733,610	5,556,271	4,452,759	4,006,366
Home improvement stores	2,243	1,176,890	1,063,086	948,641	819,838	671,517
Department stores	1,850	970,360	886,075	690,772	622,719	516,537
Shopping Centers	391	205,332	172,104	129,727	116,991	108,168
Financial Services	550	288,533	282,180	267,874	221,010	261,257
Other[(1)]	34	17,861	12,022	11,520	3,657	1,401
Total revenues from ordinary activities	19,712	10,341,040	9,149,077	7,604,806	6,236,974	5,565,246

Income statement data:	2013	2013	2012	2011	2010	2009
	Year ended December 31,					
	(in millions of U.S.$)	(in millions of Ch$)				
Cost of sales:						
Supermarkets	(10,999)	(5,770,068)	(5,057,477)	(4,177,664)	(3,355,796)	(3,054,483)
Home improvement stores	(1,501)	(787,402)	(711,500)	(647,337)	(561,006)	(470,167)
Department stores	(1,337)	(701,530)	(644,668)	(499,413)	(446,769)	(380,569)
Shopping Centers	(44)	(23,341)	(27,213)	(19,449)	(17,858)	(22,409)
Financial Services	(163)	(85,755)	(104,680)	(85,632)	(70,458)	(128,910)
Other [(1)]	(7)	(3,453)	(2,294)	(5,421)	(5,343)	(3,611)
Total cost of sales	(14,051)	(7,371,549)	(6,547,832)	(5,434,917)	(4,457,229)	(4,060,148)
Gross margin:						
Supermarkets	3,645	1,911,996	1,676,133	1,378,607	1,096,963	951,883
Home improvement stores	742	389,487	351,586	301,303	258,832	201,351
Department stores	512	268,830	241,407	191,359	175,950	135,968
Shopping Centers	347	181,991	144,891	110,278	99,133	85,759
Financial Services	387	202,778	177,501	182,242	150,552	132,348
Other[(1)]	27	14,408	9,728	6,099	(1,686)	(2,211)
Total gross margin	5,660	2,969,491	2,601,245	2,169,890	1,779,745	1,505,098
Administrative expenses, distribution costs and other expenses	(4,690)	(2,460,441)	(2,121,821)	(1,669,374)	(1,371,074)	(1,204,735)
Other revenues by function	207	108,714	107,110	85,128	43,871	7,571
Participation in earnings of associates	20	10,289	5,640	5,779	7,514	4,574
Financial income	11	5,855	8,110	10,984	16,922	3,830
Financial expenses	(493)	(258,685)	(211,022)	(144,136)	(86,730)	(93,422)
Other earnings	50	26,382	(7,369)	(12,659)	10,772	69,997
Exchange differences	(66)	(34,723)	(2,680)	(9,876)	(2,053)	(4,424)
Losses from indexation	(40)	(20,960)	(25,915)	(31,289)	(15,657)	12,957
Income (loss) before taxes	659	345,923	353,297	404,448	383,311	301,446
Income tax charge	(183)	(96,158)	(100,488)	(119,556)	(76,830)	(53,900)
Net income	476	249,765	252,809	284,892	306,481	247,546
Profit attributable to non-controlling shareholders	(0)	(166)	2,851	10,559	10,220	3,948
Profit attributable to controlling shareholders	476	249,930	249,959	274,333	296,261	243,597

Net earnings attributable to shareholders per share:						
Basic(2)	0.17	90.50	107.40	121.17	130.85	111.1
Diluted(2)	0.17	89.80	106.40	119.97	129.56	111.1
Capital Stock	4,425	2,321,380	1,551,811	927,804	927,804	927,804
Number of Shares						
Total number of Shares	2,828,723,963	2,828,723,963	2,507,103,215	2,264,103,215	2,264,103,215	2,264,103,215
Dividends per share:						
Basic(2)	0.0402	21.09	22.88	34.66	24.26	22.22
Diluted(2)	0.0398	20.93	22.66	34.66	24.26	22.22

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

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

In November 2012, we completed the acquisition of Carrefour's supermarket operations in Colombia See "Item 4. Information on the Company—A. History and Development of the Company—History."

	As of December 31,					
Balance sheet data:	**2013**	**2013**	**2012(1)**	**2011**	**2010**	**2009**
	(in millions of U.S.$)	**(in millions of Ch$)**				
Total current assets	4,640.6	2,434,485	2,316,812	2,085,636	1,582,309	1,430,778
Property, plant, equipment and investment property net	8,902.6	4,960,433	4,605,872	3,538,672	2,913,644	2,715,227
Other assets	5,643.1	2,951,699	2,820,906	2,019,780	1,839,516	1,439,654
Total assets	19,186.1	10,065,234	9,743,590	7,644,088	6,335,469	5,585,659
Total current liabilities	5,583.3	2,951,699	3,336,630	2,331,280	1,919,094	1,553,371

	As of December 31,					
Balance sheet data:	**2013**	**2013**	**2012(1)**	**2011**	**2010**	**2009**
Total non-current liabilities	5,436.7	2,852,168	3,008,748	2,362,201	1,726,781	1,553,371
Total liabilities	11,025.1	5,803,867	6,345,378	4,693,482	3,645,876	3,006,532
Non-controlling interest	0.2	100	678	87,750	74,886	76,438
Net equity attributable to controlling shareholders	8,160.8	4,261,267	3,397,534	2,862,856	2,614,707	2,502,778
Total net equity and liabilities	19,186.1	10,065,234	9,743,590	7,644,088	6,335.469	5,585,659

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

Other financial data:	2013	2013	2012	2011	2010	2009
	Year ended December 31,					
	(in millions of U.S.$) (1)	(in millions of Ch$)(1)				
Cash Flow Data						
Net cash provided by (used in):						
Operating activities	695	364,782	718,715	567,739	407,174	675,653)
Investing activities	(611)	(320,507)	(2,116,249)	(623,753)	-413,676	(430,959)
Financing activities	(204)	(107,029)	1,488,759	89,607	5,086	(243,236)
Other Financial Information						
Capital expenditures	(607)	(318,597)	(575,228)	(616,336)	(349,793)	(191,136)
Depreciation and amortization	360	189,038	141,450	(120,174)	(102,310)	101,533
Adjusted EBITDA(2)	1,427	748,363	627,621	626,141	535,565	478,976
Financial Ratios						
Gross margin(3)	28.7%	28.7%	28.4%	28.5%	28.5%	27.0%
Net margin(4)	2.4%	2.4%	2.8%	3.7%	4.9%	4.4%
Current ratio(5)	0.85x	0.85x	0.77x	0.88x	0.92x	0.92x

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

Comprehensive income:	2013	2013	2012	2011	2010	2009
	Year ended December 31,					
	(in millions of U.S.$)	(in millions of Ch$)				
Comprehensive income attributable to controlling shareholders	141,67	94,725	34,002	357,049	201,686	31,079
Comprehensive (loss) income attributable to non-controlling shareholders	(0,32)	(168)	(5,354)	12,865	253	(24,230)
Total comprehensive income	141,35	94,557	28,648	369,913	201,939	6,849

Operating data:	2013	2012	2011	2010	2009
	Year ended December 31,				
Number of Stores					
Supermarkets:					
Chile	224	214	189	163	162
Argentina	290	288	269	256	250
Brazil	221	204	152	130	52
Peru	87	86	74	64	58
Colombia	100	96	0	0	0
Supermarkets subtotal	922	888	684	613	522

Operating data:	Year ended December 31, 2013	2012	2011	2010	2009
Home Improvement Stores:					
Chile	32	31	29	29	25
Argentina	48	47	48	49	46
Colombia	9	4	4	4	2
Home improvement stores subtotal	89	82	81	82	73
Department Stores:					
Chile	77	78	35	34	30
Peru	6	0	0	0	0
Department stores subtotal	83	78	35	34	30
Shopping Centers:					
Chile	25	43	9	9	8
Argentina	18	18	14	14	13
Peru	3	2	2	2	2
Colombia	2	0	0	0	0
Shopping centers subtotal	48	43	25	25	23
Total	1123	1076	825	754	648
Total Selling Space(1)			**(in square meters)**		
Supermarkets:					
Chile	546,236	524,677	463,834	406,555	407,531
Argentina	519,171	522,270	502,682	455,808	443,809
Brazil	596,746	552,764	391,485	332,626	120,608
Peru	259,360	258,762	233,331	209,642	184,659
Colombia	428,469	416,699	0	0	0
Supermarkets subtotal	2,349,981	2,275,172	1,591,332	1,404,631	1,156,608

Operating data:	Year ended December 31, 2013	2012	2011	2010	2009
Home Improvement Stores:					
Chile	307,853	299,806	276,325	273,625	251,144
Argentina	373,490(2)	369,067(2)	391,485	392,645	350,666
Colombia	75,732	37,060	35,360	34,309	16,646
Home improvement stores subtotal	757,074	705,933	703,170	700,579	618,456
Department Stores:					
Chile	371,891	377,191	272,388	234,489	216,193
Peru	32,222	0	0	0	0
Department stores subtotal	404,113	377,191	272,388	234,489	216,193
Shopping Centers:(3)					
Chile	412,418	410,117	282,693	273,983	259,293
Argentina	241,410	241,410	227,396	214,002	208,221
Peru	58,388	41,303	54,750	54,750	54,750
Colombia	14,514	0	0	0	0
Shopping centers subtotal	756,264	692,830	564,839	542,735	522,264
Total	4,237,899	4,051,126	3,131,729	2,882,434	2,513,520

Average Selling Space per Store(4)	(in square meters)				
Supermarkets:					
Chile	2,439	2,452	2,454	2,494	2,516
Argentina	1,790	1,813	1,869	1,781	1,775
Brazil	2,700	2,710	2,576	2,559	2,319
Peru	2,981	3,009	3,153	3,276	3,184
Colombia	4,285	0	0	0	0
Supermarkets subtotal	2,549	2,562	2,327	2,291	2,216
Home Improvement Stores:					
Chile	9,620	9,671	9,528	9,435	10,046
Argentina	7,781	7,852	8,156	7,435	7,623
Colombia	8,415	9,265	8,840	8,577	8,323
Home improvement stores subtotal	8,506	8,609	8,681	8,198	8,472
Department Stores:					
Chile	4,830	4,836	7,783	6,897	7,206
Peru	5,370	0	0	0	0
Department stores subtotal	4,869	4,836	7,783	6,897	7,206
Shopping Centers:					
Chile	42,987	42,987	31,410	30,443	32,412
Argentina	15,740	15,761	16,243	15,286	16,017
Peru	20,563	16,839	27,375	27,375	27,375
Colombia	28,614	0	0	0	0
Shopping centers subtotal	26,078	25,620	22,594	21,709	22,707

Average Sales per Store(5)	(in millions of Ch$)				
Supermarkets:					
Chile	9,943	9,617	9,662	10,371	9,933
Argentina	6,162	6,083	5,776	5,352	5,120
Brazil	9,067	10,270	10,211	6,484	10,890
Peru	8,569	8,360	8,439	8,744	9,498
Colombia	9,185	1,189(6)	0	0	0
Supermarkets subtotal	8,228(7)	8,356(7)	8,123	7,276	7,675

	Year ended December 31,				
Operating data:	**2013**	**2012**	**2011**	**2010**	**2009**
	(in millions of Ch$)				
Home Improvement Stores:					
Chile	14,022	12,915	12,672	11,577	10,046
Argentina	14,209	13,191	11,287	9,205	7,623
Colombia	9,449(8)	10,682	9,845	8,272	8,323
Home improvement stores subtotal	13,858	12,964	11,712	9,998	8,472
Department Stores:					
Chile	12,413	11,360	19,736	18,315	7,206
Peru	2,430				
Department stores subtotal	11,691	11,360	19,736	18,315	7,206

Operating data:	Year ended December 31, 2013	2012	2011	2010	2009
			(in millions of Ch$)		
Shopping Centers:					
Chile	11,284	9,309	7,167	6,095	32,412
Argentina	4,620	4,365	4,262	3,810	16,017
Peru	4,852	2,301	2,783	4,401	27,375
Colombia	8,642				
Shopping centers subtotal	7,080	5,939	5,189	4,680	22,707
Increase (Decrease) in Same-Store Sales(9)			(%)		
Supermarkets:					
Chile	1.6%	4.8%	4.7%	5.9%	1.5%
Argentina	17.3%	18.5%	22.5%	25.2%	11.4%
Brazil	-0.5%	0.5%	1.4%	7.1%	(0.9%)
Peru	1.5%	4.2%	6.5%	(2.3%)	(2.5%)
Colombia	-7.4%				
Home Improvement Stores:					
Chile	6.1%	6.3%	4.9%	23.7%	1.7%
Argentina	30.3%	26.6%	32.3%	27.8%	1.8%
Colombia	0.3%	4.1%	11.8%	(3.6%)	—
Department Stores:					
Chile	4.7%	5.3%	5.2%	19.7%	(1.7%)
Sales per Square Meter(10)			(in millions of Ch$)		
Supermarkets:					
Chile	4.08	3.92	3.94	4.13	3.95
Argentina	3.44	3.35	3.09	3.01	2.88
Brazil	3.36	3.79	4.08	2.53	1.75
Peru	2.87	2.78	2.68	2.67	2.98
Colombia	2.14	0.28(11)			
Supermarkets subtotal	3.52(12)	3.56(12)	3.52	3.17	2.95
Home Improvement Stores:					
Chile	1.46	1.34	1.33	1.23	1.05
Argentina	1.83	1.68	1.38	1.24	1.14
Colombia	1.04(13)	1.15	1.11	0.96	0.57
Home improvement stores subtotal	1.62	1.51	1.35	1.22	1.09
Department Stores:					
Chile	2.57	2.35	2.54	2.66	2.39
Peru	0.45	0	0	0	0
Department stores subtotal	2.57(14)	2.35	2.54	2.66	2.39
Shopping Centers:					
Chile	0.26	0.22	0.23	0.20	0.20
Argentina	0.29	0.28	0.26	0.25	0.22
Peru	0.24	0.14	0.10	0.16	0.18
Colombia	0.30				
Shopping centers subtotal	0.27	0.23	0.23	0.20	0.21
Total number of store employees(15)	154,603	146,424	131,505	126,485	101,392

(1) In square meters at period end.

(2) Due to change in criteria for selling space 2012 figures were modified in order to have comparable figures for 2013 and 2012. This new criteria excludes check-out area and aisles.

(3) Total leasable space for shopping centers does not include selling space occupied by related parties in our shopping centers.

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

Exchange Rates

Chile

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

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

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

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

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

	Daily observed exchange rate Ch$ per U.S.$			
	High(1)	Low(1)	Average(2)	Period end(3)
Year ended December 31,				
2009	643.87	491.09	559.15	507.10
2010	549.17	468.01	510.20	468.01
2011	533.74	455.91	483.57	519.20
2012	519.60	469.65	486.58	479.96
2013	533.95	466.50	495.17	524.61
Month end				
October 31, 2013	508.58	493.36	500.96	507.64
November 30, 2013	529.64	512.53	520.35	529.64
December 31, 2013	533.95	523.76	529.19	524.61
January 31, 2014	553.84	527.53	538.35	553.84
February 28, 2014	563.32	546.94	554.68	559.38
March 31, 2014	573.24	550.53	563.45	551.18
April 2014 (through April 21, 2014)	557.63	544.96	552.19	557.02

Source: Chilean Central Bank.

(1) Exchange rates are the actual low and high, on a daily basis for each period.

(2) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period.

(3) Each year period ends on December 31, and the respective period-end exchange rate is published by the Chilean Central Bank on the first business day of the following year. Each month period ends on the last calendar day of such month, and the respective period end exchange rate is published by the Chilean Central Bank on the first business day of the following month.

Argentina

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

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

	Daily observed exchange rate Ar$ per U.S.$			
	High	Low	Average(1)	Period end
Year ended December 31,				
2009	3.854	3.449	3.731	3.800
2010	3.988	3.794	3.913	3.976
2011	4.304	3.972	4.131	4.304
2012	4.917	4.304	4.552	4.917
2013	6.518	4.923	5.479	6.518
Month end				
October 31, 2013	5.911	5.800	5.848	5.911
November 30, 2013	6.136	5.922	6.015	6.136
December 31, 2013	6.518	6.155	6.319	6.518
January 31, 2014	8.023	6.543	7.097	8.018
February 28, 2014	8.018	7.764	7.857	7.878
March 31, 2014	8.010	7.866	7.931	8.010
April 2014 (through April 21, 2014)	8.003	8.001	8.001	8.002

Source: Central Bank of Argentina.

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

Brazil

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

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

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

	Daily observed exchange rate R$ per U.S.$			
	High	**Low**	**Average**	**Period end**
Year ended December 31,				
2009	2.4218	1.7024	1.9935	1.7412
2010	1.8811	1.6554	1.7607	1.6662
2011	1.9016	1.5345	1.6746	1.8758
2012	2.1121	1.7054	1.9550	2.0435
2013	2.4457	1.9528	2.1605	2.3426
Month end				
October 31, 2012	2.2123	2.1611	2.1886	2.2026
November 30, 2012	2.3362	2.2426	2.2954	2.3249
December 31, 2012	2.3817	2.3102	2.3455	2.3426
January 31, 2013	2.4397	2.3335	2.3822	2.4263
February 28, 2013	2.4238	2.3334	2.3837	2.3334
March 31, 2013	2.3649	2.2603	2.3261	2.2630
April 2013 (through April 21, 2013)	2.2811	2.1974	2.2332	2.2449

Source: Central Bank of Brazil.

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

Peru

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

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

	Daily observed exchange rate S/. per U.S.$			
	High	Low	Average(1)	Period end
Year ended December 31,				
2009	3.2580	2.8510	3.0108	2.8880
2010	2.8800	2.7860	2.8244	2.8080
2011	2.8320	2.6930	2.7537	2.6950
2012	2.7090	2.5490	2.6384	2.5490
2013	2.8190	2.5390	2.7006	2.7940
Month end				
October 31, 2012	2.785	2.755	2.768	2.768
November 30, 2012	2.803	2.797	2.800	2.800
December 31, 2012	2.804	2.762	2.784	2.794
January 31, 2013	2.823	2.797	2.808	2.820
February 28, 2013	2.824	2.799	2.812	2.799
March 31, 2013	2.813	2.798	2.806	2.807
April 2013(through April 21, 2013)	2.811	2.774	2.794	2.774

Source: Central Bank of Peru.

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

Colombia

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

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

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

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

	Daily observed exchange rate Col$ per U.S.$			
	High	Low	Average(1)	Period end
Year ended December 31,				
2009	2,596.37	1,825.68	2,153.30	2,044.23
2010	2,044.23	1,786.20	1,902.50	1,913.98
2011	1,972.76	1,748.41	1,846.97	1,942.70
2012	1,942.70	1,754.89	1,797.65	1,768.23
2013	1,952.11	1,758.45	1,869.10	1,926.83

	Daily observed exchange rate Col$ per U.S.$			
	High	Low	Average(1)	Period end
Month end				
October 31, 2013	1,908.29	1,879.46	1,885.13	1,884.06
November 30, 2013	1,932.77	1,889.16	1,921.75	1,931.88
December 31, 2013	1,948.48	1,921.22	1,932.96	1,926.83
January 31, 2014	2,013.17	1,924.79	1,957.29	2,008.26
February 28, 2014	2,054.90	2,021.10	2,038.49	2,054.90
March 31, 2014	2,052.51	1,965.32	2,019.71	1,965.32
April 2014 (through April 21, 2013)	1,969.45	1,920.93	1,939.44	1,930.62

Source: Central Bank of Colombia.

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

B. CAPITALIZATION AND INDEBTEDNESS

Not Applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable.

D. RISK FACTORS

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

Risks Related to Our Business and Our Industries

Economic conditions that impact consumer spending could materially affect us.

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

We face intense competition in each of our markets.

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

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

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

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

Our markets are undergoing rapid consolidation.

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

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

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

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

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

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

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

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

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

Chilean, Argentine, Brazilian, and Colombian antitrust laws contain provisions that require authorization by the antitrust authorities in those countries for the acquisition of, or entering into joint venture agreements with, companies with a relevant market share. Such authorizations have been denied in some cases involving the industries in which we operate, as occurred in Chile with the denial by the *Tribunal de Defensa de la Libre Competencia* (the Chilean Antitrust Court) of the merger between Distribucion y Servicio D&S S.A. ("D&S") and Falabella in January 2008. Peru does not currently apply such controls, but we cannot assure you that it will not impose them in the future. Accordingly, our ability to expand our business through acquisitions in Chile, Argentina, Brazil, Peru and Colombia may be limited.

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

Moreover, on December 14, 2011, the Chilean antitrust authority (*Fiscalía Nacional Económica*, or "FNE") announced an investigation into anti-competitive practices in the food retail industry. The investigation includes several local operators, including Cencosud, Walmart Chile, SMU and Tottus. In accordance with Chilean regulations, FNE has not disclosed the details of the investigation to the public, but it appears to be focused on private label groceries, fresh poultry and beef. Without additional detail it is difficult to determine the full impact of this investigation. If the FNE concludes that we engaged in anti-competitive practices we could face a maximum sanction of up to U.S.$30 million. 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 2013, 2012, 2011 and 2010, 27.7% 28.5%, 29.3% and 29.8% of our consolidated revenues (excluding the revenues from Banco Paris) 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 years ended December 31, 2013, 2012 and 2011, the amount of these allowances and promotional incentives amounted to Ch$2,200 million, Ch$858 million and Ch$697 million, respectively, and were recorded as a reduction to inventory costs and related costs of sales. We cannot assure you that we will be able to obtain a similar level of such fees, rebates, bonuses or allowances in the future. Should any of our key suppliers reduce or otherwise eliminate these arrangements, our profit margin for the affected products could be impacted, which could in turn have a material adverse effect on us.

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

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

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

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

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

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

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

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

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

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

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

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

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

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 and Brazil. Any such impairment would have a material adverse effect on us. See "Item 4. Information on the Company—B. Business Overview—Financial Services" for additional details related to our credit card and consumer loan operations.

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

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

Our failure to comply with credit card and banking laws and related permit requirements could subject us to investigations, enforcement actions, fines or penalties. For Example, on April 24, 2013, the Supreme Court of Chile ruled on the class action suit filed by the *Servicio Nacional del Consumidor* (the National Consumer Service, or "SERNAC"), a Chilean government entity, against Cencosud Administradora de Tarjetas S.A. ("CAT"), ordering CAT to reimburse certain cardholders for excess monthly maintenance fees charged since 2006 plus adjustments for inflation and interests, resulting in a payment by us of Ch$17,974 million as of December 31, 2013. We still have a provision for Ch$ 2,026 million for disbursements related to this class action.

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

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

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

We have a significant focus on perishable products. Sales of perishable products accounted for approximately 36.1%, 36.8% and 30.0% of our total sales in 2013, 2012 and 2011, respectively. As we source part of our fresh products from local producers, such changes in climate could impair or limit our ability to source such products, thus affecting our capacity to offer the full assortment of products that we normally carry. Any such disruption could have a material adverse effect on us.

We are dependent on key personnel.

Our and our subsidiaries' development, operation and growth have depended significantly upon the efforts and experience of our board of directors (particularly our chairman, Mr. Horst Paulmann Kemna) and our senior management. If for any reason, including retirement, the services of such persons, particularly Mr. Horst Paulmann Kemna, 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, 2013, notional amounts in cross currency swaps with different counterparties stood at approximately more than USD 1.6 billion.

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

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

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

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

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

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

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

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.

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

Our hypermarkets and supermarkets have a significant focus on perishable products. Sales of perishable products accounted for approximately 36.1%, 36.8% and 30.0% of our total sales in 2013, 2012 and 2011, respectively. We rely on various suppliers and vendors to provide and deliver our product inventory on a continuous basis. We could suffer significant perishable product inventory losses in the event of the loss of a major supplier or vendor, disruption of our distribution network, extended power outages, natural disasters or other catastrophic occurrences. We have implemented certain systems to ensure our ordering is in line with demand. We cannot assure you, however, that our ordering systems will always work efficiently, in particular in connection with the opening of new stores, which have no, or a limited, ordering history. If we were to over-order, we could suffer inventory losses, which could have a material adverse effect on us.

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

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

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

Labor relations may have a material adverse effect on us.

As of December 31, 2013, approximately 37% 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 a deterioration in labor relations will not have a material adverse effect on us. See "Item 4. Information on the Company—B. Business Overview" and "Item 6.Directors, Senior Management and Employees—D. Employees."

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

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

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

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

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

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

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

On April 24 and 25, 2014, we experienced a security breach whereby several company websites were attacked by an organized group of hackers, resulting in certain of those sites being taken offline to remediate the problem. Further, we experienced data breaches at two websites whereby access to our server was obtained and the site was presumably being used as a phishing platform. At this time we are unable to ascertain if client data was successfully extracted from these servers. Moreover, a link with access to a backup of the source code for the website of our banking subsidiary in Chile was made public. Accordingly, we have taken the website offline and are working to mitigate the security breaches discovered. This website will remain offline until the security of client data can be guaranteed. The aforementioned security breaches are currently being remediated, and additional security measures were added to our main transactional websites, including measures to, among other things, block malicious traffic to the sites. None of our transactional websites came offline nor was any breach of client data experienced as a result of hacker action against them. However, these events, as well as future security breaches, may diminish customers' trust in us and harm our reputation, and expose to potential liabilities.

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

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

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

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

In recent years we have grown our business through a series of acquisitions and strong organic CAPEX, expanding our geographical business scope and increasing the size and complexity of our operations. As a consequence, our internal controls, systems and procedures may not be appropriate to support the scope and complexity of our operations. The existence of multiple legacy systems from the acquired operations and the complexities of the business integration process may adversely affect the Company. As part of the process of integrating the operations, systems, processes and controls that are part of the acquired businesses, we have identified a material weakness which is further described in "Item 15 Controls and Procedures."

If we are not able to carry out our remediation plan regarding our procedures and systems to properly address this material weakness, there could be a negative impact in investor confidence and in the reliability of our financial statements, which may result in a decline in our share price and/or lawsuits being filed against us by our shareholders, and we may have to incur increased costs in connection with hiring additional staff or implementing controls to remediate this material weakness.

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

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

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

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

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

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

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

Risks Related to Chile

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

38.2%, 40.0% and 41.7% of our revenues from ordinary activities in the years ended December 31, 2013, 2012 and 2011, respectively, were derived from revenues in Chile. Accordingly, our results of operations and financial condition are dependent to a significant extent on the level of economic activity in Chile. The Chilean economy has been influenced, to varying degrees, by economic conditions in other emerging market countries. We cannot assure you that the Chilean economy will continue to grow in the future or that future developments in or affecting the Chilean economy, including further consequences of economic difficulties in Brazil, Argentina and other emerging markets, will not have a material adverse effect on us.

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

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

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

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

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

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

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

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

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.

Increases in the corporate tax rate in Chile to finance part of the reconstruction effort may be extended or further increased and such extension or further increase may have a material adverse effect on us.

As a result of the February 2010 earthquake and tsunami, the Chilean government raised the corporate income tax rate in order to pay for reconstruction following the earthquake and tsunami. Such legislation increased the general corporate tax rate from its historic rate of 17.0% to 20.0% for the income accrued in the 2011 commercial year (*año comercial),* which is declared and paid in the 2012 tax year (*año tributario*). On September 26, 2012, Law No. 20,630 introduced new amendments to existing tax legislation. Among the amendments introduced, the corporate income tax was permanently maintained at 20% effective as of the 2013 tax year. For tax year 2013, this resulted in an increase of U.S.$5 million in our taxes. There is no assurance that the corporate income tax rate will not be raised in the future resulting in a material adverse effect on us.

Increases in the corporate tax rate in Chile to finance education reform may have a material adverse effect on us.

In November and December 2013, Chile held general elections. Michelle Bachelet, former president, was reelected on December 15, 2013 with 46.7% and 62.2% of the vote in the first and second rounds, respectively. Ms. Bachelet campaigned on an agenda that included modifications to the Chilean tax code, such as an increase of the corporate tax rate. Ms. Bachelet's New Majority coalition carried the parliamentary election, winning back both houses of congress. The New Majority carried 12 of the 20 contested seats in the senate and reached a majority of 21 out of 38 seats. In the chamber of deputies, the New Majority won 67 of the 120 seats. Currently, we cannot predict whether or not the president has sufficient support in parliament to pass her proposed tax and constitutional reforms. The passage of these reforms or similar reforms could have a material and adverse effect on our business, results and operations.

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

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

The measures taken by the Chilean Central Bank to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and retarding economic growth. Inflation, measures to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy, which could lead to reduced demand for our products and services and decreased sales. Inflation is also likely to increase some of our costs and expenses, given that the majority of our supply contracts are denominated in *Unidades de Fomento* or are indexed to the Chilean consumer price index, and we may not be able to fully pass any such increases on to our customers, which could have a material adverse effect on us. Furthermore, at December 31, 2013, approximately 27% of our outstanding debt was UF-denominated. As a result, severe increases in inflation could affect the Chilean economy and could have a material adverse effect on us.

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

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

Historically, a significant portion of our indebtedness has been denominated in U.S. dollars, while a substantial part of our revenues and operating expenses has been denominated in Chilean pesos. If the Chilean peso's value declines against the dollar, we will need more Chilean pesos to repay the same amount of dollar-denominated debt. As a result, fluctuations in the Chilean peso to U.S. dollar exchange rate may affect us. As of December 31, 2013, after cross currency swaps and forward exchange agreements that fully hedge against the variation between the Chilean peso and the U.S. dollar, 11% of our net financial debt (bank loans and bonds) was denominated in U.S. dollars. The remainder of our interest-bearing debt is primarily UF- or Chilean peso-denominated and therefore not subject to exchange rate risk. Our hedging policy against foreign exchange fluctuations is disclosed in "Item 11. Quantitative and Qualitative Disclosure About Market Risk—Foreign Currency Risk." We cannot assure you that our hedging policies will avoid future losses related to exchange rate variations.

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

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

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

Risks Related to Argentina

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

25.2%, 27.2% and 28.9% of our revenues from ordinary activities in the years ended December 31, 2013, 2012 and 2011, respectively, were derived from revenues in Argentina and an important share of our land bank is located in Argentina. Accordingly, our results of operations and financial condition are affected to a significant extent by the level of economic activity in Argentina. The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high and variable levels of inflation and currency devaluation. Argentina's sovereign credit default swap (CDS) spreads are currently among the highest in the world. In 2002, enactment of Law No. 25,561 (the "Public Emergency Law") ended more than a decade of uninterrupted Argentine peso/U.S. dollar parity and the Argentine peso has fluctuated significantly since then. See "Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Argentina" and "Item 3. Key Information—A. Selected Financial Data—Exchange Rates—Argentina."

Although general economic conditions in Argentina have recovered significantly during recent years, there is uncertainty as to whether this growth is sustainable. This is mainly because the economic growth was initially dependent on a significant devaluation of the Argentine peso and a high excess production capacity derived after a long period of deep recession, and was favored by high commodity prices. The global economic crisis of 2008 has led to a sudden deceleration of the economy, accompanied by political and social unrest, inflationary and Argentine peso depreciation pressures and lack of consumer and investor confidence. According to the *Instituto National de Estadísticas y Censos* (the Argentine National Institute of Statistics and Census, or "INDEC"), Argentina's gross domestic product, in real terms, grew by 0.9% in 2009, 9.2% in 2010 and is estimated to have grown 9.3%, 2.1% and 4.9% in 2011, 2012 and 2013, respectively. 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 during 2014. During 2013, foreign currency restrictions in Argentina became more stringent in a government effort to curb their drain. There is a high degree of uncertainty regarding Argentina´s future ability to tap international capital markets as well as the possibility of its negotiation with the Paris club and holdouts. The aforementioned factors in conjunction with less favorable prices for Argentina´s main agricultural exports could have a negative effect on economic growth and could have a material adverse effect on us.

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

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

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

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

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

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

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

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

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

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

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

The new index has been criticized by economists and investors after its initial report found prices rising well below expectations. These events have affected the credibility of the consumer price index published by INDEC, as well as other index published by INDEC that use the consumer price index in their calculation, including the poverty index, the unemployment index and real GDP. On February 1, 2013 Argentina became the first member nation of the IMF to be censured due to concerns that it may be underreporting inflation and GDP figures. The IMF gave Argentina a deadline of September 29, 2013 to take "remedial measures" to boost the accuracy of the data provided. In January 2014 the Argentine government revealed a new inflation index based on a new calculation methodology. The IMF reacted cautiously to the index stating that it would continue to review progress made by the Republic of Argentina revising inflation and gross domestic product statistics later in the year. The new measure revealed consumer prices increased at a 3.4% rate in February 2014.

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

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

Currently price controls in the Republic of Argentina are enforced under the "Precios Cuidados" program, an agreement between the government and retailers. This program reflects the basic basket of products for the country´s population and is comprised of 194 products in supermarkets and 66 products in the home improvement industry as of date of this report. If these programs were to be expanded, they could have a materially adverse effect on us.

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

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

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

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

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

Argentine lease laws impose restrictions that limit our flexibility.

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

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

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

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

In addition, pursuant to Resolutions AFIP N° 3210/2011 and N° 3212/2011 and Communication “A” 5245, enacted in late 2011, prior to authorizing the sale of foreign currency to make portfolio investments abroad or similar investments, the local bank must obtain prior clearance from an online database run by the Argentina federal tax authority (*Administración Federal de Ingresos Públicos*, or “AFIP”). This database must confirm whether an individual or entity has sufficient declared assets or funds to make the purchase of foreign currency. In the event that such declared assets or funds are not sufficient, the bank may not sell foreign currency to such individual or entity. This requirement may affect the ability of our Argentine subsidiaries to make or manage their foreign currency investments or to transfer funds abroad. Our Argentine subsidiaries represented 28.9% of our revenues for 2011, 27.2% of our revenues for 2012 and 25.2% of our revenues for 2013. See also “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Argentina” and “Item 3. Key Information—A. Selected Financial Data—Exchange Rates—Argentina.”

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

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

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

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, 2013, 2012 and 2011, our operations in Brazil represented 19.4%, 22.9% and 20.5% of our consolidated revenues from ordinary activities for such periods, respectively. Accordingly, our financial condition and results of operations are dependent on economic conditions in Brazil. The Brazilian economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high and variable levels of inflation and currency devaluation. Brazil’s gross domestic product, in real terms, decreased 0.3% in 2009, grew 7.5% in 2010, 2.9% in 2011 and 1.9% in 2012, according to the Central Bank of Brazil. The Brazilian central bank currently estimates 2013 gross domestic product expansion of approximately 2.3%. We cannot assure you that GDP will increase or remain stable in the future. Future developments in the Brazilian economy may affect Brazil’s growth rates and, consequently, the consumption of our products. As a result, these developments could have a material adverse effect on us.

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

Changes in Brazilian tax laws may increase our tax burden.

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

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

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

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

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

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

Brazil has historically experienced high rates of inflation. In the recent past, inflation, as well as government efforts to combat inflation have had significant negative effects on the Brazilian economy and contributed to heightened volatility in the Brazilian securities market. The Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and reducing economic growth. As a result, interest rates have 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 8.75% in 2009, 10.75% in 2010, 11.0% in 2011, 7.25% in 2012 and 10.0% in 2013, as determined by the Central Bank of Brazil's Monetary Policy Committee (*Comitê de Política Monetária do Banco Central*).

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

Furthermore, we currently owe an aggregate amount of R$257 million in connection with our acquisition of Bretas that is indexed to inflation in Brazil. In addition, we also owe an aggregate amount of R$158 million in connection with our acquisition of Prezunic that is indexed to inflation in Brazil. If our cash generation in local currency does not grow in line with inflation, our capacity to pay for these obligations may be negatively affected.

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. However, in the last five years, the Real depreciated (against the U.S. dollar) by 133%, from R$1.77 per U.S. dollar at December 31, 2007 to R$ 2.36 by December 31, 2013. This volatility may affect our consolidated financial statements, due to the growing importance of our Brazilian operations in our business portfolio, which could have a material adverse effect on us. See "Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Brazil" and "Item 3. Key Information—A. Selected Financial Data—Exchange Rates—Brazil."

Our business in Brazil is subject to governmental regulation.

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

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

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

Risks Related to Peru

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

During 2013, operations in Peru generated revenues from ordinary activities representing 7.7%, 8.1% and 9.0% for 2013, 2012 and 2011, respectively, of our consolidated revenues from ordinary activities. Our results of operations and financial condition may be affected by changes in economic and other policies of the Peruvian government, which has exercised and continues to exercise substantial influence over many aspects of the private sector, and by other economic, social and political developments in Peru, including devaluation, currency exchange controls and economic growth. Previous Peruvian governments have imposed controls on prices, exchange rates, local and foreign investment and international trade, restricted the ability of companies to dismiss employees, expropriated private sector assets and prohibited the remittance of profits to foreign investors.

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

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

The Peruvian currency has historically experienced a significant number of devaluations and, as a result, the Peruvian government has adopted and operated under various exchange rate control practices and determination policies, ranging from strict control to market determination of exchange rates. More recently, the Nuevo Sol appreciated against the U.S. dollar by 8.0% in 2009, 2.8% in 2010, 4.1% in 2011 and 5.7% in 2012 and depreciated against the U.S. dollar by 12.8% in 2013. As the Peruvian economy is partially dollarized, devaluation of the Nuevo Sol against the U.S. dollar could have a negative impact on the economy. Therefore, any significant devaluation of the Nuevo Sol against the U.S. dollar could have a material adverse effect on us.

Risks Related to Colombia

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

As a result of our acquisition of supermarket operation in Colombia, the Colombian market has become a significant part of our supermarket business and related results of operations. Colombia has suffered periods of significant economic and political instability in the past. Colombia represented 9.5%, 4.9% and 0.5% of total consolidated revenues for 2013, 2012 and 2011, 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 0.1% of GDP in 2008, 2.7% of GDP in 2009, 3.2% of GDP in 2010, 2.0% of GDP in 2011, 4.0% of GDP in 2012 and 4.5% of GDP in 2013.

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 Venezuela, could have a material adverse impact on Colombia's balance of trade and adversely affect Colombia's economic growth. According to the Colombian Ministry of Commerce, the United States is Colombia's largest export market. In 2012, Colombia exported U.S.$16 billion to the United States, a 358% increase since 2002. However, a decline in U.S. demand could have a material adverse effect on Colombian exports and Colombia's economic growth, which could, in turn, likely have detrimental results on our business activities. Colombia's volatile diplomatic relations with Venezuela, Colombia's major trading partner of non-traditional products, and Venezuela's recent political crisis may adversely affect the levels of Colombian exports to Venezuela.

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

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

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

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

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

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

Our Colombian operations are subject to regulation.

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

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

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

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

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

Pursuant to Article 58 of the Colombian constitution, the Colombian government may exercise its eminent domain powers in respect of our assets in the event such action is required in order to protect the public interest. According to Law 388 of 1997, the eminent domain power may be exercised through: (i) an ordinary expropriation proceeding (*expropiación ordinaria*), (ii) an administrative expropriation proceedings (*expropriación 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 2.0%, 3.2% and 3.7% for 2009, 2010 and 2011, 2.4% for 2012 and 1.9% for 2013. 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.

We may not achieve the expected strategic objectives and financial benefits from the acquisition of Carrefour's supermarket operations in Colombia.

We expect to realize strategic and financial benefits as a result of the completed acquisition of Carrefour's supermarket operations in Colombia, including potential synergies. Our ability to realize these benefits, however, is subject to risks and uncertainties, including, among others:

- we may be unable to anticipate or manage risks that are unique to the Colombian businesses; and
- we may be unable to compete successfully in the Colombian market as a result of our limited familiarity with Colombia in general and its customer demographics in particular.

Our growth strategy includes expanding the supermarket business in Colombia, both in existing markets and by opening stores in new markets. Our future growth is dependent, in part, on the ability to build, buy or lease new stores. Local land use, local zoning issues, environmental and other regulations applicable to the types of stores we desire to construct may impact our ability to find suitable locations, and increase the cost of building, buying or leasing stores.

Our failure to manage these risks, or other risks related to the announced acquisition of the Colombian businesses that are not currently known to us, could prevent us from realizing the expected benefits of acquiring Carrefour's supermarket operations in Colombia.

Risks Related to our Shares and the ADSs

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

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

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

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

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

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

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 a 58.7% of our shares, through Inversiones Quinchamali Ltda., Inversiones Latadía Ltda. and Inversiones Tano Ltda, as of the date of this annual report. A disposition by our controlling shareholder of a significant number of our shares, or the perception that such a disposition might occur, could materially and adversely affect the trading price of our shares of common stock on the Santiago Stock Exchange as well as the market price of the ADSs on the New York Stock Exchange.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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. However, the right of redemption described in the previous sentence does not apply in the event the company reduces its capital as a result of not having fully subscribed and paid an increase of capital within the statutory term.

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

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

Item 4. Information on the Company

A. HISTORY AND DEVELOPMENT OF THE COMPANY

General Information

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

History

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

1960—2001

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

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

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

2002—2006

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

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

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

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

2007—Present

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Principal Capital Expenditures for Organic Expansion

Capital expenditures totaled Ch$318,597 million, Ch$575,228 million, and Ch$616,336 million for the years ended December 31, 2013, 2012 and 2011, respectively. For a discussion of our capital expenditures and future projections, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures and permanent investments."

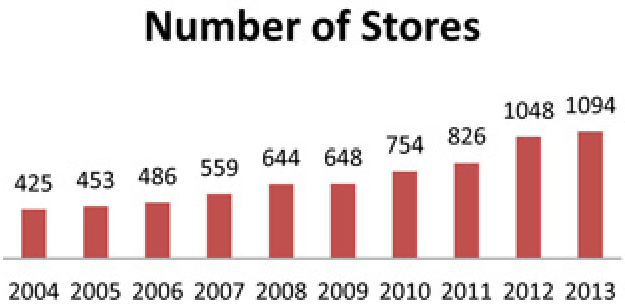
B. BUSINESS OVERVIEW

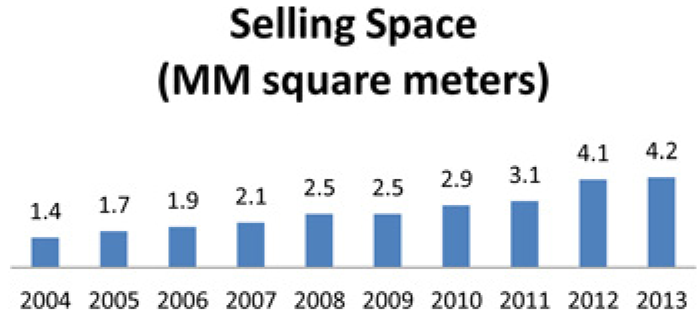
Our Company

We believe we are one of the leading multi-brand retailers in South America, based on revenues, selling space, number of stores and gross leasable area in the sectors and countries in which we operate. See "—Industry Overview and Competition" for more explanation on the methodology we use to calculate our market position in such sectors and countries. We operate through a number of formats, including supermarkets, home improvement stores, shopping centers and department stores. We are headquartered in Chile and have operations in Chile, Argentina, Brazil, Colombia and Peru. Our business consists of five segments, including four retail segments, which allows us to reach a wide range of customers offering various combinations of products, price, quality and service. The company believes Brazil, Peru and Colombia are high growth and underpenetrated markets due to their favorable demographics, sustainable household consumption growth, low formal retail penetration, and strong macroeconomic environments, as described in herein and in "Industry Overview and Competition." As a complement to our core retailing business, we are actively involved across the region in the commercial real estate development business, particularly in Chile, Argentina and Peru, with 29 shopping malls representing 756,264 square meters of gross leasable area as of December 31, 2013, and we also offer private label credit cards, consumer loans and limited financial services to our retail customers.

For the year ended December 31, 2013, we had 1,123 stores and shopping centers with an aggregate of 4,237,899 square meters selling space and had assets of Ch$ 10,065,234 million, liabilities of Ch$ 5,803,867 million, net earnings attributable to controlling shareholders of Ch$ 249,930 million, and shareholders' equity of Ch$ 4,261,367 million.

Throughout our 50-year history of growth we have developed, acquired, integrated and expanded several retail businesses with strong brands in the various markets where we operate. Since January 1, 2005, we have grown our total number of stores and shopping centers from 425 to 1,142 as of December 31, 2013 and the total selling space of our retail stores and shopping centers from 1,433,838 to 4,237,899square meters as of December 31, 2013. In addition, over the same period, we completed several strategic acquisitions that have significantly increased the size and geographic scope of our operations.





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

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

The following table presents our total number of stores and shopping centers by country as of December 31, 2013:

	Chile	Argentina	Brazil	Peru	Colombia	Total
Supermarkets	224	290	221	87	100	922
Home improvement stores	32	48	—	—	9	89
Department stores	77	—	—	6	—	83
Shopping centers	25	18	—	3	2	48
Total	358	358	221	96	111	1,142

In summary, highlights of our commercial activities include:

- 1,142 stores and shopping centers as of December 31, 2013.
- 4.237 million square meters of selling space as of December 31, 2013.
- A total of 5.0 million credit cards issued and U.S. $1.3 billion in credit card operations as of December 31, 2013

The following table indicates the percentages of revenues from ordinary activities, gross margin and Adjusted EBITDA, as defined below, that each of our geographical markets represented, for the period indicated:

	Year Ended December 31, 2013				
	Chile	Argentina	Brazil	Peru	Colombia
	(in millions of Ch$)				
Revenues from ordinary activities	3,950,303	2,601,851	2,007,881	800,144	980,860
Gross margin	1,206,700	894,027	457,218	205,522	206,024
Adjusted EBITDA[(1)]	393,475	190,540	57,789	41,826	44,733

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

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

Supermarkets. We operate 922 supermarkets throughout Chile, Argentina, Brazil, Peru and Colombia as of December 31, 2013, selling a wide variety of name brand and private label products. We believe that we are the second-largest supermarket operator in Chile, in terms of revenues, based on our comparisons against information from public filings of our main competitors as of December 31, 2013, the second largest in Argentina and the largest in Peru, based also on information provided by third-party market researcher, Planet Retail. We pioneered the hypermarket format in Chile with the opening of our first Jumbo hypermarket in 1976. Since then, we have expanded and grown our supermarkets division, and as of December 31, 2013 we operated a total of 187 supermarkets and 37 hypermarkets in Chile under the Santa Isabel and Jumbo brands. We operate 21 hypermarkets and 269 supermarkets under Jumbo, Disco and Super Vea brands in Argentina, as of December 31, 2013.

In Brazil, as a result of recent acquisitions, we are now the fourth-largest supermarket operator in terms of revenues, according to the ABRAS. We believe we are the largest operator in the state of Minas Gerais, the second-largest in the northeast of Brazil, and we estimate we are the third-largest in the state of Rio de Janeiro (after the acquisition of Prezunic in January 2012), all in terms of sales. In January 2012 we acquired Prezunic, the operator of a supermarket chain of 31 stores in the state of Rio de Janeiro, in Brazil, thus further expanding our presence in the Brazilian market. Our operations in Brazil comprise 182 supermarkets and 39 hypermarkets. According to Apoyo, a Peruvian Rating Agency associated with Fitch, Inc., we are the largest supermarket operator in Peru in terms of sales, with 87 stores as of December 31, 2013.

On November 30, 2012, we completed the acquisition of Carrefour’s operations in Colombia, andcurrently stand as the third largest player in Colombia in the food retailing industry according to Nielsen data as of December 31, 2013. Our operations in the country comprise 21 supermarkets operating under the Metro Express brand and 79 Hypermarkets that operate under Metro and Jumbo brands. See “—A. History and Development of the Company—History.”

Home improvement stores. We believe we are the second-largest home improvement store operator in Chile and the largest in Argentina in terms of revenues based on our comparison against publically filed information from our main competitors as of December 31, 2013. We sell a wide variety of building and other materials, including name brand and private label products. As of December 31, 2013, we have 32 Easy home improvement stores and 307,853 square meters of home improvement store selling space in Chile and 40 Easy and 8 Blaisten home improvement stores and 373,490 square meters of home improvement store selling space in Argentina. In October 2008, we opened the first home improvement store in Colombia and as of December 31, 2013 we have 9 Easy home improvement stores and 75,732 square meters of selling space in Colombia.

Department stores. We believe that we are the second-largest department store operator in Chile, in terms of revenues based on our comparison against information from public filings of our main competitors as of December 31, 2013. We also believe we have the largest selling space for department stores in Chile. We operate 40 Paris and 37 Johnson department stores in Chile with 371,891 square meters of total selling space as of December 31, 2013 and 6 Paris stores in Peru with selling space of 32,222 square meters. Our Paris stores sell a wide variety of merchandise such as apparel, home furnishings, electronics and sporting goods, including name brand and private label products. In December 2011, we acquired an 85.58% interest in Johnson, a department store with 39 stores throughout Chile under the Johnson brand and an additional 13 stores using the FES brand with a total of 117,569 square meters or an additional 43.2% of selling space over our existing Paris stores. FES stores were closed during the 2013 period. We completed the acquisition of the remainder of outstanding shares of Johnson on December 18, 2013.

Shopping centers. We believe that we are the second-largest operator of shopping centers in each of Chile and Argentina, in terms of total leasable area based on our comparisons against publically filed information from our main competitors as of December 31, 2013. As of December 31, 2013, we own and manage 10 shopping centers in Chile, 15 in Argentina 3 in Peru and 1 in Colombia with a total gross leasable area of 756,264 square meters. In Chile and Argentina, each of our shopping centers contains a Jumbo hypermarket, an Easy home improvement store and, in Chile, a Paris department store as well as other third-party-owned businesses intended to attract customers and enhance their overall shopping experience.

Financial services. We established our financial services division in 2003 when we launched our “Jumbo Más” credit card to facilitate in-store purchases and, since then, have significantly increased our credit card operations in Chile, Argentina, Brazil and Peru. We have grown both through our own private-label cards and joint ventures with third party bank issuers of credit cards, primarily to finance customers’ purchases in our stores. We also own Banco Paris, a specialty retail consumer bank in Chile, which provides a wide range of consumer and financial services. In August 2010, we launched our own private label credit card in Peru and we are expanding our offerings of financial services. In 2011, we established Banco Cencosud in Peru and in June 2012 we received the operation license from the banking superintendence (*Superintendencia de Bancos y Seguros*), and started operations in August 2012 through our Cencosud credit card. In 2011, we entered into an agreement with a major Brazilian bank, Banco Bradesco, to offer financial services for all our stores in Brazil, namely the exclusive issuance and operation of the Cencosud Card credit card (*Cartão Cencosud*), as well as the offer, within Cencosud stores in Brazil, of consumer loans, purchase financing and insurance products. Prezunic is currently not a participant in the above-mentioned joint venture.

As of December 31, 2013, we had a total of 5 million credit cards and other accounts in Chile, Argentina, Brazil and Peru. As of December 31, 2013, we also had U.S.$1.3 billion in customer loans outstanding. Our financial services segment also includes our insurance brokerage services in Argentina, Chile, Brazil and Peru.

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

For the years ended December 31, 2013, 2012 and 2011, results from our "Other" segment represented 0.2%, 0.1% and 0.2%, respectively, of our consolidated revenues.

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

	Year Ended December 31, 2013					
	Supermarkets	**Home improvement**	**Department stores**	**Shopping centers**	**Financial services**	**Other[1]**
			(in millions of Ch$)			
Revenues from ordinary activities	7,682,064	1,176,890	970,360	205,332	288,533	17,861
Gross margin	1,911,934	389,487	268,830	181,991	202,778	14,410
Adjusted EBITDA[2]	418,459	99,523	49,364	157,926	121,432	(98,341)

(1) See "—Our Company" for a description of our "Other" segment.
(2) See "Presentation of Financial and Other Information" for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.

We serve several markets through our extensive network of stores and shopping centers in South America under six diversified business segments. Our five principal segments are: supermarkets, home improvement stores, department stores, shopping centers and financial services. As of December 31, 2013, we operated 1,123 stores and shopping centers in Chile, Argentina, Brazil, Peru and Colombia with a total selling area of 4,237,899 square meters. Through our various store formats and our numerous brands, we offer a full range of products intended to appeal to all types of consumers. The merchandise we carry includes one or more of the leading manufacturers in each category complemented by our offerings of our own private label brands. We believe the diversity and strength of our brands and our varied store formats allows us to compete effectively against our competitors, which range from traditional independent grocery stores and food specialists to mass market retailers.

As of December 31, 2013, our brand portfolio includes the following principal brands:

	SUPERMARKETS	HOME IMPROVEMENT	DEPARTMENT STORES	SHOPPING CENTERS	FINANCIAL SERVICES
Argentina	Vea cencosud, Jumbo cencosud, Disco	blaisten cencosud, easy cencosud		cencosud SHOPPING CENTERS	cencosud
Brazil	gbarbosa cencosud, Bretas cencosud, mercantil rodrigues cencosud, perini cencosud, prezunic cencosud				cencosud
Chile	Jumbo cencosud, Santa Isabel cencosud	easy cencosud	Johnson cencosud, paris	cencosud SHOPPING CENTERS	cencosud
Colombia	Jumbo cencosud, Metro cencosud	easy cencosud			
Peru	Metro cencosud, Wong cencosud		paris cencosud	cencosud SHOPPING CENTERS	cencosud

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

	Year Ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Number of retail stores(2)	994	952	800
Total store area (square meters)(2)	3,082,700	2,941,597	2,566,890
Net sales(2)	9,847,175	8,694,793	7,207,205
Adjusted EBITDA(3)	469,005	440,092	431,849

(1) Except numbers of stores and selling space.
(2) Excluding shopping centers and Financial Services.
(3) See “Presentation of Financial and Other Information” for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.

Supermarkets

General

We pioneered the hypermarket format in Chile with the opening of our first Jumbo hypermarket in 1976. Since then, we have expanded and grown our supermarkets division, and at December 31, 2013 we owned a total of 37 hypermarkets and 187 supermarkets in Chile operating under the Jumbo and Santa Isabel brands. We opened our first Jumbo hypermarket in Argentina in 1982 and in 2004 acquired the Disco supermarket chain, significantly enhancing our presence in Argentina and at December 31, 2013 we operated 21 Jumbo hypermarkets and 269 Disco and Super Vea supermarkets in Argentina. We estimate that we are the second largest operator in Argentina and Chile in terms of sales.

In recent years, we have expanded beyond our traditional supermarket presence in Chile and Argentina and have made sizeable acquisitions in Brazil and Peru. As a result, at December 31, 2013 we operated 221 supermarket and hypermarket stores in Brazil under the brands GBarbosa, Mercantil Rodrigues, Perini, Bretas and Prezunic. With our acquisition of Prezunic in January 2012, we consolidated our position as Brazil's fourth-largest supermarket operator, in terms of revenues, according to ABRAS. Regionally, we estimate that we are the second-largest operator in the northeast of Brazil, the largest operator in Minas Gerais in Brazil and, following the acquisition of Prezunic, the third-largest operator in Rio de Janeiro, in terms of sales. In Peru, we operated 87 Metro and Wong hypermarkets and supermarkets at December 31, 2013. According to Apoyo, we are the largest supermarket operator in Peru in terms of sales. In 2012, we entered the Colombian supermarket industry inorganically through the purchase of the second largest player in the country, Carrefour. Our supermarket operations in the country dropped the use of their former brand and were rebranded Jumbo and Metro. In 2013, the rebranding process was completed and Cencosud has focused on building brand awareness. According to informacion received from Nielsen we estimate that we arethe third largest player in the Colombian market. For the year ended December 31, 2013, our supermarkets generated revenues from ordinary activities, gross margin and Adjusted EBITDA of Ch$7,682,064 million, Ch$1,911,996 million and Ch$421,021 million, respectively.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Number of stores	922	888	684
Total selling space (square meters)	2,349,981	2,275,172	1,591,332
Average sales per store	8,228(2)	8,356(2)	7,537
Sales per square meter	2.14(2)	0.28(2)	2.97

(1) Except numbers of stores and selling space.
(2) Does not include Colombian Supermarket operations

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

Revenues from ordinary activities	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)		
Chile	2,227,303	2,057,976	1,826,056
Argentina	1,786,933	1,751,869	1,553,663
Brazil	2,003,898	2,095,104	1,552,064
Peru	745,470	718,940	624,488
Colombia	918,460	115,354	—
Total	7,682,064	6,739,243	5,566,271

Chile

At December 31, 2013, we operated 224 supermarkets in Chile, which together had 546,236 square meters of total selling space. Of our 224 supermarkets in Chile, 37 were hypermarkets and 187 were supermarkets.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Number of stores	224	214	190
Total selling space (square meters)	546,236	524,677	463,834
Average sales per store	9,943	9,617	9,662
Sales per square meter	4.08	3.92	3.94
Increase (decrease) in same-store sales	1.6%	4.8%	4.8%

(1) Except numbers of stores, selling space and same-store sales.

Hypermarkets. Our Jumbo hypermarkets are our largest stores in Chile and have selling areas ranging from 6,000 square meters to 11,816 square meters. At December 31, 2013, we operated 37 Jumbo hypermarkets Chile with total selling space of 279,085 square meters.

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

	Year ended December 31,		
	2013(*)	2012	2011
Number of stores	37	43	32
Total selling space (square meters)	279,085	286,664	241,439

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

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

Supermarkets At December 31, 2013, we operated 187 supermarkets in Chile under the Santa Isabel and Jumbo Express brands with selling areas ranging from 350 square meters to 3,000 square meters. As of December 31, 2013, we operated 187 supermarkets with total selling space of 266,661 square meters.

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

	Year ended December 31		
	2013(*)	2012	2011
Number of stores	187	171	157
Total selling space (square meters)	266,661	238,013	222,395

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

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

Argentina

General

We operated 290 supermarkets in Argentina at December 31, 2013, which together had 519,171 square meters of total selling space. Of our 290 supermarkets in Argentina, 24 were Jumbo stores and 266 were Disco and Super Vea stores at December 31, 2013.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Number of stores	290	288	269
Total selling space (square meters)	519,171	522,416	502,682
Average sales per store	6,162	6,083	5,776
Sales per square meter	3.44	3.35	3.09
Increase (decrease) in same-store sales	17.3%	18.5%	22.5%

(1) Except numbers of stores, selling space and same-store sales.

Hypermarkets. We opened our first Jumbo hypermarket in Argentina in 1982. Our Jumbo hypermarkets and supermarkets are our largest stores in Argentina and have selling areas ranging from 3,000 square meters to 12,223 square meters. As of December 31, 2013, we operated 21 Jumbo hypermarkets in Argentina, 18 of which are located in the Buenos Aires metropolitan area.

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

	Year ended December 31,		
	2013 (*)	2012	2011
Number of stores	21	24	21
Total selling space (square meters)	154,100	162,499	163,902

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

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

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

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

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

	Year ended December 31,		
	2013(*)	2012	2011
Number of stores	269	266	264
Total selling space (square meters)	365,071	359,917	359,917

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

The target market of our Disco stores is primarily the middle- and high-income segment of the Argentine population. Disco has a service-oriented format and offers a wide variety of products and services to our customers. This format caters to more affluent customers who are willing to pay a premium for higher quality products, a more personalized service and a broader product assortment. To emphasize the service concept, Disco offers a wide variety of services, including internet purchasing options (Disco Virtual), photo developing services (Disco Foto), an in-store credit card (Discocard or Válida), a loyalty program (Discollus) and a system for customers to pay their utility bills at the checkout (Discolago).

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

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

Brazil

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

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

As of December 31, 2013, we operated 221 stores in Brazil which together had 596,746 square meters of total selling space. Of these 221 stores, we operate 88 GBarbosa supermarkets, 81 Bretas stores, 5 Perini stores, 6 Mercantil Rodrigues stores and 40 Prezunic stores. In addition to these, we also operate 152 locations in numerous formats such as Eletro-show stores, pharmacies, gas station and delicatessen under our GBarbosa, Bretas and Perini brands in Brazil. For the year ended December 31, 2013, our supermarkets in Brazil generated revenues from ordinary activities of Ch$2,003,898 million, representing 19.4% of our consolidated revenues from ordinary activities for such period.

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

	Year ended December 31,		
	2013	2012	2011
		(in millions of Ch$)(1)	
Number of stores	221	204	152
Total selling space (square meters)	596,746	552,764	391,485
Average sales per store	9,067	10,220	10,211
Sales per square meter	3.36	4.00	4.08
Increase (decrease) in same-store sales	-0.5%	0.5%	1.4%

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

(1) Except numbers of stores, selling space and same-store sales.

GBarbosa. As of December 31, 2013, we operated 88 GBarbosa supermarkets in Brazil. Additionally, under the GBarbosa brand we also offer financial services to our customers in Brazil.

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

Mercantil Rodrigues. At December 31, 2013, we also owned and operated 7 Mercantil Rodrigues cash and carry in Brazil. Mercantil Rodrigues offer a wide range of food items, including fresh fruits and vegetables, baked goods, fresh meats and other grocery items.

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

Perini. On July 5, 2010, we acquired 100% of the outstanding shares of Perini Comercial do Alimento Ltda., operator of the four-store chain of Perini supermarkets in the city of Salvador da Bahia in Brazil, for approximately U.S.$27.7 million (approximately Ch$14,899 million). Perini is a well-known brand in Brazil with 47 years in the market that targets the high-end retail customer segment and complements our business portfolio in Brazil. In addition to the four Perini stores in the city of Salvador da Bahia, we also acquired four additional points of sales inside shopping centers, with a total sales area of 4,900 square meters, and two distribution centers. In 2012, we opened a new Perini store in the city of Recife inside the Riomar shopping center and closed one distribution center. We currently operate five stores that are serviced by a single distribution center. *Bretas*. On October 31, 2010, we acquired 100% of the outstanding shares of Irmaos Bretas Filhos e Cía. Ltda., operator of the 63-store chain of Bretas supermarkets in the state of Minas Gerais in Brazil, for approximately U.S.$705 million (approximately Ch$336,630 million). Bretas is a well-known brand in Brazil with 56 years in the supermarket industry. In addition to the 63 Bretas stores, we also acquired 10 additional gas stations, and two distribution centers.

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

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

Peru

On January 31, 2008, we acquired 100% of the shares of GSW S.A., operating under the brand name Wong in Peru, for approximately U.S.$467 million (approximately Ch$217,295 million). As of December 31, 2013, we operated 89 Wong and Metro hypermarkets and supermarkets in Peru which together had 259,360 square meters of total retail selling space. For the year ended December 31, 2013, our stores in Peru generated revenues from ordinary activities of Ch$745,470 million, representing 7.2% our consolidated revenues from ordinary activities for such period.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of nominal Ch$)(1)		
Number of stores	87	86	74
Total selling space (square meters)	259,360	258,762	233,331
Average sales per store	8,569	8,332	8,439
Sales per square meter	2.87	2.77	2.68
Increase (decrease) in same-store sales	1.5%	4.2%	6.5%

(1) Except numbers of stores, selling space and same-store sales.

Hypermarkets. As of December 31, 2013 we operated 73 hypermarkets mainly under our Metro brand in Peru, which had an average selling area of 2,962 square meters. Metro stores carry our full line of products and brands, at a variety of price points. The target market of our Metro stores is primarily the middle- and low-income segment of the Peruvian population.

Supermarkets. As of December 31, 2013 we operated 14 supermarkets in Peru mainly under our Wong brand, which had an average selling area of 2,310 square meters. Our Wong stores carry our full line of products and brands, at a variety of price points. In addition, some Wong stores contain separate specialty retail facilities operated by third parties. The target market of our Wong stores is primarily the middle- and high-income segment of the Peruvian population.

Colombia

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

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Number of stores	100	96	—
Total selling space (square meters)	428,469	416,699	—
Average sales per store	9,184	1,202	—
Sales per square meter	2.14	0.28	—
Increase (decrease) in same-store sales	-7.4%	*	—

* No same store sales data is available for supermarkets in Colombia as no comparable stores were part of operations in 2011
(1) Except number of stores, selling space and same-store sales.

As of December 31, 2013 the hypermarkets we operated in Colombia had an average selling space 4,284 square meters. These stores carry a varied assortment of goods at a variety of price points. Cencosud completed the rebranding of these supermarkets in the third quarter of 2013, bringing to the Colombian market its Jumbo and Metro brands. As in the other countries where we operate, Jumbo hypermarkets are primeraly targeted at the upper- to middle-income segment of the population offering a wide range of imported products with high quality standards for its perishables and service. As in Peru our Metro hypermarkets target the mid to lower income segment of the population and have a more promotional approach offering a combination of competitive pricing through specific promotional activities and lower degree of service relative to Jumbo while trying to offer the highest quality product available at those prices.

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

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

Total selling space for our hypermarkets in Colombia is of 428,469 square meters.

Supermarket. Our supermarkets in Colombia operate under the Metro Express brand. These locations are aimed at a consumer that values proximity to a "one-stop shop" location. As of December 31, 2013, Cencosud operated 21 stores under this brand with a total selling space of 4,605 square meters. These supermarkets offer a limited variety of products due to the size of the locations.

Home improvement stores

General

In 1993 we opened our first Easy home improvement store segment in Chile and, since 2002, we have rapidly expanded our home improvement operations. As of December 31, 2013, we operated 82 Easy home improvement stores in Argentina, Chile and Colombia dedicated to home improvement, hobbies and construction. We believe we are the second-largest home improvement store operator in Chile and the largest in Argentina in terms of selling space, based on our comparisons against information from public filings of our main competitors as of December 31, 2013, and on information provided in the report by Planet Retail, a third-party research company, dated as of that date. In October 2008, we opened the first home improvement store in Colombia, where we operate nine stores and 75,732 square meters of selling space at December 31, 2013. For the year ended December 31, 2013, our home improvement stores generated revenues from ordinary activities, gross margin and Adjusted EBITDA of Ch$1,176,890 million, Ch$389,487 million and Ch$99,523 million, respectively.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)[1]		
Number of stores	89	82	81
Total selling space (square meters)	757,074	705,933	703,170
Average sales per store	13,858[2]	12,964	11,712
Sales per square meter	1.68[2]	1.25	1.35

(1) Except numbers of stores, selling space and same-store sales.
(2) Excludes Colombian Stores opened in the month of December.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)		
Revenues from ordinary activities			
Chile	448,703	400,375	367,483
Argentina	682,010	619,985	541,778
Colombia	46,177	42,727	39,380
Total	1,176,890	1,063,086	948,641

Chile

In Chile, we operate our home improvement store business through 32 Easy home improvement stores, of which 13 are located in the Santiago metropolitan region and the rest throughout the various regions of Chile. For the years ended December 31, 2013, 2012 and 2011, Easy home improvement stores in Chile generated revenues from ordinary activities of Ch$ 448,703 million, Ch$ 400,375 million and Ch$367,483 million, respectively, representing 4.3%, 4.4% and 4.8% of our consolidated revenues from ordinary activities during those periods.

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

	Year ended December 31,		
	2013	**2012**	**2011**
		(in millions of Ch$)[(1)]	
Number of stores	32	31	29
Total selling space (square meters)	307,853	299,806	276,325
Average sales per store	14,022	12,915	12,672
Sales per square meter	1.46	1.34	1.33
Increase (decrease) in same-store sales	6.1%	6.3%	4.9%

(1) Except numbers of stores, selling space and same-store sales.

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

Easy has a centralized purchasing model based on demand forecasting. However, each store can generate its own supplementary purchases. Price and commercial terms are overseen by different business managers in charge of negotiating with major providers. The product mix is determined based on the needs of the particular community that the store serves. Each year a commercial agreement is signed with each of our suppliers. These commercial agreements are standard for all suppliers and cover the terms on which goods are bought by Easy including volume, discounts, marketing expenses born by the supplier, fees charged for the use of space in the store, logistics expenses, and space in new stores. At December 31, 2013, our Easy home improvement stores in Chile have an average selling area of ranging from 3,266 square meters to 14,469 square meters, with an average of 9,620 square meters of selling area. Each of our Easy home improvement stores has easily accessible car parking and many are located at our shopping centers. Our Easy home improvement stores offer a variety of products, including (i) flooring, paints, bath and kitchen materials; (ii) home, furniture, garden and hobby materials; (iii) hardware, electrical and plumbing materials; (iv) building and wholesale construction materials; and (v) agricultural products.

Argentina

In Argentina, we operate our home improvement store business through 48 Easy and Blaisten home improvement stores, which had 373,490 square meters of total selling space as of December 31, 2013. For year ended December 31, 2013, our home improvement stores in Argentina generated revenues from ordinary activities of Ch$ 682,010 million, representing 6.6% of our consolidated revenues from ordinary activities during such period.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Number of stores	48	47	48
Total selling space (square meters)	373,490(2)	369,067	391,485
Average sales per store	14,209	13,191	11,287
Sales per square meter	1.83	1.67	1.38
Increase (decrease) in same-store sales	30.3%	26.6%	32.3%

(1) Except numbers of stores, selling space and same-store sales.
(2) Methodology for the calculation of selling space was modified in 2013 to exclude aisles and cashier space.

Our home improvement business in Argentina has expanded rapidly over the past few years, primarily through the acquisition of four former Home Depot stores in 2002 and nine Blaisten stores in 2008. Our home improvement stores are located in 14 provinces of Argentina and include 11stores in the Buenos Aires federal district and 23 in the Buenos Aires province. At December 31, 2013, our Easy and Blaisten home improvement stores in Argentina have an average of 7,781 square meters of selling space. Each of our Easy home improvement stores in Argentina has easily accessible car parking and many are located at our shopping centers.

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

Colombia

In May 2007, we entered into a joint venture with Casino to develop the home improvement store business in Colombia, and subsequently acquired 100% ownership of the joint venture. In October 2008, we opened our first Easy home improvement store in Bogota, and as of December 31, 2013 we operated nine Easy home improvement stores. For the year ended December 31, 2013, our Easy home improvement stores in Colombia generated revenues from ordinary activities of Ch$46,177 million, representing 0.4% of our consolidated revenues from ordinary activities for such period. Eight of our Easy home improvement stores are located in Bogota and one is located in the city of Medellin.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Number of stores	9	4	4
Total selling space (square meters)	75,732	37,060	35,360
Average sales per store	5,131	10,682	9,845
Sales per square meter	0.61	1.15	1.11
Increase (decrease) in same-store sales	0.3%	4.1%	11.8%

(1) Except numbers of stores, selling space and same-store sales.

Our Easy home improvement stores in Colombia have selling areas ranging from 8,168 square meters to 9,895 square meters, with an average selling area of 8,414 square meters. Each of our Easy home improvement stores has easily accessible car parking.

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

Department Stores

We entered the department store business in March 2005 through the acquisition of Empresas Almacenes Paris S.A., one of Chile's leading department stores in terms of sales and number of stores. The principal activity of Paris is the retail sale of clothing products (including clothes for women, men and children, shoes and accessories) which represent approximately 53% of Paris' sales, as well as of household goods, electronics and technology products which represent the other 47% of Paris' sales, each as of December 31, 2013. As of December 31, 2013, we estimate that we were the second-largest department store operator in Chile, in terms of sales. Based on our comparison against information from public filings of our main competitors as of December 31, 2013, we also believe we have the largest selling space for department stores in Chile.

As of December 31, 2013, we operated 40 Paris department stores and 37 Johnson department stores in Chile, which together had 371,891 square meters of total selling space. In Peru, our Paris store operations comprise six stores with 32,222 square meters of selling space. For the years ended December 31 2013, 2012 and 2011, our department stores generated revenues from ordinary activities of Ch$ 970,360 million, Ch$886,075 million and Ch$690,772 million, respectively, representing 9.4%, 9.7% and 9.4% of our consolidated revenues from ordinary activities for such periods. The following table sets forth certain performance metrics related to our department stores in Chile for the periods presented:

	Year ended December 31, (in millions of Ch$)(1)		
	2013	2012	2011
Number of stores	77	78	35
Total selling space (square meters)	371,891	377,191	272,388
Average sales per store	12,413	11,360	19,736
Sales per square meter	2.57	2.35	2.54
Increase (decrease) in same-store sales	4.7%	5.3%	5.2%

(1) Except numbers of stores, selling space and same-store sales.

Chile

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

Our Paris department stores carry a variety of products, including (i) clothing, (ii) accessories and cosmetics, (iii) home décor, (iv) electronic and household appliances, (v) sporting goods, and (vi) footwear. Our Paris department stores currently carry private label products under the brands Opposite, Alaniz, Tribu, Attimo, Rainforest, Greenfield, Suburbia, Muv, Fes, Yoko and Aussie, among others. During the year ended December 31, 2013, our private label products in the department store segment represented 25% of our department store revenues.

Peru

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

	Year ended December 31, (in millions of Ch$)(1)		
	2013	2012	2011
Number of stores	6	—	—
Total selling space (square meters)	32,222	—	—
Average sales per store	2,430	—	—
Sales per square meter	0.45	—	—
Increase (decrease) in same-store sales	— *	—	—

* Paris operations were launched in 2013

Our Paris department stores operations in Peru were launched in 2013 have selling areas ranging from 3,543 square meters to 7,970 square meters, with an average selling area of 5,370 square meters.

Shopping Centers

General

We are a regional operator of shopping centers in Latin America with operations in Chile, Argentina, Peru and Colombia. We are the largest operator of shopping centers in Argentina and the second in Chile in terms of total area for lease, on the basis of our comparisons with public information of our main competitors. We had a total leasable area of 1,876,753 square meters December 31, 2013. We are owners and operators of 25 shopping centers in Chile, 18 in Argentina and three in Peru, in addition to having the majority stake in two shopping centers in Colombia.

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

- Mega Center (1): Shopping Centers over 100,000 square meters of gross leasable area, or GLA, containing mixed-use space, anchor stores, satellite shops, medical centers, offices and hotels.
- Regional (3): Shopping Centers up to 100,000 square meters of GLA with impact on multiple geographic areas, anchors, satellites and medical centers.
- Neighborhood (20): Shopping Malls with up 70,000 square meters of GLA with areas of influence in the surrounding communities, with anchors, satellites and in some cases medical centers.
- Factory (3): Shopping Centers for discount brands.
- Power Centers (17): Centers of up to 35,000 square meters of GLA including a maximum of two Anchor stores and a small number of local satellite stores.
- Strip Centers (2): Centers with up to 10,000 square meters of GLA with one anchor store with a maximum of 5,000 square meters, plus an additional satellite store.

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

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)		
Revenues from ordinary activities			
Chile	112,838	93,091	64,501
Argentina	69,297	65,468	59,661
Peru	14,555	6,903	5,565
Colombia	8,642	819	0
Total	205,332	166,281	129,727

Chile

In Chile, Cencosud is the second largest mall operator, and owns and operates 25 shopping centers with 97% occupancy and with over 1 million square meters, under the following formats Mega Center, Regional, Neighborhood, Strip Centers and Power Centers.

The shopping centers are located throughout Chile, having nine shopping centers located in Santiago and 16 regions. During 2012 we opened Costanera Center, the first mixed-use Mega Center in Chile and one of the largest and most successful in the Latin American shopping center industry. The waterfront project also comprises four office towers and a hotel, within the project. Costanera Tower stands out as the tallest in Latin America with a total height of 300 meters. The mall itself is six stores high with segmented levels by categories, which marks another step towards the innovation taken by Cencosud in the industry. The Shopping center boasts a marketable area of 137,000 square meters and over 300 stores.

Additionally Cencosud operates Alto Las Condes, a regional shopping center located in the city of Santiago, nine Neighborhood shopping centers in Santiago under the brand Portal (La Dehesa, La Florida, Nuñoa and La Reina) and five in the interior (Bellotto, Rancagua, Talcahuano, Temuco, Osorno), plus14 Power Centers across the country.

The following table shows certain information regarding the shopping centers we own in Chile as of and for the year ended December 31, 2013.

Chile	Number of Malls	GLA Third Parties	GLA Related Parties	GLA Total
			(square meters)	
Mega Center	1	99,774	34,864	134,638
Regional	1	74,559	43,362	117,920
Neighborhood	9	218,889	261,036	479,925
Power Center	14	19,197	333,466	352,663
Total	**25**	**412,418**	**672,728**	**1,085,146**

Argentina

Cencosud is the first shopping center operator in Argentina, with a market share estimated at 45%, and a total GLA of over 600,000 square meters in the country, with 18 shopping centers with 98% occupancy.

In Argentina, Cencosud owns and operates five different formats: Regional, Neighborhood, Factory, Power Centers and Strip Centers. Eleven of these are located in the province of Buenos Aires, and seven in the interior (Neuquén, Mendoza, Rosario, Salta, La Rioja, and Tucumán Trewel).

Unicenter, based in Buenos Aires, is the main regional shopping center in the country. Cencosud also operates 10 Neighborhood shopping centers under the brand Portal and three Factories (Brown Park, Quilmes, San Martin), one Strip Center and two Power Centers (La Rioja and Tortuguitas).

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

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

The following table presents certain information regarding the shopping centers we own in Argentina as of December 31, 2013.

Argentina	Number of Malls	GLA Third Parties	GLA Related Parties	GLA Total
			(square meters)	
Regional	1	72,376	23,723	96,098
Neighborhood	10	130,478	259,593	390,071
Factory	3	30,637	81,642	112,278
Power Center	3	7,443	58,125	65,568
Strip Center	1	477	4,180	4,657
Total	**18**	**241,410**	**427,263**	**668,673**

Peru

In Peru, Cencosud owns and operates three malls, with a GLA of 88,719 square meters, a regional shopping center called Plaza Lima Sur located in Lima, a Neighborhood mall in the city of Arequipa, called Arequipa Center and a Strip Center called Bajada Balta in Lima.

The following table presents certain information regarding the shopping centers we own in Peru as of December 31, 2013:

Peru	Number of Malls	GLA Third Parties	GLA Related Parties	GLA Total
		(square meters)		
Regional	1	40,277	13,024	53,301
Neighborhood	1	17,085	12,579	29,664
Strip Center	1	1,026	4,728	5,754
Total	**3**	**58,388**	**30,331**	**88,719**

Colombia

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

Financial Services

General

Our financial services division was established in 2003 when we launched our "Jumbo Más" credit card. With our acquisition of Paris in 2005, we obtained our predecessor's credit card accounts and thus significantly expanded our credit card business. We rolled out a single Cencosud brand for our credit cards throughout our operations in South America, which will allow us to take a greater advantage of the "Cencosud" brand as well as to achieve greater operational efficiencies, and will make us able to consolidate under one common database all relevant information for our customers. Through this strategy, we expect to achieve higher penetration of our credit card business as we encourage consumers to use our credit cards rather than third-party cards, such as Visa or MasterCard. In Chile, during the year ended December 31, 2013, 43.0% of total sales in department stores, 13.2% in supermarkets and 20.5% in home improvement stores, were paid with one of our credit cards. As of December 31, 2013, we had over 5.5 million active credit card accounts. Our financial services operations also include joint ventures in Brazil and Colombia and an insurance brokerage in Chile.

Cencosud has deemed this a non-core business and attempted to divest from its loan portfolio and form a joint venture for its Financial Services business in Chile and Argentina during the 2013 period. An MoU was signed during the period for the divesting and forming of the joint Venture. The agreement was later terminated. Cencosud may try to reach a similar agreement in the future.

The following table sets forth, for the periods indicated, the revenues from ordinary activities from our financial services operations per country, with 71.7% of such revenues from ordinary activities coming from Chile, as of December 31, 2013:

	Year ended December 31,		
	2013	**2012**	**2011**
	(in millions of Ch$)		
Revenues from ordinary activities			
Chile	206,882	223,726	222,560
Argentina	44,740	41,238	31,915
Brazil(1)	3,983	3,676	4,657
Peru	25,347	13,614	8,741
Colombia(2)	7,581	425	
Total	288,533	282,254	267,874

(1) Joint venture with Banco Bradesco
(2) Joint Venture with Colpatria

Credit Risk from the credit card business.

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

Business Definition

The financial services business is defined as one more element of Cencosud's value offering, which complements the comprehensive product and service offerings the Company provides through each of its retail business units and is aimed at building long-term relationships with our customers. The largest percentage of the financial retail business corresponds to the Cencosud Credit Card in Chile, which has been operating for more than 20 years. The card's market penetration is less pronounced in other countries, such as Peru where it has been available for three years and one year under the name of Banco Cencosud Peru. In addition, the Company is working with Banco Bradesco in Brazil to develop its financial business in that country, and with Banco Colpatria in another joint venture to offer financial services to clients in Colombia.

Risk Model

Foundations:

The Risk Management Model is tightly linked to the large-scale and fragmented nature of the retail cardholder portfolio with a very large volume of cardholders (more than 5,000,000 in the region) and average debt per cardholder of around U.S.$500.

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

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

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

a. Key Risk Management Factors

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

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

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

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

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

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

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

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

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

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

Chile

Credit cards

We are engaged in the credit card business in Chile through the issuance of our Cencosud credit cards, which have a strong presence in our stores and can be used in more than 290 affiliated businesses. As of December 31, 2013, we had approximately 2,144,552 active credit card accounts in Chile. Through our Cencosud card, we have increased the purchasing power of our middle- and low-income clients, who generally do not have credit offers with other institutions, and are generally unable to bear the fixed costs charged by other credit cards.

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

Our Cencosud credit cards offer a single credit card with features including monthly payments of minimum charge, revolving credit and installment loans. In addition, when using our Cencosud credit cards, customers also receive added benefits such as access to discounts and special offers and accumulation of points, which are usable in our loyalty program and can later be used to make purchases in our stores. Cardholders are charged administrative fees, and interest charges are based on individual extensions of credit. The average monthly interest rate charged to cardholders as of December 31, 2013, 2012 and 2011 was 3.35%, 3.27% and 3.02%, respectively. We adjust the interest rates on our credit cards regularly in response to costs of funding and standard rates in the industry. The revolving interest rates charged to cardholders are floating.

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

	Year ended December 31,					
	2013		2012		2011	
	Sales	%	Sales	%	Sales	%
	(in millions of Ch$)(1)					
Jumbo	276,449	17.6%	264,586	18.58%	248,094	20.5%
Santa Isabel	74,470	6,8%	83,146	8.04%	78,491	8.1%
Easy	109.803	20.,5%	95,517	19.95%	91,231	20.8%
Paris	426,533	46.0%	430,019	49.42%	425,599	53.3%
Johnson	46.384	26.9%	0	0	0	0
Total(2)	933,639	21.7%	873,269	22.94%	843,415	24.7%

(1) Except percentages.
(2) Includes value added taxes.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Portfolio Status			
Performing(2)	406,239	401,360	394,817
Past due:			
31-89 days	20,542	25,116	26,732
90-180 days	17,106	20,923	25,247
181-365 days		—	—
Total	443,888	447,400	446,795
Over 365 days and legal proceedings(3)		—	—
Loan loss allowance as % of past due loans	77.01%	67.2%	61.7%
Loan loss allowance as % of all loans(4)	6.53%	6.9%	7.2%

(1) Except percentages.
(2) Performing loans not past due more than 30 days.
(3) Entire portfolio written off. These claims are subject to a 100% allowance.
(4) Loan loss allowance does not include Ch$3,533 million of anti-cyclical provisions

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Non-performing loans as % of total loans	8.48%	10.29%	11.6%
Total write-offs	57,018	69,980	56,329
Average monthly write-offs as % of total loans	1.07%	1.30%	1.1%

(1) Except percentages.

Insurance brokerage

We entered into the insurance business to complement our credit card offerings, offering extended warranties for certain of the electronic products sold at our stores. We also offer other attractive insurance plans to our existing retail customers. Our insurance activities focus on the sale of life, medical, unemployment, home and car insurance, in simple formats and at accessible rates focusing on underserved socio-economic segments. Our insurance products are sold through our distribution channels and are supported by telemarketing and personalized marketing to customers in Paris and Jumbo stores. During the years ended December 31, 2013, 2012 and 2011, our insurance activities in Chile generated revenues from ordinary activities of Ch$ 21,513 million, Ch$25,769 million and Ch$26,553 million, respectively, representing approximately 0.2% of our consolidated revenues from ordinary activities for such periods. These figures do not include extended warranty proceeds, which are booked in the retail division.

Argentina

Credit cards

In Argentina we operate a credit card business for each of our retail brands. The Argentine market for financial services is served by domestic and foreign private banks, public sector banks, credit card operators and retailers. In April 2007, we entered the financial services and insurance markets in Argentina through the launch of our "Tarjeta Más." As of December 31, 2013, we had issued 1,118,004 Cencosud credit cards. For the year ended December 31, 2013, revenues from our proprietary cards in Argentina represented 0.4% of our total revenue. Through our Cencosud credit card, we have increased the purchasing power of our middle and low-income clients, who generally do not have credit with other institutions, and are generally unable to bear the fixed costs charged by other credit cards. The following table sets forth the credit cards sales by Jumbo, Disco and Vea, and Easy in Argentina and the percentage that such sales represent of each store's total sales for the periods presented:

	Year ended December 31,					
	2013		2012		2011	
	Sales	%	Sales	%	Sales	%
			(in millions of Ch$)(1)			
Jumbo	131,306	23.9%	116,142	21.40%	98,863	20.3%
Disco and Vea	92,378	5.5%	75,455	3.9%	59,369	3.9%
Easy(2)	141,033	21.2%	113,925	18.00%	110,03	16.0%
Total	364,717	12.6%	305,522	10.90%	268,262	9.9%

(1) Except percentages.
(2) Does not include Blaisten

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Non-performing loans as % of total loans	3,8%	6.38%	7.8%
Total write-offs	7,226	7,251	1,928
Average monthly write-offs as % of total loans	0.36%	0.47%	0.1%

(1) Except percentages.

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)(1)		
Portfolio Status			
Performing(2)	163,092	120,956	115,998
Past due:		—	—
31-89 days	4,471	4,618	4,571
90-180 days	1,524	2,136	1,792
181-365 days	0.81	1,486	1,316
Total	169,088	129,198	125,781
Over 365 days and legal proceedings(3)	364	370	353
Loan loss allowance as % of past due loans	93.8%	99.1%	124.3%
Loan loss allowance as % of all loans	3.3%	6.3%	7.6%

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

Insurance brokerage

We entered into the insurance business to complement our credit card offerings, offer extended warranties for certain of the electronic products sold at our stores and to offer other attractive insurance plans to our existing retail customers. In Argentina we offer insurance brokerage in the following areas: personal coverage, life insurance, homeowners and renters insurance, auto insurance, fraud insurance, health insurance, unemployment insurance, extended warranty coverage, pet insurance and others. The products are sold in our own retail chains and are also available via telemarketing through our call center. The insurance business has experienced substantial growth in recent years, and we believe it will continue to grow as new products are introduced and use of insurance in Argentina becomes more widespread. At December 31, 2013, our insurance brokerage operations in Argentina accounted for less than 1.0% of our consolidated revenues from ordinary activities.

Brazil

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

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

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

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

We believe our long-term partnership with Banco Bradesco facilitates the sustainable growth of our financial services segment in Brazil by providing a number of competitive financing alternatives and affordable financial services products to our clients. As of December 31, 2013, we had approximately 1,012,114 active credit card accounts in Brazil.

In the year ended December 31, 2013, 0.2% of our gross revenues in Brazil were derived from our financial services business carried out through *Cartão Cencosud* cards. Through these cards, we have increased the purchasing power of our middle-income and low-income clients, who generally do not have credit with other institutions, and are generally unable to bear the fixed costs charged by other credit cards. These cards do not currently have administrative fees, are accepted only in our stores and allow our clients to purchase food and non-food products. We believe that without access to these cards, many of our clients would not be able to afford purchases of higher-priced non-food items. Despite the poor credit background of some of our clients, these cards have low delinquency rates. As of December 31, 2013, 6.2 % of our receivable accounts were outstanding for more than 90 days.

Colombia

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

Colpatria is responsible for all administrative processes related to the execution of the business such as the approval and upkeep of all credit facilities granted to clients and collection of receivables. Handling of the loan portfolio is the responsibility of Colpatria and all related efforts must be carried out in compliance with rules and under the supervision of the Superintendencia Finaciera de Colombia ("SuperFinanciera") or any other regulatory body governing the business being carried out. Results from the financial business in Colombia for the year ended December 31, 2013 were included in the supermarket segment.

Profits or losses derived from this joint venture are distributed equally between the parties on a quarterly basis. This joint venture has a term of five years from 2012 being automatically extendable for an additional one year if neither party notifies the other six months prior to the original termination date.

Peru

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

In August 2011, we launched our own private label credit card in Peru and we are expanding our offerings of financial services. The credit cards are operated through our supermarkets in Peru. In 2011, Cencosud created Banco Cencosud in Peru. In June 2012, we received the operation license from the SBS, and started operations in August 2012 through our Cencosud credit card. Our financial services segment also includes insurance brokerage services in Argentina, Chile, Brazil and Peru. In addition to our private label cards, Cencosud offers Visa and Mastercard credit cards. Currently 40% of our portafolio is under this type of card.

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

	Year ended December 31,					
	2013		2012		2011	
	Sales	%	Sales	%	Sales	%
	(in millions of Ch$)(1)					
Paris	4,556	26.58%	0	0	0	0
Metro	77,164	14.46%	64,183	12.45%	49,799	10.5%
Wong	3,906	1.27%	2,901	0.99%	2,158	0.7%
Total(2)	85,626	100%	67,084	8.28%	51,957	6.8%

(1) Except percentages.
(2) Includes value added taxes.

Other Operations

Electronic stores

As of December 31, 2013 we also operated 73 Eletro-show electronic goods stores in the state of Sergipe in Brazil, through which we sell non-food items. The first Eletro-show store was opened in December 2005. Our Eletro-show stores are operated in small cities where the opening of a traditional store is not viable. This original and cheap format of store contributes to the enhancement of the GBarbosa brand in cities where we do not have other GBarbosa stores.

Our Eletro-show stores consist of small show rooms with up to a dozen products on display plus an online catalogue accessible at the store through in-store computers. Eletro-show stores have an average selling space per store of less than 100 square meters. The main target market is low- and middle-income classes of consumers, who do not have access to internet at home, are not used to making virtual purchases, and do not reside near one of our traditional stores. The store has a number of computers where potential clients can access a wide range of products. Our sales people are available to support the customers in the selection and purchase of desired products. We only sell non-food products in the kiosk. Once a customer places an order for products, we assure delivery within 48 hours. The Eletro-show stores have a separate space for community activities, which enables us to attract more customers. We intend to continue installing kiosks in select locations where there is appropriate demand. At December 31, 2013, our Eletro-show stores accounted for less than 1.0% of our consolidated revenues from ordinary activities.

The following table sets forth certain performance metrics related to our Eletro-show in Brazil for the periods presented:

	Year ended December 31,		
	2013	2012	2011
Number of stores	73	55	40
Total selling space (square meters)	8,099	5,516	3,891

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

Pharmacies

We also operated 61 pharmacies in Brazil under the GBarbosa brand as of December 31, 2013, which are located inside or adjacent to our GBarbosa supermarkets. At December 31, 2013, our GBarbosa pharmacies accounted for less than 1% of our consolidated revenues from ordinary activities. The results of our GBarbosa pharmacies are reported under our "supermarkets" segment in our financial statements.

As of December 31, 2013, we operated 86 pharmacies in Peru under the Punto Farma Wong and Punta Farma Metro brands, which are located inside or adjacent to our Wong and Metro supermarkets. At December 31, 2013, our Punto Farma pharmacies accounted for less than 0.2% of our consolidated revenues from ordinary activities. The results of our Punto Farma pharmacies are reported under our "supermarkets" segment in our financial statements.

As of December 31, 2013, we operated 39 pharmacies in Colombia under the FarmaSanitas brand, which are located inside or adjacent to our supermarkets acquired from Carrefour in Colombia. At December 31, 2013, our FarmaSanitas pharmacies accounted for less than 0.2% of our consolidated revenues from ordinary activities. The results of our FarmaSanitas pharmacies are reported under our "supermarkets" segment in our financial statements.

Gas stations

We also operate 12 gas stations in Brazil, under the Bretas brand, which are located inside or adjacent to our Bretas supermarkets. At December 31, 2013, our Bretas gas stations accounted for less than 1.0% of our consolidated revenues from ordinary activities. The results of our Bretas gas stations are reported under our "supermarkets" segment in our financial statements.

We also operate 40 gas stations in Colombia, under the Terpel, Chevron and Biomax brands, which are located inside or adjacent to our supermarkets in Colombia. At December 31, 2013, our gas stations in Colombia accounted for less than 1.0% of our consolidated revenues from ordinary activities. The results of our gas stations in Colombia are reported under our "supermarkets" segment in our financial statements.

Entertainment centers

In Chile and Argentina, we operate ten family entertainment centers under the Aventura brand. Our Aventura entertainment centers offer arcade games, mechanical games, bowling lines, 3D games and even an indoor roller coaster in our Aventura center at Florida Center in Santiago. At December 31, 2013, our Aventura entertainment centers accounted for less than 1.0% of our consolidated revenues from ordinary activities. The results of our Aventura entertainment centers are reported under our "Other" segment in our financial statements.

Loyalty programs

General

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

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

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

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

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

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

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

Chile

We offer our Nectar loyalty programs in Chile. As of December 31, 2013, we had approximately 3,096,170 million active loyalty members in Chile, and as of the same date, 76% of our sales in Chile came from loyalty club members.
The following table sets forth certain information regarding our loyalty program sales by each of our divisions in Chile, for the periods indicated.

	Year ended December 31,					
	2013		2012		2011	
	Sales (W/tax)	% (1)	Sales (W/tax)	% (1)	Sales (W/tax)	% (1)
	(in millions of Ch$, except percentages)					
Jumbo	1,570,694	83%	1,428,399	84%	1,211,609	85.3%
Santa Isabel	1.081,173	62%	1,034,326	63%	967,724	62.6%
Easy	436,352	65%	381,974	66%	351,647	67.7%
Paris	933,451	80%	875,538	80%	799,122	81.6%
Total	4,021,670	74%	3,720,237	76%	3,330,102	75.8%

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

Argentina

In Argentina we also offer our Jumbo Más and Vea Ahorro loyalty programs. As of December 31, 2013, we had 2,069,076 active loyalty club members in Argentina and, as of the same date, 61.0 % of our supermarket sales in Argentina came from loyalty club members.

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

	Year ended December 31,					
	2013		2012		2011	
	Sales (W/tax)	% (1)	Sales (W/tax)	% (1)	Sales (W/tax)	% (1)
	(in millions of nominal Ar$, except percentages)					
Jumbo	3,979	65%	3,333	65%	2,585	66%
Disco	3,892	63%	3,722	66%	3,885	70%
Vea	1,744	14%	494	31%	0	0,0%
Total	9,615	64%	7,549	61%	6,470	68%

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

Peru

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

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

	Year ended December 31,					
	2013		2012		2011	
	Sales (W/tax)	% (1)	Sales (W/tax)	% (1)	Sales (W/tax)	% (1)
	(in millions of S/., except percentages)					
Wong	1,337	80%	1,302	81.0%	1,076	81%
Metro	2,158	73%	2,230	79.0%	1,720	79%
Total	3,495	76%	3,532	80.0%	2,796	80%

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

Retail Consumer Banking

Banco Paris

Since 2005, we have owned Banco Paris, a specialty retail consumer bank in Chile. Banco Paris was formerly the Santiago Express division of Banco Santander Santiago, which we acquired in 2005 and registered as a separate bank under the Banco Paris brand with the *Superintendencia de Bancos e Instituciones Financieras* (the Superintendency of Banks and Financial Institutions, or "SBIF"). As of December 31, 2013, Banco Paris' network included 29 branches throughout the city of Santiago and various regions of Chile and 39 retail promotional stands within Cencosud retail stores, and is ranked 18th in terms of total loans and accounts receivables among all private sector banks in Chile according to the Chilean Central Bank. At December 31, 2013, Banco Paris accounted for approximately 0.3% of our net revenues.

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

As of December 31, 2013, Banco Paris served more than 555,000 individual customers, with loans outstanding to approximately 552,000 debtors, including approximately 547,000 consumer loans and 7,300 credit card accounts. At the same date, Banco Paris had 49,000 savings accounts and 2,200 time deposits related to individuals.

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

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

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

	Year ended December 31,		
	2013	2012	2011(1)
	(in millions of Ch$)(2)		
Portfolio Status			
Performing(3)	239,986	195,293	164,784
Past due:			
31-89 days	4,375	6,719	6,467
90-180 days(4)	2,996	5,354	5,421
+ 180 days	456	660	838
Total	247,813	208,025	177,510
Loan loss allowance as % of past due loans	79%	84%	88%
Loan loss allowance as % of all loans	3%	5%	6%

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

Banco Cencosud

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

Prices

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

Purchasing

We purchase our products from approximately 13,000 suppliers. No single supplier or group of related suppliers accounts for more than 4% of the total products purchased by us in 2013 on a consolidated basis. In addition to local and regional suppliers, we are also able to import products directly from Asia, where we are able to obtain more favorable pricing, and which in turn allows us to negotiate improved purchasing terms with certain suppliers. We believe that the sources and availability of materials for our retail store operations are adequate and will continue to be so for the foreseeable future. We have not experienced any difficulty in obtaining the types or quantities of the merchandise we require on a timely basis and believe that, if any of our current sources of supplies were to become unavailable, alternative sources could be obtained without any material disruption to our business.

Private Label Business

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

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

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

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

Distribution

General

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

Supermarkets

Chile

For fast-moving and high-volume sales merchandise, national suppliers distribute products directly to each store. For slow-moving groceries, perishable fruits and vegetables and imported products and meat, distribution is centralized through our distribution centers and delivered by third-party transportation companies. Sales from products delivered to our distribution centers accounted for approximately 39.0% of our sales at December 31, 2013.

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

- A 41,000 square meters distribution center that operates in three shifts six days a week and is used to deliver non-perishable products, perishable fruits, vegetables and other refrigerated food categories to Santa Isabel and Jumbo stores. We use a cross-docking system for fresh products that allows fresh products to reach stores in 24 hours. Cross-docking is the practice of receiving goods at a distribution center, which are immediately consolidated with other goods for quick distribution to stores.
- A 90,000 square meters distribution site used to deliver non-perishable, non-food and textile products. Three quarters of the distribution center are dedicated to imported products and the remainder is used for a cross-docking system of national products that allows products to be shipped in less than 24 hours.
- A 2,500 square meters distribution center that is used for storage and delivery of imported fresh meat.

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

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

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

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

Argentina

Distribution to our stores in Argentina is centralized from three distribution centers located in Buenos Aires, Cuyo and Córdoba, and a transfer site in Tucuman totaling 153,000 square meters, which together accounted for 80.0% of our supermarket sales in Argentina in 2013, including meat and bakery products. Approximately 20% of our products are distributed to our stores directly by our suppliers.

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

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

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

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

In December 2013, our distribution center in the Argentine city of Cordoba was stormed and damaged in the middle of civil unrest that was occurring in the city as a product of a civil servant strike. Losses from this were covered by insurance, for which we expect a recovery in the amount of U.S$ 1,169,446, and they have been recorded in our profit (loss) line for the period. We should see recoveries tied to insurance coverage for this event during 2014. No insurance payments were received during the 2013 period. This distribution center has since resumed operations.

Brazil

We currently use three distribution centers for our GBarbosa stores in the north east of Brazil, totaling approximately 51,000 square meters. They are located in Aracaju (32,000 square meters), Salvador da Bahia (21,000 square meters) and Fortaleza (8,000 square meters). Our distribution centers accounted for approximately 80% of our sales as of December 31, 2013. The GBarbosa distribution centers run a dry and fresh goods stock operation. The rented distribution Center in Salvador was increased to 21,000 square meters in order to support our increased operations in the State of Bahia in 2013, and reduce transportation costs from other distribution centers. Deliveries to GBarbosa stores are made primarily through external carriers although we do own a small fleet of delivery vehicles. Home deliveries are handled entirely by external carriers.

Bretas stores in central Brazil are supported by two distribution centers, totaling approximately 40,000 square meters and a 6,000 square meters warehouse for fresh vegetables in the city of Uberlandia. The two large distribution centers are located in Belo Horizonte (30,000 square meters) and Goiania (10,000 square meters). Both distribution centers store dry goods, vegetables and fresh goods operations. Both distribution centers have staple stock (storage) and cross-docking capabilities, which enable goods received at the distribution center to be stocked and distributed at a later time or distributed immediately to our stores. Currently, the distribution centers include electronic goods for store and home delivery. Products stored in our distribution centers accounted for approximately 60 % of our sales in 2013. Distribution to stores and home deliveries are made entirely by external carriers.

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

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

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

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

Peru

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

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

Cross-docking of national groceries and fresh-products represents approximately 78% of centralized distribution while a regular in-stock operation is used for distribution of imported products and some categories of national non-food products. We use a SAP-based warehouse management system for our operations. Deliveries are made using external carriers and delivery contracts are negotiated periodically.

Colombia

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

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

Department stores

We operate one 80,137 square meter distribution center located in Santiago that services all our Paris department stores in Chile. Centralized distribution accounts for nearly all of our Paris sales. We use a warehouse management system, RF technology and an automated sorter for cases and certain textiles. In addition, we have another operation in the same distribution center for internet sales and offer special value-added services (packing, gift wrapping and gift cards and others) and deliver the products directly to our customers' homes.

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

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

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

Home improvement stores

Chile

Our 90,000 square meters distribution center is located in Santiago and accounted for approximately 65% of our Easy sales in 2013. Centralized distribution is mainly supported by a cross-docking system that operates with more than 450 vendors and accounts for two thirds of the distribution operations, while the rest arises from imported stored goods, which represented approximately 18.0% of Easy sales in 2013.

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

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

Argentina

We operate three distribution centers located in Buenos Aires for our Easy and Blaisten operations, totaling 59,000 square meters, which accounted for 42.0 % of our Easy sales in Argentina in 2013. Easy Argentina also relies on direct deliveries from suppliers to stores, which accounted for 58.0% of our Easy sales in 2013.

Centralized distribution includes a regular warehouse operation from stocked merchandise (imported and domestic goods) which represented approximately 20.0 % of sales in 2013, and a growing cross-docking operation with more than 600 vendors that accounted for approximately 22.0 % of sales in 2013. There is also a home delivery operation which accounted for approximately 15.0% of sales in 2013.

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

Marketing

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

To achieve these objectives, we updated and redesigned our logos in order to reflect the familiarity between our brands and their association with a retail leader in South America. Our marketing campaign during this year included a celebration of Cencosud S.A.'s 50 year anniversary where the 50 years logo was used across all brands to further consolidate our image as a multiformat retailer.

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

Supermarkets

Chile

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

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

Argentina

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

Brazil

We believe we have a very positive image in the eyes of our clients in the locations we operate, due to our low prices, the high quality of services we offer, and the wide range and superior quality of products.

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

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

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

Peru

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

Colombia

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

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

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

2. Building “price image” for both brands, awknowledging that factor as a vital driver for the Colombian market.

3. Costumizing Jumbo and Metro to Colombian expectations and regionalizing communication in order to better relate to the needs of customers and become ingrained in Colombian society.

4. Enhancing the relationship with customers to establish a rapport with consumers and better funnel marketing investments.

The above will serve as a starting point on which we plan to build to better understand the needs of the market and consumers, which should result in a business and marketing strategy that allows us to put Cencosud as an attractive retail option for Colombians.

Home improvement stores

Chile

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

Argentina

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

Department stores

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

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

Shopping centers

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

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

Competition

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

The following table provides a brief overview of our competitive position in each of our principal markets as of December 31, 2013:

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

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

* our Paris deparment stores operations are now starting up.

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

Management Information Systems

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

We have made significant investments in maintaining and updating our technology infrastructure and systems applications and business solutions. Our customized information systems have contributed significantly to our competitiveness and growth to date, however, they have been also diverse, complicated, increasingly expensive and of limited flexibility in respect of evolving technology and growth of our business. Therefore, starting in 2010, we began simplifying our systems architecture. For example, last year we started integrating the operations of our supermarkets in Brazil, under SAP Retail and the POS application, resulting in operating efficiencies and cost savings. We have also been working on the integration of SAP FICO on a regional level in Argentina and Colombia since 2012 and in Peru since 2013, while in 2014 we expect to integrate our new supermarket operation in Colombia. Finally, all of our entities including newly acquired ones are operating over the same data network, sharing network services, IP phone and video conferencing services, as well as information technology security tools and protocols, allowing us to operate at lower costs and setting the ground for wide-scale Information Technology ("IT") integration across the regions in which we operate.

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

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

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

We are implementing infrastructure improvements to be better prepared in the event of a catastrophe or a failure of our key systems. During 2013, we established two datacenters in Santiago and Buenos Aires with the assistance of global service providers, replaced the infrastructure of our key systems in order to have redundancy and updated our key systems in both datacenters. Our key systems (ERPs) are already on the new platforms, and we plan to finish our preparation process in the second quarter of 2014.

Cyber security

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

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

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

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

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

On April 24 and 25, 2014, we experienced a security breach whereby several company websites were attacked by an organized group of hackers, resulting in certain of those sites being taken offline to remediate the problem. Further, we experienced data breaches at two websites whereby access to our server was obtained and the site was presumably being used as a phishing platform. At this time we are unable to ascertain if client data was successfully extracted from these servers. Moreover, a link with access to a backup of the source code for the website of our banking subsidiary in Chile was made public. Accordingly, we have taken the website offline and are working to mitigate the security breaches discovered. This website will remain offline until the security of client data can be guaranteed. The aforementioned security breaches are currently being remediated, and additional security measures were added to our main transactional websites, including measure to, among other things, block malicious traffic to the sites. None of our transactional websites came offline nor was any breach of client data experienced as a result of hacker action against them.

Property, Plants and Equipment

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

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

The following table sets forth certain information with respect to our facilities at December 31, 2013:

Segment	Country	Number of stores	Area(1)	% Leased
Supermarkets	Chile	187	266	66%
Hypermarkets	Chile	37	295	16%
Supermarkets	Peru	73	168	49%
Hypermarkets	Peru	14	90	43%
Supermarkets	Argentina	269	365	53%
Hypermarkets	Argentina	21	361	8%
Supermarkets	Brazil	182	433	95%
Hypermarkets	Brazil	39	163	77%
Supermarkets	Colombia	21	4	100%
Hypermarkets	Colombia	79	424	14%
Home Improvement	Argentina	48	373	28%
Home Improvement	Chile	32	307	3%
Home Improvement	Colombia	9	75	33%
Department Stores	Chile	77	371	73%
Shopping Centers	Argentina	15	236	13%
Shopping Centers	Chile	10	429	27%
Shopping Centers	Peru	3	61	0%
Distribution Centers	Argentina	14	227	29%
Distribution Centers	Brazil	12	147	100%
Distribution Centers	Chile	9	334	78%
Distribution Centers	Colombia	9	33	100%
Distribution Centers	Peru	6	55	100%

(1) In thousands of square meters.

In addition, we routinely purchase undeveloped properties that we anticipate to use for future supermarket construction , home improvement stores and shopping centers. As of December 31, 2013, we had the following undeveloped properties:

Country	Number of properties(1)	Total area (in thousands of square meters)
Argentina	64	2,142
Brazil	16	2,340
Chile	43	215
Colombia	3	71
Peru	64	2,142

(1) Includes properties where construction is ongoing.

Intellectual Property

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

*As of March 31, 2014, Cencosud SA began using the brand Cencosud Puntos for its loyalty program, and ceasedthe use of the *Nectar* brand.

Insurance

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

Material Agreements

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

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

Industry Overview and Competition

Our countries of operation—Argentina, Brazil, Chile, Colombia and Peru—represent a combined population of approximately 331.0 million, according to each country's statistics agency as of 2013. Chile, our largest market in terms of revenues from ordinary activities, has a population of approximately 16.5 million and experienced GDP growth of, 6.0% in 2011, 5.5% in 2012 and is estimated to have expanded 4.7% in 2013, as reported by the Central Bank of Chile. Argentina, our second-largest market in terms of revenues from ordinary activities, has a population of approximately 41.0 million and, according to the Central Bank of Argentina, experienced annual GDP growth of 9.2% in 2010, 8.9% in 2011, 1.9% in 2012 and 5.3% in 2013, as reported by the Argentine Ministry of Economy. Brazil, our third-largest market in terms of revenues from ordinary activities, has a population of approximately 196.5 million and, according to the Central Bank of Brazil, experienced annual GDP growth of approximately 2.7% in 2011, 0.9% in 2012 and is expected to have expanded 1.9% in 2013.

We have supermarkets in Argentina, Brazil, Chile, Peru and Colombia; home improvement stores in Argentina, Chile and Colombia; shopping centers in Argentina, Chile and Peru; and department stores in Chile. During the year ended December 31, 2013, 74.3% of our revenues from ordinary activities came from our supermarket operations, 11.4% came from home improvement operations, 9.4% from our department stores, 2.0% from our shopping centers and 2.8% from our financial services.

	Year Ended December 31, 2013					
	Supermarkets	Home improvement	Department stores	Shopping centers	Financial services	Other[(1)]
Revenues from ordinary activities	7,682,064	1,176,890	970,360	205,332	288,533	17,861
Gross margin	24.9%	33.1%	27.7%	88.63%	70.28%	80.67%
Adjusted EBITDA[(2)]	418,459	99,523	49,364	157,426	121,432	(78,854)

(1) See "Item 4. Information on the Company—B. Business Overview" for a description of our "Other" segment.
(2) See "Presentation of Financial Information" for the definition of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to IFRS measures.

The Supermarket Industry

Chile

As of December 31, 2013, we estimate that the Chilean supermarket industry is composed of approximately 1,372 stores nationwide, including hypermarkets and supermarkets. INE estimates the size of industry at Ch$8,655 billion in 2013. According to BMI, in 2013 supermarkets accounted for approximately 26.5% of net retail sales in Chile and according to INE approximately 43.4% of such net sales in the Santiago metropolitan region. As of December 31, 2013, total net sales by supermarkets in Chile grew by 4,1% as compared to the same period in 2012, according to the Chilean National Institute of Statistics. During the last three years, nominal same-store sales at our supermarkets grew by 1.6%, 4.8% and 4.7% in 2013, 2012 and 2011, respectively.

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

As noted above, we believe that the Chilean supermarket industry in Santiago shows certain signs of saturation, and as a result newly opened stores to some extent cannibalize the sales of existing stores. As of December 31, 2013, we estimate that the four largest supermarket operators in Chile represented over 91% of the industry in terms of net revenues. Our growth prospects in the Chilean food retailing sector are likely to depend to a large extent on future growth in Chilean GDP or acquisitions of other supermarket chains, and we cannot assure you that either will in fact occur. Our competitors include hypermarkets, supermarkets, hard discount stores, self-service stores, traditional, family-owned neighborhood grocers and open markets. Although competition is already intense in many locations, we believe that competition is likely to intensify further as existing competitors expand the number of their stores and improve the quality of their operations and as new competitors enter the market. Competition is based on price, quality, variety, customer service and store location, with various competitors emphasizing these factors to varying degrees.

The following table presents certain information about us and our principal competitors in the Chilean supermarket industry as of December 31, 2013:

	Wal-Mart Chile	Cencosud	SMU	Falabella (Tottus)
Number of stores	353	224	414	48
Total selling space (square meters)	814,000	546,236	580,897	171,248
Market share(2)	36.3%	27.2%	24.1%	6.1%

Source: Public filings, INE, ASACH, Planet Retail.

(1) As of December 31, 2013, based on reported net revenues from supermarket operations in Chile.

We estimate that Walmart Chile is the largest supermarket chain in Chile in terms of net revenues and, at December 31, 2013, it operated 353 stores in Chile. Walmart Chile operates four different sizes of stores under different brands, allowing it to target different segments of the market offering a combination of every day low prices, service and proximity. Walmart Chile entered the Chilean market in January 2008, and due to its association with Wal-Mart, we believe it has greater leverage with its suppliers than us or its other competitors. As a result, it is able to obtain more favorable purchasing terms than us.

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

Additionally, 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. The investigation includes several local operators, including Cencosud, Walmart Chile, SMU and Tottus. In accordance with Chilean regulations, FNE has not disclosed the details of the investigation to the public, but it appears to be focused on private label groceries, fresh poultry and beef. Without additional detail it is difficult to determine the full impact of this investigation. If the FNE concludes that we engaged in anti-competitive practices we could face a maximum sanction of up to U.S.$30 million.

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

Argentina

Historically, the Argentine supermarket industry was dominated by traditional, family-owned neighborhood grocers (*almacenes*). In the 1980s, supermarkets began to proliferate and the first hypermarkets appeared, a trend that accelerated in the early 1990s with significant expansion of modern supermarket operations, including minimarkets, supermarkets and hypermarkets in urban areas. During the 1990s, consumer grocery purchases at almacenes declined. Since 1999, the level of market penetration has remained relatively stable. In 2013, consumer grocery purchases at supermarkets accounted for approximately 33 % of total consumer grocery expenditures based on net sales according to BMI. The Argentine supermarket industry is highly competitive and fragmented, and we estimate that the four largest supermarket chains in Argentina account for approximately 69.9% of total supermarket net sales as of December 31, 2013. In Argentina, where foreign food retailers have an established presence and we are a smaller competitor, we face a very different competitive atmosphere than in Chile. We believe that some of these food retail companies have substantially greater financial resources than us. In addition, there is strong competition from small independent stores and individual, non-chain stores that represent a significant and growing part of the food and grocery business in Argentina.

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

The following table presents certain information about us and our principal competitors in Argentina as of December 31, 2013:

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

Source: Public Filings, INDEC, Planet Retail.
(1) In terms of sales.
(2) Includes Express format
(3) Walmart & Changomas stores

Our main competitor in Argentina is Carrefour. At December 31, 2013, Carrefour operated 442 stores. Part of Carrefour's competitive advantage arises from its low prices and aggressive promotional campaigns around special seasonal events coupled with a multiformat strategy.

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

Brazil

The Brazilian supermarket industry represented approximately 5.5% of Brazil's GDP in 2013, as estimated by ABRAS. According to ABRAS, the food retail industry in Brazil had gross revenues of R$243 billion in 2012 compared to 224 billion in 2011.

The Brazilian food retail industry is highly fragmented. Despite consolidation within the Brazilian food retail industry, according to ABRAS, in 2012, the twenty largest supermarket chains represented only approximately 76% of the food retail industry. According to ABRAS our stores accounted for approximately 3.1% of the gross sales of the entire Brazilian food retail industry in 2011. We believe that future acquisitions will mainly involve smaller-sized stores. Another trend in the retail food industry is large chains migrating to smaller local, such as Tesco Express and Sainsbury's Local.

As set forth in the following table, according to ABRAS data, in 2012, the ten largest retailers recorded revenues of approximately R$140 billion, conducting business in approximately 2,911 stores

	Gross revenues					
Company	(R$ million)	%	Number of checkouts	Space available for sales (square meters)	Number of stores	Employees
Companhia Brasileira de Distribuicao	57,233	28.103%	14,993	2,962,008	1,882	159,093
Carrefour	31,474	15.455%	0	0	0	0
Wal-Mart Brasil	25,932	12.733%	9,358	1,533,191	547	82,341
Cencosud Brasil	9,718	4.772%	3,651	530,874	205	29,808
Zaffari	3,305	1.623%	852	132,454	30	9,551
Total—five largest	127,664	62.686%	28,854	5,158,527	2,664	280,793
Irmao Muffato & Cia	2,770	1.360%	918	115,739	37	7,879
Condor Super Center	2,626	1.290%	820	119,710	35	8,774
Supermercados BH	2,357	1.158%	1,120	101,240	117	10,203
Sonda	2,301	1.130%	847	80,611	32	7,219
A Angeloni	2,207	1.084%	652	99,997	26	9,742
Total—ten largest	139,928	100.0%	33,451	5,700,679	2,976	324,745

Source: ABRAS.
* Denotes sales for companies during the 2012 period

Our main competitor in Brazil is Bompreço, a company controlled by Wal-Mart. It ranks third in sales in Brazil, according to ABRAS. Bompreço is the largest retailer in the Northeast of Brazil, where we believe we hold the number two position in terms of sales, and is our competitor in the states of Sergipe, Bahia and Alagoas, with six, 54 and eight stores, respectively. We also compete against Companhia Brasileira de Distribuição, which operates three Extra stores in the city of Salvador, one Extra store in the city of Aracajú, and two Extra stores in city of Maceió. In Minas Gerais, we compete against DMA Distribuidora S/A ("DMA"), which operates 92 stores where we believe we hold the number one position in terms of sales. In Rio de Janeiro, where we believe we hold the number three position in terms of sales, we compete against Guanabara and Mundial, which operate 22 and 19 stores, respectively. We also compete against open fairs and small- and medium-sized retailers that buy their products from informal distribution networks to obtain prices lower than the prices charged by our suppliers.

Peru

As of December 31, 2013, we estimate that the Peruvian supermarket industry was composed of approximately 237 stores nationwide, including hypermarkets and supermarkets, with over 75.0% of the stores located in the Lima metropolitan area. In 2013, the estimated size of the Peruvian food industry was U.S.$22 billion per year, with 18.2% served by the three main supermarket players. However, the supermarket industry in Peru is becoming more attractive and competitive. According to CCR, in 2013, supermarket penetration for the Lima metropolitan area was approximately 33.0 % resulting in a country average of less than 20.0 %. A large percentage of consumption in Peru is still served by informal trade. Smaller grocery stores, convenience stores and open air markets play an important role in this industry with more than 75% of the market share as of 2013 according to Fitch Ratings. The level of competition and the identity of competitors have changed over the last four years. In 2013, supermarket total net sales in Peru grew at a rate of 8.2% according to Maximixe.

The following table presents certain information about us and our principal competitors in Peru as of December 31, 2013:

	Cencosud	Supermercados Peruanos	Tottus (Falabella)
Number of stores	87	98	40
Total selling space (square meters)	259,360	248,609	160,073
Market share(1)	42.3%	33.5%	24.2%

Source: Public filings.

(1) As of December 31, 2013 based on reported net revenues from supermarket operations in Peru; market share estimates based solely on reported sales from the three major operators, and does not take into account the market participation of other smaller participants.

For the three quarters ended December 31, 2013, we believe we were the largest operator of supermarkets in Peru in terms of net sales based on our comparisons against information from public filings of our main competitors as of December 31, 2013. Our principal competitors in the hypermarket format are Supermercados Peruanos, controlled by the Rodriguez Pastor family, who also control the Peruvian financial group Intergroup, and Tottus, controlled by Falabella.

Colombia

The Colombian retail market is driven principally by the general level of economic activity and the growth of per capita available income in Colombia. Since emerging from recession in the early 2000s, the Colombian economy has experienced significant growth, and improved security conditions. According to DANE, real GDP growth in 2009, 2010 and 2011 was 1.7%, 4.0% and 5.9%, respectively. Real GDP grew 4.0% in 2012 and 2013 according to DANE. This positive macroeconomic environment has resulted in an expansion in domestic consumption, which has benefited the Colombian retail market. According to DANE, total retail sales including formal and informal trade and other channels, such as on-premise food outlets and drugstores, stood at U.S.$15 billion in 2012 with 76% of total sales made by the formal market being controlled by the four largest players in the country. We believe future growth in the retail sector will be driven by, among other things, economic expansion and increasing credit availability to consumers in Colombia

The Colombian retail food sector comprises various types of stores, including privately-owned supermarkets, limited assortment stores and convenience stores, government-subsidized merchandising cooperatives known as *cajas de compensación*, specialty stores (such as butcher shops and bakeries) and delivery operations. A large number of Colombians also shop through informal channels, such as neighborhood grocery stores and outdoor food markets.

The positive macroeconomic environment in recent years has contributed to the growth of both the formal and informal markets. In the past several years, the formal market has grown at a faster pace than the informal market driven mainly by increased purchasing power, aggressive penetration strategies by well-capitalized formal retailers which has reduced the proximity advantage of informal outlets, greater packaging options in the formal channels including better presentations at competitive prices, and growing credit product offerings by large retailers. The formal retail market is expected to continue growing in the medium term due to the strong macroeconomic outlook, increasing market consolidation and relatively low penetration when compared with other countries. We believe the growth of the formal market will also be driven by the increasing concentration of Colombia's population in urban centers. Colombia has a population of approximately 47 million, 46% of which is 25 years old or younger. The food and merchandise retail business in Colombia is highly competitive and is characterized by increasing pressure on profit margins. The number and type of competitors and the degree of competition experienced by each of our stores vary by location. Competition occurs principally on the basis of price, location, selection of merchandise, quality of merchandise (in particular for perishables such as produce), service, store conditions and promotions.

The following table presents certain information about us and our principal competitors in Colombia as of December 31, 2013:

	Cencosud(1)	Exito	Olimpica	La 14
Number of stores	99	470	260	28
Total selling space (square meters)	424,404	758,041	282,980	154,933

Source: Public filings.

(1) In November 2012, we completed the acquisition of Carrefour's supermarket operations in Colombia See "Item 4. Information on the Company—A. History and Development of the Company—History."

The Home Improvement Industry

Chile

We believe the Chilean home improvement industry is the most developed in South America with nearly 50 thousand households per big-box store in 2011, as compared to 430 thousand in Peru, 200 thousand in Argentina or 440 thousand in Colombia. Nevertheless, the U.S.$10.8 billion size industry is still highly fragmented among big-box operators and several hardware stores (some of which have teamed up in associations such as MTS and Chilemat), according to our estimates. Growth of the industry's main players has been based on expansion of Chile's construction and housing industries, as well as sector consolidation.

The Chilean home improvement industry is highly competitive and has been subject to increased consolidation. In 1998, Home Depot entered the Chilean market and was subsequently acquired by Falabella, through its Home Store subsidiary in 2001. In November 2002, we purchased the Chilean home improvement stores and agricultural product chain, Proterra. In January 2011, the Chilean retail holding company SMU acquired the entire share capital of the hardware store chain Construmart, operating 23 stores under the brand Construmart with an average size of 2,500 square meters.

The home improvement industry caters to home improvement, repairs and maintenance, and new construction. Customers in this sector include homeowners, small contractors and large construction companies seeking building materials for new projects. The sector is characterized by high price sensitivity and demand for high levels of product variety.

The following table presents certain information about us and our major competitors in Chile, as of December 31, 2013:

	Sodimac	Cencosud	Construmart*
Number of stores	82	32	43
Total selling space (square meters)	675,744	307,853	141,980

Source: Public filings, Planet Retail, Internal estimates.

* as of September 2013

For the year ended December 31, 2013, we estimate that we were the second-largest operator of home improvement stores in Chile in terms of net sales based on our comparison against publically filed information from our main competitors as of December 31, 2013. At December 31, 2013, Sodimac operated 82 home improvement stores with a total of 675,744 square meters of selling space. Its competitive advantage arises from its multi-format structure, with its Sodimac Homecenter stores that are similar to our Easy home improvement stores, as well as its Sodimac Constructor stores that cater to professional builders and its Sodimac Empresas warehouses that facilitate efficient delivery of construction materials in Antofagasta, Viña del Mar, Santiago and Talcahuano primarily used for large construction companies. Sodimac also accepts Falabella's widely-used store credit card CMR that has significant more penetration in the market than our Cencosud credit card.

Argentina

We believe the Argentine home improvement industry is composed of more than 70 home improvements stores nationwide, of which we operated 48 as of December 31, 2013. The remaining stores are operated by Sodimac, Hiper Tehuelche and Barugel Azulay. There are also various small more specialized hardware and construction supply stores. Prior to 2002, we faced competition from Home Depot (Argentina) until our acquisition of its Argentine operations in February 2002. We face strong competition from other hardware stores and specialty stores dedicated to specific areas of construction and home improvement. Until 2007, when Sodimac entered the market, we were the sole big-box home improvement chain in Argentina, with 17% market share, according to our estimates. We believe that the Argentine home improvement market still offers plenty of room for consolidation, leaving enough space for us to grow over the coming years.

The following table presents certain information about us and Sodimac, our main competitor in Argentina, as of December 31, 2013:

	Cencosud	Sodimac
Number of stores	48	7
Total selling space (square meters)	373,490	74,785

Source: Falabella's public filings, internal estimates.

For the year ended December 31, 2013, we estimate that we were the largest operator of home improvement stores in Argentina in terms of net sales based on our comparison against publically filed information from our main competitors as of December 31, 2013. Our principal competitor in Argentina is also Sodimac, which operated seven home improvement stores with a total of 74,785 square meters of selling space at December 31, 2013.

Colombia

We believe the Colombian home improvement industry is the most underdeveloped in the countries where we compete. For the year ended December 31, 2013, there were 41 home improvement stores. Hence, the industry is highly fragmented and composed of both general and specialized retailers.

Our main competitor is SodimacHomeCenter, which is a joint venture between Colombian Grupo Corona (51%) and Chilean Falabella (49%), competing in the home improvement market in Colombia since 1993. Total sales for Sodimac Home Center in 2013 were U.S.$1,302 million, according to their public filings.

The following table presents certain information about us and Home Center, our main competitor in Colombia, as of December 31, 2013:

	Sodimac Home Center	Cencosud
Number of stores	32	9
Total selling space (square meters)	318,486	75,732

Source: Falabella's public filings, internal estimates.

The Chilean Department Store Industry

The department store industry in Chile traces its origins to 1958, when Falabella opened its first department store in Chile. Since then, other companies have entered the Chilean market and the industry has experienced intense consolidation, as larger operators acquired smaller stand-alone stores. We entered the department store business in March 2005, with our acquisition of Empresas Almacenes Paris S.A.

Our principal competitor in Chile is Falabella, which is larger than Paris and Johnson in terms of revenues. The department store industry in Chile is very mature and highly competitive. We compete for customers with specialty retailers, traditional and high-end department stores, national apparel chains, vendor-owned proprietary boutiques, individual specialty apparel stores and direct marketing firms. We compete for customers principally on the basis of quality and fashion, customer service, value, assortment and presentation of merchandise, marketing and customer loyalty programs. Some of these competitors have greater financial resources than we do.

The following table presents certain information about us and our main competitors as of December 31, 2013:

	Falabella	Cencosud	Ripley	La Polar
Number of stores	40	78	42	40
Total selling space (square meters)	282,358	371,891	272,307	161,300
Market share(2)	37.1%	30.1%	22.9%	9.9%

Source: Falabella's public filings, Ripley's public filings and internal estimates.

(1) As of December 31, 2013, based on reported net revenues from department store operations in Chile; market share estimates based solely on reported sales from the four major operators, and does not take into account the market participation of other smaller participants.

For the year ended December 31, 2013, we believe we were the second-largest operator of department stores in Chile in terms of net sales based on our comparison against publically filed information from our main competitor as of the same date. Based on that comparison, we estimate that Falabella is the largest department store operator in Chile in terms of revenues and, at December 31 2013, operated 40 department stores with a total of 282,358 square meters of selling space. Falabella's credit cards and loyalty programs are well-known in the market. On the same basis, we believe Ripley is the third-largest department store operator and, at December 31 2013, operated 42 department stores with a total of 272,307 square meters of selling space. Many of our competitors have active financial services divisions that support their retail activities, and both Falabella and Ripley operate banks focused on consumer lending.

The Shopping Center Industry

Chile

The first shopping center in Chile, Cosmocentro Apumanque, opened in 1981. Shopping center sales as a percentage of total retail sales in the country have increased continuously since then, according to the Chilean Council of Shopping Centers. However, a majority of retail sales in Chile still take place in standalone stores, according to the International Council of Shopping Centers. We entered the shopping mall industry in Chile in the early 1990s with the Alto Las Condes shopping mall.

The Chilean shopping center industry is highly competitive and, at December 31, 2013, was composed of more than 45 shopping centers nationwide, the majority of which are operated by us, Grupo Plaza (controlled by Falabella), Parque Arauco and Saitec (controlled by Walmart Chile), according to public and internal estimates. Shopping centers not only compete with other shopping centers, but also with an increasing number of individual retail stores.

The following table provides certain information about us and our competitors in Chile at December 31, 2013:

	Gross leasable area[(1)]	**Market share**
GrupoPlaza (Falabella)	1059	35%
Saitec[(2)] (Wal-Mart)	642	21%
Cencosud[(2)]	726	25%
Parque Arauco S.A.[(3)]	342	12%

Source: Chilean Council of Shopping Centers and public filings by Falabella, Parque Arauco and Walmart Chile, as well as internal estimates.

(1) In thousands of square meters.

(2) Includes area leased to related companies.

(3) Gross leasable area adjusted to reflect proportional ownership participation in each shopping center.

At December 31, 2013, we were the second-largest shopping center operator in Chile in terms of gross leasable space based on our comparison against publically filed information from our main competitor as of December 31, 2013. As noted in the table above, our principal competitors include GrupoPlaza, Saitec and Parque Arauco. Parque Arauco's shopping center Parque Arauco is located close to and directly competes with two of our largest shopping centers, Alto Las Condes and Costanera Center. Parque Arauco offers many of the same services as Alto Las Condes and Costanera Center, including ample parking and major department stores.

On June 13, 2012, we opened the Costanera Center shopping mall, a land mark development for the city of Santiago, with a total gross leasable of 140,000 square meters. As of December 31, 2013, occupancy at this shopping center was 98% and it had over 3 million visitors a month.

Argentina

In 2013, the Argentine shopping center industry was composed of more than 36 shopping centers, the majority of which are operated by IRSA Inversiones Representaciones S.A. ("IRSA") and Cencosud. As in Chile, shopping centers are relatively new to the market in Argentina, and most retail sales still take place at individual retail stores, according to the International Council of Shopping Centers.

The following table presents certain information about us and our main competitor in Argentina, IRSA, as of December 31, 2013:

	Market share(1)	Number of shopping centers
IRSA	40%	13
Cencosud(2)	45%	18

Source: CASC, IRSA and INDEC.
(1) Based on gross leasable area and including only the two largest operators.
(2) Does not include area used by affiliate companies.

At December 31, 2013, we were the first shopping center operator in Argentina in terms of gross leasable space, with a market share of 45% based on our comparison against publically filed information from our main competitor as of December 31, 2013. Our principal competitor in Argentina's shopping center market is IRSA which owns and operates the Abasto Shopping Center, Alto Palermo, Alto Avellandeda, Paseo Alcorta and Patio Bullrich, among others.

Peru

In 2013, we estimate the Peruvian shopping center industry was composed of more than 30 shopping centers, the majority of which are operated by Real Plaza (associated with the Interbank Group that also operates Supermercados Peruanos), Falabella, Aventura Plaza, Parque Arauco and Jokey Plaza. The shopping center industry is relatively new to the market in Peru, and most retail sales still take place at individual retail stores.

The following table sets forth the market shares held by the major shopping center operators in Peru as of December 31, 2013:

	Gross leasable area(1)	Market share(2)
Real Plaza (Interbank)	350	33.1%
Aventura Plaza	234	22.1%
Falabella	203	19.3%
Jockey Plaza	117	11.1%
Parque Arauco	102	9.6%
Cencosud	62	4.8%

Source: Company filings
(1) In thousands of square meters.
(2) Based on gross leasable area and including only the operators shown.

Our principal shopping center in Peru is Plaza Lima Sur with a supermarket and leasable area of 40,160 square meters, resulting in a market share of approximately 4.6% of the shopping center market, based on gross leasable area at December 31, 2013. We believe that the shopping center market in Peru has a high potential for growth, and we are currently developing additional shopping centers in Peru.

In June 2012, we opened an additional shopping center in Peru, located in the Miraflores section of Lima, with a 100% occupancy rate, 19 stores and a gross leasable area of 1,196 square meters. In 2013, we opened another shopping center in the city of Arequipa called the Cerro Colorado Shopping Center.

Environmental Regulations and Compliance

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

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

Chile

We and all of our subsidiaries with operations in Chile are subject to the *Ley de Protección al Consumidor*. Compliance with the *Ley de Protección al Consumidor* is enforced by SERNAC. Other than as described in "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings," we do not have any material proceedings arising from the *Ley de Protección al Consumidor*, and we believe we are in compliance with all material aspects of such law.

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

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

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

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

Cencosud Administradora de Tarjetas S.A. ("CAT") was recently a defendant in a class action suit filed by SERNAC. On April 24, 2013, the Supreme Court of Chile ruled for SERNAC ordering CAT to reimburse certain cardholders for excess maintenance fees charged since 2006 plus adjustments for inflation and interests. We paid a total amount of Ch$17,974 million as of December 31, 2013 in connection with that ruling.

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

Paris Corredores de Seguros Limitada obtained in 1998 an insurance brokerage company authorization with the SVS and is subject to its supervision and regulations. Paris Corredores de Seguros Limitada is in compliance in all material respects with the regulations to which it is subject.

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

Argentina

We and all of our subsidiaries with operations in Argentina are subject to the Consumer Protection Law. Compliance with the said law is enforced by the *Secretaría de Comercio Interior* on a national level. On the provincial and municipal level, there are numerous agencies that also enforce violations. We do not have any material proceedings arising from the *Ley de Proteccion al Consumidor*, and we believe we are in compliance with all material aspects of such law.

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

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

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

Brazil

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

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

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

The Brazilian Congress is discussing a bill requiring a prior assessment of the impact of the construction of a hypermarket in excess of 1,000 square meters on the relevant neighborhood. The proposed regulation is intended to protect traditional family-owned retailers that have increasingly lost market share in Brazil to the larger chains and hypermarkets. Regulations of this type already exist at the municipal level. For example, governmental authorities in the city of Porto Alegre in the State of Rio Grande do Sul issued a city ordinance in January 2001 prohibiting the construction of food retail stores with a selling area greater than 1,500 square meters, which in May 2005, was amended as to increase from 1,500 to 2,500 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* ("INDECOLI"), the Peruvian public antitrust and consumer protection agency. Acquisitions are not subject to authorization from INDECOLI.

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

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

Colombia

In Colombia, we are subject to laws that regulate competition and consumer protection. These laws include the *Ley de Protección al Consumidor* (Consumer Protection Law), which is enforced by the *Superintendencia de Industria y Comercio* (Superintendency of Industry and Commerce).

Additionally, mergers and acquisitions are reviewed by the Superintendency of Industry and Commerce and by the Colombian Superintendency of Companies for compliance with antitrust and general corporate law requirements.

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

Pharmacies.

Pharmacies owned or operated by us are subject to the control and monitoring of the Superintendencia Nacional de Salud ("SUPERSALUD") through the Insituto 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.

Gas stations

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

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

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

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

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

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

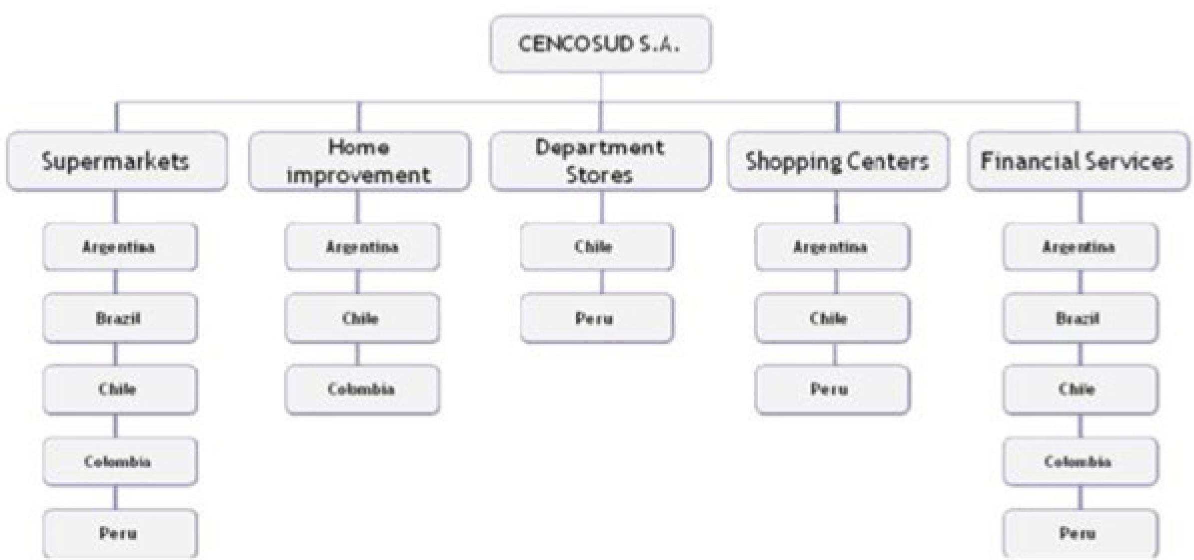
Regulation of Biofuel and Related Activities

The sale and distribution of biofuels is regulated by the Ministry of Mines and Energy. Regulations establish the quality and pricing standards for biofuels and impose minimum requirements for mixing ethanol with gasoline and biodiesel with diesel.

C. ORGANIZATIONAL STRUCTURE

Organizational Structure

The following is a simplified organizational chart showing our company and our principal operating divisions as of December 31, 2013.



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

Below is a chart showing our management structure as of the date of this annual report.

Our Subsidiaries

The following are our direct and indirect majority-owned subsidiaries as of December 31, 2013:

Company	Country	Percentage owned
ACC Alto las Condes Ltda.	Chile	44.9%
Administradora de Servicios Paris Ltda.	Chile	99.9%
Administradora TMO S.A.	Chile	99.9%
Banco Paris S.A.	Chile	99.9%
Banparis Corredores de Seguros Ltda.	Chile	99.9%
Cencosud Administradora de Procesos S.A.	Chile	99.9%
Cencosud Administradora de Tarjetas S.A.	Chile	99.9%
Cencosud Argentina SpA	Chile	99.9%
Cencosud Corredores de Seguros y Servicios Ltda.	Chile	99.9%
Cencosud Internacional Argentina SpA	Chile	99.9%
Cencosud Internacional Ltda.	Chile	99.9%
Cencosud Retail S.A.	Chile	99.9%
Cencosud Retail Administradora Ltda.	Chile	99.9%
Cencosud Servicios Integrales S.A.	Chile	99.9%
Cencosud Shopping CentersS.A.	Chile	99.9%
Circulo Más S.A.	Chile	99.9%
Comercial Food and Fantasy Ltda.	Chile	90.0%
ComercializadoraCostaneraCenter S.p.A	Chile	99.9%
Costanera CenterS.A.	Chile	99.9%

Company	Country	Percentage owned
Easy Administradora Norte S.A.	Chile	99.6%
Easy S.A.	Chile	99.6%
Eurofashion Ltda.	Chile	99.9%
Inmobiliaria Bilbao Ltda.	Chile	99.9%
Inmobiliaria Mall Viña Del Mar S.A.	Chile	33.3%
Inmobiliaria Santa Isabel S.A.	Chile	99.9%
Johnson's Mega San Bernardo S.A.	Chile	99.9%
Jumbo Administradora Norte S.A.	Chile	99.9%
Jumbo Administradora S.A.	Chile	99.9%
Jumbo Administradora Temuco S.A.	Chile	99.9%
Jumbo Argentina SpA	Chile	99.9%
Jumbo Supermercados Administradora Ltda.	Chile	99.9%
Logistica y Distribución Paris Ltda.	Chile	99.9%
MegaJohnson's Administradora S.A.	Chile	99.9%
MegaJohnson's Maipu S.A.	Chile	99.9%
MegaJohnson's Puente Alto S.A.	Chile	99.9%
MegaJohnson's Puente S.A.	Chile	99.9%
MegaJohnson's S.A.	Chile	99.9%
MegaJohnson's Viña del Mar S.A.	Chile	99.9%
MegaJohnson's Quilin S.A.	Chile	99.9%
Meldar Capacitación Ltda.	Chile	99.9%
Mercado Mayorista P y P Ltda.	Chile	90.0%
Paris Administradora Centro Ltda.	Chile	99.9%
Paris Administradora Ltda.	Chile	99.9%
Paris Administradora Sur Ltda.	Chile	99.9%
Paris Administradora Norte Ltda.	Chile	99.9%
Santa Isabel Administradora Norte Ltda.	Chile	99.9%
Santa Isabel Administradora S.A.	Chile	99.9%
Santa Isabel Administradora Sur Ltda.	Chile	99.9%
Sociedad Comercial de Tiendas S.A.	Chile	99.9%
Sociedad Comercializadora de Vestuario FES Ltda.	Chile	99.9%
Viajes Paris S.A.	Chile	99.9%
Agrojumbo S.A.	Argentina	87.4%
Agropecuaria Anjullon S.A.	Argentina	99.9%
Blaisten S.A.	Argentina	99.9%
Cavas y Viñas El Acequion S.A.	Argentina	99.9%
Carnes Huinca S.A.	Argentina	50.0%
Cencosud S.A.	Argentina	99.9%
Corminas S.A.	Argentina	99.9%
Invor S.A.	Argentina	99.9%
Jumbo Retail Argentina S.A.	Argentina	99.9%
Pacuy S.A.	Argentina	99.9%
Supermercados Davi S.A.	Argentina	99.9%
Unicenter S.A.	Argentina	99.9%
SUDCO Servicios Regionales S.A.	Uruguay	100.0%
Cencosud Colombia S.A.	Colombia	99.9%
Cencosud Brasil S.A.	Brazil	99.9%
Cencosud Brasil Comercial Ltda.	Brazil	99.9%
GBarbosa Holding S.A.	Brazil	99.9%
Mercantil Rodriguez Comercial Ltda.	Brazil	99.9%
Perini Comercial de Alimentos Ltda.	Brazil	99.9%
GBarbosa Holding LLC	U.S.	99.9%
Almacenes Metro S.A.	Peru	99.9%

Company	Country	Percentage owned
Banco Cencosud S.A.	Peru	99.9%
Cencosud Perú S.A.	Peru	99.9%
Cinco Robles SAC	Peru	99.9%
E. Wong S.A.	Peru	99.9%
Cencosud Retail Perú S.A.	Peru	99.9%
ISMB Supermercado S.A.	Peru	99.6%
Las Hadas Inversionistas S.A.	Peru	99.9%
Teledistribución S.A.	Peru	99.9%
Loyalty Perú SAC	Peru	42.5%
Travel International Partners Peru S.A.	Peru	99.9%
Tres Palmeras S.A.	Peru	99.9%
Cencosud (Shanghai) Trading Co., Ltd.	China	100%

D. PROPERTY, PLANTS AND EQUIPMENT

See "—B. Business Overview—Property, Plants and Equipment."

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

We believe we are one of the leading multi-brand retailers in South America, based on revenues, selling space, number of stores and gross leasable area in the sectors and countries in which we operate. We operate through a number of formats, including supermarkets, home improvement stores, shopping centers and department stores. We seek to increase operations through organic growth and acquisitions in Brazil, Peru and Colombia, which the Company believes are high growth and underpenetrated markets due to their favorable demographics, sustainable household consumption growth, low formal retail penetration, and strong macroeconomic environments, as described in "Item 4. Information on the Company—B. Business Overview—Our Company" and "—Industry Overview and Competition." As a complement to our core retailing business, we are actively involved across the region in the commercial real estate development business, particularly in Chile, Argentina and Peru, with 29 shopping malls representing 756,264 square meters of gross leasable area as of December 31, 2013, and we also offer private label credit cards, consumer loans and limited financial services to our retail customers.

A. OPERATING RESULTS

Trends and Factors Affecting Our Results of Operations

Our results of operations have been influenced and will continue to be influenced by the following factors:

Developments in the Chilean economy

Our operations in Chile accounted for 38.2% of our consolidated revenues from ordinary activities for the year ended December 31, 2013. Consequently, our financial condition and results of operations are substantially dependent on economic conditions prevailing in Chile. In 2010, the Chilean economy began to recover following the 2009 recession. As reported by the Central Bank of Chile, GDP contracted 1.0% in 2009, but increased by 6.1% in 2010, 6.0% in 2011 and is estimated to have grown 5.5% in 2012 and 4.2% in 2013 as reported by the Central Bank of Chile. According to ILACAD World Retail ("ILACAD"), an international consulting company which monitors the retail industry, the Chilean formal retail sector, which consists of business that are taxed and that employ formal labor, accounts for 63% of the retail sector, a relatively high number in comparison to the other countries in which we operate, but low in comparison to the United States, where the formal sector accounts for 92% of the retail sector, according to the U.S. Census Bureau, as of 2013.

In February 2010, Chile was struck by an 8.8 magnitude earthquake and a tsunami, which mainly affected the mid-southern regions of Chile. As a result of these developments, economic activity in Chile was adversely affected in 2010. However, the growth of private and public sector investments and the rebound of consumption have partially offset the negative effects of the earthquake and tsunami. As reported by the Central Bank of Chile, in 2010, internal demand increased 15.7%, private investment increased 18.5% and private consumption increased 9.3% compared to the same period in 2009. Unemployment rates have been decreasing and the unemployment rate as of December 31, 2013 declined to 5.6% from 6.1% in 2012 and 6.6% as of December 2011, 7.1% as of December 2010 and 10.0% as of December 2009, according to the Central Bank of Chile. See "—Impact of the 2010 Earthquake and Tsunami" below.

The recovery of the Chilean economy in 2010 was led in part by a recovery of the prices of Chile's exports, which accounted for 60% of GDP in 2012, according to Global Insight, a consulting company for country and industry forecasting. As a result of the economic recovery, the Consumer Price Index ("CPI") inflation increased 3.0% in 2013, 1.5% in 2012, compared with an increase of 4.4% in 2011, an increase of 3.0% in 2010 and a decrease of 1.4% in 2009, according to the Central Bank of Chile. As a result of rising price levels and higher economic activity, interest rates increased during 2011 and decreased during 2012 onwards well into 2013. The nominal overnight rate set by the Chilean Central Bank has decreased since December 2011 from 5.10% to 4.25% as of December 31, 2013. See "Item 3. Key Information—D. Risk Factors—Risks Related to Chile."

Chile maintains one of the highest credit ratings in Latin America, currently rated AA+ by Standard & Poor's Financial Services LLC, ("S&P"), Aa3 by Moody's Investors Service, Inc. ("Moody's") and A+ by Fitch, Inc. ("Fitch"), as of December 31, 2013. The future economic, social and political developments in Chile, over which we have no control, could have a material adverse effect on us, including impairing our business, financial condition or results of operations. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. See "Item 3. Key Information—D. Risk Factors—Risks Related to Chile."

Developments in the Argentine economy

Our operations in Argentina accounted for 25.1% of our consolidated revenues from ordinary activities for the year ended December 31, 2013, and thus the Company is also sensitive to macroeconomic conditions in Argentina.

From late 1998 to 2002, the Argentine economy went through an economic recession marked by reduced levels of consumption and investment and an elevated unemployment rate. As reported by the INDEC (Statistics and Census National Bureau), Argentina's GDP decreased by 0.8% in 2000, 4.4% in 2001 and 10.9% in 2002. In December 2001, a deep economic and political crisis forced Argentina to declare a suspension on payment of its foreign debt. In early 2002, the government released the Argentine peso from its one-to-one peg to the U.S. dollar and allowed the exchange rate to float, resulting in a 49.6% devaluation of the Argentine peso from January 1, 2002 to December 31, 2002, according to the Central Bank of Argentina. From 2003 to 2010, economic indicators showed signs of recovery, guided by a competitive exchange rate, a healthier international context, higher commodity prices and expansionary fiscal and monetary policies. In 2005, Argentina completed the restructuring of most of its 2001 defaulted public debt, which in turn reduced significantly the risk premium on its outstanding bonds. The government also is under negotiations to serve the remaining debt owed to the Paris Club. As a consequence, Argentina was able to decrease its public-to-GDP ratio from 139% in 2003 to below 42% in 2011, as reported by the Ministry of Economy.

According to the INDEC, the Argentine economy grew by 9.2% in 2005, 8.5% in 2006, 8.7% in 2007 and 6.8% in 2008. Due to the global financial crisis, Argentina's GDP expanded by only 0.9% in 2009. In 2010 and 2011, the Argentine economy showed strong signs of recovery, growing by 9.2% and 8.9% in 2010 and 2011, respectively, and is estimated to have grown 5.1% in 2012 and 2.1% in 2013 according to the Ministry of Economy. Unemployment levels also improved, from 8.4% and 7.3% in the fourth quarter of 2009 and 2010, respectively, to 6.7% ,6.9% and 6.8% in the fourth quarter of 2011, 2012 and 2013, respectively, as reported by INDEC. Both public and private consumption and investment were among the leading contributors to the economic growth. As reported by the Ministry of Economy, consumption and investment increased 9.1% and 21.2% in real terms in 2010, respectively. Consumption was supported by local conditions as well as wider access to consumer credit, as represented in the retail or automobile sector. Argentina's retail market is an underpenetrated sector, as the formal retail sector accounts for 42% of the retail sector, according to ILACAD, as of 2012. As reported by INDEC, supermarkets sales increased 29% in 2010, 28% in 2011, 26% in 2012 and 27% in 2013. As an effect of high consumption, however, the country has experienced inflation of 11% in 2010, 10% in 2011, 11% for 2012 and 10.9% for 2013, as reported by INDEC, exceeding that of other countries in South America, according to Global Insight. In response to demands from international investors and the International Monetary Fund, the government of Argentina introduced a new methology for the calculation of price variations in the domestic economy. The new index revealed a price increase of 3.4% for the month of February 2014. As per the Central Bank of Argentina, international reserves reached a record-high of over U.S.$52 billion in 2010, U.S.$46 billion in 2011 and U.S.$43 billion in 2012 before falling to U.S.$30 billion by the end of 2013.

After several years of price stability, the devaluation of the Argentine peso in January 2002 created pressures on the domestic price system that generated high inflation in 2002 before substantially stabilizing in 2003. However, consumer prices increased by 8.5% in 2007, 7.2% in 2008, 7.7% in 2009, 10.9% in 2010, 9.5% in 2011, 10.8% for 2012 and 10.9% for 2013, according to the INDEC, and private institutes estimate that consumer prices have increased significantly more than official estimates. The local interest rate, the BAIBAR was 9.45%, 10.11%, 9.08%, 12.10% and 30.14% on December 31, 2009, December 31, 2010, December 31, 2011, December 31, 2012 and December 31, 2013, respectively, as reported by the Central Bank.

Argentina is rated CCC+ by S&P with negative outlook, Caa1 by Moody's with stable outlook as of March 17, 2014 and BB- by Fitch with stable outlook, as of December 31, 2013. The future economic, social and political developments in Argentina, over which we have no control, could impair business, financial condition or results of operations. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. See "Item 3. Key Information—D. Risk Factors—Risks Related to Argentina."

Developments in the Brazilian economy

Our operations in Brazil accounted for 19.4% of our consolidated revenues from ordinary activities for the year ended December 31, 2013, and thus the Company is also sensitive to macroeconomic conditions in Brazil.

In recent years, we have benefited from Brazil's reasonably stable economic environment. In 2009, the Brazilian economy stagnated in the wake of the global economic and financial crisis; however, by the second quarter of 2009 the Brazilian economy had emerged from recession and started to regain its growth momentum. To mitigate the impact of the global economic and financial crisis, the Central Bank of Brazil responded in 2009 with a number of measures. Besides reducing the SELIC rate, the Central Bank of Brazil deployed part of its international reserves to replace international credit lines impacted by the Lehman bankruptcy and reduced reserve requirements with the specific purpose of acquiring assets from small banks and increasing the insurance limit for small banks' time deposits. These initiatives, along with fiscal measures, contributed to keeping the recession relatively brief (mostly concentrated between the fourth quarter of 2008 and the first quarter of 2009) and ensured a strong recovery in the second half of 2009, as reported by the Central Bank of Brazil.

The unemployment rate in Brazil has decreased significantly in the past decade from 10.5% at December 2002 to 4.3% as of December 31, 2013, as reported by the Central Bank of Brazil, the lowest level in ten years. At the same time, private consumption has followed a similar positive trend. As reported by the IBGE, private consumption in Brazil grew by 4.4%, 6.9% and 4.1% in 2009, 2010, 2011, respectively, and 0.9% in 2012 and 2.7% in 2013 according to Global Insight. The decrease in unemployment and increase in private consumption have driven the growth of the retail sector as illustrated by the growth of 14.7% in 2012, according to Global Insight. The Brazilian retail market is an underpenetrated sector as 48% of the sector is informal according to Credit Suisse Research estimates, as of 2013.

On September 22, 2009, Moody's raised the nation's sovereign rating to Baa3 from Ba1; the agency currently rates Brazil at Baa2 with a stable outlook. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. As a result of the recovery of the economy, GDP growth was 7.5% for 2010, as compared to 2009 when it contracted 0.3% as reported by the Central Bank of Brazil. Nonetheless, the growth of the Brazilian economy slowed down leading to a GDP growth of 2.7% for 2011 and 0.9% in 2012 according to the Central Bank of Brazil, reflecting past policy tightening to contain inflation risks and, more recently, the weaker external environment. Brazil, a member of the Group of Twenty leading advanced and emerging economies, has undergone a remarkable social and economic transformation over the past decade. Income inequality has decreased and the government has adopted a strong policy framework—most notably, fiscal responsibility laws, inflation targeting, and a flexible exchange rate. Growth during 2013 stood at 1.9%, below consensus for the year.

The future economic, social and political developments in Brazil, over which we have no control, could impair our business, financial condition or results of operations. S&P downgraded Brazil on March 24, 2014 citing deteriorating government accounts, rising debt levels and weakening growth. The nation currently holds a BBB- rating from S&P. Fitch currently rates Brazil at BBB, with stable outlook. See "Risk Factors—Risks Related to Brazil."

The Brazilian Central Bank began interest hikes in order to fight inflation and protect the Brazilian Real against capital outflows reaching 10.0% by December 31 2013. In early 2011, the Central Bank of Brazil, through its Monetary Policy Committee, had raised the SELIC from 10.75% at December 31, 2010 up to 12.50% on July 20, 2011 in order to control inflation. Later that year, as the European debt crisis worsened, the Monetary Policy Committee changed its monetary policy focusing on economical growth rather than inflation control. As a consequence, since mid-2011, the SELIC rate was reduced several times by that Committee reaching 7.5% on December 31, 2012, as reported by the Central Bank of Brazil. Annual inflation rates are measured in Brazil through the Brazilian Extended Consumer Price Index (*Índice de Preços ao Consumidor Amplo*), or IPCA, as calculated by the IBGE. The IPCA inflation rate was 4.3% in 2009, 5.9% in 2010, 6.5% in 2011 and 5.8% in 2012, as measured by the IPCA. According to "Boletim focus do Banco Central," the IPCA is estimated to be around 5.7% in 2013. See "Item 3. Key Information—D. Risk Factors—Risks Related to Brazil."

Developments in the Peruvian economy

Our operations in Peru accounted for 8.0% of our consolidated revenues from ordinary activities for the year ended December 31, 2013, and thus the Company is also sensitive to macroeconomic conditions in Peru.

According to the Central Bank of Peru, Peruvian GDP grew 5.2% 6.3%, 6.9% and 8.8% in 2013, 2012, 2011 and 2010, respectively. The Peruvian government adopted fiscal and monetary stimulus to mitigate the global financial and economic crisis and, as a result, growth recovered in the fourth quarter of 2009, as reported by the Central Bank of Peru. Internal demand grew 7.4% with public and private investment leading the recovery with growth rates of 20.9% and 13.6% according to the Central Bank of Peru. Production of non primary and labor intensive sectors like construction and manufacturing helped to boost employment and private consumption. Urban unemployment rates have remained at stable and low levels during recent years. According to the INEI, in 2009, 2010, 2011, 2012 and 2013 unemployment rate was 5.3%, 5.9%, 7.0%, 5.6% and 5.7%, respectively. In this context the Central Bank of Peru started a progressive withdrawal of monetary stimulus raising the reserve ratios and reference interest rate from 3.25% to 4.25% during the first and fourth quarter of 2011 and has maintained the rate at 4.00% as of December 2013. CPI index increased from 2.1% in 2010 to 4.7% in 2011 and decreased to 2.8% in 2012 and 2.8% in 2013, as reported by INEI. The formal sector represents only 32% of the retail sector in Peru according to ILACAD, as of 2012.

The main drivers of Peru's economic performance have been strong domestic demand and private investment. As reported by the Central Bank of Peru, private fixed investment increased 3.9% in 2013.

In the second half of 2011 the Peruvian economy started to show signs of slowdown driven by the uncertainty in connection with the election of President Humala and expectations of a recession in Europe and the United States. As reported by the Central Bank of Peru, internal demand slowed down in 2011 compared to 2010, which had year over year growth of 13.6% compared to 5.2% growth in the fourth quarter of 2011. However, internal demand shows signs of recovery as it had year over year growth of 7.6% in the fourth quarter of 2012. The Peruvian government's commitment to the current economic, fiscal and monetary policies supported economic growth in 2011 and stabilized the country's economy, which led to S&P upgrading Peru's credit rating from BBB- to BBB in August 2011. In October 2011, Fitch upgraded Peru's credit rating from BBB- to BBB. In August 2012, Moody's upgraded Peru's credit rating from Baa3 to Baa2. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. Peru is currently rated BBB+, Baa2 and BBB+ by S&P, Moody´s and Fitch, respectively.

According to the IMF, following a decade of record-high growth, Peru's economy has remained strong and resilient despite the persistent global uncertainty, thanks to strong fundamentals, supportive terms of trade and sound policy management. Over the 2002-2012 period, the Peruvian economy almost doubled in size, real GDP grew at an average annual rate of 6.3% (the highest 10-year average growth in Peru's history), and the average annual inflation rate fell to 2.75% (the lowest in the region). For 2013, real GDP growth is expected to remain around potential—at 6.3% —and inflation to continue to fall as supply shocks unwind.

On the downside, the economy is most vulnerable in the short term to a global growth shock that permeates through lower commodity prices. A prolonged period of low growth in the U.S. economy could also hamper Peru's economy over the medium term.

On the upside, upward momentum to growth and inflation could come from large capital inflows and strong credit dynamics in the context of ample global liquidity and continued low growth in advanced economies. See "Risk Factors—Risks Related to Peru."

The future economic, social and political developments in Peru, over which we have no control, could have a material adverse effect on us. See "Item 3. Key Information—D. Risk Factors—Risks Related to Peru."

Developments in the Colombian economy

Beginning in 2007 the nation grew rapidly, attracting a record U.S.$10.6 billion in foreign direct investment in 2008 according to the World Bank. However, Colombia's credit rating was not raised to investment grade by Moody's and S&P until 2011, when economic growth accelerated and the threat posed by guerrilla groups and organized crime receded. Moody's upgraded Colombia from Ba1 to Baa3, the lowest level of investment grade. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future.

The credit upgrade put Colombia's rating on par with Brazil, Peru and Panama. Security concerns, historically a major issue for Colombia, have not disappeared, but have been waning after several major government wins against domestic guerrilla groups. Colombia has cut its intentional homicide rate by almost half since 2002, when former President Alvaro Uribe took office, according to the World Bank, and increased investor confidence by sustaining moderate fiscal deficits, maintaining inflation stable and increasing economic growth according to Moody's.

In October 2012 the US granted congressional approval to the implementation of the United States-Colombia Trade Promotion Agreement under which over 80% of U.S. exports of consumer and industrial products to Colombia will become duty free immediately, with remaining tariffs phased out over 10 years. The U.S.–Colombia Trade Promotion Agreement (TPA) should have beneficial effects over both the U.S. and Colombian economies. Both economies are highly complementary according to the signatories. Between June 2012 and February 2013, compared to the previous year, two-way trade accounted for U.S.$28.5 billion, an increase of five percent. During that period of time, U.S. exports to Colombia increased 20%, including significant increases in oil and derivatives, aircraft and parts, electric machinery, iron and steel products, cereals, soybean products and pharmaceutical products – accounting for U.S.$11.4 billion. U.S. agricultural exports alone increased by 68% during that period.

We believe Colombia will be able to respond with both fiscal and monetary countercyclical policies if the international outlook further deteriorates. The most severe risks to the Colombian economy continue to be external; the consequences on the real economy of the sovereign debt crisis in Europe coupled with moderate growth in the United States may affect commodity prices and foreign investment inflows to emerging markets. Domestically, the most significant risk is the failure to execute important public works that are part of the set of infrastructure projects the country desperately needs and for which resources are available. See "Item 3. Key Information—D. Risk Factors—Risks Related to Colombia."

GDP has grown 4.5% in 2013 and 4.0% in 2012 and retail sales are estimated to have increased 4.7% in 2012 and 4.1% in 2013 according to Global Insight. In addition, the labor market has continued to improve, taking the national unemployment figure to 8.4% as of December 31, 2013. The retail sector in Colombia is underpenetrated with 51% of the retail sector being informal according to Credit Suisse Research, as of 2013.

Unemployment has gradually decreased in the last few years. According to the Central Bank of Colombia, the unemployment rate was 11.3%, 11.1%, 10.8%, 10.4% and 8.4%in 2009, 2010, 2011 2012, and 2013 respectively. Private consumption has recovered since 2009 as illustrated by the real growth rates of 0.9% and 5.0% in 2009 and 2010, respectively, and estimated growth rates of 4.3%, 4.0% and 4.0% for 2011, 2012 and 2013 according to DANE. .We believe this increase in real growth rate has been a key driver in retail growth in Colombia.

One factor which differentiates the Colombian recovery from its Latin American peers we believe has been the favorable behavior of inflation, which has beenwell within the inflation target band of 2-4% set up by the Central Bank of Colombia. Headline inflation ended at 3.7% for 2011, 2.4% for 2012 and 1.9% for 2013.

On the fiscal front, we expect that 2013 to have finished with a fiscal deficit of 2.4% in line with government estimates and beating the end of year result of 2012 which stood at a deficit of 2.5%. This lower deficit is expected to have improved government debt to GDP ratios which stood at 32.3% in 2013. Governement estimates currently place the 2014 government deficit at 2.3%.

The future economic, social and political developments in Colombia, over which we have no control, could impair our business, financial condition or results of operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Colombia."

Expansion activities

A significant proportion of our expected revenue growth is based on our expansion activities, including acquisitions and organic growth. We forecast that our revenue for 2014 will be between U.S.$20.4 billion and U.S.$21.3 billion based on the company's expected revenue growth, due primarily to our expansion activities and growing same store sales. We expect organic growth to amount to an increase of 3.2% in total selling space with 51 new stores opening in 2014. Our organic expansion is described in greater detail in "—Liquidity and Capital Resources—Capital Expenditures and Permanent Investments" below. Historical information regarding our acquisitions and organic growth is presented below.

Impact of acquisitions

Since 2010 we made the following significant acquisitions:

Acquisition of Super Familia Stores in Brazil. In 2010, we acquired 100% of the outstanding shares of Super Família Comercial de Alimentos Ltda., operator of the Super Familia supermarket chain in Brazil, for U.S.$33.1 million (approximately Ch$17,396 million). Our acquisition consisted of four Super Familia stores in the city of Fortaleza, with a total sales area of 7,000 square meters, and two distribution centers. We consolidate the results of Super Familia into our results of operation since the date of acquisition and we rebranded the stores under our GBarbosa brand in 2011.

Acquisition of Perini Stores in Brazil. In 2010, we acquired 100% of the outstanding shares of Perini Comercial do Alimento Ltda., operator of the four-store chain of Perini supermarkets in the city of Salvador in Brazil, for U.S.$27.7 million (approximately Ch$14,899 million). Perini is a well-known brand in Brazil with 46 years in the market that targets the high-end retail customer segment, which complements our business portfolio in Brazil. In addition to the four Perini stores in the city of Salvador, we also acquired four additional points of sales inside shopping centers, with a total sales area of 4,900 square meters, and two distribution centers. We consolidated the results of Perini into our results of operation since the date of acquisition.

Acquisition of Bretas Stores in Brazil. On October 29, 2010, pursuant to a stock purchase agreement executed on October 15, 2010, through our subsidiary GBarbosa Comercial Ltda. ("GBarbosa"), we acquired 100% of the outstanding shares of Fag Participaçoes Ltda. and Bretas, Filhos e Cia Ltda. (the "Sellers"), which together owned and operated the Brazilian supermarket chain Bretas, which operates 81 supermarkets, 2 distribution centers and 12 gas stations in Central and northern Brazil as of December 31, 2012. The aggregate purchase price of the acquisition was R$1.17 billion (approximately U.S.$705 million or Ch$336,630 million), payable as follows: R$820 million on October 29, 2010 (the closing date of the transaction) and R$100 million on December 30, 2011. The balance of R$250 million will be paid on December 30, 2014. Pursuant to the stock purchase agreement, the Sellers committed to make their best efforts to maintain, for a period of 20 years from the closing date of the transaction, the leases of premises to be opened during the end of 2010 and beginning of 2011 as well as the leases of properties that were leased by the Sellers at the time of the transaction. Under the terms of the acquisition transaction Cencosud S.A. serves as guarantor of GBarbosa in the acquisition transaction. The acquisition was financed with internal cash resources and bank debt totaling U.S.$290 million.

Through this strategic acquisition we entered the Brazilian state of Rio de Janeiro. The acquisition of Prezunic consolidated our position as Brazil's fourth-largest supermarket operator in terms of revenues, as measured by ABRAS. We consolidated the results of Prezunic into our results of operations since the date of acquisition.

Acquisition of Cardoso Stores in Brazil. In October 2011, we continued expanding into the Brazilian market through the acquisition of Cardoso. Cardoso is a three-store supermarket chain in the state of Bahia, with net sales of approximately R$60 million (U.S.$35.9 million) in 2011. Cencosud negotiated the payment of the purchase price of R$18 million (approximately U.S.$11.3 million or Ch$5,429 million) in three installments, 60% on the closing of the transaction, 20% on the 6-month anniversary of the closing date and the remaining 20% will be paid on the first year anniversary of the closing date. We have converted the acquired stores to the GBarbosa format and are now operating those stores under this brand. We consolidated the results of Cardoso into our results of operation since the date of acquisition.

Acquisition of Johnson Stores in Chile. In December 2011, we entered into an agreement with Johnson's Inversiones S.A. ("Johnson Inversiones") and Inversiones Bujorico Limitada ("Bujorico" and together with Johnson Inversiones, the "Johnson Entities"), who together owned Johnson. Pursuant to this agreement we acquired an 85.58% interest in Johnson for an aggregate purchase price of Ch$32,606 million. In December 2013 Cencosud executed its option to purchase the remaning shares that were not held by it and paid UF 315,935.76 in connection therewith.

Johnson is a department store with 39 stores throughout Chile under the Johnson brand and an additional 13 stores under the FES brand, with a total of 117,569 square meters of selling space. In 2011, Johnson registered sales of Ch$118,447 million from its retail operations. All FES stores were closed during the 2013 period.

During 2012 all former clients of Johnson's consumer financing arm were migrated to our Tarjeta Cencosud format. With the acquisition of Johnson we are now able to target the low- and middle-income market segments in Chile.

Acquisition of Prezunic in Brazil. On January 2, 2012, pursuant to a stock purchase agreement executed on November 16, 2011, Cencosud Brasil S.A. ("Cencosud Brasil") acquired from the Dias Da Cunha family 100% of the capital stock of Prezunic. We estimate that Prezunic is the third-largest supermarket chain in Rio de Janeiro, with 31 stores and net sales of approximately R$2.2 billion in 2011.

The aggregate purchase price of the operation was R$875 million (or approximately Ch$242,690 million), payable as follows: R$580 million on the closing date of the transaction (January 2, 2012), from which R$190 million were deducted as working capital adjustments. The balance will be paid as follows: R$80 million, R$85 million, R$80 million and R$50 million, on the first, second, third and fourth anniversary of the closing date, respectively. Pursuant to the stock purchase agreement, Cencosud Brasil, considered a national supermarket operator, therefore able to get better terms from suppliers, was also granted a preferential right from third-party landowners to acquire or lease two supermarket properties that were not owned by Prezunic at the time of the transaction, but were instead leased. Under the terms of this agreement, Cencosud S.A. serves as guarantor of Cencosud Brasil.

Acquisition of Carrefour Colombia. On November 30, 2012, Cencosud S.A. completed the acquisition of Carrefour supermarket operations in Colombia, for a total purchase price equal to €2 billion. The acquired companies operate supermarkets under the "Carrefour" and "Maxi" brand names in Colombia, including 72 hypermarket stores, 16 convenience stores, and four cash and carry stores and gas stations. All stores were migrated to Jumbo and Metro brands during the third quarter of 2013 after dropping the Carrefour brand on May 31, 2013. See "Item 4. Information on the Company—A. History and Development of the Company—History"

In order to finance the purchase of the acquisition of Carrefour's operations in Colombia, on October 17, 2012, the Company entered into the Bridge Loan Agreement with a syndicate of banks in the amount of U.S.$2,500 million. As of December 31, 2013 this loan had been repaid. See "—B. Liquidity and Capital Resources—Indebtedness, and B. Liquidity and Capital Resources—Recent Acquisitions" below.

No additional acquisitions were made in the 2013 fiscal period.

Impact of organic expansion

During the year ended December 31, 2013, we opened 2 supermarkets in Argentina, 10 in Chile, 1 in Peru, 3 in Colombia and 17 in Brazil. We opened 6 department stores in Peru and 5 home improvement stores in Colombia, four of these stores were cash & carry stores that have been refurbished and converted into home improvement stores following the Carrefour acquisition, while the same division opened one store in Argentina and one in Chile. During the year ended December 31, 2013, we also opened 1 shopping center in Peru.

During the year ended December 31, 2012, we opened 20 supermarkets in Argentina, 25 in Chile, 12 in Peru and 22 in Brazil. We opened 4 department stores in Chile and 2 shopping centers in Chile and 1 in Peru. During the year ended December 31, 2012, we also opened 2 home improvement stores in Chile.

During the year ended December 31, 2011, we opened 14 supermarkets in Argentina, 30 in Chile, 10 in Peru and 22 in Brazil. We opened one Easy home improvement store in Chile. Further, during the year ended December 31, 2011, we opened one new Paris department store in Chile. During the same period, we closed four supermarket stores, three Santa Isabel stores in Chile and one Disco store in Argentina. We also closed one Blaisten home improvement store in Argentina.

As a general matter, we believe that a period of several years is frequently required after opening or inauguration for a store or shopping center to mature and achieve its full potential to generate sales. As a result, the increasing maturation of a newly opened store may need to be taken into account when comparing period-to-period store sales.

The following tables present a breakdown of our store and shopping center expansion activities for the periods indicated:

			2013		
	Total 2012	**Openings**	**Closings**	**Acquisitions**	**Total 2013**
Chile					
Supermarkets	214	9	1	0	222
Home Improvement	31	1	0	0	32
Department Stores	77	1	2	0	78
Shopping Centers	23	0	0	0	25
Total Chile	345	11	3	0	357
Argentina					
Supermarkets	288	5	3	0	290
Home Improvement	47	1	0	0	48
Shopping Centers	18	0	0	0	18
Total Argentina	353	6	3	0	356
Brazil					
Supermarkets	204	11	0	0	221
Total Brazil	204	11	0	0	221
Peru					
Supermarkets	86	1	0	0	87
Department Stores	0				6
Shopping Centers	3	1	0	0	2
Total Peru	89	2	0	0	95
Colombia					
Home Improvement	4	5	0	0	9
Supermarkets	96	4	0	0	100
Shopping Centers	0	9	0	1	2
Total Colombia	100	9	0	1	111
Total	1091	39	6	1	1142

		2012			
	Total 2011	**Openings**	**Closings**	**Acquisitions**	**Total 2012**
Chile					
Supermarkets	190	28	3	0	214
Home Improvement	29	2	0	0	31
Department Stores	35	4	0	39	78
Shopping Centers	9	2	0	0	23
Total Chile	262	36	3	39	349
Argentina					
Supermarkets	269	21	2	0	288
Home Improvement	48	0	1	0	47
Shopping Centers	14	1	0	0	18
Total Argentina	331	22	3	0	353
Brazil					
Supermarkets	152	21	0	31	204
Total Brazil	152	21	0	31	204
Peru					
Supermarkets	74	13	1	0	86
Shopping Centers	2	1	0	0	2
Total Peru	76	14	1	0	88
Colombia					
Home Improvement	4	0	0	0	4
Supermarkets	0	0	4	101	96
Total Colombia	4	0	4	101	100
Total	826	93	11	171	826

	Total 2010	2011 Openings	2011 Closings	2011 Acquisitions	Total 2011
Chile					
Supermarkets	163	26	3	4	190
Home Improvement	29	1	1	—	29
Department Stores	34	1	—	—	35
Shopping Centers	9	—	—	—	9
Total Chile	235	28	4	4	263
Argentina					
Supermarkets	256	14	1	—	269
Home Improvement	49	—	1	—	48
Shopping Centers	14	—	—	—	14
Total Argentina	319	14	2	—	331
Brazil					
Supermarkets	130	15	—	7	152
Total Brazil	130	15	—	7	152
Peru					
Supermarkets	64	11	1	—	74
Shopping Centers	2	—	—	—	2
Total Peru	66	11	1	—	76
Colombia					
Home Improvement	4	—	—	—	4
Total Colombia	4	—	—	—	4
Total	754	68	7	11	826

Impact of exchange rate fluctuations

The Chilean peso, as well as the currencies of the countries in which we operate, has been subject to large volatility in the past and could be subject to significant fluctuations in the future. During 2012 and 2013, the value of the Chilean peso relative to the U.S. dollar appreciated approximately 8.2% and depreciated 8.5% in nominal terms, respectively; the Argentine Peso depreciated approximately 12.5% and 24.5% against the U.S. dollar, respectively; the Brazilian Real depreciated approximately 8.2% and 12.7% against the U.S. dollar, respectively; the Peruvian Sol appreciated approximately 5.7% and depreciated 8.8% against the U.S. dollar, respectively, and the Colombian peso appreciated approximately 9.9% and depreciated 8.2% against the U.S. dollar, respectively. The observed exchange rate for the Chilean peson on December 28, 2013 was Ch$524.61 per U.S.$1.00. See "Item 3. Key Information—A. Selected Financial Data—Exchange Rates" and "Item 10. Additional Information—D. Exchange Controls."

Our sales in each of our countries of operations are priced in local currencies. To the extent that the Chilean peso depreciates against the U.S. dollar or the currencies of any of our countries of operation, our revenues may be adversely affected when expressed in Chilean pesos. The effect of exchange rate fluctuations is partially offset by the fact that certain of our operating expenses are denominated in Chilean pesos (such as our corporate overhead) and a significant part of our indebtedness is denominated in Chilean pesos. As of December 31, 2013, 11% of our interest-bearing debt was denominated in U.S. dollars, after taking into account cross-currency swaps, and the remainder of our interest-bearing debt was primarily UF- or Chilean peso-denominated.

Impact of the 2010 earthquake and tsunami

On February 27, 2010, an 8.8 magnitude earthquake struck the central and central south regions of Chile. The quake epicenter was located 200 miles southwest of Santiago and 70 miles north of Concepción, Chile's second-largest city. The regions of Bío Bío and Maule were the most severely affected regions especially in the coastal area, which, shortly after the earthquake, was hit by a tsunami that significantly damaged cities and port facilities. The regions of Valparaíso and the Santiago Metropolitan area were also severely affected. At least 1,500,000 homes were damaged and more than 500 people were killed. According to an initial assessment by the government of Chile, the repair of the resulting damage, excluding damage to port facilities, is likely to take between three and four years and the preliminary assessments of reconstruction costs indicate that they could total approximately U.S.$30 billion.

The February 2010 earthquake and tsunami's primary impact on us was Ch$32,919 million relating primarily to damage to infrastructure, inventory destruction and business interruptions. Our insurance policies cover losses arising from the earthquake and tsunami, amounting to Ch$21,893 million. The primary financial impact of the earthquake and tsunami on our results of operations was Ch$4,865 million. The difference between the impact and the claim is related to the depreciation of certain assets at the time of the earthquake, resulting in a claim that is higher than the book value of such assets.

Conversely, following the February 2010 earthquake, during the second and third quarter of 2010 we experienced a 29.4% increase in revenues in our home improvement stores segment, as compared to second and third quarter of 2009.

As a result of the February 2010 earthquake and tsunami, the Chilean government raised the corporate income tax rate in order to pay for reconstruction following the earthquake and tsunami. Such legislation increased the general corporate tax rate from its historic rate of 17.0% to 20.0% for the income accrued in the 2011 commercial year (*año comercial),* which is declared and paid in the 2012 tax year (*año tributario*). On September 27, 2012, Law No. 20,630 introduced new amendments to existing tax legislation. Among the amendments introduced, the corporate income tax was permanently maintained at 20% effective as of the 2013 tax year.

According to the Chilean administration, rebuilding efforts after the earthquake were 97% concluded by May 2013.

Impact of the April 24, 2013 Supreme Court ruling on litigation on credit card fees.

On April 24, 2013, the Supreme Court of Chile ruled on the class action suit filed by SERNAC against Cencosud Administradora de Tarjetas S.A. ("CAT"). The court ruled for the plaintiff and at this junction no further appeals are available. In its ruling, the court determined that CAT included certain clauses in its 2006 contracts that were abusive to consumers. Said clauses allowed CAT to charge an incremental maintenance fee of Ch$530 per month to credit cardholders with a card usage under Ch$50 thousand per month, without written consent from cardholders as required by the *Ley de Proteccion al Consumidor*. In the ruling the court ordered CAT to pay a fine of approximately Ch$ 2 million and to reimburse certain cardholders for the excess maintenance fees charged since 2006 plus adjustments for inflation and interests. We have provisioned Ch$ 20,000 million for this ruling in our 2012 financial statements. As of December 31, 2013, Ch$17,974 million had been paid out in connection with the ruling.

Impact of the 2014 earthquake and tsunami

On April 1st 2014, an earthquake with a magnitude of 8.2 on the Richter scale hit the north of Chile. The epicenter of the earthquake was approximately 95 kilometres (59 mi) northwest of Iquique and 914 miles north of Santiago. The regions of Parinacota and Tarapacá were the most affect by the quake. The quake and the following tsunami warning resulted in the avacuation of approximately one million people along the Chilean coastline, according to the Chilean Minister of Interior. Both regions were declared disaster areas with the military being sent over to ensure order. At this time it is too early to asses the economic impact this event could have on these regions, on the country and on our operations.

Seasonality

Historically, we have experienced distinct seasonal sales patterns at our supermarkets due to heightened consumer activity throughout the Christmas and New Year holiday season, as well as during the beginning of each school year in March. During these periods, we promote the sale of non-food items particularly by discounting imported goods, such as toys throughout the Christmas holiday season, and school supplies during the back-to-school period. Conversely, we usually experience a decrease in sales during the summer vacation months of January and February. Our sales for the first and fourth quarters of 2013 represented 23.9% and 27.7% respectively, of our total same-store sales for such year.

We do not experience significant seasonality in the home improvement sector. Home improvement store sales for the first and fourth quarters of 2013 represented 23.7% and 28.5% of our total home improvement sales.

Our department stores have also experienced historically distinct seasonal sales patterns due to heightened consumer activity throughout the Christmas and New Year holiday season. As a result, the strongest quarter in terms of sales is the fourth quarter, which represented 28.7% of total sales for the year 2013, while the first quarter represented 21.2% of total annual sales, respectively.

Our shopping center revenues generally increase during the Christmas and New Year holiday season, reflecting the seasonal sales peak for our shopping centers. For example, during the fourth quarter of 2013 our Chile shopping center revenues represented 28.4% of total Chile shopping center revenues for the year. We generally charge our shopping center tenants double rent for the month of December which is payable in February of the following year when they will have realized collections in respect of most holiday season sales.

Cost of Sales

Cost of sales reflects the costs of goods sold. Gross margin, defined as revenues from ordinary activities less cost of sales, is lower in our supermarkets segment due to higher turnover of our supermarket inventory, which includes primarily basic and staple goods. In our other segments, namely department stores and home improvement stores, we do not experience high inventory turnover and therefore have higher gross margins.

Loan Provisioning

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

Critical Accounting Policies and Estimates

A summary of our significant accounting policies is included in Note 2 to our Audited Consolidated Financial Statements included elsewhere in this annual report. We believe that the consistent application of these policies enables us to provide readers of our consolidated financial statements with more useful and reliable information about our operating results and financial condition.

The following policies are the accounting policies that we believe to be the most important in the portrayal of our financial condition and results of operations and require management's most difficult, subjective or complex judgments.

Estimate of impairment of assets with indefinite useful lives

We assess whether goodwill has experienced any impairment on an annual basis, or more frequently if events or changes in circumstances indicate a potential impairment. The recoverable balances of the cash generating units have been determined from the base of their value in use. We apply the methodology of discounting cash flows at a real discount rate calculated for each country.

The assets measured correspond mainly to trademarks and goodwill arising from past business combinations. The measurements are performed for each operating segment and for each cash generating unit. The projected cash flows in each segment are allocated initially to identifiable tangible and intangible assets and the exceeding portion is allocated to goodwill. The valuation review of the trademarks incorporates among other factors the market analysis, financial projections and the determination of the role the brand under review has in the generation of sales. Changes in these assumptions may have a material impact on our financial results. As of December 31, 2013, the recoverable amount of our cash generating units is substantially in excess of their carrying value. As such, there are no cash generating units at risk of impairment.

Useful life of property, plant and equipment

We review the estimated useful lives of our property, plant and equipment at the end of each annual period. For the year ended December 31, 2013, we have established that there are no significant changes in the useful lives estimated during the period.

Impairment of accounts receivable

We assesses the impairment of accounts receivable when there is objective evidence that we will not be able collect all the amounts according to the original terms of the account receivable. For further information on our accounts receivable, please see Note 8 to our Audited Consolidated Financial Statements.

Investment property

For investment property, we use the discounted cash flows methodology using a country-specific weighted average cost of capital after tax, measured in real terms (8.71% in Chile, 22.25% in Argentina and 9.24% in Peru). To this effect, we calculate the revenues from ordinary activities that correspond to the lease income minus direct costs and operating expenses. Additionally, the projected cash flows use recent annual historical information and the projected macroeconomic variables expected to affect each country. The cash flows are calculated in a scenario of moderated growth for those investment properties that have reached the expected maturity level. Changes in these assumptions may have a material impact on results.

Estimate of Impairment of property, plant and equipment

For property, plant and equipment, we applied a methodology of discounting future cash flows using a pre-tax nominal discount rate, differentiated by country (7.5% in Chile; 16.8% in Argentina, 8% in Peru, 8% in Brazil and 7.8% in Colombia). We performed cash flow projections for each country and business segment. We used the functional currency of each country and the projection considers a five-year outlook plus perpetuity. The projections are based on historical information from recent years and the main macroeconomic variables that affect markets. In addition, the projections consider moderate organic growth and the recurring investments necessary to maintain the cash flow generating capacity of each segment.

Financial assets-options

In order to determine the fair value of call options (a financial asset), we consider the net present value of the discounted cash flows of the underlying asset and an analysis of market comparables, incorporating variables like EBITDA multiples, sales valuations, etc. See Note 3.1.4 to our Audited Consolidated Financial Statements.

Operating Segments

For purposes of our Audited Consolidated Financial Statements and our Unaudited Interim Consolidated Financial Statements, IFRS 8 "Operating Segments" requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating officer in deciding how to allocate resources and in assessing performance.

For management purposes, we are organized into six operating segments:

- "supermarkets," which includes the results of our: Jumbo, Santa Isabel, Disco, Vea, Wong, Metro, GBarbosa, Perini, Bretas and Prezunic supermarkets and hypermarkets in Chile, Argentina, Brazil, Colombia and Peru, our Eletro-show stores, GBarbosa pharmacies in Brazil and Colombia and gas stations in Brazil and Colombia;
- "shopping centers," which includes the results of our shopping centers in Chile, Argentina, Colombia and Peru;
- "home improvement stores," which includes the results of our Easy and Blaisten home improvement stores in Chile, Argentina and Colombia;
- "department stores," which includes the results of our Paris and Johnson department stores in Chile and Paris in Peru;
- "financial services," which primarily includes the results of our credit card businesses and consumer loans, as well as our limited insurance brokerage operations in Chile, Argentina, and Peru and through joint ventures in Brazil with Banco Bradesco and Colpatria in Colombia; and
- "other," which includes the results of our entertainment centers, loyalty programs and our corporate back-office operations.

We base operations and resource allocation decisions on these six segments. The operating segments are disclosed in a coherent way consistent with the presentation of internal reports we use in our internal controls and disclosure processes. These operating segments derive their revenues primarily from the sale of products and rendering of services to retail consumers.

Year ended December 31, 2013 as compared to year ended December 31, 2012

The following table presents, for the periods indicated, certain items of our statement of income:

	Year ended December 31,		
	2013	2012	% Change
	(in millions of Ch$)		
Revenues from ordinary activities:			
Supermarkets	7,682,064	6,733,610	14%
Home improvement stores	1,176,890	1,063,086	11%
Department stores	970,360	886,075	10%
Shopping centers	205,332	172,104	19%
Financial services	288,533	282,180	2%
Other	17,861	12,022	49%
Total revenues from ordinary activities	10,341,040	9,149,077	13%
Cost of sales:			
Supermarkets	(5,770,068)	(5,057,477)	14%
Home improvement stores	(787,402)	(711,500)	11%
Department stores	(701,530)	(644,668)	9%
Shopping centers	(23,341)	(27,213)	(14%)
Financial services	(85,755)	(104,680)	(18%)
Other	(3,453)	(2,294)	55%
Total cost of sales	(7,371,549)	(6,547,832)	13%
Gross margin:			
Supermarkets	1,911,996	1,676,133	14%
Home improvement stores	389,487	351,586	11%
Department stores	268,830	241,407	11%
Shopping centers	181,991	144,891	26%
Financial services	202,778	177,501	14%
Other	14,408	9,728	48%
Total gross margin	2,969,491	2,601,245	14%
Administrative expenses, distribution costs and other expenses	(2,460,441)	(2,121,821)	18%
Other revenues by function	108,714	107,110	1%
Participation in earnings of associates	10,289	5,640	82%
Financial income	5,855	8,110	(28%)
Financial expenses	(258,685)	(211,022)	23%
Other earnings	26,382	(7,369)	(458%)
Exchange differences	(34,723)	(2,680)	1196%
Losses from indexation	(20,960)	(25,915)	(19%)
Income (loss) before taxes	345,923	373,297	(7%)
Income tax charge	(96,158)	(100,488)	(4%)
Net income	249,765	252,809	(1.2%)
Profit attributable to non-controlling shareholders	(166)	2,851	(106%)
Profit attributable to controlling shareholders	249,930	249,959	(0.0%)

Revenues from ordinary activities

Our consolidated revenues from ordinary activities increased Ch$ 1,191,963 million, or 13.0%, to Ch$10,341,040 million for the year ended December 31, 2013 from Ch$ 9,149,077 million for the same period in 2012, as a result of (i) an increase of Ch$948,454 million resulting from growth in revenues from ordinary activities of 14.1% in our supermarkets segment, (ii) an increase of Ch$113,804 million resulting from growth in revenues from ordinary activities of 10.7% in our home improvement stores segment, (iii) an increase of Ch$84,285 million resulting from growth in revenues from ordinary activities of 9.5% in our department stores segment, (iv) an increase of Ch$33,228 million resulting from growth in revenues from ordinary activities of 19.3% in our shopping centers segment, and (v) an increase of Ch$6,353 million, or 2.3%, resulting from the expansion the business experienced in Peru, adding Ch$12,232 million, in conjunction with the addition of the Colombian Financial retail business that added Ch$7,156 million, partially offset by a decrease of Ch$16,845 million in Chile that was the result of a smaller portafolio.

Supermarkets

Our consolidated revenue from ordinary activities from our supermarkets increased Ch$948,454 million, or 14.1%, to Ch$7,682,064 million for the year ended December 31, 2013 from Ch$6,733,610 million for the same period in 2012, primarily due to (i) the consolidation of Colombian supermarket operations for the entire 12-month period of 2013 versus only one month in 2012, (ii) an increase of Ch$169,327 million, or 8.2%, in sales in Chile as a result of positive same-store sales and the addition of 10 new stores across the country, (iii) and revenue expansion of Ch$35,064 million or 2.0% in Argentina as a consequence of 17.3% same-store sales growth in local currency and an increase of Ch$26,530 or 4.0% in Peru, also aided by the opening one store and 1.5% same-store sales growth in local currency. All of the above were partially offset by a decrease in revenues in Brazil of Ch$91,206 million, or of 4.4%, as a result of decreasing same-store sales of 0.5% in local currency.

Home improvement stores

Our consolidated revenues from ordinary activities from our home improvement stores increased Ch$113,804 million, or 10.7%, to Ch$1,176,890 million for the year ended December 31, 2013 from Ch$1,063,086 million for the same period in 2012, primarily due to (i) an increase of Ch$48,328 million, or 12.4%, resulting from an increase in revenues in Chile driven by an increase in same-store sales in local currency of 6.1% and improved terms from suppliers, (ii) an increase of Ch$62,025, or 10.0%, million in revenues, in Argentina driven by an increase in same-store sales in local currency of 30.3% and an increase in sales resulting from the opening of one new store and (iii) an increase of Ch$3,450 million, or 8.1%, in revenues in Colombia driven by an increase of 0.1% in same stores sales in local currency and the opening of 5 new stores in the period.

Department stores

Our consolidated revenues from ordinary activities from our department stores increased Ch$84,285 million, or 9.5%, in 2013 compared to 2012 , as a result of (i) an increased of Ch$69,702 million, or 7.9%, to Ch$955,777 million of revenues from Chile for the year ended December 31, 2013 from Ch$886,075 million for the same period in 2012, primarily due to an increase in same-store sales of 4.7% and (ii) increased revenues in Peru as a result of the opening of six new Paris stores in the country during the period that contributed Ch$14,583 million .

Shopping centers

Our consolidated revenues from ordinary activities from our shopping centers increased Ch$33,228 million, or 19.3%, to Ch$205,332 million for the year ended December 31, 2013 from Ch$172,104 million for the same period in 2012, primarily due to: (i) an increase of Ch$19,748 million, or 21.2%, resulting from growth in revenues in Chile due to the improved performance posted by all of our properties in the country, particularly Costanera Center and the shopping center's full year contribution to the division; (ii) an increase of Ch$3,828 million, or 5.8%, resulting from growth in revenues in Argentina due to improved performance , (iii) revenue growth in Peru in the segment of 111%% for the year ended December 31, 2013 attributable to the opening of a shopping center in the city of Arequipa (iv) and the consolidation of the Colombian real estate division.

Financial services

Our consolidated revenues from ordinary activities from our financial services increased Ch$6,353 million, or 2.3% to Ch$288,533 million for the year ended December 31, 2013 from Ch$282,180 million for the same period in 2012, as a result of (i) an increase of Ch$11,733 million, or 86%, resulting from an increase in revenues in Peru driven by a larger loan portfolio due to higher card usage and the buildup of our operations in the market, (ii) the addition of the Colombian financial services business that added Ch$7,156 million and (iii) an increase of Ch$3,502 million, or 8.5%, in revenue in Argentina driven by a larger loan portfolio. The above was partially offset by a revenue reduction of Ch$16,845 million, or 7.5%, in Chile, as a result of a smaller loan portfolio for the last 12 months.

Cost of sales

Our consolidated cost of sales increased Ch$823,717 million, or 12.6%, to Ch$7,371,549 million for the year ended December 31, 2013 from Ch$6,547,832 million for the same period in 2012, primarily due to an increase in sales of 13.0%. Cost of sales as a percentage of sales declined from 71.6% to 71.3% when comparing 2012 to 2013.

Supermarkets

Our consolidated cost of sales in our supermarkets increased Ch$712,591 million, or 14.1%, to Ch$5,770,068 million for the year ended December 31, 2013 from Ch$5,057,477 million for the same period in 2012, due to (i) cost of sales of Ch$654,338 million attributable to the consolidation of 12 months of Colombian supermarket operations; (ii) an increase in cost of sales in Chile of Ch$107,579 million, or 6.9%, as a result of the opening of 10 new stores and (iii) an increase of Ch$26,862 million, or 5.0%, for cost of sales in our Peruvian supermarkets. The above were partially offset by a decrease in cost of sales in Brazil of Ch$89,129 million, or 5.4%, as a result of improved terms with suppliers.

Home improvement stores

Our consolidated cost of sales in home improvement stores increased Ch$75,902 million, or 10.7%, to Ch$787,402 million for the year ended December 31, 2013 from Ch$711,500 million for the same period in 2012, primarily due to (i) an increase of cost of sales in Argentina of Ch$39,615 million (ii) an increase of cost of sales in Chile of Ch$33,864 million, or 12%, and (iii) an increase of Ch$2,424 in Colombia. Costs as percentage of sales remained flat due to better terms resulting from negotiations with our suppliers.

Department stores

Our consolidated cost of sales in our department stores increased Ch$56,862 million, or 8.8%, to Ch$701,530 million for the year ended December 31, 2013 from Ch$644,668 million for the same period in 2012, primarily due to an increase in sales in the period of 9.5%. Costs as a percentage of sales decreased marginally by 0.5% due to greater synergies in our dealings with suppliers and improved margins at our Johnson stores. Cost of Sales in Chile grew 6.9% while the start up of deparment stores in Peru resulted an increase in cost of sales of Ch$12,170 million.

Shopping centers

Our consolidated cost of sales, primarily depreciation and expenses, from our shopping centers decreased Ch$3,872 million, or 14.2%, to Ch$23,771 million for the year ended December 31, 2013 from Ch$27,213 million for the same period in 2012, due to; (i) a decrease in cost of sales in Peru in the amount of Ch$1,266 million (ii) a decrease in Chile of Ch$1,382 million, or 16.8% ,due to higher expenses being recorded in 2012 for the opening of Costanera Center, and (iii) a decline in Argentina of Ch$666 million, or 4.6%. These were partially offset by the consolidation of our shopping center business in Colombia.

Financial services

Our consolidated cost of sales, primarily provisions for bad debts and collection and processing costs, from our financial services division decreased 18.1%, or Ch$18,925 million, to Ch$85,755 million for the year ended December 31, 2013 from Ch$104,680 million for the same period in 2012, primarily due to a decrease in provisions for Chile and Argentina.

Gross Profit

Our consolidated gross profit increased 14.2%, or Ch$368,246 million, to Ch$2,969,491 million for the year ended December 31, 2013 from Ch$2,601,245 million for the same period in 2012, primarily due to improved margins in all our divisions.

Our consolidated gross profit as a percentage of revenues from ordinary activities increased 0.3% to 28.7% for the year ended December 31, 2013 from 28.4% for the same period in 2012.

Supermarkets

Our consolidated gross profit in our supermarkets increased Ch$235,863 million, or 14.1%, to Ch$1,911,996 million for the year ended December 31, 2013 from Ch$1,676,133 million for the same period in 2012, as a result of margin improvements in all of our markets except for Brazil. Gross profit as a percentage of sales remained flat for the overall division at 24.9%. This was a result of (i) the addition of 12 months of operation of our Colombian supermarket operation that contributed Ch$148,769 million in gross profit; (ii) gross profit in Chile increasing Ch$61,749 million, or 12.4%, reflecting the maturing of continued investments in distribution centers; and (iii) expanding gross profit in Ch$25,373 million in Argentina, or 4.9%, as a result of a more flexible pricing environment combined with an improved commercial strategy. These were partially offset by a decrease in gross profit from Brazil of Ch$2,077 million, or 0.5%.

Home improvement stores

Our consolidated gross profit in our home improvement stores increased Ch$37,901 million, or 10.8%, to Ch$389,487 million for the year ended December 31, 2013 from Ch$351,586 million for the same period in 2012. Cost of sales as a percentage of sales remained flat in the period at 33.1% when compared against the same period 2012. The increase was a result of: (i) an increase in Argentina operations of Ch$22,411, or 10%, in line with sales growth for the division, (ii) Chile growing Ch$14,465 million, or 12.6%, as a result of higher sales with increased gross margins for the operation and (iii) an increase in our Colombian operations of Ch$1,026 million, or 9.0%, with an increase of 0.3% in gross margin for the operation as a result of greater volumes, which diluted expenses.

Department stores

Our consolidated gross margin in our department stores increased Ch$27,423million, or 11.4%, to Ch$268,830 million for the year ended December 31, 2013 from Ch$241,407 million for the same period in 2012. In Chile, the improvement resulted from better inventory management and sales mix particularly at our Johnson operations. Our consolidated gross profit as a percentage of revenues from ordinary activities increased by 0.5% to 27.7% for the year ended December 31, 2013 from 27.2% for the same period in 2012. Our Peruvian start up contributed Ch$2,413 million in gross profit to this division.

Shopping centers

Our consolidated gross margin in our shopping centers increased Ch$37,100 million, or 25.6%, to Ch$181,991 million for the year ended December 31, 2013 from Ch$144,891 million for the same period in 2012, as a result of (i) an increase in Chile of Ch$21,129 million reflecting a full year contribution of Costanera Center as well as high occupancy levels for that property and Portal Osorno, (ii) the addition of Colombian real estate operations that contributed Ch$7,502 million in gross profit and (iii) an increase in Argentina of Ch$4,494 million.

As a result of the foregoing factors, our consolidated gross profit as a percentage of revenues from ordinary activities in our shopping centers increased to 88.63% for the year ended December 31, 2013 from 84.2% for the same period in 2012.

Financial services

Our consolidated gross profit in our financial services segment increased Ch$ 25,278 million, or 14.2%, to Ch$ 202,778 million for the year ended December 31, 2013 from Ch$ 177,501 million for the same period in 2012, as a result of (i) an increase of Ch$7,718 million in Peru as a result of a greater loan portfolio, (ii) the greater contribution to financial services from our Colombian operations, which addedCh$7,156 million as result of a full year contribution to the business and (iii) Chile growing by Ch$6,936 million, or 5.0%, as a result of lower provisions for our portfolio in Chile.

Other revenues by function

Our consolidated other revenues by function increased by Ch$1,604 million, to Ch$108,713 million for the year ended December 31, 2013 from Ch$107,110 million for the same period in 2012, as a result of a higher revaluation of investment properties in 2013 compared to the same period in 2012.

Administrative expenses, distribution costs and other expenses

Our consolidated administrative expenses, distribution costs and other expenses increased Ch$338,620 million, or 16.0%, to Ch$2,460,441 million for the year ended December 31, 2013 from Ch$2,121,821 million for the same period in 2012, higher than the revenue increase of from ordinary activities of 13.0% as a result of real wage increases in the period in most of our divisions.

Results from financial and other activities

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial, tax and other activities, as well as the percentage variation from period to period:

	Year ended December 31,		
	2013	2012	% Change
	(in millions of Ch$)		
Other earnings (losses)	26,382	(7,369)	458%
Financial income	5,854	8,110	28%
Financial expenses	(258,685)	(211,022)	224%
Exchange differences	(34,723)	(2,680)	1,196%
Losses from indexation	(20,960)	(25,915)	(19%)
Total losses from financial and other activities	(282,131)	(238,876)	18.1%

Our consolidated losses from financial and other activities increased by Ch$43,255 million, to a loss of Ch$282,131 million for the year ended December 31, 2013 from a loss of Ch$238,876 million for the same period in 2012. This increase was primarily due to the following factors:

- An increase in financial expenses of Ch$47,662 million, resulting in a financial expense of Ch$258,685 million for the year ended December 31, 2013 compared to Ch$211,022 million for the same period in 2012, as a result of lower cash on hand, higher financial debt used to fund the growth of the company, mainly related to recent acquisitions; and
- A increase in exchange differences of Ch$32,044 million, resulting in a loss of Ch$34,723 million for the year ended December 31, 2013 from a loss of Ch$2,680 million for the same period in 2012, as a result of the devaluation of local currencies against U.S. dollar; partially offset by;
- A decrease in losses from indexation, of Ch$4,956 million, resulting in a loss of Ch$20,960 million for the year ended December 31, 2013 from a loss of Ch$25,915 million for the same period in 2012 as a result of a lower inflation rate in Chile; and
- Higher earnings related to the fair value of cross currency swaps being booked in other earnings (losses) connected to the hedging of our U.S$ denominated debt.

Income tax charge

For the year ended December 31, 2013, we had an income tax expense of Ch$96,158 million, compared to an income tax expense of Ch$100,488 million for the same period in 2012. This decrease of Ch$4,331 million was due to lower income subject to income tax in the period.

Profit (loss) attributable to controlling shareholders

As a result of the above factors, our net earnings decreased Ch$29 million, or 0%, to Ch$249,930 million for the year ended December 31, 2013 from Ch$249,959 million for the same period in 2012. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 2.4% for the year ended December 31, 2013 from 2.7% for the same period in 2012.

Year ended December 31, 2012 as compared to year ended December 31, 2011

The following table presents, for the periods indicated, certain items of our statement of income:

	Year ended December 31, 2012	Year ended December 31, 2011	% Change
	(in millions of Ch$)		
Revenues from ordinary activities:			
Supermarkets	6,733,610	5,556,271	21%
Home improvement stores	1,063,086	948,641	12%
Department stores	886,075	690,772	28%
Shopping centers	172,104	129,727	32%
Financial services	282,180	267,874	5%
Other	12,022	11,520	4%
Total revenues from ordinary activities	9,149,077	7,604,806	20%
Cost of sales:			
Supermarkets	(5,057,477)	(4,177,664)	21%
Home improvement stores	(711,500)	(647,337)	10%
Department stores	(644,668)	(499,413)	29%
Shopping centers	(27,213)	(19,449)	40%
Financial services	(104,680)	(85,632)	22%
Other	(2,294)	(5,421)	-58%
Total cost of sales	(6,547,832)	(5,434,917)	20%
Gross margin:			
Supermarkets	1,676,133	1,378,607	22%
Home improvement stores	351,586	301,303	17%
Department stores	241,407	191,359	26%
Shopping centers	144,891	110,278	31%
Financial services	177,501	182,242	-2%
Other	9,728	6,099	60%
Total gross margin	2,601,245	2,169,890	20%
Administrative expenses, distribution costs and other expenses	(2,121,821)	(1,669,374)	27%
Other revenues by function	107,110	85,128	26%
Participation in earnings of associates	5,640	5,779	-2%
Financial income	8,110	10,984	-26%
Financial expenses	(211,022)	(144,136)	46%
Other earnings	(7,369)	(12,659)	-42%
Exchange differences	(2,680)	(9,876)	-73%
Losses from indexation	(25,915)	(31,289)	-17%
Income (loss) before taxes	373,297	404,448	-8%
Income tax charge	(100,488)	(119,556)	-16%
Net income	252,809	284,892	-11%
Profit attributable to non-controlling shareholders	2,851	10,559	-73%
Profit attributable to controlling shareholders	249,959	274,333	-1%

Revenues from ordinary activities

Our consolidated revenues from ordinary activities increased Ch$1,544,271 million, or 20%, to Ch$9,149,077 million for the year ended December 31, 2012 from Ch$7,604,806 million for the same period in 2011, as a result of (i) an increase of Ch$1,177,339 million resulting from growth in revenues from ordinary activities of 21.3% in our supermarkets segment, (ii) an increase of Ch$114,445 million resulting from growth in revenues from ordinary activities of 12.1% in our home improvement stores segment, (iii) an increase of Ch$195,303 million resulting from growth in revenues from ordinary activities of 28.3% in our department stores segment, (iv) an increase of Ch$42,377 million resulting from growth in revenues from ordinary activities of 32.0% in our shopping centers segment, and (v) an increase of Ch$14,306 million, or 5.4%, resulting from growth in revenues from ordinary activities in our financial services segment.

Supermarkets

Our consolidated revenue from ordinary activities from our supermarkets expanded Ch$1,177,339 million, or 21%, to Ch$6,733,610 million for the year ended December 31, 2012 from Ch$5,556,271 million for the same period in 2011, primarily due to (i) an increase of Ch$543,040 million, or 35%, in sales in Brazil driven by the consolidation of Prezunic (ii) the consolidation of Carrefour´s former Colombian operations with revenues of Ch$115,354 million, (iii) the opening of 78 new supermarkets across the region, (iv) positive same store sales in Chile, Argentina and Peru of 4.8%, 18.5% and 4.2% respectively in local currency, accompanied by increases in average tickets.

Home improvement stores

Our consolidated revenues from ordinary activities from our home improvement stores increased Ch$114,445 million, or 12%, to Ch$1,063,086 million for the year ended December 31, 2012 from Ch$948,641 million for the same period in 2011, primarily due to (i) an increase of Ch$78,207 million, or 14.4%, resulting from higher revenues in Argentina driven by an increase in same-store sales in local currency of 26.6%, partially offset by the closure of one store and by the devaluation of the Argentine peso against the Chilean peso, (ii) an increase of Ch$32,892 million resulting from an increase in revenues of 9.0% in Chile driven by an increase in same-store sales in local currency of 6.3% and an expansion in sales resulting from the opening of 2 new stores (iii) an increase of Ch$3,347 million resulting from an increase in revenues of 8.5% in Colombia driven by an expansion of 4.1% in same stores sales in local currency partially offset by devaluation of the Colombian peso against the Chilean peso.

Department stores

Our consolidated revenues from ordinary activities from our department stores in Chile increased Ch$195,303 million, or 28%, to Ch$886,075 million for the year ended December 31, 2012 from Ch$690,772 million for the same period in 2011, primarily due to an increase in same stores sales of 5.3%, the consolidation of Johnson, and the opening of four new Paris stores in the period.

Shopping centers

Our consolidated revenues from ordinary activities from our shopping centers increased Ch$42,377 million, or 32.7%, to Ch$172,104 million for the year ended December 31, 2012 from Ch$129,727 million for the same period in 2011, primarily due to: (i) an increase of Ch$28,590 million, or 44.3%, resulting from growth in revenues in Chile due to an increase in selling space of 52.3% as a result of the opening of Costanera Center, with total selling space of 140,000 square meters, and Portal Osorno, and (ii) an increase of Ch$5,807 million resulting from growth in revenues of 9.7% in Argentina due to an increase in selling space of 4.0%, (iii) revenue growth in Peru in the segment of 24% for the year ended in December 2012 as a consequence of the opening of a shopping center in the city of Lima.

Financial services

Our consolidated revenues from ordinary activities from our financial services increased 4%, to Ch$282,180 million for the year ended December 31, 2012 from Ch$267,874 million for the same period in 2011, as a result of (i) an increase of Ch$9,322 million, or 29.2%, resulting from an expansion in revenues in Argentina driven by a larger loan portfolio, (ii) an increase of Ch$4,873 million, or 55.7%, resulting from rising revenues in Peru driven by a larger loan portfolio due to higher card usage and the buildup of our operations in the market. This growth was partially offset by a contraction of 21.1% in Brazil or Ch$982 million.

Cost of sales

Our consolidated cost of sales increased Ch$1,112,915 million, or 20%, to Ch$6,547,832 million for the year ended December 31, 2012 from Ch$5,434,917 million for the same period in 2011, primarily due to an increase in sales of 20.3%. Cost of sales as a percentage of sales climbed from 71.5% to 71.6% when comparing December 31, 2012 and 2011.

Supermarkets

Our consolidated cost of sales in our supermarkets increased 21.1%, or Ch$882,744 million, to Ch$5,057,477 million for the year ended December 31, 2012 from Ch$ 4,177,664 million for the same period in 2011. Costs as percentage of sales decreased by 0.1%, primarily due to (i) an increase of cost of sales in Brazil of Ch$435,406 million, or 36.2%, resulting from an increase of 35.0% in sales and lower cost of sales as a percentage of sales of 0.9%, due to the consolidation of Prezunic into our operations (which contributed Ch$491,080 to the increase in costs of sales), which allowed us to negotiate better terms with our suppliers in Brazil, (ii) an increase of Ch$345,885 million resulting from an increase of 12.7% or Ch$231,920 million in sales in Chile while cost of sales as a percentage of sales dropped from 76.3% to 75.8%, (iii) an increase of Ch$167,297 million resulting from an increase of 12.8% in sales in Argentina and lower cost of sales as a percentage of sales of 0.6%, due to inflation and better terms resulting from negotiations with our suppliers, and (iv) an increase of Ch$65,040 million resulting from an increase of 13.7% in sales in Peru and cost of sales as a percentage of sales of 0.7%.

Home improvement stores

Our consolidated cost of sales in home improvement stores increased Ch$64,163 million, or 10%, to Ch$711,500 million for the year ended December 31, 2012 from Ch$647,337 million for the same period in 2011, primarily due to (i) an increase of cost of sales in Chile of Ch$19,379 million resulting from an increase of 9% in sales and (ii) an increase of cost of sales in Argentina of Ch$42,257 million resulting from an increase of 14.4% in sales and lower cost of sales as a percentage of sales of 1.4% due to better terms resulting from negotiations with our suppliers. Costs as percentage of sales decreased by 1.3% primarily because our Argentine operations, which have lower cost of sales as percentage of sales as compared to Chile, represented a higher percentage of our home improvement sales than in the prior period, increasing to 57.1% of total home improvement stores segment revenues in 2012 from 55.0% of the total revenues of the home improvement stores segment in 2011.

Department stores

Our consolidated cost of sales in our department stores in Chile increased Ch$145,255 million, or 29.1% to Ch$644,668 million for the year ended December 31, 2012 from Ch$499,413 million for the same period in 2011, primarily due to an increase in sales in the period of 28.2%. Costs as percentage of sales increased by 0.5% primarily due to higher revenues and the integration of Johnson operations into our department store division.

Shopping centers

Our consolidated cost of sales, primarily depreciation and expenses, from our shopping centers increased Ch$7,764 million, or 40%, to Ch$27,213 million for the year ended December 31, 2012 from Ch$19,449 million for the same period in 2011, primarily due to the opening of 4 new shopping centers in the region, mainly Costanera center in Chile and the expansion in revenue that it entailed.

Financial services

Our consolidated cost of sales, primarily provisions for bad debts and collection and processing costs, from our financial services division jumped Ch$19,048 million, or 23%, to Ch$104,680 million for the year ended December 31, 2012 from Ch$85,632 million for the same period in 2011, primarily due to an expansion in our loan portfolio in Argentina and Peru.

Gross margin

Our consolidated gross margin increased Ch$431,355 million, or 20%, to Ch$2,601,245 million for the year ended December 31, 2012 from Ch$2,169,890 million for the same period in 2011, primarily due improved margins in all our divisions.

Our consolidated gross margin as a percentage of revenues from ordinary activities decreased 0.1% to 28.4% for the year ended December 31, 2012 from 28.5% for the same period in 2011.

Supermarkets

Our consolidated gross margin in our supermarkets increased Ch$297,526 million, or 21.7%, to Ch$1,676,133 million for the year ended December 31, 2012 from Ch$1,378,607 million for the same period in 2011, primarily due to improvements in gross margins in Peru, Argentina and Chile and the addition of Colombian operations. As a result of the foregoing factors, our consolidated gross margin as a percentage of revenues from ordinary activities increased by 0.1% to 24.9% for the year ended December 31, 2012 from 24.8% for the same period in 2011.

Home improvement stores

Our consolidated gross margin in our home improvement stores increased Ch$ 50,283 million, or 17%, to Ch$351,586 million for the year ended December 31, 2012 from Ch$301,303 million for the same period in 2011, primarily due to lower expenses and costs of sales in Chile because of higher volume discounts from suppliers, reduced inventory, logistic efficiencies in Argentina and greater bargaining power with Colombian suppliers along with lower costs from logistics.

As a result of the foregoing factors, our consolidated gross margin as a percentage of revenues from ordinary activities in our home improvement stores increased by 1.3% to 33.1% during the year ended December 31, 2012 from 31.8% for the same period in 2011.

Department stores

Our consolidated gross margin in our department stores in Chile increased Ch$50,048 million, or 26%, to Ch$241,407 million for the year ended December 31, 2012 from Ch$191,359 million for the same period in 2011, primarily due to better inventory management and sales mix. As a result of the consolidation of Johnson´s , our consolidated gross margin as a percentage of revenues from ordinary activities in our department stores decreased by 0.5% to 27.2% for the year ended December 31, 2012 from 27.7% for the same period in 2011.

Shopping centers

Our consolidated gross margin in our shopping centers increased Ch$34,613 million, or 31%,to Ch$144,891 million for the year ended December 31, 2012 from Ch$110,278 million for the same period in 2011, primarily due to the fact that the Chilean shopping operations, with a higher gross margin than Argentina and Peru, increased its participation in overall shopping revenues to more than 55% of the division

As a result of the foregoing factors, our consolidated gross margin as a percentage of revenues from ordinary activities in our shopping centers increased to 85.6% for the year ended December 31, 2012 from 85.0% for the same period in 2011.

Financial services

Our consolidated gross margin in our financial services segment decreased Ch$4,741 million, or 2.6%, to Ch$177,501 million for the year ended December 31, 2012 from Ch$182,242 million for the same period in 2011, as a result of higher costs of sales due to a larger portfolio in Chile because of the integration of Johnson credit card, and higher costs in Peru due to the building up of the operation.

Other revenues by function

Our consolidated other revenues by function increased by Ch$21,982 million, to Ch$107,110 million for the year ended December 31, 2012 from Ch$85,128 million for the same period in 2011, as a result of a higher revaluation of investment properties in 2012 compared to the same period in 2011.

Administrative expenses, distribution costs and other expenses

Our consolidated administrative expenses, distribution costs and other expenses increased 27.0% to Ch$2,121,821 million for the year ended December 31, 2012 from Ch$1,669,374 million for the same period in 2011, in line with higher revenues from ordinary activities of 20%.

Under this line we have recorded the effect of provisions that were a direct consequence of the unfavorable outcome of a class action initiated by SERNAC against our subsidiary, CAT. We have included provisions in the amount of Ch$20,000 million, or 0.9% of all expenses added to the line in the period.

Provisions were made under our financial services segments, as Cencosud S.A. was not a party to the litigation.

Results from financial and other activities

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial, tax and other activities, as well as the percentage variation from period to period:

	Year ended December 31,		
	2012	2011	% Change
	(in millions of Ch$)		
Other earnings (losses)	(7,369)	(12,659)	-42%
Financial income	8,110	10,984	-26%
Financial expenses	(211,022)	(144,136)	46%
Exchange differences	(2,680)	(9,876)	-73%
Losses from indexation	(25,915)	(31,289)	-17%
Total losses from financial and other activities	(238,876)	(186,975)	22%

Our consolidated losses from financial and other activities increased by Ch$51,900 million, to a loss of Ch$238,876 million for the year ended December 31, 2012 from a loss of Ch$186,975 million for the same period in 2011. This increase was primarily due to the following factors:

- An increase in financial expenses of Ch$66,886 million, resulting in a loss of Ch$211,022 million for the year ended December 31, 2012 compared to Ch$144,136 million for the same period in 2011, as a result of less cash on hand, higher financial debt used to fund the growth of the company, mainly related to recent acquisitions; partially offset by
- A decrease in exchange differences of Ch$7,196 million, resulting in a loss of Ch$2,680 million for the year ended December 31, 2012 from a loss of Ch$9,876 million for the same period in 2011, as a result of the devaluation of local currencies against U.S. dollar; and
- A decrease in losses from indexation, of Ch$5,374 million, resulting in a loss of Ch$25,915 million for the year ended December 31, 2012 from a loss of Ch$31,289 million for the same period in 2011 as a result of a lower inflation rate in Chile.

Income tax charge

For the year ended December 31, 2012, we had an income tax expense of Ch$100,488 million, compared to an income tax expense of Ch$119,556 million for the same period in 2011. This decrease of Ch$19,063 million was due to tax losses that originated in 2012, consolidation of Banco Paris and Carrefour Colombia (not consolidated in 2011), the change in the income tax rate in Chile, from 17% to 20% (impact on deferred taxes), and the changes in ARS/CLP and BRL/CLP exchange rate.

Profit (loss) attributable to controlling shareholders

As a result of the above factors, our net earnings decreased Ch$24,374 million, or 1%, to Ch$249,959 million for the year ended December 31, 2012 from Ch$ 274,333 million for the same period in 2011. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 2.7% for the year ended December 31, 2012 from 3.6% for the same period in 2011.

B. LIQUIDITY AND CAPITAL RESOURCES

General

Our principal sources of liquidity have historically been:

- cash generated by operations;
- short-term credit extended by suppliers;
- cash from borrowings and financing arrangements; and
- financing provided to us by sellers of businesses we have acquired.

Our principal cash requirements or uses (other than in connection with our operating activities) have historically been:

- acquisition of, or investments in, companies engaged in the retail business; and
- capital expenditures for property, plant and equipment.

At December 31, 2013 we had a positive working capital (defined as total current assets, excluding cash and cash equivalents and other financial assets, minus total current liabilities, excluding other current financial liabilities) of Ch$596 million.

At December 31, 2012 we had a negative working capital current of Ch$146,574 million.

At December 31, 2011, we had a negative working capital current of Ch$14,758 million.

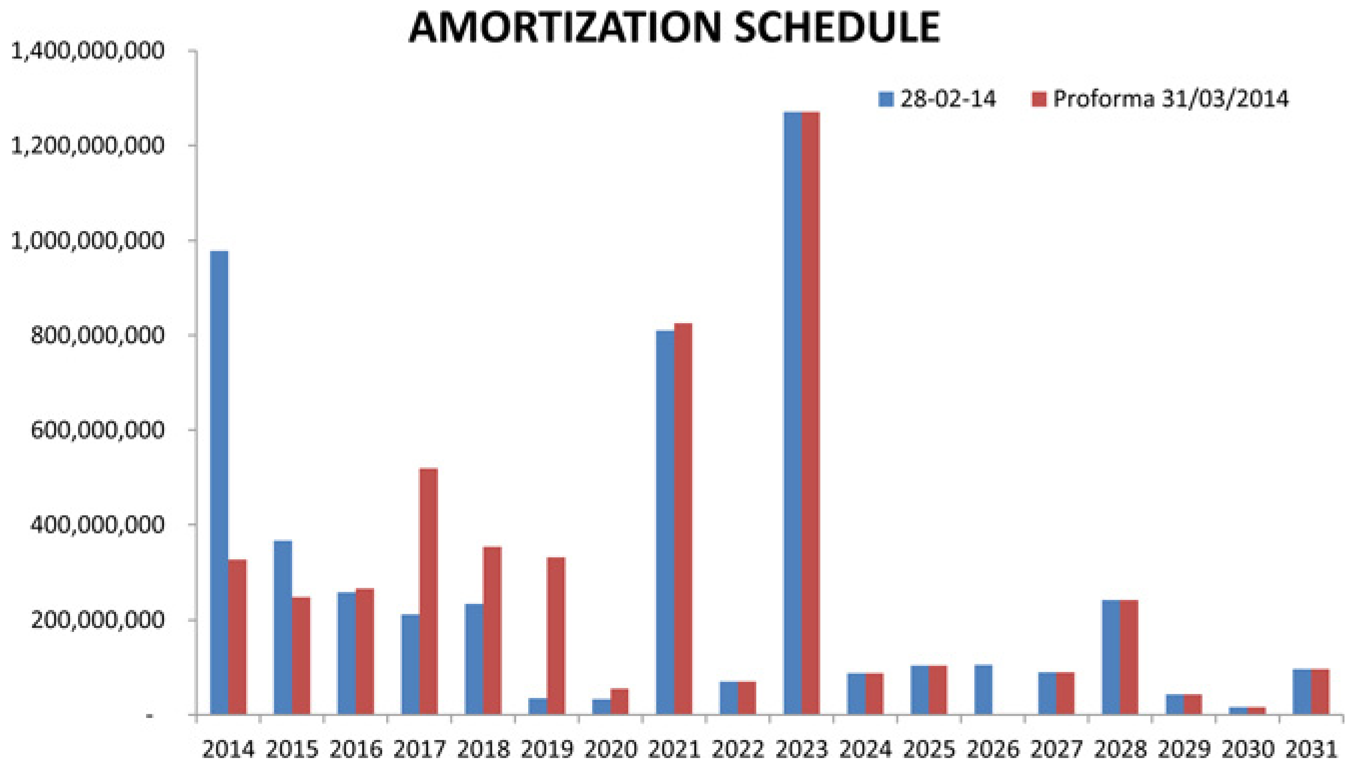
Cencosud announced on April 1, 2014 that it had successfully concluded the refinancing of liabilities in the amount of approximately US$770 million, reducing liquidity needs for the next 24 months. The company believes this would also improve the overall liquidity position.

The debt roll-over operation had the support of 10 regional Banks; BBVA, Banco de Bogotá, Bradesco, Banco del Estado de Chile, HSBC, Mizuho Bank, Banco Popular de Colombia, Rabobank, Santander and Sumitomo Mitsui Banking Corporation in addition to other competitive offers.

Proceeds from this refinancing are intended to be used for the refinancing of liabilities in Chile, Brazil, Peru and Colombia with terms ranging from 3 to 6 years. Proceeds are intended to be divided in the following amounts, USD 270 million in Chile, US$ 60 million in Peru, US$144 million in Brazil and US$179 million in Colombia. As a result of this refinancing, the maturity of outstanding debt extended while its terms and conditions remained unchanged.

This refinancing is in line with the company's financial strategy, seeking to extend payment terms for its debt, shifting focus to the operation and ultimately deleverage the company.

We believe that our cash from operations, current financing initiatives and cash and cash equivalents are sufficient to satisfy our capital expenditures and debt service obligations in 2014. We anticipate financing any future acquisitions or capital expenditures for property, plant and equipment with cash from operations and additional indebtedness.



Leverage

Our objective regarding capital management is to safeguard our capacity to continue ensuring appropriate returns for our shareholders and benefits for other stakeholders, and maintaining an optimum capital structure while reducing capital costs.

In line with the industry, we monitor our capital using a leverage ratio calculation. This ratio is calculated by dividing net financial debt by total capital. Net financial debt corresponds to total indebtedness (including current and non-current debt) less cash and cash equivalents. Total capital corresponds to total equity as shown in the consolidated statement of financial position plus net debt.

In accordance with the above, we combine different financing sources, such as: capital increases, operating cash flows, bank loans and bonds.

Seasonality

Historically, we have experienced distinct seasonal patterns to our liquidity needs, which are highest in the first and second quarters of our fiscal year. Liquidity needs are higher in the first quarter primarily because payment becomes due for goods purchased in the previous quarter for the Christmas and New Year holidays. We also experience greater liquidity needs in the second quarter, as dividends and taxes are paid during this period.

During the periods when we have increased liquidity needs, we obtain funding primarily through short-term bank borrowings, overdraft lines of credit and by reducing our cash outflows, primarily by reducing or suspending advance payments to suppliers.

Indebtedness

At December 31, 2013, our total consolidated short-term financial debt was Ch$515,886,626 million, and our total consolidated long-term debt was Ch$2,096,856,756 million.

Our total financial debt includes both fixed-rate and variable-rate debt. Taking into account the effects of cross currency swaps, excluding Banco Paris indebtedness, at December 31, 2013, approximately 47% of our debt was variable-rate, and the remainder was fixed-rate. At December 31, 2013, approximately 11% of our debt was denominated in U.S. dollars, approximately 27% in UF, approximately 50% in Chilean pesos, approximately 2% in Argentine pesos, approximately 2% in Peruvian nuevos soles, approximately 4%in Brazilian reais and approximately 4% in Colombian Pesos. As part of our financial management policies, from time to time we enter into swaps and other derivative transactions to hedge our interest rate and exchange rate risk. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk.” Our strategy is to hold the majority of our debt in local currencies, with a target ratio of debt denominated in foreign currency of 10% to 15% of our total debt.

In order to fund our growth plans, improve our amortization profile and reduce our cost of debt, in 2011 we issued bonds with an aggregate principal amount of US$750 million due 2021 in a 144A/Reg-S offering in the international capital market, with a fixed interest rate of 5.5% (the “2011 144A/Reg-S Bond”). We have hedged the currency risk associated with this issuance through cross-currency swaps with a nominal amount of U.S.$535 million. Additionally, in June 2011, we issued in the Chilean debt capital market bonds due 2031 with an aggregate principal amount of Ch$54,000, with a fixed interest rate of 7.40%. This was the first bond issuance in the Chilean market in Chilean pesos with a term of maturity of 20 years, the longest term ever in the history of the Chilean debt capital markets to date. As a result of these issuances, we were able to extend the duration of our debt (from approximately 4.8 years at the end of 2010 to over 7.5 years at the end of 2011) and streamline our debt amortization schedule.

On October 17, 2012, the Company entered into the Bridge Loan Agreement with a syndicate of banks, which included the initial purchasers and/or affiliates of the initial purchasers of the Company’s note offering, in the amount of U.S.$2,500 million to finance the purchase of Carrefour’s Colombian operations.

On December 6, 2012, the Company issued U.S.$1,200 million aggregate principal amount of bonds due 2023 in a Rule 144A and Regulation S offering in the international capital markets (the “2023 144A/Reg S Bond”). The 2023 144A/Reg S Bond accrues interest at a fixed rate of 4.875%. The Company applied part of the proceeds of the 2023 144A/Reg-S Bond to repay U.S.$1,000 million outstanding under the Bridge Loan Agreement.

On March, 2013 we completed a preemptive rights offering in the Chilean market that raised U.S.$1,600 million, and used the proceeds from that capital increase to prepay the outstanding amount of the Bridge Loan Agreement of U.S.$1,500 million.The rest of the proceeds of the capital increase were used to pay other short term liabilities.

Credit facilities (Banks loans and bonds)

At December 31, 2013, our principal bank credit facilities and bonds (including interest) consisted of the following:

		As of December 30, 2013		
	Currency	**Amount Outstanding (in U.S.$)**	**Maturity Date**	**Amount Outstanding (in Ch$ Th)**
Banks:				
<u>Chile</u>				
Banco del Chile	USD	9,928,608	N/A*	5,208,647
Banco del Chile	CH$	93,304,413	10-12-2015	48,948,428
Banco Santander Chile	USD	13,521	N/A*	7,093
Banco Santander Chile	USD	6,851,183	N/A*	3,594,199
Banco Santander Chile	CH$	59,742,496	N/A*	31,341,511

Banco Santander Chile	USD	566,956	N/A*	297,431
Banco Santander Chile	CH$	63,516,772	09-20-2016	33,321,534
Banco de Credito e Inversiones	CH$	48,178,685	10-13-2015	25,275,020
Banco ITAU	CH$	48,340,910	1-07-2014	25,360,125
Banco ITAU	CH$	48,254,147	10-07-2014	25,314,608
Banco BICE	CH$	36,679,663	09-14-2016	19,242,518
Banco Bilbao Vizcaya Argentaria Chile	CH$	135,027,371	09-07-2017	70,836,709
Banco Bilbao Vizcaya Argentaria Chile	CH$	67,782,072	08-02-2015	35,559,153
Banco Bilbao Vizcaya Argentaria Chile	CH$	2,505,240	N/A*	1,314,274
Banco Bilbao Vizcaya Argentaria Chile	CH$	9,857,018	N/A*	5,171,090
Banco del Estado de Chile	CH$	151,148,878	06-29-2015	79,294,213
Banco del Estado de Chile	CH$	44,776,541	N/A*	23,490,221
Banco Security	CH$	3,529,264	N/A*	1,851,487
Banco Security	USD	23,719	N/A*	12,443
Banco Scotiabank	USD	99,748,041	10-21-2017	52,328,820
Banco Rabobank	USD	51,119,445	10-04-2018	26,817,772
Total Chile		**980,894,943**		**514,587,296**
Peru				
Bco_Credito	S/.	9,619,456	03-19-2018	5,046,463
Bank Of Tokio	USD	34,787,606	03-28-2017	18,249,926
Banco BCP	S/.	25,320,425	01-07-2019	13,283,348
Banco Bilbao Vizcaya Argentaria	USD	40,753,842	09-04-2017	21,379,873
Banco Bilbao Vizcaya New York	USD	28,583,517	11-16-2015	14,995,199
Banco Scotiabank	S/.	14,969,760	12-27-2017	7,853,286
Banco Scotiabank	S/.	13,294,676	N/A*	6,974,520
Banco Bilbao Vizcaya Argentaria	S/.	22,346,654	N/A*	11,723,278
Total Peru		**189,675,936**		**99,505,893**
Brazil				
BNDES	R$	2,395,930	09-15-2014	1,256,929
BNDES	R$	2,625,945	06-12-2014	1,377,597
BNDES	R$	734,183	03-17-2014	385,160
Banco Bradesco	R$	13,862,845	11-07-2016	7,272,587
Banco HSBC	R$	106,056,105	06-30-2014	55,638,093
Bank Of Tokio	R$	36,693,435	06-30-2014	19,249,743
Banco do Brasil	R$	17,907,019	07-11-2012	9,394,201
Banco Nordeste	R$	3,274,162	09-15-2014	1,717,658
Total Brazil		**183,549,624**		**96,291,968**
Argentina				
Banco Frances	AR$	8,254,440	N/A*	4,330,362
Banco Galicia	AR$	2,060,060	1-02-2015	1,080,728
Standart Bank	AR$	2,060,060	11-02-2015	1,080,728
Banco Macro	AR$	7,671,413	N/A*	4,024,500
Banco Frances	AR$	9,972,837	N/A*	5,231,850
Banco Galicia	AR$	3,396,542	N/A*	1,781,860
Banco Galicia	AR$	438,398	N/A*	229,988
Banco Ifc	USD	23,065,807	08-16-2016	12,100,553
Banco Frances	AR$	874,541	N/A*	458,793
Banco Galicia	AR$	2,473,672	N/A*	1,297,713
Banco Frances	AR$	27,560,050	N/A*	14,458,278
Banco Galicia	AR$	1,465,058	11-02-2015	768,584
Banco Frances	AR$	15,342,826	N/A*	8,049,000
Banco Macro	AR$	7,671,413	N/A*	4,024,500
Total Argentina		**112,307,118**		**58,917,437**

Colombia				
Banco Davivienda	COL	1,810,280	06-24-2014	949,691
Banco Davivienda	COL	1,807,478	06-24-2014	948,221
Banco Avvillas	COL	1,827,899	06-24	958,934
Banco Avvillas	COL	521,040	06-24	273,343
Banco Avvillas	COL	1,563,007	06-24	819,969
Banco Avvillas	COL	1,808,927	06-24	948,981
Banco Davivienda	COL	1,809,754	06-24	949,415
Banco Citibank	COL	1,808,902	06-24	948,968
Banco Citibank	COL	1,806,538	06-24	947,728
Banco Helm Bank	COL	1,806,578	06-24	947,749
Banco Helm Bank	COL	2,785,990	06-24	1,461,558
Banco Colpatria	COL	1,693,161	06-24	888,249
Banco de Bogota	COL	30,171,184	06-24	15,828,105
Banco de Bogota	COL	7,189,045	06-24	3,771,445
Banco de Bogota	COL	3,737,340	06-24	1,960,646
Banco de Bogota	COL	1,211,925	06-24	635,788
Banco Corpbanca	COL	54,492,867	06-24	28,587,503
Banco Bbva	COL	35,379,430	06-24	18,560,403
Banco Popular	COL	10,050,904	06-24	5,272,805
Banco de Bogota	COL	13,191,186	06-24	6,920,228
Total Colombia		**176,473,436**		**92,579,729**
Bonds:				
BCENC J, Series B1 and B2	UF	94,372,399	09-01-2026	49,508,704
BCENC A	UF	174,343,890	03-15-2027	91,462,548
BCENC C	UF	191,691,702	07-01-2027	100,563,384
BCENC D	UF	64,417,567	07-03-2028	33,794,100
BCENC E	UF	87,136,492	05-07-2018	45,712,675
BCENC F	UF	194,515,920	05-08-2028	102,044,997
BCENC J	UF	134,818,787	10-15-2029	70,727,284
BCENC K	$	58,492,804	03-01-2014	30,685,910
BCENC L	UF	33,518,387	05-28-2015	17,584,081
BCENC N	UF	195,846,229	05-28-2030	102,742,890
BCENC O	$	96,948,678	06-01-2031	50,860,246
Incabond 1	S/.	100,526,930	05-07-2018	52,737,433
Incabond 2	S/.	47,815,402	08-14-2017	25,084,438
2021 RegS / 144a Bond	USD	763,350,853	01-20-2021	400,461,491
2023 RegS / 144a Bond	USD	1,099,656,657	01-20-2023	576,890,879
Total Bonds		**3,337,452,698**		**1,750,861,060**

* Non-committed overdraft credit facilieties with no set maturity.

In addition, at December 31, 2013, we had Ch$32,588 million in financial leasings.

At December 31, 2013 we had over Ch$325,564 million in uncommitted lines of credit with the regional banks that we work with. We deal with a wide diversity of banks around the world. We believe, if necessary, we can reopen our existing international bonds or issue one or more new series of bonds as appropriate, or can obtain commercial paper in the Chilean market.

Our loan agreements and outstanding bonds contain a number of covenants requiring us to comply with certain financial ratios and other tests. The most restrictive financial covenants under these loan agreements and bonds require us to maintain:

- a ratio of consolidated Net Financial Debt to consolidated net worth not exceeding 1.2 to 1;
- a ratio of consolidated Net Financial Debt to EBITDA (as defined in the relevant credit agreements) for the most recent four consecutive fiscal quarters for such period of less than 5.25 to 1;
- unencumbered assets in an amount equal to at least 120% of the outstanding principal amount of total liabilities;
- minimum consolidated assets of at least UF 50.5 million; and
- minimum consolidated net worth of at least UF 28.0 million.

As of the date of this annual report, we are in compliance with all of our loan and debt instruments.

Leases

We have significant operating lease obligations. At December 31, 2013, 45% of our total selling space was located on leased properties. Our store leases typically have a term ranging from 10 to 32 years and provide for both monthly fixed and variable lease payments. Our shopping center leases typically have terms of more than 30 years and provide for fixed monthly rent payments.

Acquisitions

On January 2, 2012, we acquired 100% of the capital stock of Prezunic. In order to finance our acquisition of Prezunic, on January 2, 2012 we entered into a Ch$127.73 billion short-term facility with Banco Santander Chile, as lender, bearing interest at an annual rate of the TAB plus 0.4% with a maturity date of December 28, 2012, which we repaid with proceeds of our SEC-registered public offering.

On October 18, 2012, Cencosud S.A. signed the Stock Purchase Agreement with the Seller in respect of the purchase of 100% of the capital stock of Carrefour's operations in Colombia, for a total purchase price equal to €2 billion subject to adjustments pursuant to the Stock Purchase Agreement. The acquired companies operated supermarkets under the "Carrefour" and "Maxi" brand names in Colombia. See "Item 4. Information on the Company—A. History and Development of the Company—History—Acquisition of Carrefour's Operations in Colombia." In order to finance the purchase of the acquisition of Carrefour's operations in Colombia, on October 17, 2012, the Company entered into the Bridge Loan Agreement with a syndicate of banks in the amount of U.S.$2,500 million, which we repaid with proceeds of our 2023 144A/Reg-S Bond and with the 2013 follow on capital Increase.

No acquisitions were completed during the 2013 fiscal period.

Analysis of cash flows

The following table summarizes our generation and use of cash for the periods presented.

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)		
Net cash from operating activities	364,782	718,715	567,739
Net cash used in investing activities	(320,507)	(1,873,568)	(623,752)
Net cash from financing activities	(107,029)	1,246,077	89,607

Cash flows for year ended December 31, 2013 compared to year ended December 31, 2012

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash outflow of Ch$62,755 million for the year ended December 31, 2013 compared to a net cash inflow of Ch$91,224 million for the year ended December 31, 2012.

Operating activities. Our net cash flows from operations decreased 49.2% to Ch$364,782 million for the year ended December 31, 2013 from Ch$718,715 million for the year ended December 31, 2012. The decrease was primarily attributable to our supermarket division, where cash flows fell 47.2% as a result of increased working capital needs particularly from Colombia and Peru. Colombia had inventory increases of Ch$ 25,893 million while Peru had an increase in accounts receivables of Ch$ 37,332 million and an inventory increase of Ch$ 31,035 million. Our home improvement division had a Ch$ 71,052 million decrease in cash flows as a result of larger tax expenses in Argentina when compared to the 2012 period. Our department store division had a decrease in cash flows of Ch$ 14,310 million as a result of larger inventories in Chile and the start up of our Peruvian operations.

Investing activities. Our net cash outflows from investing activities decreased 82.9% to Ch$320,507 million for the year ended December 31, 2013 from Ch$1,873,568 million for the year ended December 31, 2012 due to the higher comparison basis for the 2012 period as a result of the inorganic expansion of the supermarket business into Colombia in addition to organic expansion that the company experienced throughout its markets in 2012 due to the opening of 117 stores and 3 shopping centers in 2012 versus the opening of 46 stores in 2013. During 2012 the company invested Ch$ 1,535,105 million for the purchase of subsidiaries and to obtain control of other companies such as our supermarket operations in Colombia for Ch$1,179,000 million, the initial payment for Johnson in the order of Ch$ 243,000 million and Prezunic for Ch$102,000 million. Additionally the company made investments in property, plants and equipment, mainly in Chile for Ch$268,000 million for our shopping centers, supermarkets and home improvement divisions. In Brazil we performed investments in property, plants and equipment in the amount of Ch$96,000 million and in Argentina for Ch$88,000 million.

Financing activities. Our net cash flows from financing activities decreased 108.6%, to outflows of Ch$107,029 million for the year ended December 31, 2013 compared to inflows of Ch$ 1,246,077 million for the year ended December 31, 2012. This was due to higher financial expense resulting from inorganic expansion of our supermarket business into Colombia. During 2012 the company received inflows in the amount of Ch$ 632,987 million resulting from a capital increase. During 2013 the company performed an additional capital increase for Ch$ 818,871 million. The company had interest payments and principal amortizations of Ch$ 1,181,329 million in 2013 over the amount paid during 2012. Additionally the company had lower financing inflows of Ch$ 573,866 million below the amount raised during the 2012 period. During 2012 the company secured the Bridge Loan Facility with JP Morgan Chase to finance the acquisition of supermarket operations in Colombia in combination with raising US$ 1,200 million in a 144A/Reg S bond issuance.

Cash flows for year ended December 31, 2012 compared to year ended December 31, 2011

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash inflow of Ch$91,224 million for the year ended December 31, 2012 compared to a net cash inflow of Ch$33,847 million for the year ended December 31, 2011.

Operating activities. Our net cash flows from operations increased 26% to Ch$718,715 million for the year ended December 31, 2012 from Ch$567,739 million for the year ended December 31, 2011. This change was primarily due to an increase in cash product of higher sales during the period in the supermarket, shopping centers and home improvement divisions partially offset by financial services and department stores.

Investing activities. Our net cash flows from investing activities increased 200% to Ch$1,873,568 million for the year ended December 31, 2012 from Ch$623,753 million for the year ended December 31, 2011. This change was primarily due to inorganic expansion in our supermarket division during the 2012 period.

Financing activities. Our net cash flows from financing activities increased 1,290% to Ch$1,246,077 million for the year ended December 31, 2012 from Ch$89,607 million for the year ended December 31, 2011. This change was primarily due to higher proceeds from loans and bond issuances related to the payment of acquisitions.

Capital expenditures and permanent investments

The following table presents our capital expenditures for the periods indicated:

	Years ended December 31,		
	2013	2012	2011
		(in millions of Ch$)	
Capital expenditures(1)	(318,597)	(575,228)	(616,336)
Permanent investments(2)	—	(1,535,105)	(21,576)
Total	(318,597)	(2,119,922)	(637,912)

(1) Purchase of property, plant and equipment.
(2) Primarily investments in acquired companies. See "—A. Trends and Factors Affecting Our Results of Operations—Impact of Acquisitions" above for additional details regarding our acquisition activities in recent years.

Our total capital expenditures were approximately Ch$318,597 million, Ch$575,228 million and Ch$616,336 million in 2013, 2012 and 2011, respectively. In each of these years, our capital expenditures were made primarily to develop and expand our stores and shopping centers. In addition to our capital expenditures, we invested in permanent investments Ch$1,535,105 million in 2012 and Ch$21,576 million in 2011. In 2013 we had no permanent investments as there were no acquisitions made in the period. In the past, permanent investments were primarily related to acquisitions. During 2013, our organic expansion included the opening of 46 new stores and the addition of 5 new shopping centers. This represented selling space growth of 788,212 square meters. Our supermarket division saw the opening of 34 new stores with focus on Brazil with the opening of 17 new stores, or 43,982 square meters of selling space, followed by Chile with 10 new stores, a selling space expansion of 21,559 square meters. Our home improvement division opened 7 new stores, with most of our growth coming from Colombia where we opened 5 stores adding 38,665 square meters of selling space. Lastly, as a greenfield project, our department store division opened 6 new stores in Peru to take the division to the Peruvian market, resulting in a selling speace of 32,222 square meters. Our shopping center division opened 5 new shopping centers with Chile leading the way with one new neighborhood mall and a new powercenter, adding 2,301 square meters. Peru followed with the opening of a neighborhood mall that added 17,085 square meters of gross leasable area. Finally, Colombia added two new local shopping centers that added 14,514 square meters of gross leasable area. See "—A. Trends and Factors Affecting Our Results of Operations—Impact of Acquisitions" above for additional details regarding our acquisition activities in recent years.

In 2014, we expect to invest approximately U.S.$425 million to open new supermarkets, department stores, home improvement stores and shopping centers. In Chile, we expect we will invest U.S.$64 million in 19 new stores in our supermarket, home improvement and department store divisions. In Brazil, we plan to invest U.S.$41 million for the opening of 10 new stores and the refurbishing a distribution center in the State of Rio de Janeiro. In Peru, the investment plan totals U.S.$42 million and includes the opening of 5 new supermarkets and 3 new Paris stores. In Argentina, we plan to invest U.S.$25 million for the opening of 6 new stores and one new distribution center. In Colombia, we plan to invest U.S.$38 million for the opening of 2 Easy stores and 6 new supermarkets. In addition, we plan to invest U.S.$100 million in information technology projects to improve operating efficiency and strengthen our e-commerce operations. Additionally U.S.$40 million have been earmarked for environmental and traffic mitigation measures connected to Costanera Center and the completion of the two office towers. Maintenance expenditures for existing stores are estimated at U.S.$75 million in 2014.

Our projected capital expenditures may vary substantially from the numbers set forth above as a result of a variety of factors including competition and the cost, currencies and availability of the necessary funds.

We expect to finance our future capital expenditures with our operating cash flow and with bank loans.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

We have not had significant research and development activities for the past three years. See "Item 4. Information on the Company—B. Business Overview—Our Company—Intellectual Property" for a brief discussion of our trade names and service marks.

D. TREND INFORMATION

See "—A. Operating Results—Trends and Factors Affecting Our Results of Operations."

E. OFF-BALANCE SHEET ARRANGEMENTS

For any of the periods presented, we did not have any off-balance sheet transactions, arrangements or obligations with unconsolidated entities or otherwise that are reasonably likely to have a material effect on our financial condition, results of operations or liquidity.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations and commitments as of December 31, 2013:

	Less than One Year	One to Three Years	Three to Five Years	Thereafter	Total
			(in millions of U.S.$)		
Long-term debt obligations (1)	0	545,627	322,214	2,049,265	2,917,106
Short-term debt obligations (1)	595,179	0	0	0	595,179
Time deposits and other Bank Balances	155,728	56,120	2,009	11,139	224,996
Leases obligations and other financial liabilities	204,878	533,091	6,874	1,347,201	2,092,044
Commercial loans	2,006,359	74,430	0	—	2,080,788
Tax Liabilities	63,131	0	0	0	63,131
Total	**3,025,275**	**1,209,268**	**331,096**	**3,407,606**	**7,973,245**

(1) Short-term obligations include the short-tern portion of the long-term debt and accrued interest expenses.

G. SAFE HARBOR

See section entitled "Forward-Looking Statements" in this annual report for forward-looking statement safe harbor provisions.

Item 6. Directors, Senior Management and Employees

A. DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The following table sets forth information for our directors as of the date of this annual report:

Name	Position	Age	Years at Cencosud[(1)]
Horst Paulmann Kemna[(2)]	Chairman of the Board	79	35
Heike Paulmann Koepfer[(2)]	Director	44	14
Peter Paulmann Koepfer[(2)]	Director	45	19
Richard Büchi Buc	Director	61	1
Cristián Eyzaguirre Johnston	Director	65	9
David Gallagher Patrickson	Director	69	3
Julio Moura	Director	62	2
Roberto Oscar Philipps	Director	67	12
Erasmo Wong Lu Vega	Director	70	5

(1) Including years in other positions at Cencosud.
(2) Horst Paulmann Kemna is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer.

A description of the main tasks currently performed by each director as well as a description of each director's employment history and education follows:

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

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

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

David Gallagher Patrickson. 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 Publicos*. 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.

Erasmo Wong Lu Vega. Mr. Wong has been a member of our Board of Directors since 2008. Mr. Wong has a civil engineering degree from the National University of Engineering in Peru and post graduate degrees from the High Management Program and the First Program for Presidents, both from the University of Piura. He has been President of GSI Association (Formerly EAN Peru) and is currently Vice-president of the Marketing Association of Peru and the Retail and Department Stores Association. Prior to joining Cencosud, Mr. Wong was the president for Supermercados Wong in Peru until 2008, when it was acquired by Cencosud.

Roberto Oscar 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 Excutive Progam at the Kellogg School, Northwestern University.

Cristián Eyzaguirre Johnston. 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, Teléfonica del Sur, IPAL, Banco París, Banco Cencosud (Perú) and Wenco. He also is Vice chaiman of the advisory committee for the Chilean soverign investment fund.

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 Arapyaú. 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).

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

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 Cencosud[1]
Daniel Rodríguez	Chief Executive Officer	48	5
Juan Manuel Parada	Chief Financial Officer	40	7
Carlos Mechetti	General Counsel	44	19
Stefan Krause	Projects Managing Director	42	1
Rodrigo Larrain	Real Estate Managing Director	42	1
Bronislao Jandzio	Audit Managing Director	59	15
Pablo Castillo[2]	Supermarkets Managing Director	46	12
Patricio Rivas	Financial Retail Managing Director	51	11
Marcelo Reyes	Corporate Risk Managing Director	47	11
Carlos Wulf	Home Improvement Stores Managing Director	61	9
Jaime Soler[3]	Department Stores Managing Director	42	9
Andrés Artigas	Chief Information Officer	48	8
Pietro Illuminati[4]	Procurement Managing Director	50	3
Rodrigo Hetz	Human Resources Managing Director	39	2
Renato Fernandez	Corporate Affairs Managing Director	40	2
Ricardo Bennett[3]	Department Stores Managing Director	39	9

(1) Including years in other positions at Cencosud.
(2) Mr. Pablo Castillo resigned from this position effective March 31, 2014 to pursue other business ventures, and this position was subsequently eliminated as part of our revisions to our internal corporate management structure.
(3) In February 2014, Mr. Jaime Soler was named Managing Director of Retail Businesses for Cencosud, and Mr. Ricardo Bennett assumed the position of Department Stores Managing Director.
(4) Mr. Pietro Iluminati left his position at Cencosud in January 2014, and this position was subsequently eliminated as part of our revisions to our internal corporate management structure.

Daniel Rodríguez. Mr. Rodriguez has been our Chief Executive Officer since 2009. He also served as our Chief Financial Officer in 2007. Mr. Rodríguez has a degree in Forestry from the Universidad Austral de Chile and an Executive MBA from the Universidad Adolfo Ibañez. Prior to joining us he worked for Shell Chile, Ecuador, Argentina and Shell International, as Lubricants Transport Global Finance Manager and Lubricants Europe/Africa Finance Manager from 2004-2008.

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.

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.

Pablo Castillo. Mr. Castillo was our Supermarkets Managing Director from 2008 until March 31, 2014. Previously he served as our Department Store Managing Director and Chief Administrative and Financial Officer. Prior to joining Cencosud in 2001, Mr. Castillo was the Chief Financial Officer of Compañía Sudamericana de Vapores and Resident Vice-president in the Corporate Finance Area of Citicorp Chile S.A. Mr. Castillo has a degree in Business and Economics from the Pontificia Universidad Católica de Chile and a master in Economics from the University of California.

Carlos Wulf. Mr. Wulf has been our Home Improvement Stores Managing Director since Oct.2008. He joined Cencosud in July 2004. He graduated as a Naval Engineer from the Academia Politécnica Naval in 1982.

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.

Jaime Soler. Mr. Soler was appointed as our Corporate Retail Managing Director in February 2014. Prior to his appointment as head of this new 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 Larrain. Mr. Larrain has been our Real Estate Managing Director since March 2013. He has a degree in civil engineering and an MBA from the University of Michigan, Ross School of Business and also completed the school´s General Management program. Prior to joining Cencosud he worked as Chief Financial and Investment officer at Enjoy S.A. Mr. Larrain also has over 10 years of work experience in corporate and investment banking at Citigroup and BBVA.

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.

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.

Pietro Iluminati. Mr. Iluminati joined Cencosud in 2010 and was our Procurement Director through January 2014. He received his doctorate degree in Aeronautical Engineering from the Universidad de Roma.

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.

Andres Artigas. Mr. Artigas has been our Chief Information Officer since 2011. Prior to this he was our Information Officer for our operations in Chile and in 2005 for our Department Store business. Prior to joining Cencosud he had worked as IT Manager for Principal Financial Group in Chile, IT and Marketing for British American Tobacco in Chile as well. Mr. Artigas has a degree in industrial engineering with a major in Computer sciences and electronics from Pontificia Universidad Catolica de Chile.

Juan Manuel Parada. Mr. Parada has been our Chief Financial Officer since 2012. Between 2008 and 2012, he was General Manager of our supermarkets operations in Peru. Prior to 2008, Mr. Parada worked in various leadership roles in Cencosud. Mr. Parada has also served as Regional Manager for Airports at Lan Airlines and as a senior consultant at Accenture, based in Buenos Aires and London. Mr. Parada has a degree in Business Administration from Universidad Blas Pascal of Cordoba and an MBA from the MIT Sloan School of Management.

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.

B. COMPENSATION

Compensation of Directors and Executive Officers

In accordance with Article 33 of the Chilean Corporations Law and our Bylaws, the compensation of our directors is approved once a year at our annual shareholders meeting. See Note 9 to our Audited Consolidated Financial Statements included elsewhere in this annual report.

Total compensation to members of our Board of Directors during 2013 was Ch$810 million. For 2013, the aggregate amount of compensation we paid to executive officers was Ch$6,255 million. We do not disclose to our shareholders or otherwise make public information as to the compensation of any individual executive officers.

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

The following table presents information relating to directors' fees paid to all our directors during the periods shown:

	Year ended December 31,		
	2013	2012	2011
	(in thousands of Ch$)		
Horst Paulmann Kemna	147,291	104,146	87,730
Heike Paulmann Koepfer	73,646	57,292	58,193
Peter Paulmann Koepfer	73,646	52,072	43,854
Bruno Philippi Irarrázaval	—	—	21,774
Cristián Eyzaguirre Johnston	79,771	69,453	57,483
Roberto Oscar Philipps	98,225	69,453	50,739
Sven von Appen Behrmann	18,283	52,072	43,936
Erasmo Wong Lu Vega	73,646	52,072	44,673
David Gallagher Patrickson	98,225	69,453	43,973
Julio Moura Neto	73,646	52,072	—
Richard Büchi Buc	73,816	—	—
Total	810,195	578,085	452,355

Executive stock option plans

In order to reward commitment and with the goal of retaining executives, the board approved the terms and conditions of two compensation plans titled "Plan 2014" and "Plan Adicional" on March 22, 2013 and April 26, 2013, respectively.

The objective of our incentive plans is to motivate executive performance over the long term, thereby increasing the long-term value of the Company, as measured by the Company's EBITDA. Executives can only exercise their options under the incentive plans if they are employed by the Company at the specific subscription dates under both "Plan 2014" and "Plan Adicional".

As ratified, the incentive plans include 364 company executives as of December 31, 2013, segregating them according to management level and position within the company, and make available a total of 26 million shares for awards. The shares being made available under these incentive plans reflect shares that were reserved for this specific purpose and were issued in capital increases approved by Cencosud SA shareholders during extraordinary shareholder meetings held on April 29, 2011 and November 20, 2012.

The "Plan 2014" grants each executive the right to subscribe shares in four installments, with 25% of their total subscription rights entitlements available each year from 2014 to 2017. The "Plan Adicional" grants each executive the right to subscribe shares in different quantities between 2014 and 2016.

Both incentive plans grant executives the right to subscribe shares at a set Price of Ch$2,600 throughout the entire period of the respective incentive plan as long as employment conditions for the executive are met within each subscription period.

As of December 31, 2013, a total of 364 executives had subscribed contracts for the executive stock option plan.

The following table sets forth, as of March 31, 2014, the total number of shares of common stock to be issued upon exercise of the options granted to each of our executive officers under our *Plan 2014* and our *Plan Adicional* the exercise price of such options, the date of grant and the date of expiration:

Plan under which options were awarded	Number of Shares	Exercise price	Date of grant	Expiration date
Plan 2014	10,352,720	Ch$ 2,600	March 22, 2013	October 31, 2017
Plan Adicional	11,124,784	Ch$ 2,600	April 26, 2013	October 31, 2016
Total	21,477,504	Ch$ 2,600		

C. BOARD PRACTICES

Board practices

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

By virtue of his position as our controlling shareholder, Mr. Horst Paulmann has the power to nominate 5 directors to our Board of Directors. However, in 2013, in an effort to bolster corporate governance, Mr. Horst Paulmann chose to only nominate 4 directors at our shareholders' meeting, essentially giving the right to nominate one additional director to our remaining shareholders.

Directors' Committee

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

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

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 shall be:

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

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

D. EMPLOYEES

General

At December 31, 2013, we had a total of 154,603 employees, of which approximately 40.0% were in Chile, 17.9% in Argentina, 10.5% in Peru, 22.7% in Brazil and 9.2% in Colombia. Approximately 36.9% of our store employees were represented by unions under several collective bargaining agreements. We do not employ a significant number of temporary employees.

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

Chile

At December 31, 2013, we had a total of 61,309 employees in Chile. Of these employees, 54,862 were employed in our stores, 3,202 were employed in the distribution facilities (our distribution center, warehouses and transportation), and 3,245 were employed in our headquarters.

At December 31, 2013, approximately 64% of our Chile employees were represented by 106 independent unions currently party to 113 different collective bargaining contracts. In addition, some of these independent unions have collective contracts with non-unionized employees of the company which generally have a term of two to four years.

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

Argentina

At December 31, 2013, we had a total of 27,691 employees in Argentina. Of these employees, 24,283 were employed in our stores, 1,282 were employed in the distribution facilities (the distribution center, warehouses and transportation), and 2,126 were employed in the headquarters.

At December 31, 2013, approximately 86.2 % of our Argentina employees were under a single collective bargaining agreement with the Sindicato de Comercio ("Commerce Union"), but only 57.3% of such employees are members of the Commerce Union. There is only one collective bargaining agreement (mandatory by law) for all the non-management employees which has been in effect since 1975. We have experienced two strikes at our Jumbo stores, each lasting less than one day. However, none of these strikes have materially affected our overall operations.

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

Brazil

At December 31, 2013, we had a total of 35,133 employees in Brazil. Of these employees 30,994 were employed in our stores, 1,731 were employed in the distribution facilities (the distribution center, warehouses and transportation), and 2,408 were employed in the headquarters.

Our employees in Brazil are represented by different trade unions. Although less than 3% of our employees are affiliated with these trade unions, all employees are entitled to the benefits set forth in our collective labor agreements, as determined by applicable labor legislation. We believe that all 10 of the largest supermarket chains in Brazil are bound by the same collective labor agreements entered into with their respective trade unions. We believe that we have a good relationship with our employees and related trade unions, and our Brazilian operations have not recorded any significant strikes or stoppages over the last three years.

Peru

At December 31, 2013, we had a total of 15,982 employees in Peru. Of these employees, 13,287 were employed in our stores, 1,181were employed in the distribution facilities (the distribution center, warehouses and transportation), and 1,152 were employed in the headquarters.

None of our employees in Peru are represented by unions or are party to collective bargaining agreements. We have not had any strikes that have materially affected our operations in Peru.

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

Colombia

At December 31, 2013, we had a total of 13,640 employees in Colombia. Of these employees, 12,672 were employed in our stores, 787 were employed in the headquarters and 181 in distribution facilities. Currently approximately 3,680 employees in Colombia are unionized. We have not had any strikes that have materially affected our operations in Colombia.

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

E. SHARE OWNERSHIP

See table in "Item 7. Major Shareholders and Related Party Transactions" for information regarding share ownership by our directors and executive officers.

Item 7. Major Shareholders and Related Party Transactions

A. MAJOR SHAREHOLDERS

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

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

Shareholder	Number of Shares of Common Stock	Percentage Beneficial Ownership
Principal Shareholders[1]		
Inversiones Quinchamali Limitada[2]	581,754,802	20.6%
Inversiones Latadia Limitada[3]	550,823,211	19.5%
Inversiones Tano Limitada[4]	457,879,800	16.2%
Directors and Executive Officers		
Horst Paulmann Kemna[5]	1,660,794,386	58.7%
Peter Paulmann Koepfer[6]	*	*
Heike Paulmann Koepfer[7]	*	*
David Gallagher Patrickson	—	—
Erasmo Wong Lu Vega	—	—
Roberto Oscar Philipps	—	—
Cristián Eyzaguirre Johnston	—	—
Richard Büchi Buc	*	*
Julio Moura	—	—
Daniel Rodríguez	*	*
Juan Manuel Parada	*	*
Rodrigo Hetz	*	*
Mauricio Soto	—	—

Shareholder	Number of Shares of Common Stock	Percentage Beneficial Ownership
Carlos Mechetti	*	*
Andrés Artigas	*	*
Bronislao Jandzio	*	*
Pablo Castillo	*	*
Carlos Wulf	*	*
Jaime Soler	*	*
Patricio Rivas	*	*
Marcelo Reyes	*	*
Nicolás Larco	*	*
Pietro Illuminati	*	*
Renato Fernandez	—	—
Total shares of common stock issued and outstanding	2,828,723,963	100.0%

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

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

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

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

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

(5) Horst Paulmann Kemna owns 2.49% of our shares of common stock directly and the remaining amount through direct and indirect ownership in Inversiones Quinchamali Limitada, Inversiones Latadia Limitada and Inversiones Tano Limitada. Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors. See "Item 6. Directors, Senior Management and Employees."

(6) Peter Paulmann Koepfer owns 0.5% of our shares of common stock. Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors. See "Item 6. Directors, Senior Management and Employees."

(7) Heike Paulmann Koepfer owns 0.5% of our shares of common stock. Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors. See "Item 6. Directors, Senior Management and Employees."

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 Latadía Ltda. and Inversiones Tano Ltda. As of the date of this annual report, Mr. Horst Paulmann beneficially owns 58.7% of our shares. See "—Major Shareholders" above.

By virtue of this position as our controlling shareholder, Mr. Horst Paulmann has the power to nominate 5 directors to our Board of Directors. However, in 2013, in an effort to bolster corporate governance, Mr. Horst Paulmann chose to only nominate 4 directors at our shareholders' meeting, essentially giving the right to nominate one additional director to our remaining shareholders.

Securities Held in Host Country

As of December 31, 2013, the most recent practicable date, 5,284,840 ADSs (equivalent to 15,854,520 shares, or 0.6% of the total outstanding shares of our common stock) were outstanding and held of record by 1 holder. We are aware that many ADSs are held of record by brokers and other nominees, and accordingly the above numbers are not necessarily representative of the actual number of U.S. persons who are beneficial holders of ADSs or the number of ADSs beneficially held by such persons.

B. RELATED PARTY TRANSACTIONS

Chilean Regulations

In the ordinary course of our business, we may incur related party indebtedness in the future on fair market terms. Articles 146 et seq of the Chilean Corporations Law regulate related party transactions to be incurred by publicly held corporations and its subsidiaries. Article 147 of the Chilean Corporations Law requires our transactions with related parties be on similar terms to those customarily prevailing in the market and to be beneficial to the interest of the company. Article 147 requires us to compare the terms of any such transaction to those prevailing in the market at the date the transaction is approved. For a related party transaction to be entered into, the approval of the board of directors is required. Directors of companies that violate Article 147 are jointly and severally liable for damages and losses resulting from such violation. In addition, Article 147 of the Chilean Corporations Law provides that any transaction in which a director has a personal interest or is participating in negotiations leading to a related party transaction must be previously approved by the board of directors, with the exclusion of the interested director. The board of directors will approve the transaction only when it has been informed of such director's interest, the transaction is beneficial to the company and the terms of such transaction are similar to those prevailing in the market. All resolutions approving such transactions must be reported to the Company's shareholders at the next annual shareholders meeting. If the majority of the directors are interested parties, the transaction may be entered into if approved unanimously by non-interested directors, or by two-thirds or more of the votes at a special shareholders' meeting. If a special shareholders' meeting is called, the board shall appoint two independent evaluators, who will inform the shareholders of the terms and conditions of the transaction, its effects and the potential impact in the Company. The evaluators' final conclusions must be made available to shareholders and directors the day after the company receives such report. The report will be available for a period of at least 15 business days following the company's receipt of the evaluator's report and notice shall be provided to the shareholders by means of an *hecho esencial*.

General

The following related party transactions may be entered into without complying with the aforementioned requirements and with only the approval of the board of directors:

- The transaction does not involve an amount considered to be material. A transaction involves a material amount if:
  - the transaction amount is more than 1% of the company's net worth, provided such transaction amount exceeds the equivalent of 2,000 UF, or
  - the transaction amount exceeds the equivalent to 20,000 UF.
- The transaction is in the ordinary course of business, as determined by the corporation's policies regarding such matters.
- The transaction is with a related party which the company owns at least 95% of, either directly or indirectly.

Violation of Article 146 et seq may result in administrative or criminal sanctions and civil liability to shareholders or third parties who suffer losses as a result of such violation. We believe that we have complied with the requirements of Articles 146 et seq in all transactions with related parties. See "Item 10.—B. Memorandum and Articles of Association—Director Requirements."

Related Party Transactions

Below is a description of the outstanding transactions between us and our related parties, including the respective outstanding amounts since January 1, 2011:

Purchase and sale agreements

During 2013, 2012 and 2011 , we purchased general merchandise in the amount of Ch$ 2,506 million, Ch$ 2,272 million and Ch$2,119 million , respectively, from Wenco S.A. ("Wenco"), a Chilean plastic goods manufacturer on whose board Cristián Eyzaguirre Johnston, one of our directors, serves as a director. In 2013, 2012 and 2011, we also sold general merchandise in the amount of Ch$3 million, Ch$401 million and Ch$261 million, respectively, to Wenco. Cencosud also purchased merchandise from Industria Productos Alimenticios S.A., on whose board Cristián Eyzaguirre Johnston also serves, in the amount of Ch$1,245 million Ch$1,138 million and Ch$691 million for 2013, 2012 and 2011, respectively. We also sold merchandise to Agencias Universales SA in the amount of Ch$22 million, Ch$19 million and Ch$9 million in 2013, 2012 and 2011, respectively, on whose board Cristián Eyzaguirre Johnston also serves. The same company provided services to Cencosud S.A. in the amount of Ch$616 million, Ch$384 million and Ch$104 million for 2013, 2012 and 2011, respectively.

Cencosud S.A. also sold merchandise in the amount of Ch$828 thousand and Ch$139 thousand to Maxi Kioskos Chile S.A. a Chilean convenience store operator on whose board Manfred Paulmann Koepfer, the son of Horst Paulmann Kemna (our controlling shareholder), serves as a director, in 2013 and 2012, respectively.

Cencosud also purchased general merchandise from Importadora y Comercial Regen Ltda, a Chilean retailer of imported toys controlled by Peter Paulmann Koepfer, one of our directors, in the amount of Ch$386 million Ch$499 million and Ch$520 million for the years 2013, 2012 and 2011, respectively.

Leases

We lease space in several of our shopping centers in Chile to Maxi Kioskos Chile, S.A., a Chilean convenience store operator on whose board Manfred Paulmann Koepfer serves as a director. Lease payments during 2013, 2012, and 2011 amounted to Ch$ 478 million, Ch$ 149 million and Ch$ 260 million, respectively.

We also lease space in several of our shopping centers in Chile to Automotora Globus Atv Chile Ltda. ("Globus"), a Chilean automotive retailer controlled by Manfred Paulmann Koepfer. No lease transactions took place during 2013 or 2012, while in 2011 lease payments to Globus amounted to Ch$154 million. In 2013 and 2012 no general merchandise was sold to Globus while in 2011 those purchases amounted to Ch$31 million.

In addition, we lease space in several of our shopping centers in Chile to Importadora y Comercial Regen Ltda. Lease payments during the 2013, 2012 and 2011 amounted to Ch$231 million, Ch$ 142 million and Ch$74 million respectively.

The above described transactions were entered into pursuant to our Bylaws and applicable Chilean laws and regulations.

For information concerning other transactions such as services rendered please see Notes 9.1 to 9.3 to our Audited Consolidated Financial Statements.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

Item 8. Financial Information

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION.

Financial Statements

See "Item 18. Financial Statements" and pages F-1 through F-174 for our consolidated financial statements prepared in accordance with IFRS.

Legal and Administrative Proceedings

We are party to certain legal proceedings in Argentina, Brazil, Chile, Colombia and Peru arising in the normal course of our business, which we believe are routine in nature and incidental to the operation of our business. We do not believe that the outcome of the proceedings to which we currently are party will have a material effect upon our operations or financial condition.

Our subsidiary, Cencosud Administradora de Tarjetas S.A. ("CAT"), was a defendant in a class action suit initiated by SERNAC. On April 24, 2013, the Supreme Court of Chile ruled for the plaintiff and at this junction no further appeals are available. In its ruling, the court determined that CAT included certain clauses in its 2006 contracts that were abusive to consumers. Said clauses allowed CAT to charge an incremental maintenance fee of Ch$530 per month to cardholders with a usage under Ch$50 thousand per month, without written consent from cardholders as required by the *Ley de Proteccion al Consumidor*. In the ruling the court ordered CAT to pay a fine of approximately Ch$ 2 million and to reimburse certain cardholders for the excess maintenance fees charged since 2006 plus adjustments for inflation and interests. We made payments in connection with this ruling that amounted to Ch$17,974 million as of December 31, 2013.

Dividends and Dividend Policy

Our dividend policy is determined from time to time by our board of directors. It is the Company's general practice to pay interim and annual dividends in November and May. Dividends are paid to shareholders of record on the fifth Chilean business day preceding the date for the payment of the dividend.

As required by the Chilean Corporations Law, unless otherwise approved by unanimous vote of holders of all of our issued and subscribed shares, we must distribute a cash dividend in an amount no less than 30% of the Company's consolidated net income for that year, unless and except to the extent we have a deficit in retained earnings. We may distribute a cash dividend in an amount greater than 30% if approved by a majority vote of shareholders.

Shareholders who are not residents of Chile must register as foreign investors under one of the foreign investment regimes contemplated by Chilean law to receive dividends, sale proceeds or other amount with respect to their shares remitted outside Chile through the Formal Market Exchange. See "Item 10. Additional Information—D. Exchange Controls." Dividends received in respect of shares of common shares by holders are subject to Chilean withholding tax. See "Item 10. Additional Information—E. Taxation."

B. SIGNIFICANT CHANGES

Except as otherwise disclosed in this annual report, there has been no undisclosed significant change since the date of the annual financial statements.

Item 9. The Offer and Listing

A. OFFER AND LISTING DETAILS

Our ADSs have been listed on the NYSE under the symbol "CNCO" since June 22, 2012. The table below sets forth the trading volume and the high and low closing prices in U.S. dollars of our ADSs on the New York Stock Exchange as reported by the New York Stock Exchange.

	New York Stock Exchange (in U.S.$ per ADS)(1)		
	Trading volume	**High**	**Low**
Year			
2012 (since June 22, 2012)	16,315,454	20.99	15.10
2013	17,843,014	17.01	10.33
Quarter			
Second Quarter, 2012	1,850,374	18.00	15.10
Third Quarter, 2012	9,280,268	20.99	16.40
Fourth Quarter, 2012	5,184,812	18.48	15.27
First Quarter 2013	6,751,880	19.85	16.77
Second Quarter, 2013	12,840,749	18.43	13.53
Third Quarter, 2013	7,708,576	14.55	11.83
Fourth Quarter, 2013	3,634,050	13.59	10.33
First Quarter 2014	5,950,669	10.89	8.05
Month			
October 2013	1,374,670	13.59	12.24
November 2013	947,033	13.06	10.99
December 2013	1,312,347	11.19	10.33
January 2014	2,711,349	10.89	8.26
February 2014	1,805,687	9.49	8.05
March 2014	1,391,311	9.68	8.43
April 2014 (through April 25, 2014)	909,179	10.53	9.55

Source: New York Stock Exchange.

(1) Except trading volume.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Our common stock is currently traded on the Santiago Stock Exchange, the Chile Electronic Stock Exchange and the Valparaíso Stock Exchange under the symbol "CENCOSUD." The Santiago Stock Exchange accounted for approximately 90%, 89% and 90% of the trading volume of our common stock in Chile in 2013, 2012 and 2011, respectively. On April 25, 2014, the last reported sale price of the shares on the Santiago Stock Exchange and the *Bolsa Electronica de Chile* was Ch$1,870 and Ch$1,881 per share, respectively, and on September 10, 2013, the last date for which trading has occurred on the Valparaiso Stock Exchange, the last reported sale price of the shares thereon was Ch$2,230 per share.

Price history of our common shares

The table below sets forth the trading volume and the high and low closing sales prices for our common shares on the Santiago Stock Exchange for the periods indicated.

	Santiago stock exchange (in Ch$ per common share)[1]		
	Trading volume	High	Low
Year			
2009	706,805,501	1,725	903.1
2010	735,020,230	3,900	1,700
2011	577,949,277	3,745	2,450
2012	690,328,658	3,256	2,490
2013	632,394,407	3,064	1,824
Quarter			
First Quarter 2012	102,539,491	3,256	2,745
Second Quarter, 2012	258,157,754	3,250	2,600
Third Quarter, 2012	172,089,033	2,899	2,600
Fourth Quarter, 2012	157,542,380	2,894	2,490
First Quarter 2013	215,929,897	3,085	2,594
Second Quarter, 2013	169,157,706	2,958	2,286
Third Quarter, 2013	142,189,960	2,595	1,970
Fourth Quarter, 2013	103,553,285	2,280	1,812
First Quarter, 2014	192,394,900	1,891	1,468
Month			
October 2013	69,881,162	2,894	2,500
November 2013	29,817,154	2,635	2,490
December 2013	57,844,064	2,650	2,499
January 2014	99,114,217	1,892	1,516
February 2014	49,317,837	1,763	1,469
March 2014	43,962,846	1,815	1,600
April 2014 (through April 25, 2013)	29,036,101	1,918	1,757

Source: Santiago Stock Exchange.

(1) Except trading volume.

The table below sets forth the high and low closing sales prices for our common shares on the *Bolsa Electronica de Chile* for the periods indicated.

	Chile electronic stock exchange (in Ch$ per common share)(1)		
	Trading volume	**High**	**Low**
Year			
2009	83,245,426	1,720	932.9
2010	66,025,944	3,870	1,700
2011	63,461,270	3,740	2,530
2012	80,841,749	5,569	1,365
2013	24,770,549	3,080	1,820
Quarter			
First Quarter 2012	8,821,459	3 ,254	1,365
Second Quarter, 2012	41,118,025	3,249	2,600
Third Quarter, 2012	20,270,023	2,895	2,600
Fourth Quarter, 2012	10,444,909	5,569	2,495
First Quarter 2013	30,197,513	3,080	2,590
Second Quarter, 2013	37,367,989	2,935	2,290
Third Quarter, 2013	22,164,899	2,660	1,989
Fourth Quarter, 2013	9,351,794	2,441	1,820
First Quarter, 2014	18,296,710	1,890	1,471
Month			
October 2013	4,273,326	2,837	2,514
November 2013	2,043,285	2,567	2,467
December 2013	4,438,598	2,606	2,488
January 2014	2,795,114	1,890	1,520
February 2014	9,190,190	1,759	1,471
March 2014	6,311,406	1,818	1,600
April 2014 (through April 25. 2014)	4,900,688	1,920	1,769

Source: Bolsa Electronica de Chile.

(1) Except trading volume.

The table below sets forth the high and low closing sales prices for our common shares on the Valparaíso Stock Exchange for the periods indicated.

	Valparaíso stock exchange (in Ch$ per common share)[1]		
	Trading volume	**High**	**Low**
Year			
2009	2,288.596	1,700	949
2010	2,532,894	3,890	1,710
2011	691,132	3,735	2,480
2012	1,163,635	3,244	2,500
2012	597,159	6,833	2,210
2013			
Quarter			
First Quarter 2012	85,440	3,240	2,775
Second Quarter, 2012	272,729	3,244	2,715
Third Quarter, 2012	157,892	2,870	2,688
Fourth Quarter, 2012	647,574	2,885	2,500
First Quarter 2013	145,693	6,833	2,775
Second Quarter, 2013	219,307	2,854	2,715
Third Quarter, 2013	232,159	2,430	2,110
Fourth Quarter, 2013	N/A	N/A	N/A
First Quarter, 2014	N/A	N/A	N/A
Month			
October 2013	N/A	N/A	N/A
November 2013	N/A	N/A	N/A
December 2013	N/A	N/A	N/A
January 2014	N/A	N/A	N/A
February 2014	N/A	N/A	N/A
March 2014	N/A	N/A	N/A
April 2014 (through April 25. 2014)	N/A	N/A	N/A

Source: Valparaíso Stock Exchange.

(1) Except trading volume.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

Item 10. Additional Information

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Set forth below is material information concerning our share capital and a brief summary of the significant provisions of our Bylaws and Chilean law. As explained above, our Bylaws effectively serve the purpose of both the articles or certificate of incorporation and the bylaws of a company incorporated in the United States. This description contains all material information concerning shares of our common stock, including summaries of certain provisions of our Bylaws and applicable Chilean law in effect on the date of this annual report. They do not, however, describe every aspect of our shares of common stock, our Bylaws or Chilean law. You are encouraged to review our *estatutos* (an English translation of which has been filed as an exhibit to this annual report), the Chilean Corporations Law and the Securities Market Law, each referred to below.

For more information regarding our share capitalization, see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders," elsewhere in this annual report. There were 2,828,723,963 shares of our common stock, no par value, issued and outstanding as of the date of this annual report.

Memorandum and articles of association

Set forth below is certain information concerning Cencosud S.A.'s capital stock and a brief summary of certain significant provisions of our Bylaws and Chilean law. You are encouraged to review our Bylaws, which are filed as Exhibit 1.1 of this annual report.

Organization and register

We are a publicly-held stock corporation (*sociedad anónima abierta*) organized under the laws of Chile and have an indefinite corporate duration. We were incorporated by a public deed dated November 10, 1978. This abstract is recorded on page 13808 No. 7412 of the *Registro de Comercio de Santiago* (Commercial Registry of Santiago) for the year 1978. Our corporate purpose, as stated in our Bylaws, is broadly defined to include the purchase, sale, distribution and marketing of goods, as more fully set forth in our Bylaws.

Shareholder rights

Shareholder rights in Chilean companies are governed generally by a company's bylaws (which effectively serve the purpose of both the articles, or certificate, of incorporation, and the bylaws of a United States company). Additionally, the Chilean Corporations Law governs the operation of Chilean stock corporations and provides for certain shareholder rights.

Shareholder rights can be amended through an agreement adopted in an extraordinary shareholders meeting, which shall subsequently agree upon the corresponding amendment to the bylaws. However, there are certain provisions of Chilean law that cannot be waived by the shareholders, such as the legal formalities prescribed by the Chilean Corporations Law for the organization and validity of a corporation or for the amendment of its bylaws; provisions dealing with the protection of minority shareholders, including the minimum number of board members, the existence of a committee of directors, the list of matters that shareholders may decide upon in an ordinary and/or extraordinary shareholders meeting of the company, the quorum required for the approval of certain supermajority matters; and other public policy provisions, such as the rules for the liquidation of a company, tender offer rules and, generally, all securities market regulations.

The Chilean securities markets are principally regulated by the *Superintendencia de Valores y Seguros* (the Chilean Securities and Insurance Commission) ("SVS") under the Securities Market Law and the Chilean Corporations Law. These two laws provide for disclosure requirements, restrictions on insider trading and price manipulation, and protection of minority investors. The Chilean Corporations Law clarifies rules and requirements for establishing publicly-held stock corporations while eliminating government supervision of privately-held companies. The Securities Market Law establishes requirements for public offerings, stock exchanges and brokers, and outlines disclosure requirements for companies that issue publicly offered securities.

Under Articles 12 and 54 and Title XV of the Securities Market Law, certain information regarding transactions in shares of publicly-held corporations must be reported to the SVS and the Chilean exchanges on which such shares are listed. Holders of shares of publicly-held corporations are required to report to the SVS and the Chilean exchanges:

- any acquisition or sale of shares that results in the holder's acquiring or disposing of 10% or more of the corporation's capital; and
- any acquisition or sale of shares or options to buy or sell shares, in any amount, if made by a holder of 10% or more of the corporation's capital or if made by a director, liquidator, main officer, general manager or manager of such corporation.
- In addition, majority shareholders must include in their report whether their purpose is to acquire control of the company or if they are making a financial investment. A beneficial owner of ADSs representing 10.0% or more of our share capital will be subject to these reporting requirements under Chilean law.

Persons or entities intending to acquire control of a publicly-held corporation, through means other than through a tender offer (*oferta pública de adquisición de acciones*), are also required to inform the public of such acquisition at least 10 business days before the date on which the transaction is to be completed, but in any case, as soon as negotiations regarding the change of control begin (i.e., when information and documents concerning the target are delivered to the potential acquirer) through a notice published in two Chilean newspapers, which must disclose, among other information, the person or entity purchasing or selling and the price and conditions of any negotiations. Prior to such publication, a written communication to such effect must be sent to the SVS and the Chilean exchanges.

In addition to the foregoing, Article 54A of the Chilean Securities Market Law requires that within two business days of the completion of the transactions pursuant to which a person has acquired control of a publicly traded company, a notice shall be published in the same newspapers in which the notice referred to above was published and notices shall be sent to the same persons mentioned in the preceding paragraphs.

Chilean law does not contain any provision that discriminates against shareholders or prospective shareholders who own a substantial number of shares. However, a special public offering procedure applies should the controlling shareholder of a company decide to increase its stock in the company, according to which the offer must be made to all shareholders on a pro rata basis in proportion to their respective stock.

Capitalization

Under Chilean law, a corporation increases its capital as soon as the shareholders authorize both the capital increase and the issuance of new stock, provided that the minutes of the corresponding shareholders meeting are put into a public deed, and an abstract of said deed is published in the Official Gazette and registered in the Commercial Registry corresponding to the company's domicile. In addition, in the case of publicly-held stock corporations, the new shares must be registered in the Securities Registry of the SVS before they may be offered to the public. When a shareholder subscribes for shares, the shares are transferred to such shareholder's name, and the shareholder is treated as a shareholder for all purposes, except receipt of dividends in the proportion corresponding to the unpaid price of such shares, unless otherwise stipulated in the bylaws of the corporation. The shareholder becomes eligible to receive dividends once such shareholder has paid for the shares. If a shareholder does not pay for shares for which such shareholder has subscribed on or prior to the date agreed upon for payment, the corporation is entitled to auction the shares on the stock exchange, and has a cause of action against the shareholder for the difference between the subscription price and the price received at auction. However, until such shares are sold at auction, the shareholder continues to exercise all the rights of a shareholder (except the right to receive dividends). Authorized shares which have not been paid for within the period ending three years from the date when the capital increase agreement was made at the shareholders' meeting, are deemed cancelled under Chilean law and are no longer available for sale by the Chilean corporation. At that time, the capital of the corporation is automatically reduced to the amount effectively paid within such period.

The Bylaws authorize a single series of common stock, without par value.

Director requirements

Our Bylaws require the board to consist of nine directors. The entire board is elected every three years. There is no requirement that a director be a shareholder of our Company.

Our Bylaws do not contain any provision regarding a mandatory retirement age for directors, nor does Chilean law contain any provision in this respect.

According to Chilean Corporations Law, a publicly-held stock corporation (sociedad anónima abierta) can only execute a transaction with a related party whenever such transaction is for the benefit of the corporation, and conforms to price terms and conditions prevailing in the market at the time of its approval.

Directors, managers, administrators, main executives or liquidators who have an interest in a related party transaction must immediately inform the board of directors or its proxy of such interest and the transaction must first be approved in accordance with the procedures described below. Non-compliance with these requirements will result in joint and several liability for the damages the transaction causes to both the corporation and its shareholders.

If the transaction involves a relevant amount (more than 1% of the company's equity, provided such transaction exceeds the equivalent of 2,000 UF, or in any case if it exceeds the equivalent to 20,000 UF) and the board of directors is not able to determine if it is an arm's-length transaction, the Board may approve or reject the execution of the transaction, with the abstention of the interested director, or appoint two independent evaluators.

If the board of directors approves the transaction, the relevant resolution will be disclosed in the subsequent shareholders' meeting. The resolution should expressly enumerate the directors that approved the operation.

Alternatively, in the case that evaluators are appointed, such evaluators will draft a report to inform the shareholders of the terms and conditions of the transaction, as well as its effect and potential impact on the corporation. The evaluators' report shall be made available to the shareholders. If shareholders representing at least 5% of the company's voting stock consider that the transaction is not in the company's best interest, or if the evaluators' report differ considerably, they may request that the Board call for an extraordinary shareholders meeting in order to approve or reject the execution of such transaction, in the former case by at least two-thirds of the company's voting stock. The related party that intends to carry out the operation with the company must provide to the Board all relevant information pertaining to such operation.

Notwithstanding the applicable sanctions, the violation of these rules will not affect the validity of the transaction, but will entitle the corporation or the shareholders to request that the defender disgorge profits obtained from the transaction.

The following transactions with related parties can be carried out without compliance with the foregoing requirements, after approval by the board of directors:

- Transactions that do not involve a significant amount, as described above. All transactions carried out in a 12 month period through one or more acts that are similar or complementary and in which the parties, including related parties, or the purpose are the same will be considered a single transaction.
- Transactions which are in the ordinary course of business, as determined by the corporation's policies regarding such matters. In this case, the resolution that establishes such policies or their amendments will be made available to the shareholders at the corporation's offices and on their web site, if applicable.
- Transactions between corporations in which the company owns, either directly or indirectly, at least 95% of its counterparty.

Borrowings by a director are treated under Chilean law as related party transactions and are subject to the rules set forth above.

Pursuant to the Chilean Corporations Law, if the bylaws of a company establish compensation for directors, such compensation must be agreed to in a shareholders meeting. Our Bylaws establish that the directors will be compensated in an amount determined by the annual shareholders meeting, notwithstanding the right of the Board to agree to compensate a director for the performance of any other duty different from his or her duty as a director.

Preemptive rights and increases of share capital

The Chilean Corporations Law grants certain preemptive rights to shareholders of all Chilean companies. The Chilean Corporations Law generally requires Chilean companies to offer to shareholders the right to purchase a sufficient number of shares or convertible securities to maintain their existing ownership percentage in the company whenever it issues new shares or convertible securities and prior to any sale in the market of its treasury shares of common stock.

Pursuant to this requirement, preemptive rights in connection with any future issue of shares will be offered by us to the depositary as the registered owner of the shares underlying the ADSs. However, the depositary will not be able to make such preemptive rights available to holders of ADSs unless a registration statement under the Securities Act is effective with respect to the underlying shares or an exemption from the registration requirements thereunder is available.

We intend to evaluate, at the time of any preemptive rights offering after the date hereof, the practicality under Chilean law in effect at the time of making such rights available to our ADS holders, as well as the costs and potential liabilities associated with registration of such rights and the related shares of common stock under the Securities Act, and the indirect benefits to us of thereby enabling the exercise by all or certain holders of ADSs of their preemptive rights and any other factors we consider appropriate at the time, and then to make a decision as to whether to file such registration statement. We cannot assure you that any registration statement would be filed. If we do not file a registration statement and no exemption from the registration requirements under the Securities Act is available, the Depositary will sell such holders' preemptive rights and distribute the proceeds thereof if a premium can be recognized over the cost of such sale. In the event that the Depositary is not able, or determines that it is not feasible, to sell such rights at a premium over the cost of any such sale, all or certain holders of ADSs may receive no value for such rights. Non-U.S. holders of ADSs may be able to exercise their preemptive rights regardless of whether a registration statement is filed. The inability of all or certain holders of ADSs to exercise preemptive rights in respect of shares of common stock underlying such ADSs could result in such holders not maintaining their percentage ownership of the common stock following such preemptive rights offering unless such holder made additional market purchases of ADSs or shares of common stock.

Under Chilean law, preemptive rights are exercisable or freely transferable by shareholders during a period that cannot be less than 30 days following the grant of such rights. During such period, and for an additional 30-day period thereafter, a Chilean corporation is not permitted to offer any unsubscribed shares for sale to third parties on terms which are more favorable than those offered to its shareholders. At the end of such additional 30-day period, a Chilean open stock corporation is authorized to sell unsubscribed shares to third parties on any terms, provided they are sold on a Chilean stock exchange. Unsubscribed shares that are not sold on a Chilean stock exchange can be sold to third parties only on terms no more favorable for the purchaser than those offered to shareholders.

Dividend and liquidation rights

In accordance with Chilean law, we must distribute mandatory cash dividends of 30% of our consolidated net income unless otherwise decided by a unanimous vote of the holders of the Shares. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and Dividend Policy."

At our option, the portion of any dividend which exceeds the mandatory limits established pursuant to Chilean law may be paid in cash, in our shares or in shares of corporations owned by us. Shareholders who do not expressly elect to receive a dividend other than in cash are legally presumed to have decided to receive the dividend in cash. Our ADS holders may, in the absence of an effective registration statement under the Securities Act or an available exemption from the registration requirement thereunder, effectively be required to receive a dividend in cash. See "—Preemptive rights and increases of share capital" above.

Those dividends not collected by the shareholders entitled thereto lapse five years after the payment date, with the funds going to the Chilean Treasury.

In the event of a liquidation of our company, the holders of fully paid shares of common stock would participate in the assets available after payment of all creditors in proportion to the number of shares held by them.

Shareholders' meetings and voting rights

We hold our annual shareholders meeting during the first fourth months of each year. Extraordinary shareholders meetings may be called by the board of directors when deemed appropriate or when requested by shareholders representing at least 10% of the issued voting shares or by the SVS. Notice to convene the annual shareholders meeting or an extraordinary shareholders meeting is given by means of a notice in a newspaper published in Cencosud's corporate domicile (currently Santiago) or in the Official Gazette in a prescribed manner. Notice must also be mailed to each shareholder and given to the SVS 15 days in advance of the meeting.

The quorum for a shareholders' meeting is established by the presence, in person or by power of attorney, of shareholders representing at least the absolute majority of our issued voting shares. If a quorum is not present at the first meeting, the meeting can be reconvened and upon the meeting being reconvened, shareholders present at the reconvened meeting are deemed to constitute a quorum regardless of the percentage of the shares represented. However, if a shareholders' meeting is called for the purpose of considering:

- a change of our organization, merger or division,
- an amendment to the term of duration or early dissolution,
- a change in our corporate domicile,
- a decrease of our corporate capital,
- approval of capital contributions in assets other than cash and their assessments,
- modification of the authority reserved to shareholders meetings or limitations on the Board of Directors,
- reduction in the number of members of our Board of Directors,

- the sale, transfer or disposition of 50% or more of assets, either including or excluding its corresponding liability, or the formulation or modification of any business plan which contemplates the sale, transfer or disposition of our assets in such amount, the sale of 50% or more of the assets of an affiliate that represents at least 20% of the assets of the corporation, as well as any sale of its shares which would result in us ceasing to be in control of such subsidiary,
- the form of distributing corporate benefits,
- the granting of a guaranty by us of liabilities of any third-party other than a subsidiary, in an amount exceeding 50% of our total assets,
- our purchase of our issued stock in accordance with articles 27A and 27B of Law No. 18,046,
- the amendment of any formal defects in our Bylaws which may nullify our incorporation, or any amendment of the Bylaws referring to one or more of the matters indicated above,
- the approval of our ceasing to be subject to the regulations applicable to publicly held corporations in the event we no longer meet the requirements under Chilean law to qualify as such a corporation, or the establishment of the right for our controller to acquire the shares of minority shareholders after a tender offer, in the terms set forth in paragraph 2 of article 71 bis of Law No. 18,046,
- the approval or ratification of contracts or agreements with related parties, in accordance with articles 44 and 147 of Law No. 18,046, or
- other matters as may be set forth in our Bylaws.

The vote required at such meeting is a two-thirds majority of the issued common stock.

Additionally, the amendment of our Bylaws aimed at the creation, modification, extension or suppression of preferential rights, must be approved with the favorable vote of two-thirds of the shares of the affected series.

Chilean law does not require a publicly-held Chilean company to provide the level and type of information that United States securities laws require a reporting company to provide to its shareholders in connection with a solicitation of proxies. Under Chilean law, a notice of a shareholders' meeting listing the matters to be addressed must be mailed to shareholders and the SVS not fewer than 15 days prior to the date of a meeting. In cases of an Annual Shareholders' Meeting, an annual report of our activities, which includes our audited financial statements, must also be mailed to shareholders.

The Chilean Corporations Law provides that whenever shareholders representing 10% or more of the issued voting shares so request, a Chilean company's annual report must include within the materials dispatched by the board of directors to shareholders, the comments and proposals of such shareholders in relation to the company's affairs. Similarly, the Chilean Corporations Law provides that whenever the board of directors of a publicly-held company convenes a meeting of shareholders and solicits proxies for the meeting, information supporting its decisions or other similar materials, it is obligated to include the pertinent comments and proposals that may have been made by shareholders owning 10% or more of the company's voting shares who request that such comments and proposals be so included.

Only shareholders registered in the Shareholders' Registry as such at least five Chilean business days prior to the date of a shareholders meeting are entitled to attend and vote their shares. A shareholder may appoint by power of attorney another individual (who need not be a shareholder) as its attorney-in-fact to attend and vote on its behalf. Every shareholder entitled to attend and vote at a shareholders meeting shall have one vote for every share subscribed.

Right of dissenting shareholders to tender their shares

The Chilean Corporations Law provides that upon the adoption at an extraordinary shareholders meeting of any of the resolutions enumerated below, dissenting shareholders acquire a right of redemption to force the company to repurchase their shares, subject to the fulfillment of certain terms and conditions.

"Dissenting" shareholders are defined as those which vote against a resolution which results in the redemption right, or if absent at such a meeting, those who state in writing to the company their opposition to the respective resolution. Dissenting shareholders must perfect their redemption rights by tendering their stock to the company within 30 days of the resolution (except in the case of pension fund shareholders as discussed below).

The price paid to a dissenting shareholder of a publicly-held company for such shares is the weighted average of the closing sales prices for the shares as reported on the stock exchanges for the two-month period preceding the event giving rise to the redemption right.

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

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

In addition, shareholders of a publicly held corporation have a redemption right if a person acquires two-thirds or more of the outstanding voting stock of the company and does not make a tender offer for the remaining shares within 30 days of that acquisition at a price not lower than the price that would be paid shareholders exercising their redemption rights.

However, the right of redemption described in the previous sentence does not apply in the event the company reduces its capital as a result of not having fully subscribed and paid an increase of capital within the statutory term.

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

C. MATERIAL CONTRACTS

See "Item 4. Information on the Company—B. Business Overview—Material Agreements."

D. EXCHANGE CONTROLS

Foreign Exchange Controls

Chile

The Chilean Central Bank is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally provided they comply with, among other things, the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations of the Chilean Central Bank (the "Chilean Central Bank Compendium").

Pursuant to the provisions of Chapter XIV of the Chilean Central Bank Compendium, it is not necessary to seek the Chilean Central Bank's prior approval in order to acquire shares in a Chilean market. The Chilean Central Bank only requires that (i) the remittance of funds for the acquisition of the shares in Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below; and (ii) all remittances of funds from Chile to the foreign investor upon the sale of shares or from dividends or other distributions made in connection therewith be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below.

The proceeds of the placement of the shares abroad may be brought into Chile or held abroad. If we remit the funds obtained from the placement of the shares in Chile, such remittance must be made through the Formal Exchange Market and we must deliver to the Department of Statistics Information of the Chilean Central Bank directly or through an entity participating in the Formal Exchange Market an annex providing information about the transaction, together with a letter instructing such entity to deliver us the foreign currency or the Chilean peso equivalent thereof. If we do not remit the funds obtained from the placement of the shares in Chile, we have to provide the same information to the Department of Statistics Information of the Chilean Central Bank directly or through an entity of the Formal Exchange Market, within the first 10 days of the month following the date on which we received the funds. All payments from dividends or other distributions in connection with the shares made from Chile must be made through the Formal Exchange Market. Pursuant to Chapter XIV of the Chilean Central Bank Compendium, no prior authorization from the Chilean Central Bank is required for such payments in U.S. dollars. The participant of the Formal Exchange Market involved in the transfer must provide certain information to the Chilean Central Bank on the banking business day following the day of payment. In the event payments are made outside Chile using foreign currency held abroad, we must provide the relevant information to the Chilean Central Bank directly or through an entity of the Formal Exchange Market within the first 10 days of the month following the date on which the payment was made.

Under Chapter XIV of the Chilean Central Bank Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof will affect foreign investors who have acquired the shares. We cannot assure you that further Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars or that further restrictions applicable to us will not affect our ability to remit U.S. dollars for payment of dividends or other distributions in connection with the shares.

The above is a summary of the Chilean Central Bank's regulations with respect to the issuance of securities, including the shares, as in force and effect as of the date of this annual report. We cannot assure you that restrictions will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of Chapter XIV of the Chilean Central Bank Compendium, a copy of which is available from us upon request at the following address Avenida Kennedy 9001, Piso 6, Las Condes, Santigo, Chile.

Argentina

Prior to December 1989, the Argentine foreign exchange market was subject to exchange controls. From December 1989 until April 1991, Argentina had a freely floating exchange rate for all foreign currency transactions, and the transfer of dividend payments in foreign currency abroad and the repatriation of capital were permitted without prior approval of the Central Bank of Argentina. From April 1, 1991, when the Convertibility Law became effective, until December 21, 2001, when the Central Bank of Argentina decided to close the foreign exchange market, the Argentine currency was freely convertible into U.S. dollars.

On December 3, 2001, the Argentine government imposed a number of monetary and currency exchange control measures through Decree 1570/01, which included restrictions on the free disposition of funds deposited with banks and tight restrictions on transferring funds abroad without the Central Bank of Argentina's prior authorization subject to specific exceptions for transfers related to foreign trade. Beginning in January 2003, the Central Bank of Argentina has gradually eased these restrictions and expanded the list of transfers of funds abroad that do not require its prior authorization. However, in June 2003 the Argentine government instituted restrictions on capital flows into Argentina, which mainly consisted of a prohibition against the transfer abroad of any funds until 180 days after their entry into the country.

In June 2005, the Argentine government issued Decree 616/05, which established additional restrictions over all capital flows that could result in the decreased availability of international credit. Pursuant to the decree, all private sector indebtedness of physical persons or corporations in Argentina are required to be agreed upon and repaid not prior to 365 days from the date of entry of the funds into Argentina, regardless of the form of repayment. The decree outlines several types of transactions that are exempt from its requirements, including foreign trade financings, foreign trade balances of those entities authorized to carry out foreign exchange, and primary offerings of debt securities issued pursuant to a public offering and listed on a self-regulated market.

In addition, the decree, as supplemented by subsequent regulations, stipulates that all capital inflows of residents exceeding U.S.$2 million per month, as well as all capital inflows of non-residents settled in the local exchange market destined for local money holdings, acquisition of active or passive private sector financings and investments in securities issued by the public sector that are acquired in secondary markets (excluding foreign direct investment, which includes capital contributions to local companies of direct investments (namely, a company in which the foreign direct investor holds at least 10% of ordinary shares or voting rights, or its equivalent), and primary offerings of debt securities issued pursuant to a public offering and listed on a self-regulated market), must meet certain requirements, including those outlined below:

- such funds may be transferred only outside the local exchange market after a 365-day period from the date of entry of the funds into Argentina;
- any Argentine Pesos resulting from the exchange of such funds are to be credited to an account within the Argentine banking system; and
- except for certain type of capital inflows, a non-transferable, non-interest-bearing U.S. Dollar-denominated mandatory deposit must be maintained for a term of 365 calendar days, in an amount equal to 30% of any such inflow of funds to the local foreign exchange market (which mandatory deposit may not be used as collateral or guaranty for any transaction).

In addition, on November 16, 2005, the Ministry of Economy and Production issued Resolution 637/05, pursuant to which Decree 616/05 was regulated, providing that any inflow of funds to the local exchange market in connection with an initial public offering of securities, bonds or certificates issued by a trustee under a trust, whether or not such trust is publicly offered and listed in a self-regulated market, shall comply with all requirements provided for section 4 of Decree 616/05 whenever such requirements are applicable to the inflow of funds to the local exchange market in connection with the acquisition of any of the assets under the trust.

The transfer abroad of dividend payments is currently authorized by applicable regulations to the extent such dividend payments are made in connection with audited financial statements approved by a shareholders' meeting. Any breach of the provisions of Decree No. 616/05 or any other foreign exchange regulation is subject to criminal penalties of the laws governing the Argentine exchange market.

In addition, pursuant to Resolutions AFIP N° 3210/2011 and N° 3212/2011 and Communication "A" 5245, enacted in late 2011, prior to authorizing the sale of foreign currency to make portfolio investments abroad or similar investments, the local bank must obtain prior clearance from an online database run by the federal tax authority (AFIP). This database must confirm whether an individual or entity has sufficient declared assets or funds to make the purchase of foreign currency. In the event that declared assets or funds are not sufficient, the bank may not sell foreign currency to such individual or entity. However, the regulations fail to explain how this calculation is carried out. This clearance requirement may affect the ability of our Argentine subsidiaries to make or manage its foreign currency investments or to transfer funds abroad.

Repatriation of investments by non-argentine residents

Repatriation of funds by non-Argentine residents is subject to the prior approval of the Central Bank; however, various exceptions exist to this general principle, including, among others:

- Repatriation of direct investments resulting from the sale of investments, the process of wind-up or liquidation of a company, capital reduction or the repayment of capital contributions. In these instances, the foreign investor must demonstrate that it has held the Argentine investment for at least 365 days. In addition, investments made after October 28, 2011 (capital contributions or acquisition of interests in Argentine companies) may be repatriated only if it can be demonstrated that the funds invested in the Argentine company were brought into Argentina at least 365 days prior to repatriation; a certificate from a financial institution or foreign exchange firm must be provided that states the amount of the funds and the date on which such funds were transferred into Argentina for the purpose of making the investment. However, in the event that the investor is organized or domiciled in a country which, pursuant to Argentine law, is considered to be of low or no taxation, repatriation must be approved by the Central Bank.
- Repatriation of portfolio investments (and the related income), provided that the aggregate amount of such repatriation does not exceed U.S.$500,000 per month. Repatriation in this instance is permitted provided the investor can demonstrate that the funds used to make such investment were brought into Argentina at least 365 days prior to repatriation; a certificate from a financial institution or foreign exchange firm must be provided that states the amount of the funds and the date on which such funds were transferred into Argentina for the purpose of making the investment. However, in the event that the investor is organized or domiciled in a country which, pursuant to Argentine law, is considered to be of low or no taxation, repatriation must be approved by the Central Bank.

These repatriation exceptions are available provided the financial institution through which a funds transfer is made is capable of determining (among other things) that "*from the date of collection of the funds (…) to the date of the foreign exchange transaction, the funds received were not allocated to other investments in Argentina.*"

Any transactions not covered by the preceding paragraphs (or any other exception) are subject to prior Central Bank approval.

Foreign investments by argentine residents

As a general matter, individuals and legal entities (excluding private trusts and non-registered civil and commercial companies, associations and foundations) are authorized to buy or transfer foreign currency in an amount of up to U.S.$2 million per month (provided they do not have due and unpaid debts of any nature owing to foreign creditors). However, in practice, certain regulations have restricted the ability to purchase or transfer foreign currency for general savings or investment purposes (such practice is referred to as "accumulation" or "*atesoramiento*"):

(a) Pursuant to Communication "A" 5236 (as amended) of the Central Bank, in the event that the aggregate amount of foreign currency purchases (including transfers) during a calendar year exceeds U.S.$250,000:

  (i) in the case of individuals, the total amount of foreign currency purchases may not exceed the sum of: (i) the investments in Argentine financial assets and the amount of Argentine currency declared in the individual's most recent personal tax return filed with Argentine tax authorities, (ii) the funds resulting from the sale in Argentina of recordable assets and foreign currency declared in the individual's most recent personal tax return filed with Argentine tax authorities, (iii) the individual's earnings for the current year which are subject to income tax withholding, (iv) other sources of income collected by the individual during the year that are not subject to income tax and (v) amounts received by the individual through an inheritance; and

(ii) in the case of legal entities, the total amount of foreign currency purchases may not exceed: (i) the entity's net worth (per the financial statements corresponding to the immediately preceding fiscal year), plus (ii) the entity's earnings generated after the end of the immediately preceding fiscal year, *plus* (iii) the entity's proceeds from the sale of foreign currency in the foreign exchange market, *minus* (iv) the entity's investments in external assets (including foreign currency) as of the date of purchase, *minus* (v) deposits in Argentina of foreign currency, *minus* (vi) investments in Argentine companies, *minus* (vii) distributions by the entity of dividends approved after the end of the immediately preceding fiscal year.

(b) Pursuant to Resolutions AFIP No. 3210/2011 and No. 3212/2011 and Communication "A" 5245, prior to authorizing the sale of foreign currency to a given client, the bank handling such sale must consult an online database maintained by the Argentine federal tax authority to confirm whether the client desiring to make such purchase has met the requirements outlined above. In the event that the requirements are not met by the client, the bank may not carry out the sale of foreign currency. However, the regulations fail to provide detail as to how the required calculations are to be made.

In addition, purchases of foreign currency for purposes of accumulation are subject to the following conditions:

(a) The Argentine resident must not have due and unpaid debts owing to foreign creditors (whether financial or commercial in nature). This requirement will not apply if the purchase of foreign currency does not exceed U.S.$10,000 per calendar month.

(b) If the purpose of the purchase and transfer of funds is to purchase Argentine securities, including ADRs, the purchase of such securities may only be carried out 20 business days following the transfer of funds.

(c) In the case of foreign portfolio investments, the funds must be transferred from an Argentine bank account of the Argentine resident to a different bank account opened with:

(i) a foreign bank established in any country member of the OECD whose foreign indebtedness has an international rating of at least "BBB" or that consolidates its financial statements in Argentina with an Argentine bank; or

(ii) foreign banks of the country of permanent residence of individuals authorized to remain in Argentina as "temporary residents" under the provisions of section 23 of Argentine Immigration Law No. 25,871; or

(iii) a financial entity regularly engaged in investment banking activities, established in any country member of the OECD whose foreign indebtedness has an international rating of at least "BBB".

Repatriation of funds by argentine residents

Repatriation of funds by Argentine residents up to U.S.$2 million per month is exempt from the deposit (*encaje*) requirement. If the funds repatriated by an Argentine resident exceed this monthly cap, the deposit requirement will apply in an amount equal to 30% of the excess funds.

Criminal foreign exchange regime

Pursuant to the provisions of Central Bank Communication "A" 3471, foreign exchange transactions may only be carried out through financial institutions authorized to do so by the Central Bank (e.g., financial institutions and foreign exchange bureaus). Central Bank Communication "A" 3471 further provides that any transactions that fail to comply with the applicable requirements will be subject to the penalties set forth in the Criminal Foreign Exchange Regime set by Law No. 19,359.

For a complete detail of all foreign exchange restrictions, investors should consult with their own legal and financial advisors. Additionally, the review of Executive Order No. 616/2005, MEP Resolution No. 365/2005, Law No. 19,359 and their amending and supplementing regulations is suggested.

Brazil

General rules

The basic law regulating foreign investment was enacted in 1962 (Law No. 4131) and was amended in 1964 (Law No. 4390). Foreign investment is not subject to government approvals or authorizations, and there are no requirements regarding minimum investment or local participation in capital (except in very limited cases such as in financial institutions, insurance companies and other entities subject to the regulating authority of the Central Bank of Brazil). Foreign participation, however, is limited or prohibited in limited areas of activities, including those detailed below.

The Central Bank of Brazil is the agency responsible for: (i) managing the day-today control over foreign capital flow in and out of Brazil (risk capital and loans under any form); (ii) setting forth the administrative rules and regulations for registering investments; (iii) monitoring foreign currency remittances; and (iv) allowing repatriation of funds. It has no jurisdiction over the quality of the investment and cannot restrict the remittances of funds resulting from the risk capital or loan, which are based on a registration with the Central Bank, through its Electronic System of Registration.

In the event of a serious balance of payment deficit, the Central Bank may limit profit remittances and prohibit remittances as capital repatriation for a limited period of time. This limitation, however, has never been applied even during Brazil's most difficult balance of payments problems.

Foreign investments in currency must be officially channeled through financial institutions duly authorized to deal in foreign exchange (e.g. commercial banks). Foreign currency must be converted into Brazilian currency and vice-versa through the execution of an exchange contract with a commercial bank. Foreign investments may also be made through the contribution of assets and equipment intended for the local production of goods or services.

Foreign exchange market

Brazil previously operated with two official exchange rate markets, the commercial and floating rate markets, both of which were regulated and monitored by the Central Bank. Participation in a particular market was determined by the nature of the remittance of funds to be made.

In March, 2005 the Central Bank unified both markets and enacted more flexible exchange rules. As a consequence, remittances of funds in and out of Brazil now flow through one single exchange market regardless of the nature of the payments.

Foreign investment registration

Foreign investments in currency or in assets and equipment must be registered with the Central Bank of Brazil. Such registration grants the foreign investor the right to remit dividends and interest and to repatriate the investment. As of August 2000, foreign investments in capital must be registered with the Electronic System of Registration of the online data system of the Central Bank of Brazil (the "SISBACEN Data System"). Since February 2001, foreign loans are also subject to registration in the SISBACEN Data System.

The amount registered with the Central Bank of Brazil as foreign investment includes the sum of (i) the original investment (whether in cash or in kind); (ii) subsequent additional investments (including the capitalization of credits); and (iii) eventual profit reinvestments. This aggregate amount constitutes the basis for repatriation of capital and computation of any eventual capital gain tax, as explained below.

Profit remittance

Since January 1996, profits paid by a Brazilian company to a foreign investor are not subject to any withholding tax. The foreign currency to be remitted must be purchased in the exchange market directly from any commercial bank, upon presentation of the corporate act declaring the dividends, the pertinent financial statements, proof of the tax payment and the registration in the SISBACEN Data System. No further approval or consent of the Central Bank is necessary and there is no limitation on the amounts to be remitted if the original investment has been registered with the Central Bank as described above.

Repatriation of capital

Foreign capital invested in Brazil may be repatriated at any time and there is no minimum period of investment. Repatriation of the investment within the amount stated in the SISBACEN Data System may be made free of any tax or authorization. In principle, any excess over the registered amount will be treated as a capital gain, subject to a 15% withholding tax (such rate is increased to 25% in case of investors residing in tax havens) and prior (and discretionary) approval of the Central Bank.

In accordance with an common practice of the Central Bank of Brazil, whenever the total or partial repatriation of capital is sought upon the sale of an investment, the book value of the foreign investment (based on the financial statements of the company which received the investment) will be compared against the amount registered in foreign currency. If the book value is lower than the registered foreign investment, the remittance abroad of any amount exceeding the book value may be understood by the Central Bank as a capital gain, and, as such, subject to a 15% tax.

Other forms of funding Brazilian subsidiaries

The Brazilian foreign debt challenges, combined with other circumstances, forced the market to find various ways to fund Brazilian companies through the issuance of notes and bonds, as well as commercial paper placed outside Brazil under private and public placements. In recent years, the Central Bank has authorized a great volume of issues of bonds, fixed rate notes, floating rate notes, commercial papers and fixed or floating rate certificates of deposit, to be traded abroad. Nonetheless, foreign loans with maturity of less than ninety days are currently subject to a financial transactions tax. Interest paid to foreigners is subject to a 15% withholding tax (such rate is increased to 25% in case of creditors residing in tax heavens). Another source of funding has been the issue of ADRs—American Depositary Receipts and IDRs—International Depositary Receipts.

Peru

At the beginning of the 1990s, former President Alberto Fujimori liberalized price and wage controls in the private sector and eliminated all restrictions on capital flows. Since March 1991, there have been no exchange controls in Peru and all foreign exchange transactions are based on market rates. Prior to March 1991, the Peruvian foreign exchange market consisted of several alternative exchange rates. During the last two decades, the Peruvian currency has experienced a significant number of large devaluations and Peru has consequently adopted and operated under various exchange rate control practices and exchange rate determination policies, ranging from strict control over exchange rates to market-determination of rates. Current Peruvian regulations on foreign investment allow the foreign holders of equity shares and fixed income instruments to receive and repatriate 100% of the proceeds of the investment. Such investors are allowed to purchase foreign exchange at free market exchange rates through any member of the Peruvian banking system.

Colombia

Foreign Investment and Exchange Controls in Colombia

Although the exchange market flows freely, there are exchange regulations that establish those exchange operations that must be channeled through the exchange market, the procedures and penalties for infringement.

The rules applicable on exchange matters are issued jointly by Congress, the Government and the Central Bank. The main regulations on foreign investment and international exchange (“Exchange Regulations”) are set forth in Law 9 of 1991, Decree 2080 of 2000, External Resolution No. 8 of 2000 and Regulation DCIN-83. The law requires all foreign investment to be registered at the Central Bank.

The Central Bank is responsible for Exchange Regulations and managing, recording and authorizing changes in foreign investment. In turn, the Superintendency of Companies is responsible for overseeing compliance with the provisions on foreign investment set forth in the Exchange Regulations. Such foreign investment is divided into (1) direct foreign investment, and (2) portfolio foreign investment.

The foreign investment registered with the Central Bank grants the investor the following rights, known as “exchange rights”:

a. The possibility of repatriating the profits from the registered investment.

b. The possibility of reinvesting such profits in Colombia.

c. The possibility of repatriating sums resulting from the transfer of the investment within the country, the liquidation of the company or the portfolio and/or the reduction of the equity of the recipient company.

Foreign Indebtedness

The foreign currency received or paid as a consequence of a credit operation must be channeled through the exchange market. In addition, prior to or simultaneously with the disbursement, it will be required to report the foreign debt to the Central Bank through the exchange market intermediaries.

Up until October 28, 2011, Colombian residents could only obtain credits in foreign currency from foreign financial institutions, foreign market intermediaries or through the placement of securities in international capital markets. Since that date, Banco de la Republica allowed indebtedness with any foreign third party, including related parties. These modalities are considered liability credits since the debtor is a Colombian resident.

On the other hand, Colombian residents may grant loans in foreign currency to non residents and this modality is called active credits since the creditor is a Colombian resident.

E. TAXATION

General

The following discussion summarizes the material Chilean tax and U.S. federal income tax consequences to beneficial owners arising from the purchase, ownership and disposition of the common stock and ADSs. The summary does not purport to be a comprehensive description of all potential Chilean tax and U.S. federal income tax considerations that may be relevant to a decision to purchase, own or dispose of the common stock and ADSs and is not intended as tax advice to any particular investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Chile and the United States. There is currently no income tax treaty in force between the United States and Chile.

Prospective purchasers of the common stock and ADSs should consult their own tax advisors as to the Chilean, United States or other tax consequences of the purchase, ownership and disposition of the common stock and ADSs in their particular circumstances, as well as the application of state, local, foreign or other tax laws.

Chilean tax considerations

The following section is the opinion of Morales y Besa Abogados Limitada as to the material Chilean income tax laws presently in force, including Ruling No. 324 of January 29, 1990 of the Chilean Internal Revenue Service and other applicable regulations and rulings. The discussion summarizes the material Chilean income tax consequences of an investment in the ADSs or shares of common stock received in exchange for ADSs by an individual who is not domiciled in or a resident of Chile or a legal entity that is not organized under the laws of Chile and does not have a permanent establishment located in Chile, which we refer to as a foreign holder. For purposes of Chilean law, an individual holder is a resident of Chile if he or she has remained in Chile for more than six months in one calendar year or for a total of more than six months in two consecutive tax years. An individual holder is domiciled in Chile if he or she resides in Chile with the purpose of staying in Chile (such purpose to be evidenced by circumstances such as the acceptance of employment within Chile or the relocation of his or her family to Chile). This discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor's particular tax situation.

Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign holders, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another statute. In addition, the Chilean tax authorities issue rulings and regulations of either general or specific application interpreting the provisions of Chilean tax law. Pursuant to Article 26 of the Chilean Tax Code, Chilean taxes may not be assessed retroactively against taxpayers who in good faith relied on such rulings, regulations and interpretations, but Chilean tax authorities may change such rulings, regulations and interpretations prospectively. On February 4, 2010, a comprehensive income tax treaty between the United States and Chile (the "Proposed U.S.-Chile Treaty") was signed, however such treaty has not yet been ratified by each country and therefore is not yet effective. It is unclear at this time when such treaty will be ratified by both countries Based on the steps that have already been fulfilled in both countries, such treaty could be ratified within 2014. You should consult your tax adviser regarding the ongoing status of this treaty, and if ratified the impact such treaty would have on the consequences described in this annual report.

Cash dividends and other distributions

Cash dividends paid by us with respect to the ADSs or shares of common stock held by a Foreign Holder will be subject to a 35.0% Chilean withholding tax, which is withheld and paid over by us to the Chilean Treasury. We refer to this as the Chilean withholding tax. A credit against the Chilean withholding tax is available based on the level of corporate income tax, or first category tax, actually paid by us on the taxable income to which the dividend is imputed; however, this credit does not reduce the Chilean withholding tax on a one-for-one basis because it also increases the base on which the Chilean withholding tax is imposed. In addition, distribution of book income in excess of retained taxable income is subject to the Chilean withholding tax, but such distribution is not eligible for the credit. Under Chilean income tax law, for purposes of determining the level of the first category tax that has been paid by us, dividends generally are assumed to have been paid out of our oldest retained taxable profits. From the year 2004 and until 2010, the first category tax rate was 17.0%. , resulting in an effective dividend withholding tax rate of approximately 21.69%. From year 2011, As a way to obtain additional funds for the country's reconstruction plan after the earthquake in February 2010, the first category tax rate was increased to 20.0%, for fiscal year 2011 and for fiscal year 18.5% during 2012, returning fiscal year 2013 to the permanent first category tax rate of 17.0% (Circular Letter No. 95, of 2001 and 63, of 2010). However, on September 24, 2012 Congress passed Law Nº 20,630, which increased the first category tax rate to 20% as from fiscal year 2013 in order to collect funds for financing the Educational Reform. The new Government has announced a tax teform which would likely result in a first category tax rate increase (although the bill has not been filed yet, a 25% rate proposal is expected). The foregoing tax consequences apply to cash dividends paid by us. Dividend distributions made in property (other than shares of common stock) will be subject to the same Chilean tax rules as cash dividends.

Capital gains

Gains realized on the sale, exchange or other disposition by a foreign holder of ADSs (or ADRs evidencing ADSs) will not be subject to Chilean taxation, provided that such disposition occurs outside Chile. The deposit and withdrawal of shares of common stock in exchange for ADRs will not be subject to any Chilean taxes.

Gains recognized on a sale or exchange of shares of common stock received in exchange for ADSs (as distinguished from sales or exchanges of ADSs representing such shares of common stock) by a foreign holder will be subject to both the first category tax and the Chilean withholding tax (the former being creditable against the latter) if (1) the foreign holder has held such shares of common stock for less than one year since exchanging ADSs for the shares of common stock, (2) the foreign holder acquired and disposed of the shares of common stock in the ordinary course of its business or as a regular trader of stock or (3) the sale is made to a company in which the foreign holder holds an interest as partner or shareholder (in the case of open stock corporations such interest must be 10.0% or more of the shares). A 15% withholding will be made on account of the seller's final taxes. In all other cases, gain on the disposition of shares of common stock will be subject only to the first category tax levied as a sole tax. However, in these latter cases, if it is impossible to determine the taxable capital gain, a 5.0% withholding will be imposed on the total amount to be remitted abroad without any deductions as a provisional payment of the total tax due.

The tax basis of shares of common stock received in exchange for ADSs will be the acquisition value of such shares, adjusted according to the domestic inflation variation between the month preceding the acquisition and the month preceding the sale. The valuation procedure set forth in the Deposit Agreement, which values shares of common stock that are being exchanged at the highest price at which they trade on the Santiago Stock Exchange on the date of the exchange, generally will determine the acquisition value for this purpose. Consequently, the conversion of ADSs into shares of common stock and sale of such shares of common stock for the value established under the Deposit Agreement will not generate a capital gain subject to taxation in Chile, as long as the sale price is equal to the acquisition price fixed at the moment of the conversion. In the event that the sale price is greater than the acquisition price, said capital gain will be subject to the first category tax and the withholding taxes mentioned above.

The distribution and exercise of preemptive rights relating to the shares of common stock will not be subject to Chilean taxation. Amounts received in exchange for the shares or assignment of preemptive rights relating to the shares will be subject to both the first category tax and the Chilean withholding tax (the former being creditable against the latter to the extent described above).

If the Proposed U.S.-Chile Treaty becomes effective, it may further restrict the amount of Chilean tax, if any, imposed on gains derived from the sale or exchange of shares of common stock by U.S. residents eligible for the benefits of the treaty. If the Proposed U.S.-Chile Treaty becomes effective, U.S. investors should consult their tax advisorsadvisors as to the applicability of the TreatyTreaty in their particular circumstances.

The Chilean Internal Revenue Service has not enacted any rule nor issued any ruling about the applicability of the following norms to the foreign holders of ADRs.

Pursuant to an amendment to the Chilean Income Tax Law published on November 7, 2001 (Law No. 19,768, amended by Law 20,448, dated August 13, 2010), the sale and disposition of shares of Chilean public corporations which are actively traded on stock exchanges is exempted from Chilean taxes on capital gains if the sale or disposition was made on a local stock exchange so long as the shares were purchased on a public stock exchange. However, Law N°20,448 limited this benefit to shares acquired and sold on a local stock exchange, with which it is unlikely that it will apply to the sale of share resulting from an exchange of ADSs. Investors who request delivery of ADSs in the form of shares of common stock should consult with their tax advisoradvisor to determine whether such shares will be eligible for the foregoing exemption.

Exempt capital gains—article 106 of the Chilean income tax law

According to Article 106 of the Chilean Income Tax law, the sale and disposition of shares of Chilean public corporations which are significantly traded on a Chilean stock exchange by foreign institutional investors, such as mutual funds, pension funds and others, is exempted of any Chilean tax on capital gains if the sale or disposition was made through a Chilean stock exchange or a tender offer.

A foreign institutional investor is an entity that is either:

- a fund that makes public offers of its shares in a country in which public debt has been rated investment grade by an international risk classification agency qualified by the local exchange regulator ("SVS");
- a fund that is registered with a regulatory entity of a country in which public debt has been rated investment grade by an international risk classification agency qualified by the SVS, provided that the investments in Chile, including securities issued abroad that represent Chilean securities, held by the fund represent less than 30% of its share value;
- a fund whose investments in Chile, including securities issued abroad representing Chilean securities, represent less than 30% of its portfolio, provided that no more than 10% of the equity or right to the profits of the fund is directly or indirectly owned by Chilean residents;
- a pension fund that is exclusively formed by individuals that receive their pension on account of capital accumulated in the fund or its main purpose is to finance the funds of individuals and it is regulated and supervised by the competent foreign authority;
- a fund regulated by Chilean Law Nº 18,657 (referred to as Foreign Capital Investment Funds Law), in which case all holders of its shares must reside abroad or be qualified as local institutional investors; or
- another kind of institutional foreign investor that complies with the characteristics defined by a regulation with the prior report of the SVS and the Chilean Internal Revenue Service.

In order to be entitled to the exemption, foreign institutional investors, during the time in which they operate in Chile must:

- be organized abroad and not be domiciled in Chile;
- prove their qualification as foreign institutional investors as mentioned above;
- not participate, directly or indirectly, in the control of the issuers of the securities in which it invests and not hold, directly or indirectly, 10% or more of such companies' capital or profits;
- execute an agreement in writing with a Chilean bank or securities broker in which the intermediary is responsible for the execution of purchase and sale orders and for the verification, at the time of the respective remittance, that such remittances relate to capital gains that are exempt from income tax in Chile or, if they are subject to income tax, that the applicable withholdings have been made; and
- register in a special registry with the Chilean Internal Revenue Service.

Exempt capital gains—article 107 of the Chilean income tax law

According to article 107 of the Chilean Income Tax Law, gains derived from the sale or transfer of shares of publicly-traded companies organized in Chile that are actively traded in a stock exchange, as defined in the relevant regulation, are exempt of taxes in Chile, provided that the following requirements are met:

- The seller must have acquired the shares: (a) in a Chilean stock exchange authorized by the Chilean Superintendency of Securities and Insurance; (b) pursuant to a regulated tender offer carried out according to Title XXV of the Chilean Securities Market Law; (c) at the time of incorporation of the corporation or pursuant to a capital increase; (d) pursuant to the exchange of public traded securities convertible in shares (in this case the acquisition cost of the shares corresponds to the exchange price), or (e) in a redemption of securities from certain mutual funds;
- The shares must be sold: (a) in a stock exchange authorized by the Chilean Superintendency of Securities and Insurance; (b) pursuant to a regulated tender offer, or (c) in a contribution of securities on certain mutual funds.

The exemption under analysis also applies if the sale or transfer of shares is executed within 90 days following the day in which they were no longer considered as actively traded. In such case, the profit exempted from Chilean taxes will be up to the average price of shares within the last 90 days in which they were actively traded. Any profit above the average price will be subject to the general tax regime applicable to the transfer of shares.

For these purposes, shares are considered to be significantly traded on a Chilean stock exchange (presencia bursátil) when they (1) are registered in the securities registry kept by the SVS, (2) are registered in a Chilean Stock Exchange; and (3) fulfill at least one of the following requirements: (i) have an adjusted presence equal to or above 25%; or (ii) have a "Market Maker", as such term is defined in the Norma de Carácter General No. 327, issued by the SVS on January 17, 2012. Accordingly, shares are considered to have a "Market Maker" if the issuer thereof has entered into an agreement with at least one stock broker, and such agreement complies with the requirements set forth in the aforementioned Norma de Carácter General No. 237. Currently, our shares are considered to be significantly traded on a Chilean stock exchange.

Other Chilean taxes

No Chilean inheritance, gift or succession taxes apply to the transfer or disposition of the ADSs by a foreign holder but such taxes generally will apply to the transfer at death or by a gift of shares of common stock by a foreign holder. No Chilean stamp, issue, registration or similar taxes or duties apply to foreign holders of ADSs or shares of common stock.

Withholding tax certificates

Upon request, we will provide to foreign holders appropriate documentation evidencing the payment of the Chilean withholding tax.

Material United States Federal Income Tax Considerations

The following is a discussion as to the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our ADSs under currently applicable law. It does not address any aspect of U.S. federal gift or estate tax, Medicare tax on net investment income, or the state, local or foreign tax consequences of an investment in our ADSs. This discussion applies to you only if you hold and beneficially own our ADSs as capital assets for tax purposes (generally, property held for investment). This discussion does not apply to you if you are a member of a class of holders subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for securities holdings;
- banks or other financial institutions;
- insurance companies;
- tax-exempt organizations;
- partnerships and other entities treated as partnerships for U.S. federal income tax purposes or persons holding ADSs through any such entities;
- real estate investment trusts;
- regulated investment companies;
- persons that hold ADSs as part of a hedge, straddle, constructive sale, conversion transaction or other integrated investment;
- U.S. holders (as defined below) whose functional currency for tax purposes is not the U.S. dollar;
- persons liable for alternative minimum tax; or
- persons who actually or constructively own 10.0% or more of the total combined voting power of all classes of our shares (including ADSs) entitled to vote.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. In addition, this discussion relies in part on our assumptions regarding the projected value of our shares and the nature of our business. Finally, this discussion is based in part upon the representations of the depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

You should consult your own tax advisor concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of our ADSs, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

For purposes of the U.S. federal income tax discussion below, you are a "U.S. holder" if you beneficially own our ADSs and are:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect to be treated as a U.S. person.

Except where specifically described below, this discussion assumes that we are not a not a "passive foreign investment company" (a "PFIC") for U.S. federal income tax purposes. For U.S. federal income tax purposes, income earned through a foreign or domestic partnership or other flow-through entity is attributed to its owners. Accordingly, if a partnership or other flow-through entity holds ADSs, the tax treatment of the holder will generally depend on the status of the partner or other owner and the activities of the partnership or other flow-through entity.

U.S. Holders

ADSs. If you hold ADSs, for U.S. federal income tax purposes, you generally will be treated as the owner of the underlying shares that are represented by such ADSs. Accordingly, deposits or withdrawals of shares for ADSs will not be subject to U.S. federal income tax.

Distributions on our ADSs. Cash distributions (including amounts withheld to pay Chilean withholding taxes) made by us to or for the account of a U.S. Holder with respect to ADSs generally will be taxable to such U.S. Holder as ordinary dividend income when such distribution is paid, actually or constructively, out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Distributions in excess of our current or accumulated earnings and profits will be treated first as a non-taxable return of capital reducing such U.S. Holder's adjusted tax basis in the ADSs. Any distribution in excess of such U.S. Holder's adjusted tax basis will be treated as capital gain and will be long-term capital gain if the U.S. Holder held the ADSs for more than one year. Because we do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect that a distribution will generally be treated as a dividend for U.S. federal income tax purposes. As used below, the term "dividend" means a distribution that constitutes a dividend for U.S. federal income tax purposes.

A U.S. Holder will be entitled, subject to a number of complex limitations and conditions (including a minimum holding period requirement), to claim a U.S. foreign tax credit in respect of any Chilean withholding taxes imposed on dividends received on our ADSs. U.S. Holders who do not elect to claim a foreign tax credit with regard to any foreign income taxes paid or accrued during the taxable year may instead claim a deduction in respect of such withholding taxes. Dividends received with respect to the ADSs will be treated as foreign source income, which may be relevant in calculating such U.S. Holder's U.S. foreign tax credit limitation. For purposes of the U.S. foreign tax credit limitation, foreign source income is separated into different "baskets," and the credit for foreign taxes on income in any basket is limited to the U.S. federal income tax allocable to such income. Dividends paid with respect to ADSs should generally constitute "passive category income" for most U.S. Holders. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit in their particular circumstances.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the claiming of foreign tax credits for U.S. holders of ADSs. Such actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the analysis of the creditability of foreign taxes and the availability of the reduced tax rate for dividends received by certain non-corporate holders, each described below, could be affected by actions taken by parties to whom the ADSs are released and the IRS.

Dividends paid by us generally will not be eligible for the dividends received deduction available under the Code to certain U.S. corporate shareholders. Subject to the above-mentioned concerns by the U.S. Treasury and certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by certain U.S. Holders (including individuals) prior to January 1, 2013 with respect to the ADSs will be subject to taxation at a maximum rate of 20% if the dividends represent “qualified dividend income.” Dividends paid on the ADSs will be treated as qualified dividend income if (i) the ADSs are readily tradable on an established securities market in the United States and (ii) we were not in the year prior to the year in which the dividend was paid, and are not in the year in which the dividend is paid, a PFIC. Based upon the nature of our current and projected income, assets and activities, we do not expect the ADSs to be shares of a PFIC for U.S. federal income tax purposes.

Sales and other dispositions of ADSs. A U.S. Holder generally will recognize capital gain or loss upon the sale, exchange or other taxable disposition of ADSs measured by the difference between the amount realized and the U.S. Holder’s adjusted tax basis in ADSs. Any gain or loss will be long-term capital gain or loss if the ADSs have been held for more than one year. Long-term capital gains of certain U.S. Holders (including individuals) generally are eligible for reduced rates of U.S. federal income taxation. The deductibility of capital losses is subject to certain limitations under the Code.

If a Chilean income tax is withheld on the sale, exchange or other taxable disposition of our ADS, the amount realized by a U.S. Holder will include the gross amount of the proceeds of that sale, exchange or other taxable disposition before deduction of the Chilean income tax. Capital gain or loss, if any, realized by a U.S. Holder on the sale, exchange or other taxable disposition of ADS generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. Consequently, in the case of a gain from the sale, exchange or other taxable disposition of our ADS that is subject to Chilean income tax, the U.S. Holder may not be able to benefit from the foreign tax credit for that Chilean income tax (i.e., because the gain from the disposition would be U.S. source), unless the U.S. Holder can apply the credit against U.S. federal income tax payable on other income from foreign sources. Alternatively, the U.S. Holder may take a deduction for the Chilean income tax, provided that the U.S. Holder elects to deduct all foreign income taxes paid or accrued for the taxable year.

Passive foreign investment company rules

Based on current estimates of our gross income and gross assets, the nature of our business and our current business plans (all of which are subject to change), we believe that we were not a PFIC for U.S. federal income tax purposes for our 2013 taxable year and we do not expect to become one in the foreseeable future. However, because the application of the regulations is not entirely clear and because PFIC status depends on the composition of a company’s income and assets and the market value of its assets from time to time, there can be no assurance that we will not be a PFIC for any taxable year. Our U.S. counsel has not rendered an opinion as to our PFIC classification. Rendering such an opinion would be impracticable because it involves an inherently factual test which will depend on our future circumstances. Also, we do not maintain our records in accordance with the U.S. federal income tax accounting principles required to permit a formal opinion to be rendered.

If we were a PFIC for any taxable year during which a U.S. Holder held ADSs, gain recognized by a U.S. Holder on a sale or other taxable disposition (including certain pledges) of the ADSs, and certain “excess distributions,” would be allocated ratably over the U.S. Holder’s holding period for the ADSs. The amounts allocated to the taxable year of the sale, other taxable disposition, or receipt of the excess distribution and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the amount allocated to that taxable year. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the ADSs. U.S. Holders are encouraged to consult their tax advisers to discuss the consequences to them if we were, or were to become a PFIC.

Under recently issued temporary regulations effective for taxable years ending on or after December 30, 2013, a U.S. Holder who owns preferred shares or ADSs during any taxable year that we are a PFIC in excess of certain de minimus amounts and fails to qualify for certain other exemptions would be required to file IRS Form 8621. In addition, under certain circumstances, the temporary regulations also require a "United States person" (as such term is defined under the Code) that indirectly owns common shares through another United States person to file Form 8621 for a taxable year during which such indirect shareholder is treated as receiving an excess distribution in connection with the ownership or disposition of the common shares, or reports income pursuant to a mark-to-market election. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to our preferred shares or ADSs and the application of the recently enacted legislation to their particular situation.

U.S. Information reporting and backup withholding rules

In general, dividend payments with respect to the ADSs and the proceeds received on the sale or other disposition of those ADSs may be subject to information reporting to the IRS, and to backup withholding (currently imposed at a rate of 28.0%). Backup withholding will not apply, however, if you (1) are a corporation or come within certain other exempt categories and, when required, can demonstrate that fact or (2) provide a taxpayer identification number, certify as to no loss of exemption from backup withholding and otherwise comply with the applicable backup withholding rules. To establish your status as an exempt person, you will generally be required to provide certification on IRS Form W-9, W-8BEN or W-8ECI, as applicable. Backup withholding is not an additional tax. Any amounts withheld from payments to you under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability, provided that you furnish the required information to the IRS.

Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 (and in some circumstances, a higher threshold), may be required to file an information report with respect to such assets with their U.S. federal income tax returns. "Specified foreign financial assets" generally include any financial accounts maintained by foreign financial institutions as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities. Prospective purchasers should consult their own tax advisors regarding the application of the U.S. federal income tax laws to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of ADSs, including the applicability and effect of the tax laws of any state, local or foreign jurisdiction, including estate, gift, and inheritance laws.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are required to file annual and special reports and other information with the SEC. You may read and coly any documents filed by the Company at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at http://www.sec.gov which contains reports and other information regarding registrants that file electronically with the SEC.

I. SUBSIDIARY INFORMATION

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Market risk.

The Company is exposed to market risk, which involves variations in interest and exchange rates that may affect its financial position, operating results and cash flows. The Company's hedge policy calls for a periodic review of its exposure to interest and exchange rate risk for its main assets and obligations.

Interest rate risk.

As of December 31, 2013, approximately 53% of the Company's financial debt, primarily its short-term debt and bonds, was at fixed interest rates. The remaining 47% was at variable interest rates including derivates. Of the variable rate debt, approximately 99% is indexed to local interest rates (either as originally denominated or by re-denominating with derivatives).

The Company has identified as important its interest rate risk generated primarily from variable rate obligations, which are sensitized by measuring the impact on income of a reasonably possible variation in the observed interest rate. Following regulatory guidelines, the deviation in relevant interest rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated. The amount of the sensitized exposure corresponds to the total of the variable rate debt.

For variable rate debt, the financial risk refers to the potential upward deviation of cash flows related to interest payments on obligations from a specific target, attributable to the rise in interest rates that are important to the Company's indebtedness structure, namely: LIBOR, TAB nominal and the Chamber rate (CAM), Chile.

As of and for December 31, 2013

Classification	Currency	Exposure	Market variable	Change in risk factor %	Effect on income (ThCh$)
Net liability	BR$	408,216,971	CDI	(17.55)	355,709
				16.69	(338,364)
Net liability	Ch$	79,508,100,000	TAB NOM 90	(41.98)	429,687
				42.11	(431,018)
Net liability	Ch$	247.319.697.369	TAB NOM 180	(35.80)	1,241,252
				40.79	(1,414,333)
Net liability	Ch$	608,001,430,000	CAM	(51.19)	2,113,604
				47,06	(3,468,242)

As of and for December 31, 2012

Classification	Currency	Exposure	Market variable	Change in risk factor	Effect on income
				%	(ThCh$)
Net liability	US$	1,500,000,000	LIBOR 1M	(37.73)	285,219
				32.90	(248,737)
Net liability	Ch$	79,508,100,000	TAB NOM 90	(43.86)	552,757
				43.61	549,525)
Net liability	Ch$	59,819,697,369	TAB NOM 180	(37.04)	1,484,275
				45.07	(1,806,216)
Net liability	Ch$	419,586,630,000	CAM	(53.93)	1,755,215
				49,12	(2,461,922)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for the interest payment and the amount that would have been recorded in a scenario of lower or higher interest rates).

The Company's risk management strategy is to hold its financial debt in variable rates in order to benefit from lower cost of funds and the remainder of its financial debt in fixed rates in order to reduce uncertainty stemming from variable interest payments, by denominating part of its variable interest rate liabilities into fixed rate liabilities using derivative financial instruments for these purposes, which allow the interest rate of the original obligation to be fixed.

Foreign exchange rate risk.

In the countries in which the Company operates, most expenses and income are in local currency. As a result, most of its debt (89%) is denominated in local currency. As of December 31, 2013, approximately 74% of the debt in U.S. dollars was hedged with cross currency swaps or other foreign currency hedges. The Company's policy is to hedge risks from variations in exchange rates on its net liability position in foreign currency using market instruments designed for that purpose.

The Company has identified as important the exchange rate risk generated from obligations in US dollars, Argentine pesos, Peruvian Nuevos Soles and Unidades de Fomento, which are sensitized by measuring the impact on income of a reasonably possible variation in observed exchange rates. Following regulatory guidelines, the deviation in relevant exchange rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated.

As of and for December 31, 2013

Classification	Currency	Exposure	Market variable	Closing value	Change in risk factor	Exchange rate value	Effect on income
					%		(ThCh$)
Net liability	USD	564,405,018	USD-CLP	524.61	(9.17)	476.51	27,150,492
					10.23	578.26	(30,279,096)
Net liability	ARS	580,926,715	ARS-CLP	80.59	(13.62)	69.61	6,377,540
					11.75	90.06	(5,501,147)
Net liability	UF	30,758,874	CLF-CLP	23,306.56	(0.50)	23,190.87	3,558,539
					2.55	23,900.74	(18,276,283)
Net liability	COP	339,991,902,733	COP-CLP	0.27	(10.24)	0.24	9,482,918
					10.23	0.30	(9,472,797)
Net liability	PEN	281,143,707	PEN-CLP	187.88	(8.61)	171.71	4,545,638
					9.83	206.35	(5,191,347)
Net liability	BRL	432,869,191	BRL-CLP	222.45	(11.19)	197.55	10,779,103
					11.74	248.57	(11,304,624)

As of and for December 31, 2012

Classification	Currency	Exposure	Market variable	Closing value	Change in risk factor %	Exchange rate value	Effect on income (ThCh$)
Net liability	USD	953,071,777	USD-CLP	479.96	(9.37)	434.99	42,859,387
				—	10.41	529.92	(47,618,782)
Net liability	ARS	210,872,941	ARS-CLP	97.49	(13.99)	83.85	2,876,425
				—	12.41	109.59	(2,551,030)
Net liability	UF	27,708,338	CLF-CLP	22,840.75	(0.516)	22,722.86	3,266,460
				—	2.653	23,446.77	(16,791,804)
Net liability	COP	306,413,618,608	COP-CLP	0.27	(10.626)	0.24	8,829,821
					10.721	0.30	(8,908,770)
Net liability	PEN	473,855,927	PEN-CLP	187.81	(8.911)	171.08	7,930,579
				—	10.233	207.03	(9,106,529)
Net liability	BRL	473,509,151	BRL-CLP	233,59	(11.568)	206.56	12,795,265
				—	12.282	262.27	(13,584,143)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for exchange differences and the amount that would have been recorded in a scenario of lower or higher exchange rates).

The Company's strategy is to hold most of its financial debt in local currencies to reduce uncertainty stemming from an increase in the value of its liabilities due to foreign currency fluctuations, using derivative financial instruments for these purposes, which allow the value of the obligation to be expressed in its functional currency.

Additionally, the exposure to exchange rates for conversion of the functional currency of the subsidiaries in Argentina, Colombia, Peru and Brazil, relating to the difference between monetary assets and liabilities (i.e., those denominated in a local currency and consequently exposed to the translation from their functional currencies into the presentation currency for the Company's consolidated financial statements) is hedge only when it's predictable that adverse material differences could occur and the cost related to hedging is deemed reasonable by management. The Company currently does not have any net investment hedging contracts.

The Company assesses the fluctuation of the functional currencies compared to the presentation currency through a sensitivity analysis on equity and net assets in local currency using favorable and unfavorable scenarios, the amounts of exposure of all possible scenarios, including a general one, resulting from this analysis are as follows:

Currency	Rate of conversi on	Scenarios	Flux on assets M$	Flux%	Flux on Equity M$	Flux %
ARG PESO	69.61	S1	(166,875,219)	-1.66	(74,357,968)	-1.75
	90.06	S2	146,782,709	1.46	64,452,636	1.51
COP PESO	0.24	S1	(193,798,308)	-1.93	(144,412,544)	-3.4
	0.30	S2	193,798,308	1.93	144,412,544	3.4
PER SOL	171.71	S1	(84,838,874)	-0.84	(56,282,763)	-1.32
	206.35	S2	101,398,046	1.01	67,268,247	1.58
BRL REAL	197.55	S1	(167,607,178)	-1.67	(93,182,737)	-2.19
	248.57	S2	172,270,336	1.71	95,775,263	2.25
All currencies		S1	(613,119,579)	-6.09	(368,236,012)	-8.64
		S2	614,249,399	6.10	371,908,690	8.73

S1: Scenario 1 represents the most unfavorable exchange rate to be used in converting into the presentation currency, and how that impacts to the net assets and equity of the Company

S2: Scenario 2 represents the most advantageous exchange rate to be used in converting into the presentation currency, and how that impacts to the net investment and equity of the Company

Item 12. Description of Securities Other than Equity Securities

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

The Bank of New York Mellon, a New York banking corporation, is the Depositary under our Deposit Agreement dated April 11, 2012.

Each ADS represents three shares (or a right to receive three shares) deposited with the principal Santiago office of Banco Santander Chile, as custodian for the Depositary. Each ADS may also represent any other securities, cash or other property which may be held by the Depositary from time to time. The depositary's corporate trust office at which the ADSs are administered is located at 101 Barclay Street, New York, New York10286. The Bank of New York Mellon's principal executive office is located at One Wall Street, New York, New York10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having ADSs registered in your name in the Direct Registration System, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Chilean law governs shareholder rights. The Depositary is the holder of the shares underlying the ADSs. The deposit agreement among us, the Depositary and holders of ADSs, and all other persons indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

Share dividends and other distributions

The Depositary is required, to the extent that in its judgment it can convert Chilean pesos on a reasonable basis into U.S. dollars and transfer the U.S. dollars to the United States, and subject to Chilean law, to convert all cash dividends and other cash distributions that it receives in respect of the deposited shares of Cencosud common stock into U.S. dollars and to distribute the amount thus received (net of the fees and any conversion expenses of the Depositary) to the holders of ADSs in proportion to the number of ADSs representing such shares held by each of them. See "Item 10.—D. Exchange Controls." The amount distributed also will be reduced by any amounts required to be withheld by us, the Depositary or the Custodian on account of taxes or other governmental charges. If the Depositary determines that in its judgment any currency received by it cannot be so converted on a reasonable basis and transferred, the Depositary may distribute, or in its discretion hold, such foreign currency, without liability for interest thereon, for the respective account of the ADS holders entitled to receive the same.

If a distribution upon the deposited shares of Cencosud common stock by us consists of a dividend in, or a free distribution of, shares of Cencosud common stock, upon receipt by or on behalf of the Depositary of such additional shares of Cencosud common stock from us, the Depositary may or shall, if we so request, distribute to the holders of ADSs, in proportion to their holdings, additional ADSs representing the number of shares of Cencosud common stock so received as such dividend or distribution, in either case after deduction or payment of the fees and expenses of the Depositary. If such additional ADSs are not so issued, each ADS shall thereafter also represent the additional shares of Cencosud common stock distributed with respect to the shares of Cencosud common stock represented thereby. In lieu of delivering fractions of ADSs, in any such case, the Depositary will sell the amount of shares of Cencosud common stock represented by the aggregate of such fractions and distribute the net proceeds in dollars, all in the manner and subject to the conditions set forth in the Deposit Agreement.

If we offer or cause to be offered to the holders of shares of Cencosud common stock any rights to subscribe for additional shares of Cencosud common stock or any rights of any other nature, the Depositary, after consultation with us, shall have discretion as to the procedure to be followed in making such rights available to holders of ADSs or in disposing of such rights and distributing the net proceeds thereof as in the case of a distribution received in cash. If at the time of the offering of any such rights the Depositary determines that it is lawful and feasible to do so, the Depositary may, after consultation with us, distribute such rights available to holders by means of warrants or otherwise. To the extent the Depositary determines, in its discretion, that it is not lawful or feasible to make the rights available, it may sell such rights, warrants or other instruments, if a market is available therefor, at public or private sale, at such place or places and upon such terms as the Depositary may deem proper and allocate the net proceeds of such sales, net of the fees and expenses of the Depositary, for the accounts of the holders of ADSs otherwise entitled thereto upon an averaged or other practicable basis without regard to any distinctions among such holders of ADSs because of exchange restrictions or the date of delivery of any ADRs or otherwise. If, by the terms of the rights offering or by reason of applicable law, the Depositary may neither make such rights available to the holders nor dispose of such rights and distribute the net proceeds thereof, the Depositary shall allow the rights to lapse.

The Depositary will not offer such rights to the holders of ADSs unless both the rights and the securities to which the rights relate are either exempt from registration under the Securities Act or are registered under the Securities Act. If a holder of ADSs requests a distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act, the Depositary will not effect the distribution unless it has received an opinion of our United States counsel satisfactory to the Depositary upon which the Depositary may rely that the distribution is exempt from registration under the provisions of the Securities Act. However, we will have no obligation to file a registration statement under the Securities Act to make available to holders of ADSs any right to subscribe for or to purchase any securities. If an exemption from registration is not available and a registration statement is not filed, holders of ADSs will not be permitted to purchase such securities or otherwise exercise such rights and the Depositary may sell such rights for the account of such holders of ADSs as described in the preceding paragraph. Such a disposal of rights may reduce the proportionate equity interest in us of the holders of ADSs.

The Depositary will send to holders of ADSs anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the Depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which cash ADSs will also represent the newly distributed property. However, the Depositary is not required to distribute any securities (other than ADSs) to holders of ADSs unless it receives satisfactory evidence from us that it is legal to make that distribution.

Issuance of ADSs

The Depositary has agreed that, upon deposit with the Custodian of the requisite number of shares of Cencosud common stock and receipt of evidence satisfactory to it that the conditions to deposit described below have been met, and subject to the terms of the Deposit Agreement, the Depositary will deliver to, or upon the order of, the person or persons specified by the Depositary upon payment of the fees, governmental charges and taxes provided in the Deposit Agreement, the number of ADSs issuable in respect of such deposit.

Cancellation and withdrawal of ADSs

Upon surrender of ADSs at the Corporate Trust Office of the Depositary and payment of the fees of the Depositary and of the taxes and governmental charges, if any, provided for in the Deposit Agreement and subject to the terms thereof, ADS holders are entitled to delivery of the deposited shares of Cencosud common stock, any other property or documents of title at the time represented by the surrendered ADSs.

Subject to the terms and conditions of the Deposit Agreement and any limitations established by the Depositary, the Depositary may deliver ADSs prior to the receipt of shares of Cencosud common stock (a "Pre-Release") and may receive ADSs in lieu of shares of Cencosud common stock. Each Pre-Release shall be:

- preceded or accompanied by a written representation and agreement from the person to whom ADSs are to be delivered that such person, or its customer,
- owns the shares of Cencosud common stock or ADSs to be remitted, as the case may be,
- assigns all beneficial right, title and interest in such shares of Cencosud common stock to the Depositary for the benefit of the owners of the ADSs, and

- agrees in effect to hold such shares of Cencosud common stock for the account of the Depositary until delivery of the same upon the Depositary's request,
- at all times fully collateralized (such collateral marked to market daily) with cash or such other collateral as the Depositary deems appropriate,
- terminable by the Depositary on not more than five business days' notice, and
- subject to such further indemnities and credit regulations as the Depositary reasonably deems appropriate.

The Depositary will limit the number of ADSs involved in such Pre-Release transactions so that the number of ADSs represented thereby will not, at any one time, exceed 30 percent of the total number of ADSs then outstanding; however, the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate.

The Depositary shall not be required to accept for deposit any shares of Cencosud common stock unless it receives evidence satisfactory to the Depositary that any approval, if required, has been granted by any governmental body in Chile that is then performing the function of the regulation of currency exchange.

If the person proposing to deposit shares of Cencosud common stock is not domiciled or resident in Chile, the Custodian shall not accept those shares of Cencosud common stock unless it receives from or on behalf of that person sufficient evidence that the shares of Cencosud common stock were purchased in full compliance with the foreign exchange regulations applicable to investments in Chile (either Chapter XIV of the Compendium of Foreign Exchange Regulation of the Central Bank or Decree Law 600 of 1974, as amended, and related agreements with the Foreign Investment Committee) and, if applicable, an instrument whereby that person assigns and transfers to the Depositary any rights it may have under Chilean regulations relating to currency exchange. Pursuant to Chapter XIV of the Compendium of Foreign Exchange Regulations of the Central Bank, the Custodian and/or the Depositary must give notice to the Central Bank of Chile that the shares of Cencosud common stock have been deposited in exchange for ADSs.

If required by the Depositary, shares of Cencosud common stock presented for deposit at any time, whether or not our transfer books or the transfer books of the Foreign Registrar, if applicable, are closed, must also be accompanied by an agreement or assignment, of other instrument satisfactory to the Depositary, which will provide for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional shares of Cencosud common stock or to receive other property which any person in whose name the shares of Cencosud common stock are or have been recorded may thereafter receive upon or in respect of such deposited shares of Cencosud common stock, or in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary.

At the request, risk and expense of any person proposing to deposit shares of Cencosud common stock, and for the account of such person, the Depositary may receive certificates for shares of Cencosud common stock to be deposited, together with the other instruments herein specified, for the purpose of forwarding such share certificates to the Custodian for deposit hereunder.

Upon each delivery to a Custodian of a certificate or certificates for shares of Cencosud common stock to be deposited hereunder, together with the other documents above specified, such Custodian must, as soon as transfer and recordation can be accomplished, present such certificate or certificates to us or the Foreign Registrar, if applicable, for transfer and recordation of the shares of Cencosud common stock being deposited in the name of the Depositary or its nominee or such Custodian or its nominee.

In the event that Shares are to be redeemed and, as a result, Shares registered in the name of the Custodian are called for redemption by the us, the Depositary will call for the redemption of ADSs (in aggregate number representing the number of Shares registered in the name of the Custodian called for redemption) and may adopt such method as it may deem equitable and practicable to select the ADSs called for redemption.

Voting rights

As soon as practicable after receipt of notice of any meeting or solicitation of consents or proxies of holder of shares of Cencosud common stock, as defined in the Deposit Agreement, if we so request, the Depositary has agreed to mail to holders of ADRs registered on the books of the Depositary a notice in English containing

- such information as is contained in such notice,
- a statement that each holder of ADSs at the close of business on a specified record date will be entitled, subject to any applicable provisions of Chilean law and our Bylaws to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Cencosud common stock represented by such holders' ADSs, and
- a statement as to the manner in which such instructions may be given, including an express indication that instructions may be given to the Depositary to give a discretionary proxy to a person designated by us.

Upon the written request of a holder of ADSs on such record date, received on or before the date established by the Depositary for such purpose, the Depositary has agreed to endeavor insofar as practicable to vote or cause to be voted the amount of shares of Cencosud common stock represented by the ADSs in accordance with any instruction set forth in such request. If no instructions are received by the Depositary from a holder of ADSs with respect to any of the shares of Cencosud common stock represented by such holder's ADSs on or before the date established by the Depositary for such purpose, the Depositary will give a discretionary proxy to a person designated by us to vote the amount of shares of Cencosud common stock represented by those ADSs, unless we have notified the Depositary that (i) we do not wish such proxy given, (ii) we believe substantial shareholder opposition exists, or (iii) we believe the matter to be voted on would have a material and adverse effect on the rights of holders of our shares.

There are no legal or practical impediments to an ADS holder's ability to vote that are not faced by holders of our shares of common stock except that there can be no assurance that we have request the Depositary to send the notice or that ADS holders will receive notice of meetings in time to instruct the Depositary before the applicable cutoff date.

Record dates

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to shares of Cencosud common stock or whenever the Depositary shall receive notice of any meeting of holders of shares of Cencosud common stock or shareholders generally, the Depositary will fix a record date that will be the same as, or as near as practicable to the record date fixed by us with respect to the Cencosud common stock for the determination of the holders of ADSs who are entitled to receive such dividend, distribution or rights, or net proceeds of the sale thereof, or to give instructions for the exercise of voting rights at any such meeting, subject to the provisions of the Deposit Agreement. Subject to the Deposit Agreement, only such holders of ADSs at the close of business on such record date shall be entitled to receive or be affected by any such dividend, distribution, proceeds, exchange or other matter or to give such voting instructions.

In the event that the record date determined by the Depositary (the "ADS Record Date") and that established by us (the "Common Stock Record Date") are not the same, ADS holders on the Common Stock Record Date who dispose of their ADSs prior to the ADS Record Date will not receive dividends paid in respect of the shares of Cencosud common stock represented by such holder's ADSs on the Common Stock Record Date.

Reports and other communications

The Depositary will maintain at its transfer office in the Borough of Manhattan, the City of New York, facilities for the execution and delivery, registration of transfers and surrender of ADSs, in accordance with the provisions of the Deposit Agreement, which at reasonable times will be open for our inspection and inspection by the holders of ADSs, provided that such inspection shall not be for the purpose of communication with holders of ADSs in the interest of a business or object other than our business or a matter related to the Deposit Agreement or the ADSs.

We will transmit to the Depositary copies (translated into English) of any communications generally distributed to holders of Cencosud common stock. The Depositary will make available for inspection by ADS holders at the Corporate Trust Office of the Depositary any reports and communications, including any material soliciting voting instructions, received from us that are both

- received by the Depositary or the Custodian or the nominee of either as a holder of shares of Cencosud common stock and
- made generally available to the holders of shares of Cencosud common stock by us.

The Depositary will also send to ADS holders copies of such reports when furnished by us as provided in the Deposit Agreement.

On or before the first date on which we give notice, by publication or otherwise, of any meeting of the holders of shares of Cencosud common stock or shareholders generally, or of any adjourned meeting of such holders, or of the taking of any action in respect of any cash or other distributions or offering of any rights, we shall transmit to the Depositary and the Custodian a written English-language version of the notice thereof in the form given or to be given to holders of shares of Cencosud common stock. The Depositary will, if we request, at our expense, arrange for the mailing of such notices to all ADR holders.

Payment of taxes

If any tax or governmental charge becomes payable with respect to any ADS or any shares of Cencosud common stock represented by any ADSs, including without limiting the generality of the foregoing any Chilean tax on a gain realized, or deemed to be realized, upon the withdrawal or sale of shares of Cencosud common stock, such tax or other governmental charge will be payable to the Depositary by the holder of the ADSs, who must pay the amount thereof to the Depositary upon demand. The Depositary may refuse to effect any transfer of such ADSs or any withdrawal of the shares of Cencosud common stock represented by such ADSs until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the holder of the ADS thereof any part or all of the shares of Cencosud common stock represented by such ADSs, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the holder of such ADSs shall remain liable for any deficiency. In the event the Depositary determines that there is a reasonable possibility that a tax would be imposed upon the withdrawal of shares in exchange for surrendered ADSs the Depositary may require, as a condition to such exchange, that the withdrawing investor provide satisfactory security to the Depositary in an amount sufficient to cover the estimated amount of such tax.

Amendment and termination

The form of the ADRs and the Deposit Agreement may at any time be amended by written agreement between us and the Depositary. Any amendment that imposes or increases any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex, or facsimile transmission costs, delivery costs or other such expense) or that otherwise prejudices any substantial existing right of ADS holders, will not take effect as to outstanding ADSs until the expiration of 30 days after notice of such amendment has been given to the record holders of outstanding ADSs. Every holder of ADSs at the time such amendment so becomes effective will be deemed, by continuing to hold such ADSs, to consent and agree to such amendment and to be bound by the Deposit Agreement or the ADRs as amended thereby. In no event may any amendment impair the right of any ADS holder to surrender its ADSs and receive therefor the shares of Cencosud common stock represented thereby, except in order to comply with mandatory provisions of applicable law.

Whenever we direct, the Depositary has agreed to terminate the Deposit Agreement by mailing notice of such termination to the holders of ADSs at least 30 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate the Deposit Agreement at any time 60 days after the Depositary shall have delivered to us its written resignation provided that a successor depositary shall not have been appointed and accepted its appointment before the end of such 60-day period. If any ADSs remain outstanding after the date of termination, the Depositary thereafter will discontinue the registration of transfers of ADSs, will suspend the distribution of dividends to the holders thereof and will not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary will continue the collection of dividends and other distributions pertaining to the shares of Cencosud common stock, the sale of property and rights as provided in the Deposit Agreement and the delivery of shares of Cencosud common stock, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for surrendered ADSs. At any time after the expiration of four months from the date of termination, the Depositary may sell the shares of Cencosud common stock and hold the net proceeds, together with any other cash then held, unsegregated and without liability for interest, for the pro rata benefit of the holders of ADSs that have not theretofore been surrendered.

Limits on our obligations and the obligations of the depositary; limits on liability to ADS holders

Neither we nor the Depositary assume any obligation nor will we be subject to any liability under the Deposit Agreement to holders of ADSs, except that we agree to perform our obligations specifically set forth in the Deposit Agreement without negligence or bad faith. Neither we nor the Depositary will be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the ADRs on behalf of any holder of ADSs or other person, and the Custodian will not be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary. The Depositary will not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Depositary will not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or non-action is without negligence and in good faith. None of the limitations described in this section will affect investor rights under U.S. federal securities laws.

Disclosure of interest in ADSs

Holders of ADSs are subject to certain provisions of the rules and regulations promulgated under the Exchange Act relating to the disclosure of interests in the shares of Cencosud common stock. Any holder of ADSs who is or becomes directly or indirectly interested in five percent (or such other percentage as may be prescribed by law or regulation) or more of the outstanding shares of Cencosud common stock must within ten days after becoming so interested and thereafter upon certain changes in such interests notify us as required by such rules and regulations. In addition, holders of ADSs as a matter of Chilean law are subject to the reporting requirements contained in Articles 12 and 54 and Title XV of Law 18,045 of Chile, which provision may apply when a holder beneficially owns ten percent or more of the Cencosud common stock or has the intention of taking control of Cencosud. See "Item 10. B. Memorandum and Articles of Association."

Requirements for depositary actions

As a condition precedent to the delivery, registration of transfer or surrender of any ADSs or any split up or combination of ADR or withdrawal of any shares of Cencosud common stock, we, the Depositary or the Custodian may require from the holder or the presenter of the ADR or the depositor of the shares.

- payment of a sum sufficient to pay or reimburse the Depositary, the Custodian or us for any tax or other governmental charge and any stock transfer or registration fee or any charge of the Depositary upon delivery of the ADS or upon surrender of the ADS, as set forth in the Deposit Agreement, and
- the production of proof satisfactory to the Depositary or Custodian of the identity or genuineness of any signature and proof of citizenship, residence, exchange-control approval, legal or beneficial ownership, compliance with all applicable laws and regulations, compliance with all other applicable provisions governing the shares of Cencosud common stock and the terms of the Deposit Agreement or other information as the Depositary may deem necessary or proper or as we may require by written request to the Depositary or the Custodian.

The delivery, registration, registration of transfer of ADSs or split-up or combination of ADRs, or the deposit or withdrawal of shares of other property represented by ADSs, in particular instances or generally, may be suspended during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary or us at any time or from time to time.

The Depositary will act as ADS registrar or appoint a registrar or one or more co-registrars for registration of the ADSs in accordance with any requirements of the New York Stock Exchange or of any other stock exchange on which the ADSs may be listed or quoted.

The Depositary may appoint one or more co-transfer agents for the purpose of effecting transfers of ADSs or combinations and split-ups of ADRs at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by holders of ADSs or persons entitled to ADSs and will be entitled to protection and indemnity to the same extent as the Depositary.

Books of depositary

The transfer of the ADSs is registrable on the books of the Depositary, provided, however, that the Depositary may close the transfer books at any time or from time to time when deemed expedient by it in connection with the performance of its duties.

Valuation of underlying shares for Chilean law purposes

For all purposes of valuation under Chilean law, the Deposit Agreement provides that the acquisition value of the shares of Cencosud common stock delivered to any holder upon surrender of ADSs shall be the highest reported sales price of the Cencosud common stock on the Santiago Stock Exchange for the day on which the transfer of the Cencosud common stock is recorded under the name of such holder on our books. In the event that no such sales price is reported by the Santiago Stock Exchange or another organized securities market during that day, the value shall be deemed to be the highest sale price on the day during which the last trade took place. However, if more than 30 days have lapsed since the last trade, such value shall be adjusted in accordance with the variation of the Chilean Consumer Price Index for the corresponding term.

Depositary Fees and Expenses

Pursuant to the Deposit Agreement, holders of our ADSs may have to pay to The Bank of New York Mellon, either directly or indirectly, fees or charges up to the amounts set forth in the table below:

Persons depositing or withdrawing shares or ADS holders must pay:	***For:***
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the Deposit Agreement terminates or if ADSs are redeemed
$.05 (or less) per ADS	• Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the Depositary to ADS holders
$.05 (or less) per ADSs per calendar year	• Depositary services
Registration or transfer fees	• Transfer and registration of shares on our share register to or from the name of the Depositary or its agent when you deposit or withdraw shares
Expenses of the Depositary	• Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) • converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	• As necessary
Persons depositing or withdrawing shares or ADS holders must pay:	***For:***
Any charges incurred by the Depositary or its agents for servicing the deposited securities	• As necessary

The Depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the Depositary may make payments to us to reimburse and / or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the Deposit Agreement, the Depositary may use brokers, dealers or other service providers that are affiliates of the Depositary and that may earn or share fees or commissions.

Depositary Payments

Cencosud S.A. received from The Bank of New York Melon U.S.$1,341,836.03 during 2013 as depositary payments in connection with its American Depositary Shares program.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

A. USE OF PROCEEDS

Not applicable.

Item 15.Controls and Procedures.

(a) Disclosure Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2013, pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2013 because of the material weakness in our internal control over financial reporting described below.

Disclosure controls and procedures means controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's annual report on internal control over financial reporting (ICFR)

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorization of the Company's management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate and that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of Cencosud's internal control over financial reporting as of December 31, 2013 based on the criteria established in "Internal Control—Integrated Framework" (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness is a deficiency, or combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected. Based on management's assessment of internal control over financial reporting as of December 31, 2013, we have identified and reported to our Audit Committee a material weakness in internal control over financial reporting relating to information technology general controls – security administration. The material weakness is the result of the aggregation of significant deficiencies as described below:

Over the past years we have acquired businesses in South America and we are still working on the integration of operations systems, processes and controls which have not been fully completed through implementation of IT tools, controls and procedures. Specifically, we did not maintain effective controls over information technology general controls – security administration as follows:

- Inadequate controls over segregation of duties and restricted access to the system that allow certain personnel to access applications, databases and operating systems, and execute certain critical transactions;
- Late removal of the former users' accesses
- Lack of monitoring controls over emergency user accounts.

Consequently, controls that were dependent on the effective operation of information technology were not effectively designed to include adequate review of system generated data used in the operation of the controls and were determined not to be operating effectively. Specifically, our internal controls were not designed or operating effectively to provide reasonable assurance that transactions were appropriately recorded to ensure validity, accuracy, and completeness. These control deficiencies did not result in a material misstatement to the Company's consolidated financial statements for the year ended December 31, 2013. However, this material weakness could result in misstatements that would result in a material misstatement to the consolidated financial statements that would not be prevented or detected.

Because of this material weakness, our management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2013 based on criteria in "Internal Control – Integrated Framework" (1992) issued by the COSO.

The effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by PricewaterhouseCoopers Consultores, Auditores y Compañía Limitada, an independent registered public accounting firm, as stated in their report which appears herein.

(c) <u>Plan for Remediation of Material Weakness</u>

In an effort to remediate the identified material weakness and other deficiencies and enhance our internal controls, we have initiated, or plan to initiate, the following series of measures:

- Segregation of duties, access to critical transactions: The Company will continue deploying IT tools in order to improve controls over segregation of duties and access to critical transactions, and completing the implementation of software which assists management in automating and controlling the end-user provisioning process.
- Late removal of the former users' accesses: The Company will improve controls and procedures in order to ensure that all accesses are removed as the employees leave the Company.

- Utilization and monitoring of emergency users: The Company will continue improving the “emergency account provisioning process” in order to further restrict the use and deploying additional monitoring reports and controls of the utilization of “emergency accounts”.

Additionally, the Company has strengthened the process level controls in order to standardize and unify them in accordance with “Internal Control—Integrated Framework” (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As management continues to evaluate and improve ICFR, we may decide to take additional measures to address control deficiencies or determine to modify, or in appropriate circumstances not to complete, certain of the remediation measures described above.

(d) Changes in internal control over financial reporting.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting, and identified there have been no changes in internal control over financial reporting during the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The members of the audit committee are David Gallagher Patrickson, Roberto Oscar Philipps and Cristián Eyzaguirre Johnston, each of whom is independent within the meaning of the SEC corporate governance rules. Our Board of Directors has determined that Roberto Oscar Philipps is “audit committee financial expert” as defined by the SEC.

Item 16B. Code of Ethics

We have adopted a code of ethics and business conduct that applies to our directors, executive officers and all employees. The text of our code of ethics is posted on our web site at: www.cencosud.com/inversionistas/ under the “informacion de interes” tab. The information on our website is not incorporated by reference into this document.

Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers *Consultores, Auditores y Compañia Limitada* (“PwC”), an independent registered public accounting firm and our principal external auditors, for the periods indicated. Except as set forth below, we did not pay any other fees to our auditors during the periods indicated below.

	For the year ended December 31, (in millions of Ch$)		
	2013	**2012**	**2011**
Audit Fees[(1)]	7,697,867	5,859,442	4,788,969
Audit- Related Fees[(2)]	86,450	277,914	883,778
Tax Fees[(3)]	312,431	393,073	344,392
Total	8,096,748	6,530,429	6,017,139

(1) “Audit fees” means the aggregate fees billed for professional services rendered by our principal auditors for the audit of our annual financial statements as well as in connection with audit services for SEC or other regulatory filings, including the IPO.

(2) “Audit-related fees” represents aggregate fees billed for professional services rendered by our principal auditors for the assurance and related services.

(3) “Tax Fees” in the above table are fees billed for tax compliance and tax consultations in Argentina, Brazil, Chile, Peru and Colombia.

Our audit committee pre-approves all audit and non-audit services provided by our independent auditor pursuant to the Sarbanes-Oxley Act of 2002.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

During the years ended December 31, 2013, 2012 and 2011 and through the date of this annual report, the principal independent accountant engaged to audit our financial statements, PwC, has not resigned, indicated that it has declined to stand for re-election after the completion of its current audit or been dismissed. For each of the years ended December 31, 2013, 2012 and 2011 , PwC has not expressed reliance on another accountant or accounting firm in its report on our audited annual financial statements for such periods.

During the years ended December 31, 2013, 2012 and 2011 and through the date of this annual report, we have not engaged a new independent accountant as either the principal accountant to audit the our financial statements, or as an independent accountant to audit a significant subsidiary and on whom the principal accountant is expected to express reliance in its report.

Item 16G. Corporate Governance

General Summary of Significant Differences With Regard To Corporate Government Standards

As a foreign private issuer, we may follow our home country's corporate governance practices in lieu of most of the NYSE's corporate governance listing standards, or the NYSE Standards. Our corporate governance practices differ in certain significant respects from those that U.S. companies must adopt in order to maintain NYSE listing and, in accordance with Section 303A.11 of the NYSE Listed Company Manual, a brief, general summary of those differences is provided as follows. *Composition of the Board of Directors; Independence*. The NYSE listing standards provide that listed companies must have a majority of independent directors and that certain board committees must consist solely of independent directors. Under NYSE rule 303A.02, a director qualifies as independent only if the board affirmatively determines that such director has no material relationship with the company, either directly or indirectly. In addition, the NYSE listing standards enumerate a number of relationships that preclude independence.

Under the amendment to the Chilean Corporations Act, in effect as of January 1, 2010, an open-stock corporation must have at least one independent director (out of a minimum of seven directors) when its market capitalization reaches or exceeds 1.5 million *Unidades de Fomento* (as of March 31, 2013 approximately Ch$33,800 million) and at least 12.5% of its outstanding shares with voting rights are in the possession of shareholders that individually control or possess less than 10% of such shares. In addition, the Chilean Corporation Act enumerates a number of relationships that preclude independence. The Chilean law also establishes a number of principles of general applicability designed to avoid conflicts of interests and to establish standards and procedures to conduct related party transactions. Specifically, directors elected by a group or class of shareholders have the same duties to the company and to the other shareholders as the rest of the directors, and all transactions with the company in which a director has an interest, must be in the interest of and for the benefit of the company, compare in price, terms and conditions to those prevailing in the market at the time of its approval and comply with the requirements and procedures set forth in Chapter XVI of the Chilean Corporation Act. See "Item 7. Major Shareholders and Related Party Transactions."

Furthermore, such transactions must be reviewed by the directors committee (as defined below); they require prior approval by the board of directors, excluding interested directors, and must be disclosed at the next meeting of shareholders, unless such transactions fall within one the exemptions contemplated by the Chilean Corporations Act (i.e., *di minimis* transaction amount, or if the counterparty is a wholly owned subsidiary or when the transaction falls within the ordinary course as so determined in the company's policy on recurring business transactions as approved by the board of directors). See "Item 7. Major Shareholders and Related Party Transactions." Pursuant to NYSE rule 303A.00, we may follow Chilean practices and are not required to have a majority of independent directors.

Committees. The NYSE listing standards require that listed companies have a Nominating/Corporate Governance Committee, a Compensation Committee and an Audit Committee. Each of these committees must consist solely of independent directors and must have a written charter that addresses certain matters specified by the listing standards.

Under Chilean law, the only board committee that is required is the directors committee (*comité de directores*), composed of three members, such committee having a direct responsibility to (a) review the company's financial statements and the independent auditors' report and issue an opinion on such financial statements and report prior to their submission for shareholders' approval, (b) make recommendations to the board of directors with respect to the appointment of independent auditors and risk rating agencies that the board may propose to the shareholders at a shareholders' meeting, (c) review related party transactions, and issue a report on such transactions, (d) review the managers, principal executive officers' and employees' compensation policies and plans, (e) prepare an annual report of the performance of its duties, including the principal recommendations to shareholders; (f) report to the board of directors the convenience of retaining non-audit services from its external auditors, if the nature of such services could impair their independence; and (g) perform other duties as defined by the company's bylaws, by the general shareholders' meeting or by the board. Requirements to be deemed an independent director are set forth in "Item 6. Directors, Senior Management and Employees—Board Practices."

Shareholder Approval of Equity-Compensation Plans. Under NYSE listing standards, shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, with limited exemptions. An "equity-compensation plan" is a plan or other arrangement that provides for the delivery of equity securities of the listed company to any employee, director or other service provider as compensation for services.

Under Chilean law, if previously approved by shareholders at an extraordinary shareholders' meeting, up to ten percent of a capital increase in a publicly traded company may be set aside to fund equity-compensation plans for the company's employees and/or for the employees of the company's subsidiaries. Pursuant to NYSE rule 303A.00, as a foreign private issuer, we may follow Chilean practices and are not required to comply with the NYSE listing standards with respect to shareholder approval of equity-compensation plans.

Corporate Governance Guidelines. The NYSE listing standards provide that listed companies must adopt and disclose corporate governance guidelines with regard to (a) director qualifications standards; (b) director responsibilities; (c) director access to management and independent advisors; (d) director compensation; (e) director orientation and continuing education; (f) management succession; and (g) annual performance evaluation of the board. Chilean law does not require that such corporate governance guidelines be adopted. Director responsibilities and access to management and independent advisors are directly provided for by applicable law. Director compensation is determined by the annual meeting of shareholders pursuant to applicable law. As a foreign private issuer, we may follow Chilean practices and are not required to adopt and disclose corporate governance guidelines.

During 2012, the Superintendence of Securities and Insurance (Superintendencia de Valores y Seguros, or "SVS) adopted new regulations that require publicly traded corporations to produce information about the standards of their corporate governance currently in place and disclose such information not later than June 30, 2013 and thereafter on March 31 of each calendar year.

In compliance with such regulations, the Company intends to deliver and make public the relevant information about its corporate governance practices and policies as currently in effect, as well as the corporate governance practices and policies that it is either in the process of adopting or reviewing for future implementation.

Code of Business Conduct. The NYSE listing standards require that listed companies adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

We have adopted a code of ethics, which includes business conduct guidelines that apply generally to all of our executive officers and employees. A copy of this code of business conduct, as amended, is available in our website at www.cencosud.com/inversionistas/ under the "informacion de interes" tab. The information on our website is not incorporated by reference into this document.

Information of Interest to the Market. In 2008, the SVS promulgated new rules which require public companies to adopt a manual regarding disclosure of information of interest to the market, board members and executives shares transactions and black-out periods for such transactions. This manual applies to our directors, the directors of our subsidiaries, our executive officers, some of our employees which may be in possession of confidential, reserved or privileged information of interest, and to our advisors. The manual took effect on June 1, 2008. A copy of the manual regarding disclosure of information of interest to the market, as amended on March 18, 2010, is available in our website at http://www.cencosud.com/inversionistas/ The information on our website is not incorporated by reference into this document.

Executive Sessions. To empower non-management directors to serve as a more effective check on management, NYSE listing standards provide that non-management directors of each company must meet at regularly scheduled executive sessions without management.

Under Chilean law, the office of director is not legally compatible with that of a company officer in publicly traded companies. The board of directors exercises its functions as a collective body and may partially delegate its powers to executive officers, attorneys, a director or a board commission of the company, and for specific purposes to other persons. As a foreign private issuer, we may follow Chilean practices and are not required to comply with the NYSE listing standard for executive sessions.

Certification Requirements. Under NYSE listing standards, Section 303A.12(a) provides that each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards and Section 303A.12(b) provides that each listed company CEO must promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any material non-compliance with any applicable provisions of Section 303A.

As a foreign private issuer, we must comply with Section 303A.12(b) of the NYSE listing standards, but we are not required to comply with 303A.12(a).

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this item.

Item 18.Financial Statements.

See pages F-1 through F-174 of this annual report.

Item 19. Exhibits

Exhibit No.	Description
1.1	Restated bylaws of Cencosud S.A., previously filed as exhibit 1.1 to the Company's annual report on Form 20-F (File No. 001-35575) for the year ended December 31, 2012, filed with the Securities and Exchange Commission on May 7, 2013 ("2012 Form 20-F") and incorporated by reference herein.
4.1	Stock Purchase Agreement among UBS A.G., London Branch, as buyer, Palermo Argentina Holdings I, S.L., Palermo Argentina Holdings II, S.L., International Finance Corporation, SCF Chile S.A., BSSF Chile S.A., and BSSFP Chile S.A, as sellers, dated March 30, 2011, previously filed as exhibit 10.1 to the Company's registration statement on Form F-1 (File No. 333-181711) filed with the Securities and Exchange Commission on May 25, 2012 ("Form F-1") and incorporated by reference herein.
4.2	Option Agreement between Cencosud S.A. and UBS A.G., London Branch, dated March 30, 2011, and related documents, previously filed as exhibit 4.2 to the Company's 2012 Form 20-F and incorporated by reference herein.
4.3	Indenture, dated as of January 20, 2011, among Cencosud S.A., as issuer, Cencosud Retail S.A., as guarantor, and The Bank of New York Mellon, as trustee, paying agent, registrar and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent, previously filed as exhibit 4.3 to the Company's 2012 Form 20-F and incorporated by reference herein.
4.4	Indenture, dated as of December 6, 2012, among Cencosud S.A., as issuer, Cencosud Retail S.A., as guarantor, and The Bank of New York Mellon, as trustee, paying agent, registrar and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent, previously filed as exhibit 4.4 to the Company's 2012 Form 20-F and incorporated by reference herein..
4.5	Credit Agreement, dated as of October 17, 2012, among Cencosud S.A., as borrower, the lenders party thereto, and JPMorgan Chase Bank, National Association, as Administrative Agent, previously filed as exhibit 4.5 to the Company's 2012 Form 20-F and incorporated by reference herein..
4.6	Share Purchase Agreement, dated as of October 18, 2012, between Carrefour Nederland B.V., Carrefour S.A. and Cencosud S.A., previously filed as exhibit 4.6 to the Company's 2012 Form 20-F and incorporated by reference herein.
4.7	English language summary of the 2013 Plan—Stock Option Plan, previously filed as exhibit 10.3 to the Company's registration statement on Form F-1 and incorporated by reference herein.
4.8	English language summary of the Incentive Plan—Stock Option Plan, previously filed as exhibit 10.4 to the Company's registration statement on Form F-1 and incorporated by reference herein.
4.9	English language summary of the Retention Plan—Stock Option Plan, previously filed as exhibit 4.9 to the Company's 2012 Form 20-F and incorporated by reference herein.
8.1	Subsidiaries of Cencosud S.A.
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Cencosud S.A.

/s/ Daniel Rodriguez
Name: Daniel Rodriguez
Title: Chief Executive Officer

Date: April 29, 2014

Index to the financial statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Cencosud S.A.
Santiago, Chile

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of profit and loss and other comprehensive income, of changes in net equity and of cash flows present fairly, in all material respects, the financial position of Cencosud S.A. and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting related to information technology general controls – security administration existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management's Annual Report on Internal Control over Financial Reporting appearing under item 15 of the 2013 Annual Report on Form 20F. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the December 31, 2013 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audit (which was an integrated audit in 2013). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers
Santiago, Chile
April 29, 2014

Cencosud S.A. and subsidiaries consolidated statement of financial position

Assets	Note	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Current assets			
Cash and cash equivalents	5	171,711,625	237,720,805
Other financial assets, current	6	49,583,940	68,166,868
Other non-financial assets, current	22	11,605,493	10,473,555
Trade receivables and other receivables	8	1,133,447,553	1,058,626,805
Receivables due from related entities, current	9	432,303	323,624
Inventory	10	1,044,906,627	910,229,986
Current tax assets	16	22,797,303	31,269,885
Total current assets		2,434,484,844	2,316,811,528
Non-current assets			
Other financial assets, non-current	6	92,405,358	41,007,224
Other non-financial assets, non-current	22	38,263,337	38,279,832
Trade receivable and other receivables, non-current	8	155,839,812	142,306,161
Equity method investment	11	49,942,154	42,260,401
Intangible assets other than goodwill	12	571,621,507	555,283,946
Goodwill	13	1,696,040,684	1,728,262,922
Property, plant and equipment	14	3,101,883,868	3,134,528,110
Investment property	15	1,568,432,058	1,471,343,789
Non-current tax assets,	16	53,727,039	4,825,534
Deferred income tax assets	16	302,593,552	268,680,396
Total non-current assets		7,630,749,369	7,426,778,315
Total assets		10,065,234,213	9,743,589,843

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries consolidated statement of financial position

Net equity and liabilities	Note	As of December 31, 2013 ThCh$	2012 ThCh$
Current liabilities			
Other financial liabilities, current	17	739,105,814	1,179,131,616
Trade payables and other payables	18	1,957,993,218	1,901,057,319
Payables to related entities, current	9	556,494	974,469
Provisions and other liabilities	19	46,406,283	51,551,563
Current income tax liabilities	16	63,131,459	46,798,474
Current provision for employee benefits	21	96,696,870	78,799,860
Other non-financial liabilities, current	20	47,808,861	78,316,560
Total current liabilities		2,951,698,999	3,336,629,861
Non-current liabilities			
Other financial liabilities,	17	2,218,035,025	2,362,413,961
Trade accounts payables	18	8,954,817	7,410,802
Provisions and other liabilities	19	88,222,586	121,056,504
Deferred income tax liabilities	16	471,481,007	446,957,672
Other non–financial liabilities, non–current	20	65,474,690	70,909,299
Total non-current liabilities		2,852,168,125	3,008,748,238
Total liabilities		5,803,867,124	6,345,378,099
Equity			
Paid-in capital	23	2,321,380,936	1,551,811,762
Retained earnings	23	2,049,483,333	1,852,745,697
Issuance premium	23	526,633,344	477,341,095
Other reserves	23	(636,230,610)	(484,364,409)
Equity attributable to controlling shareholders		4,261,267,003	3,397,534,145
Non-controlling interest	23	100,086	677,599
Total equity		4,261,367,089	3,398,211,744
Total equity and liabilities		10,065,234,213	9,743,589,843

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries consolidated statement of profit and loss and other comprehensive income

Statement of profit and loss	Note	For the year ended December 31, 2013 ThCh$	2012 ThCh$	2011 ThCh$
Revenues from ordinary activities	24	10,341,039,827	9,149,077,107	7,604,806,373
Cost of Sales	25	(7,371,548,597)	(6,547,831,773)	(5,434,916,638)
Gross Profit		2,969,491,230	2,601,245,334	2,169,889,735
Other income by function	25	108,713,982	107,110,070	85,127,877
Distribution cost	25	(23,931,088)	(20,233,594)	(15,017,899)
Administrative expenses	25	(2,254,201,864)	(1,925,414,111)	(1,513,955,378)
Other expenses by function	25	(182,307,997)	(176,173,759)	(140,400,227)
Other gain (losses), net	25	26,381,872	(7,369,355)	(12,658,588)
Operating profit		**644,146,135**	**579,164,585**	**572,985,520**
Finance income	25	5,854,613	8,110,468	10,984,101
Finance expenses	25	(258,684,574)	(211,022,110)	(144,135,731)
Participation in profit or loss of equity method associates	11	10,289,439	5,639,716	5,778,560
Exchange differences	25	(34,723,457)	(2,679,798)	(9,876,115)
(Losses) from indexation	25	(20,959,587)	(25,915,449)	(31,288,530)
Profit before tax		**345,922,569**	**353,297,412**	**404,447,805**
Income tax expense	26	(96,157,773)	(100,488,282)	(119,555,608)
Profit from continuing operations		**249,764,796**	**252,809,130**	**284,892,197**
Profit from discontinued operations		—	—	—
Profit attributable to controlling shareholders		249,930,349	249,958,615	274,332,941
Profit attributable to non–controlling shareholders	23.6	(165,553)	2,850,515	10,559,256
Profit		**249,764,796**	**252,809,130**	**284,892,197**
Earnings per share				
Basic earnings per share	27	90.5	107.4	121.2
Diluted earnings per share	27	89.8	106.4	120.0

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries consolidated Statement of profit and loss and other comprehensive income

	For the year ended December 31,		
	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Profit	249,764,796	252,809,130	284,892,197
Other comprehensive income			
Items that will never be reclassified to profit and loss			
Re-measurements of defined benefit liability (asset)	1,402,721	(792,855)	—
Total OCI that will never be reclassified to profit and loss	**1,402,721**	**(792,855)**	**—**
Items that are or may be reclassified to profit and loss			
Foreign currency translation adjustments	(153,344,258)	(237,127,442)	80,199,792
Cash flow hedge	(3,486,853)	16,862,328	5,808,527
Total Items that are or may be reclassified to profit and loss	(156,831,111)	(220,265,114)	86,000,319
Other comprehensive income, before taxes.	**(155,428,390)**	**(221,057,969)**	**86,000,319**
Income tax related to re-measurement of defined benefit liability (asset)	(476,925)	269,571	—
Total income tax that will never be reclassified to profit and loss	**(476,925)**	**269,571**	**—**
Income tax related to cash flow hedge and foreign currency translation adjustments	697,371	(3,372,466)	(987,450)
Total income tax that are or may be reclassified to profit and loss	**697,371**	**(3,372,466)**	**(987,450)**
Total other comprehensive income and expense	**(155,207,944)**	**(224,160,864)**	**85,020,869**
Total comprehensive income	**94,556,852**	**28,648,266**	**369,913,066**
Income attributable to			
Owners of the Company	94,724,800	34,001,833	357,048,531
Non-controlling shareholders	(167,948)	(5,353,567)	12,864,535
Total comprehensive income	**94,556,852**	**28,648,266**	**369,913,066**

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries
Consolidated statement of changes in net equity
For the year ended December 31, 2013

Statement of changes in equity ThCh$	Paid-in capital	Issuance premiums	Translation reserves	Hedge reserves	Actuarial Gain (loss) reserves	Share based payments reserves	Other reserves	Total reserves	Changes in retained earnings (Accumulated losses)	Changes in net equity attributable to parent company shareholders	Change in non-controlling interest	Total equity
Opening balance as of January 1, 2013	1,551,811,762	477,341,095	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)	1,852,745,697	3,397,534,145	677,599	3,398,211,744
Changes in equity												
Comprehensive income												
Net income									249,930,349	249,930,349	(165,553)	249,764,796
Other comprehensive income	—	—	(153,341,863)	(2,789,482)	925,796	—	—	(155,205,549)		(155,205,549)	(2,395)	(155,207,944)
Total Comprehensive income			(153,341,863)	(2,789,482)	925,796	—	—	(155,205,549)	249,930,349	94,724,800	(167,948)	94,556,852
Share issuance	769,569,174	49,292,249								818,861,423		818,861,423
Dividends									(53,192,713)	(53,192,713)		(53,192,713)
Stock option (see 33)						3,743,479		3,743,479		3,743,479		3,743,479
Decrease due to changes in ownership interest without a loss of control (see 23.4)						—	(404,131)	(404,131)	—	(404,131)	(409,565)	(813,696)
Total transactions with owners	769,569,174	49,292,249	—	—	—	3,743,479	(404,131)	3,339,348	(53,192,713)	769,008,058	(409,565)	768,598,493
Total Changes in equity	769,569,174	49,292,249	(153,341,863)	(2,789,482)	925,796	3,743,479	(404,131)	(151,866,201)	196,737,636	863,732,858	(577,513)	863,155,345
Ending balance, as of December 31, 2013	2,321,380,936	526,633,344	(615,316,151)	20,525,986	402,512	10,636,164	(52,479,121)	(636,230,610)	2,049,483,333	4,261,267,003	100,086	4,261,367,089

Cencosud S.A. and subsidiaries
Consolidated statement of changes in net equity
For the year ended December 31, 2012

Statement of changes in equity ThCh$	Paid-in capital	Issuance premiums	Translation reserves	Hedge reserves	Actuarial Gain (loss) reserves	Share based payments reserves	Other reserves	Total reserves	Changes in retained earnings (Accumulated losses)	Changes in net equity attributable to parent company shareholders	Change in non-controlling interest	Total equity
Opening balance as of January 1, 2012	927,804,431	477,341,095	(233,050,928)	9,825,606	—	4,595,125	15,907,719	(202,722,478)	1,660,432,903	2,862,855,951	87,750,295	2,950,606,246
Changes in equity												
Comprehensive income												
Net income									249,958,615	249,958,615	2,850,515	252,809,130
Other comprehensive income			(228,923,360)	13,489,862	(523,284)	—	—	(215,956,782)		(215,956,782)	(8,204,082)	(224,160,864)
Total Comprehensive income			(228,923,360)	13,489,862	(523,284)	—	—	(215,956,782)	249,958,615	34,001,833	(5,353,567)	28,648,266
Share issuance	624,007,331						—			624,007,331	—	624,007,331
Dividends									(57,645,821)	(57,645,821)		(57,645,821)
Option (call–put) (see 23.5)							92,991,292	92,991,292		92,991,292		92,991,292
Stock option (see 33)						2,297,560		2,297,560		2,297,560		2,297,560
Decrease due to changes in ownership interest without a loss of control (see 23.4)							(160,974,000)	(160,974,000)	—	(160,974,000)	(81,719,129)	(242,693,129)
Total transactions with owners	624,007,331	—	—	—	—	2,297,560	(67,982,709)	(65,685,149)	(57,645,821)	500,676,361	(81,719,129)	418,957,232
Total Changes in equity	624,007,331	—	(228,923,360)	13,489,862	(523,284)	2,297,560	(67,982,709)	(281,641,931)	192,312,794	534,678,194	(87,072,696)	447,605,498
Ending balance, as of December 31, 2012	1,551,811,762	477,341,095	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)	1,852,745,697	3,397,534,145	677,599	3,398,211,744

Cencosud S.A. and subsidiaries
Consolidated statement of changes in net equity
For the year ended December 31, 2011

Statement of changes in equity ThCh$	Paid-in capital	Issuance premiums	Translation reserves	Hedge reserves	Other reserves	Total reserves	Changes in retained earnings (Accumulated losses)	Changes in net equity attributable to parent company shareholders	Change in non-controlling interest	Total equity
Opening balance as of January 1, 2011	927,804,431	477,341,095	(310,945,441)	5,004,529	56,225,241	(249,715,671)	1,459,277,564	2,614,707,419	74,885,760	2,689,593,179
Changes in equity										
Comprehensive income										
Net income						—	274,332,941	274,332,941	10,559,256	284,892,197
Other comprehensive income	—	—	77,894,513	4,821,077	—	82,715,590	—	82,715,590	2,305,279	85,820,869
Total Comprehensive income			77,894,513	4,821,077	—	82,715,590	274,332,941	357,048,531	12,864,535	370,713,066
Share issuance	—	—						—		—
Dividends							(73,177,602)	(73,177,602)		(73,177,602)
Option (call–put)					(39,315,720)	(39,315,720)		(39,315,720)		(39,315,720)
Stock option (see 33)					2,297,562	2,297,562		2,297,562		2,297,562
Decrease due to changes in ownership interest without a loss of control					1,295,761	1,295,761	—	1,295,761	—	1,295,761
Total transactions with owners	—	—	—	—	(35,722,397)	(35,722,397)	(73,177,602)	(108,899,999)	—	(108,899,999)
Total Changes in equity	—	—	77,894,513	4,821,077	(35,722,397)	11,270,796	201,155,339	248,148,532	12,864,535	225,290,670
Ending balance, as of December 31, 2011	927,804,431	477,341,095	(233,050,928)	9,825,606	20,502,844	(202,722,478)	1,660,432,903	2,862,855,954	87,750,295	2,950,606,246

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries
Consolidated statements of cash flows

	Note	For the years ended December 31, 2013 ThCh$	2012 ThCh$	2011 ThCh$
Cash flows from (used in) operating activities				
Types of revenues from operating activities				
Revenue from sale of goods & provision of services		12,183,424,178	10,742,663,679	8,989,150,451
Proceeds from royalties, installments, commissions and other ordinary activities		10,816,207	1,521,785	6,436,783
Receipts from premiums and claims, annuities and other policy benefits underwritten		525	63,957	
Other operating activity revenue		14,045,040	15,653,744	13,681,408
Types of payments				
Payments to suppliers for supply of goods & services		(9,764,407,083)	(8,355,078,986)	(7,123,940,019)
Payments to and on behalf of personnel		(1,309,948,102)	(1,121,179,019)	(892,060,443)
Other operating payments		(706,261,198)	(507,681,060)	(397,015,394)
Interest paid		(1,399,519)	(1,123,089)	(663,380)
Interest received		2,255,639	1,893,069	951,111
Taxes paid		(69,832,313)	(80,948,678)	(40,466,963)
Other cash inflows		6,088,669	22,929,217	11,665,063
Net cash flow from operating activities		364,782,043	718,714,619	567,738,617
Cash flows from (used in) investment activities				
Acquisition of subsidiaries		—	(1,292,423,533)	(21,576,346)
Proceeds from sales of property, plant & equipment		1,082,763	22,153,794	2,312,314
Purchases of property, plant & equipment		(318,597,319)	(575,227,695)	(616,336,080)
Purchases of intangible assets		(26,521,865)	(19,857,531)	(5,732,991)
Dividends received		2,470,452	2,002,606	1,323,919
Interest received		2,473,841	3,362,729	1,964,159
Other financial assets—mutual funds		18,584,658	(13,578,037)	14,292,145
Net cash flow (used in) investment activities		(320,507,470)	(1,873,567,667)	(623,752,880)
Cash flows from (used in) financing activities				
Acquisition of non-controlling interests		(813,696)	(242,681,460)	
Proceeds from paid in capital		818,871,267	632,987,359	—
Proceeds from borrowing at long–term		46,881,505	2,148,614,022	1,345,483,375
Proceeds from borrowing at short–term		4,801,437,253	3,273,570,701	530,825,961
Total loan proceeds from borrowing		**5,666,376,329**	**5,812,490,622**	**1,876,309,336**
Repayments of borrowing		(5,502,588,079)	(4,332,996,508)	(1,584,962,486)
Dividends paid		(79,736,684)	(53,259,383)	(78,468,618)
Interest paid		(191,080,044)	(171,177,287)	(123,271,067)
Other cash outflows		(898)	(8,980,028)	—
Net cash flow from financing activities		**(107,029,376)**	**1,246,077,416**	**89,607,165**
Net (decrease) increase in cash and cash equivalents before the effect of variations		(62,754,803)	91,224,368	33,592,902
Effects of variations in the exchange rate on cash and cash equivalents		(3,254,377)	1,434,856	3,346,395
Net (decrease) increase in cash and cash equivalents		(66,009,180)	92,659,224	36,939,297
Cash and cash equivalents at the beginning of the year	5	237,720,805	145,061,581	108,122,284
Cash and cash equivalents at the end of the year	5	171,711.625	237,720,805	145,061,581

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries
Notes to the consolidated financial statements

1 General information

Cencosud S.A. (hereinafter "Cencosud Group," "the Company," "the Holding," "the Group") taxpayer ID number 93.834.000-5 is a public corporation with an indefinite life, with its legal residence at Avda. Kennedy 9001, 4th floor, Las Condes, Santiago, Chile.

Cencosud S.A. is a public company registered with the Chilean Superintendence of Securities and Insurance (SVS), under No.743, which shares are quoted in Chile on the Stock Brokers-Stock Exchange (Valparaíso), the Chilean Electronic Stock Exchange and the Santiago Stock Exchange; it is also quoted on the United States of America Stock Exchange ("NYSE") in New York in the form of American Depositary Receipts (ADRs).

Cencosud S.A. is a retail operator in Latin America, which has active operations in Chile, Argentina, Brazil, Colombia and Peru, where it has developed a successful multi-format and multi-brand strategy reaching sales of ThCh$ 10,341,039,827

During the year ended December 31, 2013, the Company employed an average of 154,424 employees, ending with a total number of 153,638 employees.

The Company's operations include supermarkets, hypermarkets, home improvement stores, department stores, shopping centers, as well as real estate development and financial services, which makes it the most diversified retail company of Latin-American capital in South America with the biggest offering of square meters, it caters to the consumption needs of over 180 million customers.

Additionally, it operates other lines of business that complement the main retail operations, such as insurance brokerage, a travel agency, customer loyalty services and family entertainment centers. All of these services have gained recognition and prestige among customers, with brands that excel at quality and service.

The Company splits its equity among 2,828,723,963 shares of a single series whose main shareholders are the following:

Major shareholders as of December 31, 2013	Shares	Interest %
Inversiones Quinchamali Limitada	581,754,802	20.566%
Inversiones Latadia Limitada	550,823,211	19.473%
Inversiones Tano Limitada	457,879,800	16.187%
Banco Santander—JP Morgan	144,320,984	5.102%
Banco de Chile third-party accounts	124,925,171	4.416%
Banco Itaú third-party accounts	123,382,506	4.362%
Paulmann Kemna Horst	70,336,573	2.487%
Fondo de Pendiones Provida C	56,826,301	2.009%
Fondo de Pensiones Habitat C	48,880,469	1.728%
Fondo de Pensiones Habitat B	40,057,209	1.416%
Fondo de Pensiones Capital C	37,858,166	1.338%
Banchile Corredores de Bolsa S.A.	36,661,114	1.296%
Other Shareholders	555,017,657	19.621%
Total	2,828,723,963	100.000

The Cencosud group is controlled by the Paulmann family, as detailed below:

Interest of Paulmann family as of December 31, 2013	Interest %
Inversiones Quinchamalí Limitada	20.566%
Inversiones Latadía Limitada	19.473%
Inversiones Tano Limitada	16.187%
Paulmann Kemna Horst	2.487%
Peter Paulmann Koepfer	0.498%
Manfred Paulmann Koepfer	0.492%
Heike Paulmann Koepfer	0.492%
Helga Koepfer Schoebitz	0.115%
Inversiones Alpa Limitada	0.006%
Total	60.313%

The consolidated financial statements of Cencosud group corresponding to the year ended December 31, 2013, were approved by the Board of Directors in a session held on March28, 2014.

2 Summary of the main accounting policies

2.1 Presentation basis

The consolidated financial statements of Cencosud S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historic-cost basis, as modified by the revaluation at fair value of certain financial instruments, derivative instruments and investment property.

The presentation of the financial statements in conformity with IFRS requires the use of certain accounting estimates, and also requires Management to exercise its judgment in the process of applying the Company's accounting policies. Note 4 to these financial statements shows the areas in which a greater level of judgment has been applied, or where there is a higher level of complexity and therefore hypothesis and estimates are material to the financial statements.

The amounts in the attached financial statements are expressed in thousands of Chilean pesos, as the Chilean peso is the functional and presentation currency of the Company. All values have been rounded to the nearest thousand of pesos, except where mentioned.

In order to present comparative information, certain figures presented on the consolidated financial statements of the Group as of December 31, 2012, have been reclassified based on the presentation shown on the consolidated financial statement as of December 31, 2013.

2.2 New and amended standards adopted by the group

Adopted in 2013

The Group adopted new and amended standards by the IASB with effect from January 1, 2013, however none of the new amendments and new pronouncements had a significant impact on the group's consolidated financial statements.

Other standards

A number of other new or amended standards have been adopted by the group with effect from 1 January 2013 but do not have a significant impact on the consolidated financial statements. These include:

Amendments to IAS 19 'Employee Benefits'

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the group's accounting policies has been as follows: to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

IFRS 11 'Joint Arrangements'

In May 2011, the IASB issued IFRS 11 'Joint Arrangements', one of a suite of standards relating to interests in other entities and related disclosures.IFRS 11 establishes a principle that applies to the accounting for all joint arrangements, whereby parties to the arrangement account for their underlying contractual rights and obligations relating to the joint arrangement. IFRS 11 identifies two types of joint arrangements. A 'joint venture' is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A 'joint operation' is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Investments in joint ventures are accounted for using the equity method. Investments in joint operations are accounted for by recognizing the group's assets, liabilities, revenue and expenses relating to the joint operation.

IFRS 10 'Consolidated Financial Statements' introduces a single consolidation model that identifies control as the basis for consolidation. The new model applies to all types of entities, including structured entities. Under the new model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. There was no effect on the group's reported income or net assets as a result of the adoption of IFRS 10.

IFRS 12 'Disclosures of Interests in Other Entities' combines all the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard. There was no effect on the group's reported income or net assets as a result of the adoption of IFRS 12. The disclosures required by the standard are included in this report.

In May 2011, the IASB issued a new standard, IFRS 13 'Fair Value Measurement'. The new standard defines fair value, sets out a framework for measuring fair value and contains the required disclosures about fair value measurements. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other standards, rather it prescribes how fair value should be measured if another standard requires it. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date i.e. it is an exit price. There was no significant impact on the group's reported income or net assets as a result of the adoption of IFRS 13. The disclosures required by the new standard are included in this report.

In December 2011, the IASB issued an amendment to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities'. This amendment introduces new disclosure requirements about the effects of offsetting financial assets and financial liabilities and related arrangements on an entity's balance sheet. The new disclosures are included in this report.

In June 2011, the IASB issued amendments to IAS 1 'Presentation of Financial Statements' on the presentation of other comprehensive income (OCI). The amendments require that those items of OCI that might be reclassified to profit or loss at a future date be presented separately from those items that will never be reclassified to profit or loss. The adoption of the amended standard has a presentational impact on the group's statement of comprehensive income, with no effect on the reported income, total comprehensive income, or net assets of the group. The presentation required by the amended standard is included in this report.

In May 2013, the IASB issued an amendment to IAS 36 'Impairment of Assets' in relation to the disclosure of recoverable amounts for non-financial assets. The amendment addressed certain unintended consequences arising from consequential amendments made to IAS 36 when IFRS 13 was issued. In addition, a number of other standards and interpretations were adopted in the year which had no significant impact on the group's reported income and net assets.

Not yet adopted

The following pronouncements from the IASB will become effective for future financial reporting periods and have not yet been adopted by the group.

As part of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement', in November 2009 the IASB issued the first phase of IFRS 9 'Financial Instruments', dealing with the classification and measurement of financial assets. In October 2010, the IASB updated IFRS 9 by incorporating the requirements for the accounting for financial liabilities and in November 2013 the IASB published revised guidance for hedge accounting. The remaining phase of IFRS 9, dealing with impairment, and further changes to the classification and measurement requirements, are still to be completed. In November 2013, the IASB also removed the effective date from IFRS 9 and will decide on an effective date when the entire IFRS 9 project is closer to completion. The Group has not yet decided the date of adoption for the group and has not yet completed its evaluation of the effect of adoption.

In December 2011, the IASB issued an amendment to IAS 32 'Offsetting Financial Assets and Financial Liabilities'. This amendment clarifies the presentation requirements in relation to offsetting financial assets and financial liabilities on an entity's balance sheet. The amendment to IAS 32 is effective for annual periods beginning on or after 1 January 2014. The Group has not yet completed its evaluation of the effect of adoption.

IFRIC 21 Levies: This interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies: (a) The liability is recognized progressively if the obligating event occurs over a period of time, (b) If an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The Group has not yet completed its evaluation of the effect of adoption.

IFRS 3, 'Business combinations': The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after 1 July 2014. The Group has not yet completed its evaluation of the effect of adoption.

IAS 40, 'Investment property': The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment is effective for annual periods beginning on or after 1 July 2014. The Group has not yet completed its evaluation of the effect of adoption.

2.3 Consolidation basis

2.3.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it's exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity.

Specifically, the Group controls an entity when all of the following circumstances are met:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from involvement with the investee; and

(c) The ability to use power over the investee to affect the amount of the investor's returns.

When the Group holds less than a majority of voting rights over an investee, it has the power over the investee when these voting rights are sufficient to give the Group the ability to direct unilaterally the relevant activities of the investee. The Group considers all facts and circumstances to evaluate if the voting rights over an investee are sufficient to give it power, including:

(a) the size of the investor holding of voting rights relative to the size and dispersion of holding of the other vote holders; (b) the potential voting rights held by the investor, other vote holders or other parties; (c) rights arising from other contractual agreements; and (d) any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities in the time that decision need to be made, including voting patterns at previous shareholders' meetings.

The Group will reassess whether it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control previously mentioned.

The financial statements of subsidiaries are included in the consolidated financial statements from the date in which control commences until the date in which control ceases.

2.3.2 Associates or related entities

Associates or related entities are those entities where the Group has a significant influence but not control, which is generally reflected in an interest between 20% and 50% of the voting rights. The investments in associates or related entities are accounted for using the equity method and are initially recognized at cost. The investment of the Group in associates or related entities includes the goodwill of the acquisition, net of any accumulated impairment loss.

The Group's interest in the gains or losses which occurred after the acquisition of its associates or related entities is charged to income, and its participation in the equity changes subsequent to the acquisition that do not correspond to income are allocated to the corresponding equity reserves (and are presented accordingly in the statement of other integral income).

When the Group's interest in the losses of an associate or related entity is equal to or higher than its interest—including any other uninsured accounts receivable—the Group does not recognize additional losses, unless it has incurred liabilities or payments on behalf of the associate or related entity.

Unrealized profits on transactions between the Group and its associates or related entities are eliminated to the extent of the Group's interest in such entities. The unrealized losses are also eliminated unless the transaction provides evidence of impairment loss of the asset transferred. Whenever necessary to ensure consistency within the Group's policy, the accounting policies of the associates are modified.

Dilution gains or losses in associates or related entities are recognized in the statement of income.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the impact in the statement of income.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the associate is recorded in equity.

2.4 Subsidiary entities

2.4.1 Directly consolidated entities

The detail of the subsidiaries included in consolidation is as follows:

			Interest percentage				
			12/31/2013			12/31/2012	12/31/2011
Country	**Tax ID Number**	**Company name**	**Direct**	**Indirect**	**Total**	**Total**	**Total**
			%	%	%	%	%
Chile	81.201.000-K	Cencosud Retail S.A.	99.9605	0.00004	99.9609	99.9609	99.9557
Chile	96.671.750-5	Easy S.A.	99.5750	0.0000	99.5750	99.5750	99.5750
Chile	99.500.840-8	Cencosud Administradora de Tarjetas S.A.	99.9929	0.0071	100.0000	100.0000	100.0000
Chile	76.568.660-1	Cencosud Administradora de Procesos S.A.	99.9928	0.0072	100.0000	100.0000	100.0000
Chile	96.978.180-8	Cencosud Internacional Ltda.	74.8487	25.1476	99.9963	99.9963	99.9957
Chile	94.226.000-8	Cencosud Shopping Centers S.A.	99.9999	0.0000	99.9999	99.9999	99.9999
Chile	78.410.310-2	Comercial Food And Fantasy Ltda.	90.0000	0.0000	90.0000	90.0000	90.0000
Chile	76.433.310-1	Costanera Center S.A.	99.9999	0.0000	99.9999	99.9999	99.9999
Chile	76.476.830-2	Circulo Mas S.A.	99.0000	1.0000	100.0000	100.0000	100.0000
Chile	99.565.970-0	Banco Paris S.A.	98.8900	1.1100	100.0000	100.0000	100.0000
Chile	83.123.700-7	Mercado Mayorista P y P Ltda.	90.0000	0.0000	90.0000	90.0000	90.0000
Chile	76.181.388-9	Cencosud Tiendas S.A.(*)	000.0000	0.0000	000.0000	100.0000	100.0000
China	Foreign	Cencosud (Shanghai) Trading CO, Ltda.	100.0000	0.0000	100.0000	100.0000	100.0000
Chile	76.236.195-7	Cencosud Argentina SPA	100.0000	0.0000	100.0000	100.0000	000.0000

(*) As of December 31, 2012, Cencosud S.A. owned 85.58% of Cencosud Tiendas S.A. shares. However, the Company did not account for the non-controlling interest as a result of the option agreement which entitled Cencosud S.A to acquire the remaining interest of 14.42% in future periods. As a consequence, a financial liability was recognized for the payment of the 14.42% of the shares, in accordance to IAS 32 paragraph 23.

On December 18, 2013, Cencosud Tiendas S.A. was merged with Cencosud S.A. after the exercise of the option for the acquisition of the remaining 14.42% of the shares of Cencosud Tienda S.A., as per the paragraph above.

2.4.2 Indirect consolidation entities

The financial statements of consolidated subsidiaries also include the following companies:

Country	Tax ID number	Company name
Chile	81.201.000-K	Cencosud Retail S.A.
Chile	76.365.580-6	Jumbo Administradora Norte S.A.
Chile	99.566.580-8	Jumbo Administradora S.A.
Chile	99.571.870-7	Jumbo Administradora Temuco S.A.
Chile	76.819.580-3	Santa Isabel Administradora Norte Ltda.
Chile	76.819.500-5	Santa Isabel Administradora Sur Ltda.
Chile	76.062.794-1	Santa Isabel Administradora S.A.
Chile	88.637.500-K	Paris Administradora Norte Ltda.
Chile	78.448.780-6	Paris Administradora Sur Ltda.
Chile	77.313.160-0	Paris Administradora Centro Ltda.
Chile	77.779.000-5	Paris Administradora Ltda.
Chile	77.301.910-K	Logística y Distribución Paris Ltda.
Chile	77.251.760-2	Jumbo Supermercados administradora ltda..
Chile	77.218.570-7	Cencosud Corredores de Seguros y Servicios Ltda.
Chile	77.312.480-9	Administradora de Servicios Paris Ltda.
Chile	99.586.230-1	Viajes Paris S.A.
Chile	79.829.500-4	Eurofashion Ltda.
Chile	76.116.801-3	Administradora TMO S.A.
Chile	76.168.900-2	Meldar Capacitación Ltda.
Chile	77.566.430-4	Sociedad Comercializadora de Vestuarios FES Ltda.
Chile	99.512.750-4	MegaJohnsons Puente Alto S.A.
Chile	96.953.470-3	MegaJohnsons S.A.
Chile	96.973.670-5	MegaJohnsons Maipú S.A.
Chile	96.988.680-4	MegaJohnsons Puente S.A.
Chile	96.989.640-0	MegaJohnsons Viña del Mar S.A.
Chile	96.988.700-2	MegaJohnsons Administradora S.A.
Chile	96.988.690-1	MegaJohnsons Quilin S.A.
Chile	76.398.410-9	Johnsons Mega San Bernardo S.A.
Chile	76.190.379-9	Cencosud Retail Administradora Ltda.
Chile	96.671.750-5	Easy S.A.
Chile	76.365.590-3	Easy Administradora Norte S.A.
Chile	99.500.840-8	Cencosud Administradora de Tarjetas S.A.
Chile	76.023.825-2	Cencosud Servicios Integrales S.A.
Chile	94.226.000-8	Cencosud Shopping CentersS.A.
Chile	88.235.500-4	Sociedad Comercial de Tiendas S.A.
Chile	84.658.300-9	Inmobiliaria Bilbao Ltda.
Chile	78.409.990-8	ACC Alto las Condes Ltda.
Chile	76.433.310-1	Costanera CenterS.A.
Chile	96.732.790-5	Inmobiliaria Santa Isabel S.A.
Chile	76.203.299-6	Comercializadora Costanera Center S.P.A.
Chile	99.565.970-0	Banco Paris S.A.
Chile	76.099.893-1	Banparis Corredores de Seguros Ltda.
Chile	96.978.180-8	Cencosud Internacional Ltda.
Chile	76.258.307-0	Jumbo Argentina S.P.A.
Chile	76.258.309-7	Cencosud Internacional Argentina S.P.A

Country	Tax ID number	Company name
Argentina	Foreign	Cencosud S.A. (Argentina)
Argentina	Foreign	Unicenter S.A.
Argentina	Foreign	Jumbo Retail Argentina S.A.
Argentina	Foreign	Agrojumbo
Argentina	Foreign	Blaisten S.A.
Argentina	Foreign	Cavas y Viñas El Acequion S.A.
Argentina	Foreign	Carnes Huinca S.A.
Argentina	Foreign	Agropecuaria Anjullon S.A.
Argentina	Foreign	Cencosud Viajes
Argentina	Foreign	Cormina S.A
Argentina	Foreign	Invor S.A.
Argentina	Foreign	Pacuy S.A.
Argentina	Foreign	Supermercados Dave S.A.
Uruguay	Foreign	SUDCO Servicios Regionales S.A.
Colombia	Foreign	Cencosud Colombia S.A.
Brazil	Foreign	Cencosud Brasil S.A..
U.S.A.	Foreign	Gbarbosa Holding LLC
Brazil	Foreign	Gbarbosa Holding S.A
Brazil	Foreign	Cencosud Brasil Comercial Ltda.
Brazil	Foreign	Mercantil Rodrigues Comercial Ltda..
Brazil	Foreign	Perini Comercial de Alimentos Ltda.
Peru	Foreign	Cencosud Perú
Peru	Foreign	Teledistribución S.A.
Peru	Foreign	Almacenes Metro S.A.
Peru	Foreign	E. Wong S.A.
Peru	Foreign	Cencosud Retail Peru S.A.
Peru	Foreign	Tres Palmeras S.A.
Peru	Foreign	Las Hadas Inversionistas S.A.
Peru	Foreign	Cinco Robles SAC
Peru	Foreign	ISMB Supermercados S.A.
Peru	Foreign	Travel International Partners Perú S.A.
Peru	Foreign	Loyalty Peru SAC.
Peru	Foreign	Banco Cencosud S.A.

2.5 Foreign currency transaction

2.5.1 Functional and presentation currency

Each entity included in these consolidated financial statements is measured using its functional currency, which is the currency of the main economic environment where the entity operates. The consolidated financial statements are presented in Chilean pesos.

In the case of international investments, the functional currency of each company has been defined as the local currency, as the business has a local focus and it is involved in the retail business.

The functional currency of each subsidiary was the Group operates is:

Country	Functional currency
Chile	Chilean peso
Argentina	Argentine peso
Brazil	Brazilian Real
Peru	Peruvian Nuevo Sol
Colombia	Colombian peso
China	Yuan

If the presentation currency differs from the functional currency of the entity, this entity must translate its results and financial position to the selected presentation currency, which in this case is the Chilean peso.

2.5.2 Transactions and balances

Transactions in foreign currency and adjustable units ("Unidad de Fomento" or "UF") are recorded at the exchange rate of the corresponding currency or adjustable unit as of the date on which the transaction complies with the requirements for its initial acknowledgement. The UF is a Chilean inflation-indexed, peso-denominated monetary unit. The UF rate is set daily in advance based on changes in the previous month's inflation rate. At the close of each statement of financial position the monetary assets and liabilities denominated in foreign currencies and adjustable units are translated into Chilean pesos at the exchange rate of the corresponding currency or adjustable unit. The exchange difference arising, both from the liquidation of foreign currency operations, as well as from the valuation of foreign currency monetary assets and liabilities, and the difference arising from the changes in adjustable units are recorded in the statement of income.

Transactions in foreign currency will be translated to the functional currency using the exchange rates in effect at the time of each transaction. Gains and losses in foreign currency that result from the liquidation of the transactions and from the translation at the current exchange rates at the closing of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Exchange rates

The assets and liabilities held in foreign currency and those set in UF (indexation unit), are presented at the following exchange rates and closing values:

Date	Ch$/US$	$Ch/Uf	$Ch/$ Ar$	$Ch/Colombian$	$Ch/ Peruvian nuevo sol	$Ch/ Brasilian real	$CL/ Chinese yuan
12-31-2013	524.61	23,309.56	80.49	0.27	187.49	222.71	86.49
12-31-2012	479.96	22,840.75	97.70	0.27	188.15	234.98	77.02
12-31-2011	519.20	22,294.03	120.74	0.27	193.27	278.23	82.48
12-31-2010	468.01	21,455.55	117.78	0.25	166.79	281.31	70.84
12-31-2009	507.10	20,942.88	133.48	0.25	175.65	290.94	74.30

Group entities

The results and financial position of all the entities of Cencosud Group (none is in a hyperinflationary economy), that have a functional currency different than the presentation currency, are translated to the presentation currency as follows:

a. Assets, liabilities and equity of each statement of financial position are translated at the closing exchange rate of the closing date of the accounting period.

b. Revenues and expenses of each statement of income are translated at average exchange rate (unless this average does not represent a reasonable approximation of the accumulative effect of the rates existing on the transaction dates, in which case income and expenses are translated at the exchange rate of the date of the transaction); and

c. All the resulting exchange differences are recognized in other comprehensive income.

On consolidation, the exchange rate differences arising from the translation of a net investment in foreign operations (or national entities with a functional currency that is different than the holding company), are recorded in net equity. When an investment is sold or disposed of (in part or entirely), exchange differences are recorded in the statement of income as part of the gain or loss on sale.

Adjustments to goodwill and to fair value of the assets and liabilities arising from the acquisition of a foreign entity (or entity with a functional currency different to that of the holding company) are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

2.6 Financial information of operating segments.

Segment information is reported in a manner consistent with the internal reports delivered to those responsible for making the relevant operating decisions. Such executives are in charge of allocating resources and assessing the performance of the operating segments, which have been identified as:

Supermarkets, department stores, home improvement stores, shopping centers, financial services and other for which the strategic decisions are made.

This information is detailed in Note 28.

2.7 Property, plant and equipment.

Property, plant and equipment are measured at the acquisition cost, which includes the additional costs incurred until the asset is in operating condition, less the accumulated depreciation and the impairment losses.

Impairment losses are recorded as expenses in the Company's consolidated statements of income by function.

Depreciation is recorded in the statement of income following the straight line method considering the useful life of the different components.

Leasehold improvements are amortized over the shorter of useful life or the duration of lease agreements.

The Group reviews the residual value, useful life and depreciation method of the property, plant and equipment as of each reporting period. Modifications in the initially set criteria are recognized, according to the situation, as a change in an estimate.

Periodic expenses related to maintenance, conservation and repairs are recorded in the consolidated statement of i income by function as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to income during the financial period in which they are incurred.

2.8 Investment property.

Investments properties are assets maintained to generate income through lease which corresponds to land, buildings, work in progress and other constructions which are held to be leased or for a capital appreciation as a result of the increases occur in the future in their respective market prices. Investment properties are initially recognized at acquisition cost which mainly includes its purchase price and any directly attributable expenditure. The group has chosen as its accounting policy for subsequent valuations of these assets the fair value model, using the methodology of discounting the future cash flows to an appropriate discount rate. The Management estimated at each statement of financial position variations of this value, according to the discounted cash flow model. Gains and losses arising from changes in fair value of investment properties are included in the income statement as they occur and are not subject to annual depreciation. The results generated by the revaluation, not part of the taxable income and tax are excluded in determining the distributable net result in the determination of interim dividends.

2.9 Intangible assets.

2.9.1 General.

Intangible assets are those non-monetary assets without physical substance that are susceptible of being singled-out and identified, either because they are separable or because they arise from a legal or a contractual right. The only intangible assets recorded in the statement of financial position are those assets whose cost can be measured in a reliable way (or identified and recorded at fair value in a business combination) and those that the Group expects will generate future economic benefits.

In the case of intangible assets with an indefinite useful life, the Company considers that these maintain their value constantly over time, and therefore are not amortizable. However, these are tested for impairment annually, or more frequently, if events or changes in circumstances indicate a potential impairment.

2.9.2 Goodwill.

The goodwill represents the excess of the acquisition cost over the fair value of the Group's interest in the identifiable net assets of the subsidiary/associate as of the date of acquisition. Goodwill related to subsidiary acquisitions is included under intangible assets. Goodwill related to acquisitions of associates is included under investments in associates, and is tested for impairment along with the total balance of the associate.

Goodwill is not amortized; it is subsequently measured at cost less accumulated impairment losses and is tested for impairment annually. To perform this analysis, goodwill is allocated among the cash generating units that are expected to benefit from the business combination that generated the goodwill, and an estimation of the recoverable amount of the cash generating units through the method of the discounted cash flows estimated for each of the cash generating units. If the recoverable amount of any of the cash generating units is lower than the discounted cash flows, a loss should be recorded to income for the period. A loss from impairment of goodwill cannot be reversed in subsequent periods.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense.

Gains and losses related to the sale of an entity include the book value of the goodwill related to the sold entity.

2.9.3 Commercial brands.

Commercial brands correspond to intangible assets of indefinite useful life that are shown at its historic cost, less any impairment loss. Trademarks acquired in a business combination are recognized at fair value at the acquisition date. These assets are subject to impairment tests annually or more frequently when events indicate that impairment may exist.

2.9.4 Information technology and licenses.

The licenses and database for information technology that have been acquired are capitalized at the cost incurred in the purchase plus the cost of implementation of the specific application. These expenses are amortized over the estimated useful life.

The corresponding development and maintenance expense of information technology are recorded as an expense of the period. Costs directly related with the production of unique and identifiable information technology that are controlled by the Group, and that may generate economical benefits that exceed the costs for over a year, are recognized as intangible assets. The direct costs include the expenses related to the personnel developing the application.

Development costs of technology recognized as assets are amortized over their estimated useful life.

2.10 Borrowing costs.

General and specific borrowing costs directly attributable to the acquisition, construction or production of any qualified assets as described in Notes 2.7 and 2.8, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the assets are ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit and loss in the period in which they are incurred.

2.11 Impairment loss of non-financial assets.

The assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. The assets subject to amortization are reviewed for impairment tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

To test if the assets have suffered an impairment of value, the Group compares the book value of the assets with their recoverable amount and recognizes an impairment loss for the excess of the book value over its recoverable amount.

The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Non-financial assets other than goodwill that have experienced an impairment loss are subject to subsequent impairment reviews as of each statements of financial position closing date in case a reversal of the loss may have occurred. If this situation occurs, the recoverable amount of the specific asset is recalculated and its amount increased if necessary. The increase is recognized in the Consolidated Statement of Comprehensive Income as a reversal of impairment losses. The increase in the asset resulting from the reversal of the impairment loss is limited to the amount that would have been recognized had there been no impairment.

2.12 Financial assets.

The Group classifies its financial assets within the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. The Group sets the classification of the investments at the time of the initial recognition. Purchases or sales of financial assets are accounted for as of the settlement date, which is the date when the asset is delivered or received by the Company.

2.12.1 Financial assets at fair value through profit or loss.

This category has two subcategories: (i) financial assets held for "trading" and (ii) those designated at the beginning as financial assets at fair value through profit or loss. The gains and losses that arise from the changes in their fair value are included in the net results of the period. A financial asset is classified at fair value through profit or loss if it is acquired mainly with the purpose of selling it in the short-term or if it is designated as such. The financial derivative instruments are classified as held for trading unless they are designated as hedging instruments.

Assets within this category are classified as current if they are held for trading or if they are expected to be realized within twelve months of the date of the financial statements.

2.12.2 Trade receivables and other receivables.

Trade receivables are financial assets other than financial derivative instruments, with fixed payments or with established amounts that are not traded the financial market. They are included within current assets, with the exception of those maturing in over twelve months from the closing date of the financial statements, in which case they are classified as non-current assets.

Account receivables originated by the Company with a maturity in excess of 90 days are measured at their "amortized cost" by recognizing in income the accrued interests based on the effective interest rate (IRR). Amortized cost means the initial cost less the amortization of principal and the accumulated amortization based on the effective interest rate, considering the potential reductions due to impairment or payment default. Impairment for these assets happens when there is objective evidence that the Company will not be able to collect all the balances according to the original terms of the account receivable. The amount of the impairment allowance is the difference between the net accounting value and the present value of the discounted cash flows, discounted at the effective interest rate. The change in the impairment allowance is recorded against the Company's income.

The effective interest rate is that which equals the future cash flows with the initial net asset value.

A value impairment allowance for trade accounts receivable is set when there is objective evidence that the Company will not be able to collect all the payments according to the original terms of the accounts receivable. Some indicators of potential impairment of accounts receivable are debtor's financial difficulties, probability that the debtor will start a bankruptcy process or a financial restructuring, default or failure to pay, as well as the experience related to the behavior and characteristics of the collective portfolio.

The amount of the allowance is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The book value of the asset is reduced through the allowance account and the amount of the loss is recorded in the statement of income.

2.12.3 Financial assets and liabilities offset

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis to realize the asset and settle the liability simultaneously.

2.13 Derivative financial instruments and hedging activity.

The derivative financial instruments are initially recorded at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value through the income account, except in the specific case of the accounting of hedging instruments. In order to classify a derivative as a hedging instrument for accounting purposes, the Company documents (i) as of the transaction date or at designation time, the relationship or correlation between the hedging instrument and the hedged item, as well as the risk management purposes and strategies, (ii) the assessment, both at designation date as well as on a continuing basis, whether the instrument used is effective to offset changes in fair value or in the cash flow of the hedged item. A hedge is considered effective when changes in the fair value or in the cash flow of the underlying directly attributable to the risk hedged are offset with the changes in fair value, or in the cash flow of the hedging instrument with effectiveness between 80% to 125%.

The method to recognize a gain or loss resulting from each valuation will depend on whether the derivative is designated as a hedge or not, and on the nature of the inherent risk of the hedged party. The Group designates certain derivatives as: i) fair value hedge of assets and liabilities recorded in the statements of financial position or and; ii) hedge of asset and liability cash flows recorded in the statements of financial position as highly probable transactions.

Hedges that meet the strict hedging accounting criteria are booked in accordance with IAS 39 "Financial instruments: Recognition and Measurement."

The Group documents at the inception of the transaction the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking various hedging transactions. The Company also documents their evaluation, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly offsetting changes in fair values or cash flows of the hedged items.

2.13.1 Fair value hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the covered parties that can be attributable to the hedged risk.

The gain or loss related to the effective portion of interest rate swaps that hedge the loans at fixed interest rates is recognized in the statement of gains and losses as "financial expenses."

The gain or loss related to the ineffective portion is also recorded in the statement of income. The changes in the fair value of the loans at a fixed rate that can be related to the interest rate risk are recorded in the statement of income under "financial expenses."

If the hedge ceases to comply with the requirements to be recorded following the hedge accounting guidance, the adjustment in the book value of the hedged party for which the effective rate method is being used will be amortized in income over the remaining period until its maturity.

2.13.2 Cash flows hedges

The effective portions of the changes in the fair value of derivatives that have been designated and qualify as cash flows hedges are recorded in net equity through other comprehensive income. The gain or loss related to the ineffective portion is recorded immediately in the statement of income.

The accumulated amounts in net equity are included in the statement of income in the periods in which the hedged parties impact the income account.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income within "other gains/(losses)—net".

2.13.3 Financial assets—options.

In order to determine the fair value of call options (a financial asset), the company considers the net present value of the discounted cash flows of the underlying asset and an analysis of market comparable.

Options contracts incorporated into the agreements between Cencosud S.A. and UBS A.G. London Branch "UBS" (note 23.5) are recognized in the financial statements of Cencosud S.A. as follows:

- The put option was initially accounted for as a liability with a charge to the equity account other reserves, at the present value of the estimated exercise price, in accordance with the provisions of IAS 32 "Financial Instruments: Presentation."
- After the initial recognition, all variations in the value of the put option are recorded against profit and loss.
- After their initial recognition, the call option is accounted at fair value through profit or loss. The fair value is the present value of the difference between the amount to be paid to exercise the option and the fair value of the underlying shares.
- If the call option is exercised, the asset will be derecognized together with the cash provided as the exercise price, with a credit to non-controlling interest and other reserves within equity. The liability for the put option will be reversed with a credit to the equity account other reserves.
- If the put option is exercised, the corresponding liability will be derecognized with a balancing entry for the cash outflow given as the exercise price. The non-controlling interest will be derecognized against the asset for the call option (if any) and against the equity account other reserves.

The Cencosud acquired 38.6062% of the stocks of Jumbo Retail Argentina S.A., held by UBS. Additionally, Cencosud and UBS agreed on ceasing the call and put option contracts. The impact from this transaction was presented in other reserves in the statement of changes in net equity.

2.14 Inventory.

Assets recorded under inventory are stated at the lower value between acquisition cost or production cost, and the net realizable value.

The net realizable value is the estimated sales price in the normal course of operations, less estimated costs necessary to complete the sale.

Commercial and other discounts as well as other similar entries are deducted in the determination of the acquisition price.

The valuation method of the inventory is the Weighted Average Cost.

The cost of inventory includes all the costs related to the acquisition and transformation of the inventory, as well as other costs that may have been incurred to achieve their current condition and location, among which the cost of consumed material, labor, and manufacturing expenses are included.

2.15 Trade debtors and other receivables.

Trade accounts receivable are recognized initially at their fair value (nominal value including an implicit interest) and subsequently recorded at their amortized cost according to the effective interest rate method, less the impairment allowance.

A value impairment allowance for trade accounts receivable is set when there is objective evidence that the Company will not be able to collect all the payments according to the original terms of the accounts receivable. Some indicators of potential impairment of accounts receivable are debtor's financial difficulties, probability that the debtor will start a bankruptcy process or a financial restructuring, default or failure to pay, as well as the experience related to the behavior and characteristics of the collective portfolio.

The implicit interest is separated from the rest of the balance and is recorded as a financial income as the interests are accrued.

The amount of the allowance is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The book value of the asset is reduced through the allowance account and the amount of the loss is recorded in the income statement.

2.16 Cash and cash equivalents.

Cash and cash equivalents include cash-in-hand, time deposits at financial entities, other liquid short-term investments with a high liquidity usually with an original maturity of up to three months and bank overdrafts. In the statement of financial position, if there are overdrafts, these are recorded under the line other financial liabilities within the line bank loans.

2.17 Loans and other financial liabilities.

Loans, debt arising from bond issuances and financial liabilities are initially recorded at their fair value, less the transaction costs that are directly related to the transaction. Afterwards, the financial liabilities held by the Group are measured at their amortized cost using the effective rate method.

The effective rate is that which matches future payments with the net initial value of the liability.

2.18 Trade payables and other payables.

The trade creditors and other accounts payable are recorded at their nominal value, as their average payment terms are small and there is not a relevant difference with their fair value.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Provisions.

Provisions are recorded in the statements of financial position when:

a. The Group has a present obligation (either legal or implicit) as a result of past events,

b. It is probable that a resource outflow will occur that incorporate economic benefits to extinguish the obligation, and

c. A reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the cash outflows that are expected to be necessary to settle the liability, considering the best information available at the date of the annual financial statements, and are restated at the closing of each accounting period. The discount rate used to establish the present value reflects the current market assessments, at the date of the financial statements, of the time value of money, as well as the specific risk related to the specific liability.

2.20 Employee benefits

2.20.1 Staff vacations.

The Company records vacation benefits expense following the accrual method. This benefit corresponds to all the personnel and is equivalent to a fixed amount according to the contracts of each employee. This benefit is recorded at its nominal value.

2.20.2 Employee Benefit Plans

The Group, in its Brazilian operations has a pension plan among other benefits with the employees. These commitments, both defined benefit and defined contribution, are instrumented through pension plans.

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of the future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any refund from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plans are recognized in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognized immediately in profit and loss. The Group recognizes gain and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined Contribution plans

Obligations for contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

2.21 Revenue recognition.

Revenue recognition corresponds to the gross entry of economic benefits during the period from the Group operations. The revenue amount is shown net of any tax levy, price discounts and other items that impact the sales price.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Ordinary revenue from sales of goods.

The sales of goods are recorded when the risks and benefits that rise from the ownership of the goods are substantially transferred, the amount of the income can be accurately calculated, and the collection of the sales is deemed probable.

Ordinary revenue from leases.

Revenue obtained from leases is recognized in a straight-line over the life of the corresponding contracts as per IAS 17.

Interest income.

The financial income derived from the Group's commercial cards is recorded on an accrual basis according to the terms agreed upon with the customers. Interest is recognized using effective interest rate method.

When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

Revenues from insurance brokerage, travel agencies and family entertainment centers.

The Company has income from personal and/or large-scale insurance brokerage exclusively to customers of the companies involved in the Group. The commission is recognized as earned over the term of the related coverage.

The Company generates revenues from domestic and international travel agency services. Commissions are recognized monthly and when the risks and benefits inherent in the transactions have been transferred to third parties.

The Company has revenues from of family entertainment services which are part of the malls of the Group. Revenue is recognized when services have been effectively provided.

Customer loyalty program.

The Group operates a loyalty program where customers accumulate points for purchases made, which entitle them to discounts on future purchases. The reward points are recognized as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognized as deferred income at their fair value.

Revenue from the reward points is recognized when the points are redeemed. Breakage is recognized as reward points are redeemed based upon expected redemption rates. Reward points expire 12 months after the initial sale.

2.22 Deferred income.

Cencosud registers deferred income for various transactions from which cash is received and when the conditions to register the income described in Note 2.21 have not been met, such as cash received at the beginning of the issuance of the Group's investment property rental contracts.

Deferred income is recorded in the statement of income on an accrual basis and when the commercial and contractual conditions are met.

2.23 Leases.

Leases are classified as financial when they substantially transfer all the risks and benefits related to the ownership of the good. All other leases are considered as operating.

Goods acquired through a finance lease are recorded as non-current assets, and are initially measured at the present value of the minimum future payments or at its fair value if it is lower, reflecting the corresponding debt with the lessor as a liability. The payments made are detailed between the debt repayment and the corresponding financial burden, which is recorded as a financial expense for the year.

In the case of operating leases, the expense is recorded in a straight line according to the life of the lease contract for the fixed lease portion. The contingent leases are recorded as an expense of the period in which the payment appears probable, as well as the increments of fixed rent indexed by the fluctuation of the consumer price index.

2.24 Current and deferred income taxes.

The tax expense for the period is comprised of current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current tax is that which is estimated that will be paid or recovered during the period, using approved legal tax rates, or about to be approved at the date of the financial position statement, corresponding to the current period and including an adjustment corresponding to income taxes payable or recoverable from prior periods.

The deferred tax is calculated using the liability method, which identifies the temporary differences that arise from carrying balances used for the purpose of financial information and those used for tax purposes. The deferred tax liability corresponds to the amounts payable in the future from the temporary tax differences, and the deferred tax assets are those amounts recoverable as a result of temporary deductible differences, compensating negative taxable income balances or tax deductions pending application.

The assets and liabilities from deferred income taxes are measured at the rates applicable in the corresponding periods when the assets will be realized or the liabilities will be paid, based on approved current legal regulations at the date of the financial statements and after considering all tax consequences that derive from the way that the Group expects to recover the assets and liquidate the liabilities.

A deferred income tax asset is recorded only up to the point that it is probable that there will be future fiscal gains, against which unused fiscal credits can be applied. The deferred income tax assets accounted for, as well as those not accounted for, are subject to review at every closing date.

The deferred income tax rate is accrued from the temporary differences that arise from the investments in subsidiaries and affiliates, except when the Company has control over the time when the temporary differences will be reversed, and what it is probable that the temporary difference will not be reversed in the foreseeable future.

The deferred income tax assets and liabilities are recorded in the consolidated financial statements as non-current assets and liabilities, independently of their expected date of realization or liquidation.

The deferred income tax assets and liabilities are compensated when there is a legally executable right to compensate the current tax assets with the current tax liabilities and when the deferred income tax asset and liability are related to the income tax that is levied by the same tax authority to the same tax subject or to different tax subjects where there is the intention of liquidating the balances over a net basis.

2.25 Payment of dividends.

The payment of dividends to the Company's shareholders is recorded as a liability in the annual accounts of the Group in the period in which the dividends are approved by the Company's shareholders or when the corresponding liability is accrued according to legal regulations or the by-laws set at the Shareholders' Meeting.

2.26 Paid-in capital.

The Company's paid-in capital is represented by ordinary shares.

The incremental costs that can be directly allocated to the issuance of new shares are presented as a reduction to net equity, net of income taxes.

2.27 Share-based payments.

Compensation plans implemented through the use of stock options are recognized in the financial statements applying IFRS 2 "Share-based payments", booking the expenses associated with the services provided by company executives at the time that these are incurred booking a credit in the account of other equity reserves.

The Company determines the fair value of the services received by referring to the fair value of the equity instruments at the date on which they are issued. The plan that issues the stock options based on continued employment assumes that the services will be received on a lineal basis up to the maturity date of the stock options. Likewise, in the case of stock options based on performance, it is assumed that the services will be received on a lineal basis up to the maturity date of the stock options.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, including any performance condition and to have a current employment contract with the Company or any of its subsidiaries in Chile or abroad and the employment relationship has-not been interrupted from the date of signature of this contract until the date of execution of stock options.

At each year end, the Company reviews the estimations of the number of options that can be exercised.

Once the options are exercised, the Company will decide if new compensation payments in shares will be issued

2.28 Cost of sales.

Cost of sales includes the cost of acquiring products sold and other costs incurred to bring inventory to the locations and conditions necessary for their sale. These costs primarily include acquisition costs net of discounts obtained, non-recoverable import expenses and taxes, insurance and costs for transporting products to distribution centers.

Cost of sales also includes losses related to the credit card receivable portfolio from the financial services segment.

2.29 Other expenses by function.

Other expenses by function includes, primarily, advertising expenses that the company incurs to promote its products and brands.

2.30 Distribution costs.

Distribution costs include all expenses necessary to deliver products to customers.

2.31 Administrative expenses.

Administrative expenses include payroll and personnel compensation, depreciation of property, plant and equipment for administrative purposes, amortization of non-current assets, and other overhead and administrative expenses.

2.32 Change in accounting policies

The Group has adopted the new accounting policies and pronouncements as set out in note 2.2, none of the new amendments and pronouncements had a significant impact on the group's consolidated financial statements in 2013.

2.33 Non-cash transactions

The Group has not accounted for any non-cash investing or financing transaction related to a business combination in 2013. The acquisitions of assets via a finance lease are set out in note 17.5; these transactions have not been included in the consolidated statement of cash flows.

3 Risk management policies

3.1 Position-taking financial instruments.

3.1.1 Categories of financial instruments (classification and presentation).

The Company's position-taking instruments are classified based on their nature, characteristics and the purpose for which they have been acquired or issued.

As of December 31, 2013, and 2012 the Company classifies its financial instruments as follows: Table 1-1. Classification of financial instruments.

December 2013

Classification	Group	Type	Note	At amortized cost Book value ThCh$	At amortized cost Fair value (Informational) ThCh$	At fair value Book value ThCh$
At fair value through profit or loss	Mutual funds Derivatives	Mutual fund shares	6			40,759,800
	Other financial instruments	Shares	6			38,198
		Financial investments long term	6			8,785,942
		Other financial investments	6			185,553
Credit cards and Trade receivables, net	Cash and equivalents	Cash balances	5	47,627,336	47,627,336	
		Bank balances	5	105,893,186	105,893,186	
		Short-term deposits	5	18,191,103	18,191,103	
	Receivables Credit card and Trade (2)	receivables, net	8	1,289,287,365	1,368,550,076	
	Receivables from related entities	Receivables from related entities, current	9	432,303	432,303	
		Receivables due from Bretas	6	15,031,535	15,031,535	
	Tax assets	Tax assets, current	16	22,797,3033	22,797,303	
Financial liabilities and payables	Bank loans (1)	Current	17	441,070,635	443,902,235	
		Non-Current	17	420,811,688	422,705,217	
	Bond debt (1)	Current	17	74,815,992	76,569,908	
		Non-Current	17	1,676,045,068	1,766,658,876	
	Other loans (leases)	Current	17	4,808,673	4,808,673	
		Non-Current	17	27,779,079	27,779,079	
	Time deposits and Term savings accounts	Current	17	151,918,114	151,918,114	
		Non-Current	17	48,923,826	48,923,826	
	Debt purchase Subsidiaries (Bretas—Prezunic and Johnson´s)	Current	17	53,727,111	53,727,111	
		Non-Current		34,919,748	34,919,748	
	Letters of credit	Non-Current	17	9,511,591	9,511,591	
	Other financial liabilities—other	Current	17	12,450,378	12,450,378	
	Trade payables,	Current	18	1,737,920,899	1,737,920,899	
		Non-Current	18	4,956,289	4,956,289	
	Withholding taxes	Current	18	220,072,319	220,072,319	
		Non-Current	18	3,998,528	3,998,528	
	Payables to related entities, current	Current	9	556,494	556,494	
	Tax liabilities	Current	16	63,131,459	63,131,459	
Hedges	Hedging derivatives	Cash flow hedging Liabilities	17			358,936
		Cash flow hedging assets	6			77,188,270

December 2012

Classification	Group	Type	Note	At amortized cost		At fair value
				Book value	Fair value (Informational)	Book value
				ThCh$	ThCh$	ThCh$
At fair value through profit or loss	Mutual funds Derivatives	Mutual fund shares	6			65,183,729
		Derivatives at fair value with changes in results	6			2,946,670
	Other financial instruments	Shares	6			36,469
		Financial investments long term	6			852,289
Credit cards and Trade receivables, net	Cash and equivalents	Cash balances	5	53,106,390	53,106,390	
		Bank balances	5	164,801,594	164,801,594	
		Short-term deposits	5	19,812,821	19,812,821	
	Receivables Credit card and Trade	Receivables, net	8	1,200,932,966	1,268,286,977	
	Receivables from related entities	Receivables from related entities, current	9	323,624	323,624	
	Tax assets	Tax assets, current	16	31,269,885	31,269,885	
Financial liabilities and payables	Bank loans(1)	Current	17	954,868,162	982,057,492	
		Non-Current	17	531,859,027	538,626,881	
	Bond debt (1)	Current	17	25,513,254	27,913,012	
		Non-Current	17	1,663,382,237	1,712,058,615	
	Other loans (leases)	Current	17	5,453,350	5,453,350	
		Non-Current	17	28,596,747	28,596,747	
	Time deposits	Current	17	126,858,783	126,858,783	
		Non-Current	17	46,883,852	46,883,852	
	Debt purchase Subsidiaries (Bretas—Prezunic and Johnson´s)	Current	17	27,452,688	27,452,688	
		Non-Current	17	71,907,667	71,907,667	
	Letters of credit	Non-Current	17	10,209,850	10,209,850	
	Other financial liabilities—other	Current	17	29,115,522	29,115,522	
	Trade payables,	Current	18	1,703,761,965	1,703,761,965	
		Non-Current	18	1,303,392	1,303,392	
	Withholding taxes	Current	18	197,295,354	197,295,354	
		Non-Current	18	6,107,410	6,107,410	
	Payables to related entities, current	Current	9	974,469	974,469	
	Tax liabilities	Current	16	46,798,474	46,798,474	
	Other financial liabilities	Cross currency swaps	17			7,624,595
		Put options				
Hedges	Hedging derivatives	Cash flow hedging Liabilities	17			11,819,843
		Cash flow hedging assets	6			40,154,935

(1) *The fair value for disclosure purposes has been determined using discounted cash flow pricing models. Significant inputs include the discount rate used to reflect the credit risk associated with Cencosud S.A., these inputs are within level 2 of the fair value hierarchy.*

(2) *The fair value of current receivables is not notably different to its carrying amount, as the impact of discounting is not significant.*

3.1.2. General characterization.

The Company maintains instruments classified at fair value through profit and loss for trading and risk management (derivate instruments not classified as cash flow or fair value hedges purposes). This category is comprised mainly of investments in mutual funds and derivatives.

The category "loans and Trade receivables net" includes bank balances, time deposits and receivables mainly from the credit card business, receivables from consumer credit loans of Banco Paris and notes receivable from customers when credit is extended using post-dated checks. As a result, this category of financial instruments combines the objectives of surplus optimization, liquidity management and financial planning to satisfy the Company's working capital needs.

Financial liabilities maintained by the Company include obligations with banks and financial institutions, bond issuances and payables, and certificate of deposit issued by Banco Paris and other liabilities.

Lastly, the Company has classified as hedges those derivative instruments determined to be highly effective in offsetting exposure to changes in the hedged item attributable to the hedged risk.

3.1.3. Accounting treatment of financial instruments (Note 2, accounting policies).

3.1.4. Valuation methodology (initially and subsequently).

Financial instruments that have been accounted for at fair value in the statement of financial position as of December 31, 2013 have been measured using the methodologies as set forth in IAS 39. These methodologies applied for each class of financial instruments are classified using the following hierarchy:

Level I: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

Level II: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level III: Inputs for assets or liabilities that are not based on observable market data.

The Group has established control framework with respect to the measurements of fair value. This includes a valuation team that has an overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the regional CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the fair value hierarchy in which such valuation should be classified.

Taking into account the nature and characteristics of the instruments maintained in its portfolio, the Company classifies its valuation methodologies in the three aforementioned levels. Currently, the valuation process considers internally developed valuation techniques, for which parameters and observable market inputs are used, mainly using the present value methodology.

The table below presents the percentage of financial instruments, valued under each method, compared to their total value.

In 2013, the Group has no financial instruments that have been valuated using inputs assessed as level III, however, the procedures above are in line with the Group policies regarding the estimation and review of the inputs used in fair-valuing financial asset and recurrent and non-recurrent non-financial assets, see note 4.

Table 1-4. Successive valuation methodologies.

December 2013

Classification	Group	Type	Note	Valuation method: Value	Level I	Level II	Level III	Amortized cost
				ThCh$	%	%	%	%
At fair value through Profit or loss	Mutual funds	Mutual fund shares	6	40,759,800	100			
	Shares	Shares	6	38,198	100			
	Other financial Instrument	Highly liquid financial instruments	6	8,785,942	100			
		Other financial investments	6	185,553	100			
Credit cards and trade Receivables, net	Cash and cash equivalents	Cash balances	5	47,627,336				100
		Bank balances	5	105,893,186				100
		Short-term deposits	5	18,191,103				100
	Receivables	Credit card and trade receivables, net	8	1,289,287,365				100
		Receivables due from Bretas	6	15,031,535				100
	Receivables from related entities	Receivables from related entities, current	9	432,303				100
	Tax assets	Tax assets, current	16	22,797,303				100
Financial liabilities and payables	Bank loans	Current	17	441,070,635				100
		Non-Current	17	420,811,688				100
	Bonds payable	Current	17	74,815,992				100
		Non-Current	17	1,676,045,068				100
	Other loans (lease)	Current	17	4,808,673				100
		Non-Current		27,779,079				100
	Deposits and savings Accounts	Current		151,918,114				100
		Non-Current	17	48,923,826				100
	Debt purchase Bretas	Current	17	53,727,111				100
		Non-Current	17	34,919,748				
	Letters of credit	Current	17	9,511,591				100
	Other financial liabilities	Current	17	12,450,378				100
	Trade payables	Current	17	1,737,920,899				100
		Non-Current	17	4,956,289				100
	Withholding taxes	Current	18	220,072,319				100
		Non-Current	18	3,998,528				100
	Payables to related entities	Current	18	556,494				100
	Tax liabilities	Current	9	63,131,459				100
Hedges	Hedging derivatives	Cash flow hedging liabilities	17	358,936		100		
		Cash flow hedging assets	6	77,188,270		100		

December 2012

Classification	Group	Type	Note	Valuation method: Value	Level I	Level II	Level III	Amortized cost
				ThCh$	%	%	%	%
At fair value through Profit and loss	Mutual funds	Mutual fund shares	6	65,183,729	100			
	Derivatives	Derivatives at fair value with changes in results	6	2,946,670		100		
		Call option (call)						
	Other financial Instrument	Shares	6	36,469	100			

		Other financial investments	6	852,289	100	
Credit cards and trade Receivables, net	Cash and cash equivalents	Cash balances	5	53,106,390		100
		Bank balances	5	164,801,594		100
		Short-term deposits	5	19,812,821		100
	Receivables	Credit card and trade receivables, net	8	1,200,932,966		100
	Receivables from related entities	Receivables from related entities, current	9	323,624		100
	Tax assets	Tax assets, current	16	31,269,885		100

Classification	Group	Type	Note	Valuation method Value	 Level I	 Level II	 Level III	Amortized cost
				ThCh$	%	%	%	%
Financial liabilities and payables	Bank loans	Current	17	954,868,162				100
		Non-Current	17	531,859,027				100
	Bonds payable	Current	17	25,513,254				100
		Non-Current	17	1,663,382,237				100
	Other loans (lease)	Current	17	5,453,350				100
		Non-Current	17	28,596,747				100
	Deposits and savings Accounts	Current	17	126,858,783				100
		Non-Current	17	46,883,852				100
	Debt purchase Bretas	Current	17	27,452,688				100
		Non-Current	17	71,907,667				
	Letters of credit	Current	17	10,209,850				100
	Other financial obligations	Current	17	29,115,522				
	Trade payables	Current	18	1,703,761,965				100
		Non-Current	18	1,303,392				100
	Withholding taxes	Current	18	197,295,354				100
		Non-Current	18	6,107,410				100
	Payables to related entities	Current	9	974,469				100
	Tax liabilities	Current	16	46,798,474				100
	Other financial liabilities	Cross currency swaps	17	7,624,595		100		
Hedges	Hedging derivatives	Cash flow hedging liabilities	17	11,819,843		100		
		Cash flow hedging assets	6	40,154,935		100		

Level I instruments are accounted from prices in an active market for directly observable and identical asset and liabilities.

Instruments classified as Level II correspond mainly to interest rate and cross currency swaps that have been valued by discounting the future cash flows stipulated in the contract for both the asset and liability component of each instrument. The structure of interest rates used to bring the future cash flows to present value is constructed based on the currency of each component and inferred from transactions involving risk-free instruments in the relevant market.

In order to estimate the fair value of debt instruments not accounted for at amortized cost, the Company has estimated the cash flows from variable interest obligations using relevant swap curves. The structure of interest rates used to bring the future cash flows to present value is constructed based on the currency of each obligation and corresponds to the risk-free curve in the relevant market plus a credit spread inferred from the initial contractual conditions of each obligation.

In addition, the fair value for informational purposes (Table 1-1) has been estimated for those instruments accounted for at amortized cost. For instruments maturing in less than one year, the Company has determined that the fair value does not differ significantly from the book value presented. The criteria adopted is applied to balances maintained in trade and other receivables, cash and cash equivalents, trade and other payables and the current portion of bank loans and bonds payable.

The Group recognizes transfers between levels of the fair value hierarchy at the end the reporting period during the change has occurred. As of December 31, 2013, there have been no transfers between level I and II, and transfers out of level III to another level of fair value.

3.1.5 Master netting or similar agreements

The Group does not have any hedged positions that qualify for netting mostly due to; (a) the hedge activities that the Group uses mostly relate to financial liabilities such as bank obligations and bonds, and (b) the position of the fair value of these derivatives contracts, hedging interest rate and exchange rates fluctuations, were favorable and thus presented as a assets as of December 31, 2013 and 2012.

3.1.6. Particular effects on equity accounts.

As of December 31, 2013, the Group presents in the statement of equity the effect relating to derivatives instruments for cash flow hedges deemed as effective, namely derivative contracts (cross currency swaps) with Banco Santander for UF 2,257,437 (equivalent to 280,000,000 soles) related to Incabond Hedge which maturity date is in 2018, hedges by US$ 535,000,000 related to the 144a bond issuance which maturity is on 2021, hedges by US$ 910,000,000 related to the 144a bond issuance which maturity is on 2023, hedges by US$ 100,000,000 related to the Scotiabank which maturity is on 2017, hedges by US$ 50,000,000 related to the Rabobank which maturity is on 2018, and hedges by US$63,600,000 related to bank loans belongs to the subsidiary in Peru.

During the first quarter of 2013, the Company settled US$1,650,000,000 forward derivatives hedging exchange rate fluctuations relating to the JP Morgan Bridge Loan.

As of December 31, 2012 the company present US$1,650,000,000 short term forwards derivatives to hedge the exposure to the fluctuation of the foreign exchange rates related to the outstanding balance of the bridge loan with JP Morgan bank. As for this short term operation, the company had a “Roll-over” strategy of automatic renewal which continued until the stockholders meeting approved the issuance of new shares, which occurred during first semester of 2013. Those hedge transactions allowed to the company hedge the foreign exchange income statement impact due to debt denominated in foreign exchange.

3.1.7. Reclassifications.

As of the end of this reporting period, the Company has not reclassified any entries in the aforementioned financial instrument categories.

3.1.8. Embedded derivatives.

As of the end of this reporting period, the Company has not identified any embedded derivatives that should be valued independently from the host contract.

3.1.9. Non-compliance.

As of the end of this reporting period, the Company has not identified any non-compliance with the conditions related to outstanding liabilities.

3.1.10. Hedges.

The Company has entered into derivative contracts to hedge risks of fluctuations in exchange rates and interest rates. These instruments have been designated as hedges of eligible items and have been valued and accounted for as defined in the accounting criteria described in note 2.13.

Although the Company holds positions in financial instruments as part of its overall financial risk management strategy, only the following derivative instruments have been classified as accounting hedges:

Table 1-10. Hedges.

2013

Hedge type	Risk	Hedge subject classification	Group	Type	Book value (ThCh$)	Hedging instrument Group	Hedging instrument Type	Fair value (ThCh$)	Note
Cash flow	Interest rate	Financial liability	Bank obligations	BBVA NY	—	Derivate	Cross currency swap	(111,456)	17
Cash flow	Interest rate	Financial liability	Bank obligations	IFC Credit	—	Derivate	Interest rate swap	(247,480)	17
						Sub—total derivative		(358,936)	
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	US bond	—	Derivate	Cross currency swap	47,842,494	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	Inacabond 1	—	Derivate	Cross currency swap	2,147,318	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Bank of Tokio	—	Derivate	Cross currency swap	2,048,904	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Rabobank Crédito	—	Derivate	Interest rate swap	614,017	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Rabobank Crédito	—	Derivate	Cross currency swap	484,974	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Scotiabank Credit	—	Derivate	Cross currency swap	657,802	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	US Bond - 2	—	Derivate	Cross currency swap	23,392,761	6
						Sub—total derivative		77,188,270	

2012

Hedge type	Risk	Hedge subject classification	Group	Type	Book value (ThCh$)	Hedging instrument Group	Hedging instrument Type	Fair value (ThCh$)	Note
Cash flow	Interest rate and exchange	Financial asset	Bonds payable	US bond	—	Derivate	Interest rate swap	16,419,834	6
Cash flow	Interest rate and exchange	Financial asset	Bonds payable	US bond	—	Derivate	Cross currency swap	15,452,679	6
Cash flow	Interest rate and exchange	Financial asset	Bonds payable	Inacabond 1	—	Derivate	Cross currency swap	8,282,422	6
						Sub—total Derivative		40,154,935	
Cash flow	Interest rate	Financial liability	Bank obligations	IFC Credit	—	Derivate	Interest rate swap	(426,558)	17
Cash flow	Interest rate and exchange	Financial liability	Bank obligations	Rabobank Credit	—	Derivate	Cross currency swap	(1,336,032)	17
Cash flow	Interest rate and exchange	Financial liability	Bank obligations	Scotiabank Credit	—	Derivate	Cross currency swap	(3,178,389)	17
Cash flow	Interest rate and exchange	Financial liability	Bonds payable	US bond	—	Derivate	Cross currency swap	(3,409,953)	17
Cash flow	Interest rate and exchange	Financial liability	Bank obligations	Banco BBVA NY	—	Derivate	Cross currency swap	(2,978,132)	17
Cash flow	Interest rate and exchange	Financial liability	Bank obligations	Bank of Tokio	—	Derivate	Cross currency swap	(490,779)	17
						Sub—total derivative		(11,819,843)	

The cash flow hedges have been evaluated as highly effective. A cash flow hedge is intended to hedge exposure to changes in the cash flows that (i) are attributed to a particular risk associated with an asset or liability recorded previously (as all or some of the future interest payments of debt at variable interest), or a highly probable forecasted transaction and that (ii) may affect profit for the year.

For the described hedge, the financial risk refers to the potential upward deviation of equivalent cash flows in the functional currency (Ch$) such as interest payments for bonds and debt. The hedge strategy adopted enables the Company to fix the cash outflow expressed in the functional currency for all coupon payments being hedged.

3.2. Characteristics of financial risks.

The Board of Directors understands that it is imperative for the Company to have an institutional framework that protects its financial stability and sustainability by effectively managing financial risks.

In general terms, the Company’s efforts are aimed at maintaining a policy that is sustainable with the development of its business, which by nature incorporates an important number of associated risks. As a result, the Company’s strategy is focused on maintaining strong financial solvency, placing emphasis on obtaining the cash flows necessary for its investments, ensuring proper management of working capital and taking necessary actions to minimize the financial risk from exposure of its loan commitments in different currencies and interest rates.

The Company identifies the following risks relevant to its operations:

3.2.1. Credit risk.

The concept of credit risk refers to financial uncertainty, at different time horizons, related to complying with obligations entered into with counterparties, when contractual rights are exercised to receive cash or other financial assets from the Company.

3.2.1.1. Exposure:

The following table presents, as of December 31, 2013 and 2012, the amount in the financial asset category that best represents maximum exposure to credit risk without considering guarantees or credit enhancements.

Table 2-1-1. Exposure to credit risk by financial asset category.

As of December 31, 2013

Classification	Group	Type	Note	Book value (ThCh$)
At fair value through profit or loss	Mutual funds	Mutual funds shares	6	40,759,800
	Other	Other financial investments	6	185,553
		Shares	6	38,198
		Other financial investment	6	8,785,942
Credit cards and trade receivables net	Cash and cash equivalents	Cash balances	5	47,627,336
		Bank balances	5	105,893,186
		Short-term deposits	5	18,191,103
	Receivables	Credit card and trade receivables, net	8	1,289,287,365
		Receivables due from Bretas	6	15,031,535

As of December 31, 2012

Classification	Group	Type	Note	Book value (ThCh$)
At fair value through profit or loss	Mutual funds	Mutual funds shares	6	65,183,729
	Derivatives	Derivatives at fair value with changes in results	6	2,946,670
	Other	Shares	6	36,469
		Other financial instruments	6	852,289
Credit cards and trade receivables net	Cash and cash equivalents	Cash balances	5	53,106,390
		Bank balances	5	164,801,594
		Short-term deposits	5	19,812,821
	Receivables	Credit card and trade receivables, net	8	1,200,932,966

Credit risk exposure is primarily concentrated in credit card and trade receivables, please note 8.

3.2.1.2. Effect of guarantees on exposure.

As of the end of this reporting period, the Company has not received any guarantees or other credit enhancements that impact its credit exposure detailed above. However, trade receivables are adequately covered from operating risks with life insurance policies that cover the risk of death.

3.2.1.3. Concentrations.

As of the end of this reporting period, the Company identifies its concentrations for credit risk based on the relevant counterparty for each category of financial assets.

Table 2-1-2. Diversification of counterparties.

As of December 31, 2013

Classification	Group	Type	Counterparty	Exposure by type of instrument
				%
At fair value through profit or loss	Mutual funds	Mutual funds	Domestic banks	0
			Foreign banks	100
Trade receivables and credit card	Cash and cash equivalents	Cash balances	Domestic banks	13.88
			Foreign banks	86.12
		Bank balances	Domestic banks	58.06
			Foreign banks	41.94
		Short- term deposits	Domestic banks	40.48
			Foreign banks	59.52
	Receivables	Trade receivables, gross	Non-financial institutions	100

As of December 31, 2012

Classification	Group	Type	Counterparty	Exposure by type of instrument
				%
At fair value through profit or loss	Mutual funds	Mutual funds	Domestic banks	67.92
			Foreign banks	32.08
Trade receivables and credit card	Cash and cash equivalents	Cash balances	Domestic banks	7.71
			Foreign banks	92.29
		Bank balances	Domestic banks	0.01
			Foreign banks	99.99
		Short-term deposits	Domestic banks	57.00
			Foreign banks	43.00
	Receivables	Trade receivables, gross	Non-financial institutions	100

Non-financial institutions are mainly composed of clients' credit cards and receivables from other companies. (see note 8)

As presented above, a considerable portion of the Company's credit risk exposure stems from trade receivables, which, given the high degree of fragmentation of the customer portfolio (in terms of geographic location, age, socioeconomic level, among others), has been segmented using internal credit scales.

3.2.1.4. Financial assets that are not in default or impaired.

As part of its credit risk management activities, the Company constantly monitors the credit quality of counterparties for financial assets that are not in default or impaired. The following table details the credit quality by financial entity of the Company's investments:

As of December 31, 2013

Type	Counterpart	Amount of exposure (ThCh$)	Credit quality Solvency	Credit quality Outlook
Mutual funds	Foreign banks	40,759,799	(*)	Stable
Financial instruments	Bonds - Central bank of Chile	8,785,942	AAA	Stable

(*) All mutual funds included under "Foreign banks" have international risk ratings greater than or equal to A- as required by the Company's investment policy. The assets that are due but not impaired are presented in Note 8.

As of December 31, 2012

Type	Counterpart	Amount of exposure (ThCh$)	Credit quality Solvency	Credit quality Outlook
Mutual funds	Itaú	6,000,000	AA-	Stable
	Bci	13,960,000	AA+	Stable
	Scotiabank	3,600,000	AA	Stable
	Foreing banks	37,615,606	(*)	
	BanChile	1,308,123	AA+	Stable
	BBVA	2,700,000	AA+	Stable

(*) All mutual funds included under "Foreign banks" have international risk ratings greater than or equal to A- as required by the Company's investment policy. The assets that are due but not impaired are presented in Note 8.

3.2.1.5. Credit Risk from operations other than credit card business.

Credit risk from operations other than the credit card and banking businesses is limited primarily to balances maintained in notes payable from customers for sales with post-dated checks and external credit cards, which are generally recoverable in 30, 60 and 90 days, and investments in time deposits, bank balances and mutual funds. The Company monitors the latter using the credit risk rating granted by risk rating agencies. In addition, it targets its investments in mutual funds toward portfolios with highly solvent underlying assets, properly diversified assets and consistent management by the fund manager.

3.2.1.6. Credit Risk from the credit card business.

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

3.2.1.6.1 Business definition.

The financial business is defined as one more element of Cencosud's value offering, which complements the comprehensive product and service offerings the Company provides through each of its retail business units and is aimed at building long-term relationships with our customers. The largest percentage of the financial retail business corresponds to the Más Credit Card in Chile, which has been operating for more than 20 years. The card's market penetration is less in other countries, such as Peru where it has been available for 2 years and 6 months with the name of Banco Cencosud Peru. In addition, the Company operates with Banco Bradesco in Brazil to develop the financial business in that country.

3.2.1.6.2. Risk Model

Foundations:

The Risk Management Model is tightly linked to the large-scale and fragmented nature of the retail cardholder portfolio with a very large volume of cardholders (more than 5,000,000 in the region) and average debt per cardholder of around US$ 500.

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

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

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

a. Key Risk Management Factors

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

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

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

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

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

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

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

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

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

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

3.2.1.7. Liquidity risk.

The concept of liquidity risk is used by the Company to refer to financial uncertainty, at different time horizons, related to its capacity to respond to cash needs to support its operations, under both normal and exceptional circumstances.

As of December 31, 2013 and 2012, the Company presents the following maturities for its financial instruments:

Table 2-2-1. Maturity analysis.

As of December 31, 2013

Classification	Instrument	Maturity 0—6 months ThCh$	6—12 months ThCh$	1—2 years ThCh$	2—3 years ThCh$	3—5 years ThCh$	More than 5 years ThCh$	Total liabilities ThCh$
	Total liabilities	2,425,990,035	466,310,043	394,683,208	322,358,525	331,096,348	2,079,392,357	6,019,830,516
Other financial liabilities current and non-current	Bank loans	155,452,528	305,116,405	128,565,783	221,372,801	95,999,770	1,093,302	907,600,589
	Bond debt	81,530,434	53,079,659	100,598,032	95,090,347	226,213,963	2,048,171,974	2,604,684,409
	Other loans	1,516,099	3,894,247	2,998,336	2,902,844	6,874,108	18,987,723	37,173,357
	Other financial liabilities (CCS—IRS)	314,911	—	44,025	—	—	—	358,936
	Time deposits	100,672,466	50,492,621	53,069,680	—	—	—	204,234,767
	Term savings accounts	1,049,251	—	—	—	—	—	1,049,251
	Letters of credit	—	—	2,039,031	1,011,599	2,008,507	11,139,358	16,198,495
	Deposits and other demand deposits	3,513,936	—	—	—	—	—	3,513,936
	Debt purchase Bretas—Prezunic—Johnson	—	53,727,111	32,938,814	1,980,934	—	—	88,646,859
	Other financial liabilities—Other	12,450,378	—	—	—	—	—	12,450,378
Commercial loans	Trade payables and other payables and non-current liabilities	1,957,993,218	—	8,954,817	—	—	—	1,966,948,033
	Other non-financial liabilities current and non-current	47,808,861	—	65,474,690	—	—	—	113,283,551
	Payables to related entities	556,494	—	—	—	—	—	556,494

As of December 31, 2012

Classification	Instrument	Maturity						
		0—6 months ThCh$	6—12 months ThCh$	1—2 years ThCh$	2—3 years ThCh$	3—5 years ThCh$	More than 5 years ThCh$	Total liabilities ThCh$
	Total liabilities	3,058,472,904	238,514,740	400,459,960	390,289,879	437,582,514	2,131,734,327	6,657,054,325
Other financial liabilities current and non-current	Bank loans	869,704,636	107,034,015	113,182,577	256,307,537	211,831,775	10,151,277	1,568,211,817
	Bond debt	36,261,347	47,900,291	132,774,483	96,074,094	192,401,737	2,089,183,311	2,594,595,263
	Other loans	1,165,080	5,037,294	4,594,265	4,444,778	4,522,789	16,908,015	36,672,222
	Other financial liabilities (CCS—IRS)	7,624,595	2,245,262	—	2,382,506	2,839,709	4,352,366	19,444,438
	Time deposits	77,779,040	48,845,190	45,584,668	6,104,530	—	—	178,313,428
	Term savings accounts	1,022,988	—	—	—			1,022,988
	Letters of credit	—	—	2,039,031	1,011,599	2,008,507	11,139,358	16,198,495
	Deposits and other demand deposits	2,652,873	—	—	—	—	—	2,652,873
	Debt purchase Bretas—Prezunic—Johnson	—	27,452,688	23,964,835	23,964,835	23,977,997	—	99,360,355
	Other financial liabilities—Other	29,115,522	—	—	—	—	—	29,115,522
Commercial loans	Trade payables and other payables and non-current liabilities	1,901,057,319	—	7,410,802	—	—	—	1,908,468,121
	Other non-financial liabilities current and non-current	84,316,560	—	70,909,299	—	—	—	155,225,859
	Payables to related entities	974,469	—	—	—	—	—	974,469

As part of its comprehensive risk management framework, the Company has liquidity management policies aimed at ensuring timely compliance with its obligations based on the scale and risk of its operations, both under normal conditions and exceptional situations, which are defined as circumstances in which cash flows can be substantially greater than expected as a result of unforeseen changes in general market conditions or the particular situation of a certain institution. In this context, liquidity risk management tools have been designed to both ensure positioning of the statements of financial position that allows minimizing the probability of an internal liquidity crisis (prevention policies) as well as defining contingency plans to address a liquidity crisis scenario.

For such purposes, the liquidity management policies define the Company's management strategy, management's roles and responsibilities, internal limits for cash flow mismatches, sources of risk, contingency plans and internal control mechanisms.

One of the indicators used to monitor liquidity risk is the liquidity position, which is measured and controlled each day based on the difference between cash flows payable for liabilities and expense accounts and cash flows receivable from assets and income accounts for a given maturity period.

In the event of a cash deficit on a consolidated level, Cencosud S.A. has various short and long-term financing alternatives, including lines of credit with banks, access to international debt markets, liquidation of investment instruments, etc. In contrast, in the event of a cash surplus on a consolidated level, this money is invested in different investment instruments.

As of December 31, 2013, the Company has available unused lines of credit for approximately ThCh$ 325,564,823 (ThCh$ 301,068,423 as of December 31, 2012).

As of December 31, 2012, the company held unused line of credits as a result of Confirming operations by ThCh$ 113,001,775 (ThCh$ 107,352,517 as of December 31, 2012) which held the original maturities agreed with the supplier. Such operations are presented in the line trade accounts payables.

Confirming operations that consider larger payment with the bank that the original payment deadline set by the Company and its suppliers in the trade agreement amounted, in the portion corresponding to the longest period of payment to ThCh$7,612 (ThCh$ 7,992,721 as of December 31, 2012) in Chile and ThCh$ 12,422,766 (ThCh$ 21,122,801 as of December 31, 2012) in Peru, to December 31, 2013. These operations are presented under "Other financial liabilities"

These operations are monitored on a regular basis so that these exposures do not adversely affect the consolidated financial ratios according to corporate policies with the final purpose of ensuring that the liquidity ratio and short term debt are within the parameters set up by management.

3.2.1.8. Market risk.

The Company is exposed to market risk, which involves variations in interest and exchange rates that may affect its financial position, operating results and cash flows. The Company's hedge policy calls for a periodic review of its exposure to interest and exchange rate risk for its main assets and obligations.

3.2.1.8.1. Interest rate risk.

As of December 31, 2013, approximately 53% of the Company's financial debt, primarily its short-term debt and bonds, was at fixed interest rates. The remaining 47% was at variable interest rates including derivates. Of the variable rate debt, approximately 99% is indexed to local interest rates (either as originally denominated or by re-denominating with derivatives).

The Company has identified as important its interest rate risk generated primarily from variable rate obligations, which are sensitized by measuring the impact on income of a reasonably possible variation in the observed interest rate. Following regulatory guidelines, the deviation in relevant interest rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated. The amount of the sensitized exposure corresponds to the total of the variable rate debt.

For variable rate debt, the financial risk refers to the potential upward deviation of cash flows related to interest payments on obligations from a specific target, attributable to the rise in interest rates that are important to the Company's indebtedness structure, namely: LIBOR, TAB nominal and the Chamber rate (CAM), Chile.

As of and for December 31, 2013

Classification	Currency	Exposure	Market variable	Change in risk factor %	Effect on income (ThCh$)
Net liability	BR$	408,216,971	CDI	(17.55)	355,709
				16.69	(338,364)
Net liability	Ch$	79,508,100,000	TAB NOM 90	(41.98)	429,687
				42.11	(431,018)
Net liability	Ch$	247.319.697.369	TAB NOM 180	(35.80)	1,241,252
				40.79	(1,414,333)
Net liability	Ch$	608,001,430,000	CAM	(51.19)	2,113,604
				47,06	(3,468,242)

As of and for December 31, 2012

Classification	Currency	Exposure	Market variable	Change in risk factor %	Effect on income (ThCh$)
Net liability	US$	1,500,000,000	LIBOR 1M	(37.73)	285,219
				32.90	(248,737)
Net liability	Ch$	79,508,100,000	TAB NOM 90	(43.86)	552,757
				43.61	549,525)
Net liability	Ch$	59,819,697,369	TAB NOM 180	(37.04)	1,484,275
				45.07	(1,806,216)
Net liability	Ch$	419,586,630,000	CAM	(53.93)	1,755,215
				49,12	(2,461,922)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for the interest payment and the amount that would have been recorded in a scenario of lower or higher interest rates).

The Company's risk management strategy is to hold its financial debt in variable rates in order to benefit from lower cost of funds and the remainder of its financial debt in fixed rates in order to reduce uncertainty stemming from variable interest payments, by denominating part of its variable interest rate liabilities into fixed rate liabilities using derivative financial instruments for these purposes, which allow the interest rate of the original obligation to be fixed.

3.2.1.8.2. Foreign exchange rate risk.

In the countries in which the Company operates, most expenses and income are in local currency. As a result, most of its debt (89%) is denominated in local currency. As of December 31, 2013, approximately 74% of the debt in U.S. dollars was hedged with cross currency swaps or other foreign currency hedges. The Company's policy is to hedge risks from variations in exchange rates on its net liability position in foreign currency using market instruments designed for that purpose.

The Company has identified as important the exchange rate risk generated from obligations in US dollars, Argentine pesos, Peruvian Nuevos Soles and Unidades de Fomento, which are sensitized by measuring the impact on income of a reasonably possible variation in observed exchange rates. Following regulatory guidelines, the deviation in relevant exchange rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated.

As of and for December 31, 2013

Classification	Currency	Exposure	Market variable	Closing value	Change in risk factor %	Exchange rate value	Effect on income (ThCh$)
Net liability	USD	564,405,018	USD-CLP	524.61	(9.17)	476.51	27,150,492
					10.23	578.26	(30,279,096)
Net liability	ARS	580,926,715	ARS-CLP	80.59	(13.62)	69.61	6,377,540
					11.75	90.06	(5,501,147)
Net liability	UF	30,758,874	CLF-CLP	23,306.56	(0.50)	23,190.87	3,558,539
					2.55	23,900.74	(18,276,283)
Net liability	COP	339,991,902,733	COP-CLP	0.27	(10.24)	0.24	9,482,918
					10.23	0.30	(9,472,797)
Net liability	PEN	281,143,707	PEN-CLP	187.88	(8.61)	171.71	4,545,638
					9.83	206.35	(5,191,347)
Net liability	BRL	432,869,191	BRL-CLP	222.45	(11.19)	197.55	10,779,103
					11.74	248.57	(11,304,624)

As of and for December 31, 2012

Classification	Currency	Exposure	Market variable	Closing value	Change in risk factor	Exchange rate value	Effect on income
					%		(ThCh$)
Net liability	USD	953,071,777	USD-CLP	479.96	(9.37)	434.99	42,859,387
				—	10.41	529.92	(47,618,782)
Net liability	ARS	210,872,941	ARS-CLP	97.49	(13.99)	83.85	2,876,425
				—	12.41	109.59	(2,551,030)
Net liability	UF	27,708,338	CLF-CLP	22,840.75	(0.516)	22,722.86	3,266,460
				—	2.653	23,446.77	(16,791,804)
Net liability	COP	306,413,618,608	COP-CLP	0.27	(10.626)	0.24	8,829,821
					10.721	0.30	(8,908,770)
Net liability	PEN	473,855,927	PEN-CLP	187.81	(8.911)	171.08	7,930,579
				—	10.233	207.03	(9,106,529)
Net liability	BRL	473,509,151	BRL-CLP	233,59	(11.568)	206.56	12,795,265
				—	12.282	262.27	(13,584,143)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for exchange differences and the amount that would have been recorded in a scenario of lower or higher exchange rates).

The Company's strategy is to hold most of its financial debt in local currencies to reduce uncertainty stemming from an increase in the value of its liabilities due to foreign currency fluctuations, using derivative financial instruments for these purposes, which allow the value of the obligation to be expressed in its functional currency.

Additionally, the exposure to exchange rates for conversion of the functional currency of the subsidiaries in Argentina, Colombia, Peru and Brazil, relating to the difference between monetary assets and liabilities (e.i., those denominated in a local currency and consequently exposed to the translation from their functional currencies into the presentation currency for the Group consolidated financial statements) is hedge only when it's predictable that adverse material differences could occur and the cost related to hedging is deemed reasonable by management. The Company currently does not have any net investment hedging contracts.

The Company assesses the fluctuation of the functional currencies compared to the presentation currency through a sensitivity analysis on equity and net assets in local currency using favorable and unfavorable scenarios, the amounts of exposure of all possible scenarios, including a general one, resulting from this analysis are as follows:

Currency	Rate of conversion	Scenarios	Flux on assets M$	Flux%	Flux on Equity M$	Flux %
ARG PESO	69.61	S1	(166,875,219)	-1.66	(74,357,968)	-1.75
	90.06	S2	146,782,709	1.46	64,452,636	1.51
COP PESO	0.24	S1	(193,798,308)	-1.93	(144,412,544)	-3.4
	0.30	S2	193,798,308	1.93	144,412,544	3.4
PER SOL	171.71	S1	(84,838,874)	-0.84	(56,282,763)	-1.32
	206.35	S2	101,398,046	1.01	67,268,247	1.58
BRL REAL	197.55	S1	(167,607,178)	-1.67	(93,182,737)	-2.19
	248.57	S2	172,270,336	1.71	95,775,263	2.25
All currencies		S1	(613,119,579)	-6.09	(368,236,012)	-8.64
		S2	614,249,399	6.10	371,908,690	8.73

S1: Scenario 1 represents the most unfavorable exchange rate to be used in converting into the presentation currency, and how that impacts to the net assets and equity of the Group

S2: Scenario 2 represents the most advantageous exchange rate to be used in converting into the presentation currency, and how that impacts to the net investment and equity of the Group

4 Estimates, judgment or criteria applied by management

The estimates and criteria used are continuously assessed and are based on prior experience and other factors, including the expectation of occurrence of future events that are considered reasonable according to the circumstances.

The Cencosud Group makes estimates and assumptions with respect to the future. Actual results could differ from those estimates. The estimates and assumptions that have a significant risk of generating material adjustments to the asset and liability balances in the next year are presented below.

4.1 Estimate of impairment of assets with indefinite useful lives

The Cencosud Group assesses annually, or when there is a triggering event, whether goodwill has experienced any impairment, according to the accounting policy described in Note 2.11. The recoverable balances of the cash generating units have been determined from the base of their value in use. The methodology of discounting cash flows at a real pre-tax discount rate calculated for each country is applied. The assets measured correspond mainly to trademarks and goodwill arising from past business combinations. The measurements are performed for each operating segment representing the cash generating unit determined to carry out the annual impairment test. The projected cash flows in each segment are allocated initially to identifiable tangible and intangible assets and the exceeding portion is allocated to goodwill. The valuation review of the trademarks incorporates among other factors the market analysis, financial projections and the determination of the role that brand has in the generation of sales.

4.2. Useful life of property, plant and equipment

The Company and its subsidiaries review the estimated useful lives, residual values and depreciation method of its property, plant and equipment at the end of each year. During this year the Company has established that there are no significant changes in the useful lives estimated during the period.

4.3 Estimate of impairment of property, plant and equipment

For property, plant and equipment, the company applies the methodology of discounting future cash flows using a pre-tax discount rate, differentiated by country (see note 13.2 discount rates). Cash flow projections are performed for each country and business segment. The functional currency of each country is used and the projection considers a 5 year outlook plus perpetuity. The projections are based on historical information from recent years and the main macroeconomic variables that affect markets. In addition, the projections consider moderate organic growth and the recurring investments necessary to maintain the cash flow generating capacity of each segment.

4.4. Impairment of accounts receivable

The Company assesses the impairment of the accounts receivable when there is objective evidence that it will not be able to collect all the amounts according to the original terms of the account receivable (Note 2.12.2).

4.5 Investment property

a) Fair value measurement for lands

The fair value for land was determined by external and independent property valuers, having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued.

The methodology used in determining the fair value of lands was the market approach, which consists of determining the fair value based on recent transactions occurred in the market.

b) Fair value measurements for investment properties other than land.

The Company’s finance department is responsible for determining fair value measurements included in the financial statements, including Level 3 fair values of investment properties. The Company’s finance department includes a valuations team that prepares a valuation for each investment property every quarter. The valuation team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC).Discussions of valuation processes, key inputs and results are held between the CFO, AC and the valuation team at least once every quarter, in line with the Company’s quarterly reporting dates.

The fair value measurement for this type of investment has been categorized as a level III fair value based on the inputs used in the valuation technique. Investment properties are valued on a highest and best use basis. Changes in Level 3 fair values are analyzed at each reporting date during the quarterly valuation discussions between the CFO, AC and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

For all of the Company’s investment properties, the current use is considered to be the highest and best use.

The Company’s policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 fair value measurements for investment properties during the period, nor transfers between Level 1 and Level 2 of the fair value hierarchy.

For investment property the methodology of the discounted future cash flows uses a country-specific WACC post- tax rate, measured in real terms (7.82% in Chile, 20.08% in Argentina, 8.38% in Perú and 8.24% in Colombia). To this effect, a calculation is performed to obtain the net revenues that correspond to the lease income minus the direct costs and operating expenses. Additionally, the projected cash flows used the historical information of the recent years and the projected macroeconomic variables that will affect each country. The cash flows are calculated in a scenario of moderated growth for those investment properties that have reached the expected maturity level and the main variables used are:

1. Determination of the Discount Rate

The discount rate is reviewed quarterly for each country and consists of the following factors:

a) BETA: Because the American market presents a greater number of comparable companies within this industry, using betas of companies in that country.

b) Risk-free rate: It draws on the U.S. Treasury rate at 30 years (30yr T-Bond)

c) Risk premium: Estimated on long-term returns of the stock market and the country risk of each transaction, estimated by the Credit Default Swap to 10 years (10yr CDS). In the case of Argentina's country risk used is the average of the last three years.

d) Leverage Ratio: Estimated as of BETA referring them on 74% equity and 26% debt.

e) Tax rate: We use the tax rate in effect in each country

f) Spread: To estimate the return on debt using the international bond spread Cencosud which is similar to the Industry spread. With all these factors we estimate the discount rate (WACC) nominal and real, the latter being used as the flow is estimated at UF (Undead de Foment) in Chile, or adjusted for inflation in Peru and Argentina

2. Revenue growth:

The evolution of income depends on the property, but remains between 0.5% and 1.0% annual real growth, except those newly opened malls whose maturation does expect superior performance improved in the first years of operation. The revenue projection is reviewed quarterly so that it is aligned to the budget approved by the board in the short term and that their expectations of long-term trends are in line with the life cycle in which the asset is (Shopping).

3. Growth in costs and expenses:

As income, change in expenditure depends on the property but always reflects the standard structure resulting from the operation of such properties and operating agreements signed with tenants. These are also reviewed quarterly to be aligned with the budget and expected evolution for each Shopping.

4. Investment Plan:

For each shopping center, the Company reviews whether the investment plans is in line with the characteristics of each property and the life cycle in which they are placed.

Based on the points described above, the estimated available flow projection thirty-year term, after which it is estimated a perpetuity. The present value of these flows determines the fair value of the investment property.

5. Valuation technique and Inter-relationship between key unobservable inputs.

Valuation technique (Discounted cash flows): The valuation model considers the present value of the net cash flows to be generated from the property taking into account expected revenue growth, occupancy rates, other cost and expenses not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates (see above on "determination of discount rate"). Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit and lease terms.

Class	Country (*)	Unobservable input	Range
Retail	Chile	Discount rate (risk adjusted)	7.7% - 8.0%
		Expected revenue growth (real)	0.5% - 1%
		Occupancy rate	90% - 100%
	Argentina	Discount rate (risk adjusted)	19.5% - 20.1%
		Expected revenue growth (real)	0.5% - 1%
		Occupancy rate	90% - 100%
Office	Chile	Discount rate (risk adjusted)	7.7% - 8.0%
		Expected revenue growth (real)	0.5% - 1%
		Occupancy rate (1st through 5th year)	40% - 79%%
		Thereafter	80% - 98%

(*) The group concentrates 95% of the total of the investment properties in Chile and Argentina.

The estimated fair value of the investment properties would increase (decrease) if:

- Risk-adjusted discount rate were lower (higher)
- Expected revenue growth were higher (lower)
- The occupancy rate were higher (lower)

5 Cash and cash equivalents

The composition of this item as of December 31, 2013 and 2012 is the following:

Cash categories	As of December 31, 2013	As of December 31, 2012
	ThCh$	ThCh$
Cash in hand	47,627,336	53,106,390
Bank balances	105,893,186	164,801,594
Short-term deposits	18,191,103	19,812,821
Cash and cash equivalents	171,711,625	237,720,805

Cash and equivalents include cash, bank account balances and short term investments. Currency is as follows:

Currency	As of December 31, 2013	As of December 31, 2012
	ThCh$	ThCh$
Chilean Peso	75,215,858	101,729,681
Argentine Peso	23,234,710	21,768,921
US dollars	449,997	305,374
Peruvian New Sol	38,247,113	39,771,877
Brazilian Real	13,803,720	22,637,088
Colombian Peso	20,760,227	51,507,864
Total cash and cash equivalents	171,711,625	237,720,805

6 Other financial assets, current and non-current

The composition of this item as of December 31, 2013 and 2012 includes the following:

Other financial assets, current	As of December 31, 2013	2012
	ThCh$	ThCh$
Shares	38,198	36,469
Mutual Funds Shares(*)	40,759,800	65,183,729
Derivatives at fair value through profit or loss	—	2,946,670
Highly liquid financial instruments	8,785,942	—
Total other financial assets, current	49,583,940	68,166,868

Other financial assets, non-current	As of December 31, 2013	2012
	ThCh$	ThCh$
Hedging derivatives	77,188,270	40,154,935
Financial investments Long term	185,553	852,289
Account receivable due from Bretas (see 6.1 below)	15,031,535	—
Total other financial assets, non-current	92,405,358	41,007,224

(*) Mutual Funds shares are mainly fixed rate investments.

6.1 Offsetting non-derivatives financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends to either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The following financial assets and liabilities are subject to offsetting in accordance with paragraph 42 of IAS 32:

a) As of December 31, 2013

Financial assets

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instrument	Cash collateral received	Net amount
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Account receivable due from Bretas ,	26,099,793	(11,068,259)	15,031,535	—	—	15,031,535

Financial liabilities

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial asset set off in the balance sheet	Net amounts of financial liability presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instrument	Cash collateral received	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Debt purchase Bretas, current	57,342,194	(11,068,259)	46,273,935	(15,031,535)	—	31,242,401

b) As of December 31, 2012

	Gross amounts of recognized financial Liabilities	Gross amounts of recognized financial asset set off in the balance sheet	Net amounts of financial liability presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instrument	Cash collateral received	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Debt purchase Bretas, Non-Current	69,027,204	(27,537,737)	41,489,467	—	—	41,489,467

The agreement between the Group and Bretas´s former shareholders established the net settlement of the abovementioned financial assets and liabilities.

The agreement mentioned above relates to the acquisition of Bretas in October 2010. As part of this acquisition, the Group assumed certain tax contingencies and accounted them for in accordance with IFRS 3, however, the former shareholders of Bretas agreed on assuming these tax contingencies when their settlement becomes effective, which entitled the Group to account for a receivable amount as a guarantee and presented it as an offset of the non-current financial liability that the Group accounted for as a result of the outstanding consideration from the acquisition. The amount due to the former shareholders of Bretas was reclassified as current in the statement of the financial position as of December 31, 2013 based on the change of the nature of this liability regarding its presentation and an amendment of the terms of the existing agreement.

The initial agreement included that such contingencies (receivable) offset the balance due to the former owner of Bretas for the outstanding consideration relating to the acquisition of Bretas. In 2013, the balance for the outstanding consideration changed its nature regarding the presentation as the Group had agreed the payment of this amount in 2014. As a result of this change in presentation of the financial liability and the expected realization of the contingencies in the long term, the parties agreed that (a) the contingencies which realization is expected in the short term offset the financial liability for the outstanding consideration, and (b) all the payments that the Group makes for the contingencies in the long-term are to be deducted from the future lease payments made to the former shareholders of Bretas. This change in the agreement resulted in the presentation of a separate long-term receivable account for the tax contingencies assessed as such. As of December 31, 2013, the amount of the related tax contingency is presented as a long-term provision in the consolidated statement of financial position of the Group.

7 Derivative financial instruments

7.1 Financial assets and liabilities held at fair value through profit or loss

The Company, following the financial risk management policy described in Note 3, enters into financial derivative contracts to hedge exchange rate and interest rate fluctuation risks.

This account as of December 31, 2012 includes cross currency swaps and interest rate swaps designed to hedge cash outflows related to debt payment in foreign currency (US dollars). As of December 31, 2013, there are no contracts relating to hedging activities (current asset of $ 2,946,670 and liabilities of ThCh$ 7,624,595 as of December 31, 2012).

Changes in the fair value of the assets and liabilities classified in this category (cross currency swaps and interest rate swaps) are recorded under “financial income” or “financial expenses”, except for the agreements that do not hedge direct liabilities, which are recorded as other gains (losses).

These financial instruments are recorded in the accounts other current and non-current financial assets and other current and non-current financial liabilities.

7.2 Hedging assets and liabilities

The Company has derivatives to hedge exposure to exchange rate variations, particularly instruments classified as cross currency swaps (CCS), used to hedge debts denominated in Peruvian Nuevo Soles and U.S. dollars from bond placements and bank debt in those currencies. These instruments are classified as cash flow and fair value hedges. The fair value of these contracts as of December 31, 2013 represent an asset of ThCh$ 77,188,270(ThCh$ 40,154,935 as of December 31, 2012) and a liability of ThCh$ 358,936 (ThCh$ 11,819,843as of December 31, 2012).

These financial instruments are recorded in the accounts current and non-current financial assets and current and non-current financial liabilities. The liabilities are detailed in Note 17.4.

Changes in the fair value of the assets and liabilities classified in this category (cross currency swaps) are recorded under "financial income" or "financial expenses".

These financial instruments are presented as "operating activities" in the statement of cash flows as part of the changes in working capital. This is based on the fact that Cencosud has entered into these assets and liabilities as derivative financial instruments to serve as economic and financial hedges for the risks associated with exchange rates and interest rates as described previously.

Instruments at fair value through profit or loss and hedge instruments are detailed in Note 3.

7.3 Assets and liabilities derivatives designated as cash flow hedges

The following table indicates the period in which the cash flows associated with cash hedges are expected to occur and the carrying amounts of the related hedging instruments.

	Carrying amount	Expected cash flows	
		One year or less	More than one year
December 31, 2013	ThCh$	ThCh$	ThCh$
Cross Currency Swap			
Assets	77,188,270	2,623,050	905,111,113
Liabilities	111,456	6,715,008	8,288,838
Interest Rate Swap			
Liabilities	247,480	—	—

	Carrying amount	Expected cash flows	
		One year or less	More than one year
December 31, 2012	ThCh$	ThCh$	ThCh$
Cross Currency Swap			
Assets	40,154,935	—	308,340,154
Liabilities	11,393,285	5,471,544	299,303,056
Interest Rate Swap			
Liabilities	426,558	—	—

8 Trade receivables and other receivables

Trade receivables and other receivables as of December 31, 2013 and 2012 are as follows:

Trade receivables and other receivables, net, current	As of December 31, 2013	2012
	ThCh$	ThCh$
Trade receivables net, current	189,382,770	176,137,513
Credit card receivables net, current	573,299,096	515,978,920
Other receivables, net, current	319,894,783	322,976,030
Letters of credit loans	726,828	640,892
Consumer installment credit—(Banco Paris)	50,144,076	42,893,450
Total	1,133,447,553	1,058,626,805

Trade receivables and other receivables, net, non-current	As of December 31, 2013	2012
	ThCh$	ThCh$
Trade receivables net, non-current	874,953	219,025
Credit card receivables net, non-current	54,857,341	50,229,846
Other receivables, net, non-current(1)	14,972,281	13,767,953
Letters of credit loans	11,079,842	11,936,654
Consumer installment credit—(Banco Paris)	74,055,395	66,152,683
Total	155,839,812	142,306,161

Trade receivables and other receivables, gross, current	As of December 31, 2013	2012
	ThCh$	ThCh$
Trade receivables gross, current	207,511,529	192,728,230
Credit card receivables gross, current	615,717,408	566,060,108
Other receivables gross, current	336,000,114	337,075,113
Letters of credit loans	951,689	872,438
Consumer installment credit—(Banco Paris)	64,867,696	55,500,755
Total	**1,225,048,440**	**1,152,236,644**

Trade receivables and other receivables, gross, non-current	As of December 31, 2013	2012
	ThCh$	ThCh$
Trade receivables gross, non-current	874,953	219,025
Credit card receivables gross, non-current	54,857,341	50,229,846
Other receivables gross, non-current	14,972,280	13,767,953
Letters of credit loans, non-current	11,079,844	11,936,654
Consumer installment credit, non-current	74,055,395	66,152,683
Total	**155,839,812**	**142,306,161**

Trade receivables and other receivables close to maturity	As of December 31, 2013	2012
	ThCh$	ThCh$
Less than three months	787,246,457	765,569,835
Between three and six months	108,689,500	78,732,326
Between six and twelve months	137,131,540	136,763,286
In more than twelve months	155,839,812	142,306,161
Total	1,188,907,309	1,123,371,608

Please refer to table 1-1 in Note 3 to see the trade receivables' and other receivables' fair value.

The maturity of past due trade receivables as of December 31, 2013 and 2012 is as follows:

Trade receivables past due but not impaired	As of December 31, 2013	2012
	ThCh$	ThCh$
Past due in less than three months	144,856,572	119,132,649
Past due between three and six months	27,167,160	31,800,108
Past due between six and twelve months	5,919,720	10,058,406
Past due in more than twelve months	14,037,491	10,180,034
Total	191,980,943	171,171,197

The movement of the bad debt allowance is as follows:

Change in bad debt allowance	As of December 31, 2013	2012
	ThCh$	ThCh$
Initial balance	93,609,839	99,647,573
Increase in provision	116,169,507	123,866,930
Increase in business combination	—	3,878,630
Utilized provision	(89,822,273)	(94,865,255)
Decrease in provision	(28,356,186)	(38,918,039)
Total	91,600,887	93,609,839

The maximum exposure to credit risk at the date of the report is the book value in each category of the trade account. The Cencosud Group does not request collateral as a guarantee.

The information presented below is required by the Superintendence of Securities and Insurance through the rule number 23942 dated on September 14, 2011.

The financial business is defined as one more element of Cencosud's value offering, which complements the comprehensive product and service offerings the Company provides through each of its business units and is aimed at building long-term relationships with our customers. The largest percentage of the financial retail business corresponds to the Más Credit Card in Chile, which has been operating for more than 20 years. The card's market penetration is less in other countries, such as Peru where it has been available for less than 1 year. Its distribution with respect to the total portfolio is:

Receivables portfolio	As of December 31, 2013 ThCh$	%	2012 ThCh$	%
Current credit card receivables, gross	615,717,408		566,060,108	
Non—current credit card receivables, gross	54,857,341		50,229,846	
Total credit card receivables	670,574,749		616,289,954	
Chilean credit card	444,461,099	66	452,363,211	73
Credit card Más	443,887,523		447,400,665	
Credit card Johnson's	573,576		4,962,546	
Argentine credit card	169,088,073	25	129,198,584	21
Peruvian credit card	57,025,577	9	34,728,159	6
Total credit card receivables	670,574,749	100	616,289,954	100

Progress is being made to regionalize the financial business through an organizational structure where each risk area autonomously and independently manages risk, led by the Corporate Risk Management Division, which reports directly to Cencosud's Corporate CEO. In turn, the risk management areas in each country report (administratively and functionally) to the Corporate Risk Manager.

CHILE

1. Credit policies. Credit Card Más

a) Credit policies are led by the Risk Management Division through a risk committee in Chile and parameters are set in the Company's evaluation systems for the entire credit process. Among others, these policies include:

   i. the commercial ethics of debtors or those eligible for credit;

   ii. the cardholder risk profile, measured based on payment behavior and/or associated score models;

   iii. the debtor's credit capacity, among others.

   As mentioned, the main objective of the financial business is to grant customers access to financing for products offered by the Company´s retail stores (to complement Cencosud's value offering). Cash advances and financing at affiliated businesses are very limited as compared to total credit card sales. Financial products are targeted toward cardholders with better risk profiles and are complementary to the credit card itself. Minimum payment policies are segmented by risk profile and fluctuate between 10% and 20% of the value invoiced monthly.

b) The collections policy aims to secure 100% of debt payments while the cardholder is in the early stages of default so that the cardholder's account may remain open to continue making purchases. However, some cardholders cannot make their payments. For these cardholders, new payment plans can be structured. These agreements must consider at least:

   i. The cardholder's expressed will.

   ii. The intention to pay, manifested by an initial payment as a condition to restructure the debt.

   iii. Account blockage for all cardholders who restructure debt that is more than 30 days in default. Only after having demonstrated favorable payment behavior does the company evaluate potentially opening the account so the cardholder may continue making purchases and reducing the credit limit, as appropriate.

   Most renegotiation and refinancing are done for cardholders that are more than 30 days in default and require initial payments of an average of 15% of the total debt. The average term is around 23 months and a maximum of 2 restructurings per year is accepted.

c) Bad debt allowances are determined using a model that brings together banking industry best practices, in line with Basel criteria, in order to estimate the level of allowances necessary to cover the portfolio's potential risk. This model segments cardholders in different clusters to better estimate losses, classifying renegotiated cardholders, among others, in a special category. The validation and sufficiency of the allowance model is monitored on a monthly basis by the Risk Committee using defined back testing and sufficiency analyses. Beginning in December 31, the Board of Directors of Cencosud Group, through its Corporate Risk Committee, decided to begin establishing anti-cyclical provisions for a total of ThCh$ 3,533, which is increasingly being adopted as a best practice by the international and local banking industry. These provisions, which are established in economically favorable periods with low unemployment rates and high growth rates, allow the company to prepare for recessionary economic cycles and their impact on the cardholder portfolio.

d) The write-off policy establishes that 100% of all accounts with more than 6 invoices past due be written off and that such amounts be fully recognized as a loss in the statement of income. All cardholders that subsequently pay all or part of their written-off debt are recognized as recovered write-offs in the statement of income.

e) Credit terms (months)

		Range	
	Average term	**Minimum**	**Maximum**
Purchases	3	1	36
Affiliated businesses	3	1	36
Cash advances	17	3	48
Renegotiated	22	4	24
Refinancing	7	4	12

2. Definition of portfolio types.

Considers 2 types of policies in restructuring debt in default:

a. Renegotiation Policy: establishes the conditions for restructuring 100% of the cardholder's debt in default.

b. Refinancing Policy: establishes the conditions for restructuring 100% of the cardholder's invoiced debt.

3. Portfolio stratification

As of December 31, 2013

Credit card Más Delinquency segments	**Non-refinanced customers (number)**	**Non-refinanced portfolio**	**Refinanced customers (number)**	**Refinanced portfolio**	**Total Gross portfolio**
	N°	**ThCh$**	**N°**	**ThCh$**	**ThCh$**
Payments up to date	1,232,001	346,218,316	34,947	15,740,292	361,958,608
01-30 days	91,698	37,659,571	14,681	6,620,467	44,280,038
31-60 days	28,309	9,012,903	8,351	3,967,265	12,980,168
61-90 days	16,190	4,800,557	5,744	2,761,775	7,562,332
91-120 days	12,425	3,837,416	4,721	2,321,809	6,159,225
121-150 days	10,248	3,464,801	3,878	1,938,661	5,403,462
150-180 days	10,686	3,647,565	3,600	1,896,125	5,543,690
>180 days	—	—	—	—	—
Total	1,401,557	408,641,129	75,922	35,246,394	443,887,523

As of December 31, 2013

	ThCh$	
Total allowance on non-refinanced portfolio	20,519,859	As of December 31, 2013
Total allowance on refinanced portfolio	8,473,679	As of December 31, 2013
Total write-offs for the period	57,018,013	Write-offs between January 1 and and December 31,2013
Total recovered for the period	18,201,984	Write-offs recovered between January 1 and December 31, 2013

	N°	
Number of cards issued (not additional cards)	2,930,288	Stock as of December 31, 2013
Number of cards with outstanding balances	1,477,479	Stock as of December 31, 2013
Average number of refinances	7,820	Average number of accounts refinanced monthly between January 1 and December 31,2013

	ThCh$	
Total refinanced receivables (ThCh$)	35,246,394	Stock of refinanced portfolio as of December 2013
% refinanced / non-refinanced portfolio	5.42%	Number of refinanced customers/non-refinanced customers

As of December 31, 2012

Credit card Más Delinquency segments	Non-refinanced customers (number) N°	Non-refinanced portfolio ThCh$	Refinanced customers (number) N°	Refinanced portfolio ThCh$	Total Gross portfolio ThCh$
Payments up to date	1,331,332	340,634,129	35,707	15,816,484	356,450,613
01-30 days	104,369	38,285,647	15,432	6,624,456	44,910,103
31-60 days	38,400	11,515,243	8,995	3,986,817	15,502,060
61-90 days	22,451	6,911,283	5,997	2,702,941	9,614,224
91-120 days	18,238	5,486,035	4,815	2,113,735	7,599,770
121-150 days	16,587	4,640,823	3,980	1,670,276	6,311,099
150-180 days	16,624	5,187,576	3,999	1,825,220	7,012,796
>180 days	—	—	—	—	—
Total	1,548,001	412,660,736	78,925	34,739,929	447,400,665

As of December 31, 2012

	ThCh$	
Total allowance on non-refinanced portfolio	23,944,291	As of December 2012
Total allowance on refinanced portfolio	6,980,027	As of December 2012
Total write-offs for the period	69,979,748	Write-offs between Jan and Dec 2012
Total recovered for the period	18,157,313	Write-offs recovered between Jan and Dec 2012

	N°	
Number of cards issued (not additional cards)	2,716,985	Stock as of December 2012
Number of cards with outstanding balances	1,626,926	Stock as of December 2012
Average number of refinances	8,273	Average number of accounts refinanced monthly between Jan and Dec 2012
Total refinanced receivables (ThCh$)	34,739,929	Stock of refinanced portfolio as of December 2012
% refinanced / non-refinanced portfolio	5.10%	Number of refinanced customers/non-refinanced customers

4. Portfolio allowance factors

As of December 31, 2013

Credit card Más Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1.9	16.9
01-30	7.1	20.8
31-60	24.7	17.0
61-90	43.1	31.7
91-120	57.4	40.2
121-150	68.8	50.9
151-180	69.4	50.9
>180 days	—	—
Total	5.0	24.0

As of December 31, 2012

Credit card Más Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1.4	7.4
01-30	7.4	15.7
31-60	27.0	25.9
61-90	44.5	33.9
91-120	57.8	43.3
121-150	70.0	54.5
151-180	70.4	54.4
>180 days	—	—
Total	5.8	20.1

5. Risk ratios. (% provision/portfolio)

As of December 31, 2013

Credit card Más risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	5.0	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	24.0	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	6.5	Stock of total allowances/ Stock of total portfolio
Write off ratio	9.4	

As of December 31, 2012

Credit card Más risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	5.8	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	20.1	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	6.9	Stock of total allowances/ Stock of total portfolio
Write off ratio	12.4	

Credit Card **Johnson´s—TMO**

As of March 2012, the Company's system began to migrate the portfolio management of Johnson's Multiopción Card (hereinafter TMO) to Cencosud Cards. This process involved that the client had to change its product by Cencosud card, which was conducted during 2012. For purposes of portfolio impacts, promotes the transfer of clients without problems of arrears and without renegotiation conditions.

1. Purchase of TMO´s portfolio.

In December 2012, the portfolio of TMO was included in the portfolio of Cencosud Administradora de Tarjeta. As of December 31, 2013, the carrying value of the portfolio amounts to M$573,576 (85% of this amount represents customers who renegotiated) and shows a bad debt provision of M$290,279.

As of December 31, 2012, the information relating to the TMO´s portfolio is as follows:

2. Portfolio stratification

As of December 31, 2012

Credit card Johnson's Delinquency segments	Non-refinanced customers (number)	Non-refinanced portfolio	Refinanced customers (number)	Refinanced portfolio	Total Gross portfolio
	N°	ThCh$	N°	ThCh$	ThCh$
Payments up to date	8,763	431,404	5,160	1,274,257	1,705,661
01-30 days	3,564	308,702	2,185	557,360	866,062
31-60 days	2,055	144,699	1,223	294,740	439,439
61-90 days	1,863	127,851	1,179	312,784	440,635
91-120 days	2,098	170,835	996	294,467	465,302
121-150 days	2,162	240,418	905	287,201	527,619

Credit card Johnson's Delinquency segments	Non-refinanced customers (number)	Non-refinanced portfolio	Refinanced customers (number)	Refinanced portfolio	Total Gross portfolio
	N°	ThCh$	N°	ThCh$	ThCh$
150-180 days	2,081	237,949	783	264,361	502,310
>180 days	147	12,785	9	2,733	15,518
Total	22,733	1,674,643	12,440	3,287,903	4,962,546

As of December 31, 2012

	ThCh$	
Total allowance on non—refinanced portfolio	607,715	Stock as of December 2012
Total allowance on refinanced portfolio	1,638,749	Stock as of December 2012
Total write—offs for the period	12,724,805	Write—offs between January and December 2012
Total recovered for the period	1,347,969	Write—offs recovered between January and December 2012

	N°	
Number of cards issued (not additional cards)	475,049	Stock as of December 2012
Number of cards with outstanding balances	35,173	Stock as of December 2012
Average number of refinances	978	Average number of accounts refinanced monthly between January and December 2012
Total refinanced receivables (ThCh$)	3,287,903	Stock of refinanced portfolio as of December 2012
% refinanced / non—refinanced portfolio customers	54.72	Number of refinanced customers / non—refinanced

As of December 31, 2012

Credit card Johnson's Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	11.6	46.0
01-30	10.2	46.2
31-60	23.0	48.3
61-90	31.2	49.2
91-120	52.8	56.3
121-150	65.5	58.5
151-180	81.2	61.5
>180 days	98.0	98.0
Total	36.3	49.8

As of December 31, 2012

Credit card Johnson´s risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	36.3	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	49.8	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	45.3	Stock of total allowances/Stock of total portfolio
Write off ratio (1)	63.1	

(1) The penalty rate corresponds to the annual penalties, net of recoveries/average stock of deposits from the period January to December 2012.

ARGENTINA

1. Credit policies.

a) Customers are selected using policies with parameters based on the credit assessment system. The approval decision and the credit limit are based on a combination of statistical models, payment history in the financial system and an estimate of the applicant's income level. The minimum payment is 25% of the invoiced amount. Affiliate businesses and financial products are complementary to offering the card itself and represent a very small percentage of total sales.

b) Collections policy: during the first 90 days of delay, the company aims to ensure that the cardholder pays its debt in default and recovers access to credit. Refinancing requires an initial payment of at least 50% of the unpaid minimum payment and are limited to a maximum of once every six months. For cardholders more than 90 days in default, the card is blocked indefinitely and a new payment plan is established based on their willingness and capacity to pay.

c) Allowances: allowances are calculated each month by applying statistical methodology that combines portfolio behavior over the last 12 months. The portfolio is also segmented into clusters based on the likelihood of non-payment calculated when the account is opened and also the cardholder's seniority. The company verifies that the calculated allowances charge the expected losses in the current period and also that they exceed the requirements of the local regulator (BCRA). Conservative allowances are added based on new factors that may not be taken into consideration by the statistical methodology.

d) Write-off policy: The local regulator requires allowances for 100% of delinquent debt once it is 360 days past due. However, Cencosud applies the conservative criteria of establishing allowances for 100% of accounts that are 180 days past due. Currently, because of a limitation with the card processing system in Argentina, accounts are not written-off in accounting at 360 days. However, the 100% allowance is maintained.

Average Terms for Credit Cards and Refinancing (months)

Range of terms	**Portfolio** %
Payment upon invoicing	18.1
Installments 0-3 M	26.6
Installments 3-6 M	26.6
Installments 6-12 M	12.0
Installments +12 M	19.7
Average term for portfolio	8.3

Range of terms for refinanced collections	**Portfolio** %
Installments 0-3 M	6.3
Installments 3-6 M	36.9
Installments 6-12 M	42.2
Installments +12 M	14.6
Average term for refinanced collections in months	11.6

2. Definition of portfolio types.

Cencosud Argentina segments its portfolio into three main groups based on risk of non-payment. This segmentation is determined when customers are approved for credit and is used primarily to properly allocate credit limits. Each month, the company monitors the mixture of characteristics of new cards issued versus the portfolio, and any important deviations are used to modify customer selection methods.

As of December 31, 2013

Delinquency segments	**Non-refinanced customers (number)**	**Non-refinanced portfolio**	**Refinanced customers (number)**	**Refinanced portfolio**	**Total Gross portfolio**
	N°	**ThCh$**	**N°**	**ThCh$**	**ThCh$**
Payments up to date	673,223	144,439,434	2,792	689,093	145,128,527
01-30 days	86,911	17,721,705	928	242,134	17,963,839
31-60 days	22,973	3,190,021	516	151,723	3,341,744
61-90 days	7,787	1,057,097	239	72,109	1,129,206
91-120 days	3,117	607,332	128	44,948	652,280
121-150 days	2,570	570,801	54	15,385	586,186
150-180 days	1,180	284,304	4	1,174	285,478
>180 days	17	813	—	—	813
Total	797,778	167,871,507	4,661	1,216,566	169,088,073

As of December 31, 2013

	M$	
Total allowance on non-refinanced portfolio	4,027,068	Stock as of December 2013
Total allowance on refinanced portfolio	555,750	Stock as of December 2013
Total write-offs for the period	7,225,842	Write-offs between Jan and Dec 2012
Total recovered for the period	2,494,930	Write-offs recovered between Jan and Dec 2013

	N°	
Number of cards issued (not additional cards)	1,171,323	Stock as of December 2013
Number of cards with outstanding balances	802,439	Stock as of December 2013
Average number of refinances	943	Average number of accounts refinanced monthly between Jan and Dec 2013
Total refinanced receivables	1,216,566	Stock of refinanced portfolio as of December 2013
% refinanced / non-refinanced portfolio	0.58	Number of refinanced customers/non-refinanced customers

As of December 31, 2012

Delinquency segments	**Non-refinanced customers (number)**	**Non-refinanced portfolio**	**Refinanced customers (number)**	**Refinanced portfolio**	**Total Gross portfolio**
	N°	**ThCh$**	**N°**	**ThCh$**	**ThCh$**
Payments up to date	545,967	107,624,696	2,282	620,706	108,245,402
01-30 days	72,059	12,500,427	762	210,569	12,710,996
31-60 days	24,637	3,274,075	608	162,735	3,436,810
61-90 days	8,384	1,104,216	248	77,711	1,181,927
91-120 days	4,889	834,832	178	68,201	903,033
121-150 days	3,626	724,721	74	24,010	748,731
150-180 days	2,481	480,089	18	4,989	485,078
>180 days	7,112	1,486,607	0	0	1,486,607
Total	669,155	128,029,663	4,170	1,168,921	129,198,584

As of December 31, 2012

	M$	
Total allowance on non-refinanced portfolio	7,597,100	Stock as of December 2012
Total allowance on refinanced portfolio	571,389	Stock as of December 2012
Total write-offs for the period	7,251,331	Write-offs between Jan and Dec 2012
Total recovered for the period	911,892	Write-offs recovered between Jan and Dec 2012

	N°	
Number of cards issued (not additional cards)	1,010,132	Stock as of December 2012
Number of cards with outstanding balances	673,325	Stock as of December 2012
Average number of refinances	707	Average number of accounts refinanced monthly between Jan and Dec 2012
Total refinanced receivables	1,168,921	Stock of refinanced portfolio as of December 2012
% refinanced / non-refinanced portfolio	0.62	Number of refinanced customers/non-refinanced customers

3. Portfolio allowance factors.

As of December 31, 2013

Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1.5	33.6
01-30	2.1	33.6
31-60	10.7	72.0
61-90	27.9	100.0
91-120	44.6	100.0
121-150	60.3	100.0
151-180	85.6	100.0
>180 days	100.0	—
Total	2.4	45.7

As of December 31, 2012

Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	3.1	33.6
01-30	4.0	33.6
31-60	15.1	72.0
61-90	37.6	100.0
91-120	52.4	100.0
121-150	70.6	100.0
151-180	87.8	100.0
>180 days	100.0	100.0
Total	5.9	48.9

4. Risk ratios (% provision/portfolio).

As of December 31, 2013

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	2.4	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	45.7	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	2.7	Stock of total allowances /Stock of total portfolio
Write off ratio	3.3	

As of December 31, 2012

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	5.9	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	48.9	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	6.3	Stock of total allowances /Stock of total portfolio
Write off ratio	5.4	

PERU

1. Credit policies.

Financial retail operations in Peru began July 21, 2010 with a pilot program in one store and later in October 2010 was rolled out in all formats of Metro Supermarkets. Prospective credit card holders are selected based on the cardholders' purchasing behavior in the Bonus customer loyalty program, combined with an analysis of behavior profiles by credit rating agencies available in the country.

Since operations began, they were structured as defined by the Group, following the requirements defined by Peruvian banking regulations (despite not being enforceable at that time). From June, 2012 Cencosud Bank has been authorized by the Superintendency of Banks and Insurance (SBS) to establish itself as a bank.

Adhering to banking regulations involves diverse elements; including observing mandatory definitions for refinancing, as well as classifying debtors based on days in default which, in turn, translates into establishing allowances over the principal of the loans.

In addition, the standards require pro-cyclical provisions to be established that are linked to the economic cycle and that in practice translate into 1.5% additional allowances over current non-delinquent balances.

2. Definition of portfolio types.

The portfolio is divided into two groups:

- Non-refinanced portfolio.
- Refinanced portfolio, which includes cardholders that are at least one day delinquent. They must make a minimum payment and the debtor classification (and therefore the allowance) must be maintained or increased based on the regulations mentioned above.

3. Portfolio stratification

As of December 31, 2013

Delinquency segments	Non-refinanced customers (number)	Non-refinanced portfolio	Refinanced customers (number)	Refinanced portfolio	Total gross portfolio
	N°	ThCh$	N°	ThCh$	ThCh$
Payments up to date	226,953	50,424,409	327	72,013	50,496,422
01-30 days	10,344	2,606,274	64	17,102	2,623,376
31-60 days	5,281	1,268,826	15	4,116	1,272,942
61-90 days	3,479	764,649	15	3,210	767,859
91-120 days	3,931	888,699	29	11,355	900,054
121-150 days	872	222,351	20	5,091	227,442
150-180 days	226	31,789	31	13,708	45,497
>180 days	2,526	614,611	162	77,375	691,986
Total	253,612	56,821,608	663	203,970	57,025,578

As of December 31, 2013

	ThCh$	
Total allowance on non-refinanced portfolio	3,107,209	Stock as of December 2013
Total allowance on refinanced portfolio	155,844	Stock as of December 2013
Total write-offs for the period	9,056,228	Write-offs between Jan and Dec 2013
Total recovered for the period	717,359	Write-offs recovered between Jan and Dec 2013

	N°	
Number of cards issued (not additional cards)	541,570	Stock as of December 2013
Number of cards with outstanding balances	254,275	Stock as of December 2013
Average number of refinances	—	Average number of accounts refinanced monthly between Jan and Dec 2013
Total refinanced receivables	203,970	Stock of refinanced portfolio as of December 2013
% refinanced / non-refinanced portfolio	0.26	Number of refinanced customers/non-refinanced customers

As of December 31, 2012

Delinquency segments	Non-refinanced customers (number)	Non-refinanced portfolio	Refinanced customers (number)	Refinanced portfolio	Total gross portfolio
	N°	ThCh$	N°	ThCh$	ThCh$
Payments up to date	181,187	27,590,606	882	198,142	27,788,748
01-30 days	11,529	1,535,931	180	34,669	1,570,600
31-60 days	5,161	739,746	110	20,235	759,981
61-90 days	3,590	573,679	130	25,147	598,826
91-120 days	2,435	511,091	92	16,649	527,740
121-150 days	1,343	300,862	105	31,807	332,669
150-180 days	1,742	355,238	181	49,057	404,295
>180 days	8,702	2,125,102	2,125	620,199	2,745,301
Total	215,689	33,732,255	3,805	995,905	34,728,160

As of December 31, 2012

	ThCh$	
Total allowance on non-refinanced portfolio	3,978,674	Stock as of December 2012
Total allowance on refinanced portfolio	842,517	Stock as of December 2012
Total write-offs for the period	3,172,864	Write-offs between Jan and Dec 2012
Total recovered for the period	148,240	Write-offs recovered between Jan and Dec 2012

	N°	
Number of cards issued (not additional cards)	439,804	Stock as of December 2012
Number of cards with outstanding balances	219,494	Stock as of December 2012
Average number of refinances	201	Average number of accounts refinanced monthly between Jan and Dec 2012
Total refinanced receivables	995,904	Stock of refinanced portfolio as of December 2012
% refinanced / non-refinanced portfolio	1.76	Number of refinanced customers/non-refinanced customers

4. Portfolio allowance factors.

As of December 31, 2013

Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1,5	43,3
01-30	6,4	60
31-60	26,5	91,6
61-90	60,0	94,1
91-120	59,9	99,4
121-150	99,8	100,0
151-180	99,9	100,0
>180 days	100,0	100,0
Total	5.5	76.4

As of December 31, 2012

Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1.0	34.9
01-30	5.1	59.2
31-60	25.0	70.2
61-90	60.0	85.8
91-120	60.0	96.6
121-150	100.0	100.0
151-180	100.0	100.0
>180 days	100.0	100.0
Total	11.8	84.6

5. Risk ratios (% provision/portfolio)

As of December 31, 2013

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	5.5	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	76.4	Stock of allowances on refinanced portfolio / Stock of refinanced portfolio
Total portfolio	5.7	Stock of total allowances / Stock of total portfolio
Write-off ratio	19.9	

Note:

Allowances and allowance ratios do not include millions ThCh$ 388 in anti-cyclical provisions that are included based on international and domestic banking industry best practices and in line with the Basel standards in order to be prepared for future changes in macroeconomic conditions.

As of December 31, 2012

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	11.8	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	84.6	Stock of allowances on refinanced portfolio / Stock of refinanced portfolio
Total portfolio	13.9	Stock of total allowances / Stock of total portfolio
Write-off ratio	12.1	

Note:

Allowances and allowance ratios do not include millions ThCh$ 388 in anti-cyclical provisions that are included based on international and domestic banking industry best practices and in line with the Basel standards in order to be prepared for future changes in macroeconomic conditions.

9 Transactions with related parties

Transactions with related companies are based on immediate payment or collection or with a term of up to 30 days, and are not subject to special conditions. These operations comply with what is established in articles 44 and 49 of Law N° 18,046 that regulates the Corporations.

It is noteworthy that the related party transactions are in accordance with IAS 24 (Revised) "Related Parties". The Company has a policy to disclose all transactions performed with related parties during the period.

9.1 Trade receivables from related entities

The composition of the item as of December 31, 2013 and December 31, 2012 is as follows:

		Receivables from related entities				Balance as of			
						Current		Non-current	
Tax ID Number	Company	Transaction description	Transaction term	Nature of relationship	Currency	12/31/2013 ThCh$	12/31/2012 ThCh$	12/31/2013 ThCh$	12/31/2012 ThCh$
96.863.570-0	Inmobiliaria Mall Viña del Mar S.A.	Dividends receivable	Current	Associate	Chilean Pesos	432,303	323,624	—	—
Total						432,303	323,624	—	—

9.2 Trade payables to related entities

The composition of the item as of December 31, 2013 and December 31, 2012 is as follows:

		Payables to related entities				Balance as of			
						Current		Non-current	
Tax ID number	Company	Transaction description	Transaction term	Nature of relationship	Currency	12/31/2013 ThCh$	12/31/2012 ThCh$	12/31/2013 ThCh$	12/31/2012 ThCh$
—	Loyalti del Perú S.A.C.	Fund transfer	Current	Associate	Peruvian New Sol	556,494	974,469	—	—
Total						556,494	974,469	—	—

9.3 Transactions with related parties and impact on income

The operations and its impact on income are presented for the years ended December 31, 2013 and December 31, 2012, as follows:

Transactions

Tax ID Number	Company	Nature of relationship	Transaction description	Currency	Country	12/31/2013	Impact to income (charge /credit)	12/31/2012	Impact to income (charge /credit)
						ThCh$	ThCh$	ThCh$	ThCh$
3.294.888-k	Horst Paulmann Kemna	Chairman	Dividends paid	Chilean pesos	Chile	2,011,560		1,317,423	—
4.580.001-6	Helga Koepfer Schoebitz	Shareholder	Dividends paid	Chilean pesos	Chile	88,771		75,482	—
77.913.630-2	ALPA Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	—		5,647	—
76.425.400-7	Inversiones Tano Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	13,094,931		5.579,052	—
86.193.900-6	Inversiones Quinchamali Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	16,637,640		13,684,845	—
96.802.510-4	Inversiones Latadia Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	15,753,026		12,957,229	—
7.012.865-9	Manfred Paulmann Koepfer	Shareholder	Dividends paid	Chilean pesos	Chile	358,033		327,118	—
8.953.509-3	Peter Paulmann Koepfer	Director	Dividends paid	Chilean pesos	Chile	355,959		331,087	—
8953510-7	Heike Paulmann Koepfer	Director	Dividends paid	Chilean pesos	Chile	351,490		327,411	—
0-E	Plaza Lima Norte	Company director relationship	Leases paid	Peruvian New Sol	Perú	614,638	(614,638)	315,357	(315,357)
0-E	Plaza Lima Norte	Company director relationship	Utilities paid	Peruvian New Sol	Perú	286,775	(286,775)	85,591	(85,591)
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Leases paid	Chilean pesos	Chile	2,990,827	(2,982,920)	2,902,584	(2,902,584)
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Utilities Paid	Chilean pesos	Chile	2,327,237	(2,327,237)	2,207,131	(2,207,131)
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Dividends collected	Chilean pesos	Chile	2,461,185	—	1,818,965	—
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Sale of goods	Chilean pesos	Chile	8,901	8,901	5,519	5,519
77.209.070-6	Viña Cousiño Macul S.A.	Common director	Merchandise buying	Chilean pesos	Chile	707,765	(707,765)	698,660	(515,551)
92.434.000-0	Besalco S.A.	Common director	Services provided	Chilean pesos	Chile	307	(307)	—	—
92.147.000-2	Wenco S.A.	Common director	Merchandise buying	Chilean pesos	Chile	2,506,186	2,203,726	2,271,850	(2,271,850)
92.147.000-2	Wenco S.A.	Common director	Sale of goods	Chilean pesos	Chile	2,999	2,999	401,923	401,923
76.076.630-5	Maxi Kioskos Chile S.A.	Company's Director	Leases collected	Chilean pesos	Chile	478,364	478,364	149,971	149,971
76.076.630-5	Maxi Kioskos Chile S.A.	Company's Director	Utilities collected	Chilean pesos	Chile	231,157	231,157	71,277	71,277

						Transactions			
Tax ID Number	**Company**	**Name of relationship**	**Transaction description**	**Currency**	**Country**	**12/31/2013**	**Impact to Income (charge /credit)**	**12/31/2012**	**Impact to income (charge /credit)**
						ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
76.076.630-5	Maxi Kioskos Chile S.A.	Company's Director	Utilities collected	Chilean pesos	Chile	828	828	139	139
78.410.320-K	Imp y Comercial Regen Ltda.	Company's Director	Merchandise buying	Chilean pesos	Chile	385,807	(385,807)	499,114	(297,279)
78.410.320-K	Imp Y Comercial Regen Ltda.	Company's Director	Leases collected	Chilean pesos	Chile	231,442	231,442	141,972	141,972
78.410.320-K	Imp Y Comercial Regen Ltda.	Company's Director	Common expenses collected	Chilean pesos	Chile	87,275	87,275	49,580	49,580
79.595.200-4	Adelco Santiago Ltda.	Company, director relationship	Merchandise buying	Chilean pesos	Chile			557	(557)
88.983.600-8	Teleductos S.A.	Common director	Services provided	Chilean pesos	Chile	939,346	(939,346)	1,315,418	(1,315,418)
92.491.000-3	Labsa Inversiones Ltda.	Company, director relationship	Leases paid	Chilean pesos	Chile	676,841	(676,841)	526,181	(526,181)
93.737.000-8	Manquehue Net S.A.	Common director	Services provided	Chilean pesos	Chile	8,499	(8,499)	512,381	(512,381)
77.978.800-8	Neuralis Ltda.	Company, director relationship	Services provided	Chilean pesos	Chile	5,769	(5,769)	13,879	(13,879)
96.566.940-K	Agencias Universales S.A.	Common director	Services provided	Chilean pesos	Chile	616,338	(616,338)	384,323	(384,323)
96.566.940-K	Agencias Universales S.A.	Common director	Sale of goods	Chilean pesos	Chile	22,206	22,206	19,039	19,039
92.580.000-7	Empresa Nacional de Telecomunicaciones S.A.	Common director	Services provided	Chilean pesos	Chile	738,464	(738,464)		
90.193.000-7	Empresa El Mercurio.S.A.P.	Common director	Sale of goods	Chilean pesos	Chile	5,365	(5,365)		
90.193.000-7	Empresa El Mercurio.S.A.P.	Common director	Services provided	Chilean pesos	Chile	2,064,849	1,490,509		
96.628.870-1	Entel Telefonia Local S.A.	Common director	Services provided	Chilean pesos	Chile	18,019	(18,019)		
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Common director	Services provided	Chilean pesos	Chile	12,888,058	(12,888,058)		
96.628.870-1	Industria Productos Alimenticios S.A.	Common director	Merchandise buying	Chilean pesos	Chile	1,245,503	(1,245,503)	1,138,386	(1,138,386)
79.675.370-5	Assets- Chile S.A	Common director	Sale of goods	Chilean pesos	Chile	906	(906)		
70.649.100-7	Centros de Estudios Pùblicos	Company, director relationship	Services provided	Chilean pesos	Chile	28,595	(28,595)		
77.783.200-K	Asesorías e Inversiones Vesta Ltda.	Company, director relationship	Services provided	Chilean pesos	Chile			40,939	(40,939)
O-3	JetAviation Flight Services Inc.	Company, director relationship	Services provided	Chilean pesos	Chile	1,144,040	(1,144,040)		
88.417.000-1	Sky Airline S.A.	Company, director relationship	Leases collected	Chilean pesos	Chile	15,141	15,141	12,616	12,616
88.417.000-1	Sky Airline S.A.	Company, director relationship	Other expenses collected	Chilean pesos	Chile	5,632	5,632	4,319	4,319
96.566.940-K	Cia Nacional de Telefonos,Telefonica del Sur S.A.	Common director	Services provided	Chilean pesos	Chile	6,119	6,119	1,614	(384,323)

Addition information required by SVS (Superintendencia de Valores y Seguros) as per communication N°3592 dated January 31, 2014.

a) Transactions between the holding company Cencosud S.A and its direct and indirect subsidiaries.

Tax ID Number	Company	Nature of relationship	Transaction description	Currency	Country	12/31/2013 ThCh$	Impact to income (charge /credit) ThCh$	12/31/2012 ThCh$	Impact to income (charge /credit) ThCh$
93.834.000-5	Cencosud Chile S.A.	Common control	Admin and operational fees	Chilean peso	Chile	74,020,423	(74,020,423)	64,095,476	(64,095,476)
94.226.000-8	Cencosud Shopping Centers S.A.	Common control	Leases	Chilean peso	Chile	61,551,936	(61,551,936)	60,253,839	(60,253,839)
94.226.000-8	Cencosud Shopping Centers S.A.	Common control	Utilities	Chilean peso	Chile	17,799,619	(17,799,619)	17,269,504	(17,269,504)
78.410.990-8	Adm. del Centro Comercial Alto las Condes Ltda.	Common control	Utilities	Chilean peso	Chile	25,658,822	(25,658,822)	20,190,756	(20,190,756)
84.671.700-5	Cencosud Retail S.A.	Common control	Sales of inventory	Chilean peso	Chile	14,163,609	(14,163,609)	15,263,477	(15,263,477)
84.671.700-5	Cencosud Retail S.A.	Common control		Chilean peso	Chile	3,060,987	(3,060,987)	4,064,121	(4,064,121)
84.671.700-5	Cencosud Retail S.A.	Common control	Leases	Chilean peso	Chile	32,302	(32,302)	5,238	(5,238)
96.671.750-5	Easy S.A.	Common control	Sale of inventory	Chilean peso	Chile	1,845,056	(1,845,056)	2,049,678	(2,049,678)
78.410.310-2	Food & Fantasy Ltda.	Common control	Services rendered	Chilean peso	Chile	3,893	(3,893)	—	—
99.500.840-8	Cencosud Administradora de Tarjetas S.A.	Common control	Admin and operational fees	Chilean peso	Chile	533,173	(533,173)	1,122,327	(1,122,327)
96.732.790-5	Inmobiliaria Santa Isabel S.A.	Common control	Leases	Chilean peso	Chile	455,555	(455,555)	447,991	(447,991)
99.566.580-8	Jumbo Administradora S.A.	Common control	Admin and operational fees	Chilean peso	Chile	67,247,586	(67,247,586)	61,830,157	(61,830,157)
99.571.870-7	Jumbo Administradora Temuco S.A.	Common control	Admin and operational fees	Chilean peso	Chile	21,795,347	(21,795,347)	18,028,376	(18,028,376)
88.235.500-4	Sociedad Comercial de Tiendas S.A.	Common control	Leases	Chilean peso	Chile	4,728,446	(4,728,446)	5,476,663	(5,476,663)
77.313.160-0	Paris Administradora Centro Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	31,447,203	(31,447,203)	27,611,230	(27,611,230)
76.365.580-6	Jumbo Administradora Norte S.A.	Common control	Admin and operational fees	Chilean peso	Chile	26,976,444	(26,976,444)	25,432,886	(25,432,886)
76.365.590-3	Easy Administradora Norte S.A.	Common control	Admin and operational fees	Chilean peso	Chile	10,276,427	(10,276,427)	6,920,606	(6,920,606)
76.433.310-1	Costanera Center S.A.	Common control	Easement	Chilean peso	Chile	18,659,833	(18,659,833)	9,077,769	(9,077,769)
77.312.480-9	Administradora de Servicios Paris Ltda.	Common control	Commissions	Chilean peso	Chile	7,013	(7,013)	4,079	(4,079)
76.476.830-2	Circulo Mas S.A.	Common control	Services rendered	Chilean peso	Chile	23,252,183	(23,252,183)	21,890,291	(21,890,291)
76.568.660-1	Cencosud Administradora de Procesos S.A.	Common control	Admin and operational fees	Chilean peso	Chile	1,882,904	(1,882,904)	—	—
76.023.825-2	Cencosud Servicios Integrales S.A.	Common control	Commissions	Chilean peso	Chile	7,187,656	(7,187,656)	7,510,601	(7,510,601)
77.302.910-k	Logística y Distribución Paris Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	5,000,345	(5,000,345)	5,000,345	(5,000,345)
88.637.500-K	Paris Administradora Norte Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	17,636,729	(17,636,729)	16,605,711	(16,605,711)
78.448.780-6	Paris Administradora Sur Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	20,885,489	(20,885,489)	19,431,277	(19,431,277)

Tax ID Number	Company	Nature of relationship	Transaction description	Currency	Country	12/31/2013 ThCh$	Impact to income (charge /credit) ThCh$	12/31/2012 ThCh$	Impact to income (charge /credit) ThCh$
77.251.760-2	Jumbo Supermercados Administradora Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	4,462,799	(4,462,799)	1,741,919	(1,741,919)
77.779.000-5	Paris Administradora Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	7,271,901	(7,271,901)	7,208,945	(7,208,945)
76.819.580-3	Santa Isabel Administradora Norte Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	22,084,068	(22,084,068)	17,298,123	(17,298,123)
76.819.500-5	Santa Isabel Administradora Sur Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	19,589,136	(19,589,136)	17,845,454	(17,845,454)
79.829.500-4	Eurofashion Ltda.	Common control	Sale of inventory	Chilean peso	China	16,120,799	(16,120,799)	15,680,900	(15,680,900)
76.062.794-1	Santa Isabel Administradora S.A.	Common control	Admin and operational fees	Chilean peso	Chile	61,089,375	(61,089,375)	56,127,065	(56,127,065)
O-E	Cencosud (Shanghai) Trading Co., Ltd	Common control	Admin and operational fees	US dollar	Chile	1,637,824	(1,637,824)	849,828	(849,828)
96.988.700-2	MegaJohnson's Administradora S.A.	Common control	Admin and operational fees	Chilean peso	Chile	5,648,963	(5,648,963)	4,805,818	(4,805,818)
76.190.379-9	Cencosud Retail Administradora Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	10,278,884	(10,278,884)	8,203,303	(8,203,303)
76.203.299-6	Comercializadora Costanera Center S.P.A.	Common control	Leases	Chilean peso	Chile	6,365,437	(6,365,437)	3,244,194	(3,244,194)
76.203.299-6	Comercializadora Costanera Center S.P.A.	Common control	Utilities	Chilean peso	Chile	2,578,189	(2,578,189)	2,128,129	(2,128,129)
O-E	Cencosud Argentina S.A.	Common control	Leases	Argentine peso	Argentina	7,407,554	(7,407,554)	6,731,947	(6,731,947)
	Cencosud Argentina S.A.	Common control	Utilities	Argentine peso	Argentina	8,260,750	(8,260,750)	7,454,095	(7,454,095)
	Cencosud Argentina S.A.	Common control	Commissions	Argentine peso	Argentina	4,892,716	(4,892,716)	3,690,710	(3,690,710)
	Cencosud Argentina S.A.	Common control	Admin and operational fees	Argentine peso	Argentina	13,874,286	(13,874,286)	8,488,091	(8,488,091)
	Jumbo Retail Argentina S.A.	Common control	Operational fee	Argentine peso	Argentina	528,900	(528,900)	—	—
	Jumbo Retail Argentina S.A.	Common control	Admin and operational fees	Argentine peso	Argentina	9,336,677	(9,336,677)	9,870,006	(9,870,006)
O-E	Invor S.A.	Common control	Leases	Argentine peso	Argentina	413,845	(413,845)	425,129	(425,129)

b) Financing activities between related parties and their conditions

As of December 31, 2013

Grantor	Tax ID	Country	Receiving entity	Country ThCh$	Instrument ThCh$	Currency	Rate	Loans granted in local currency	Settlements made in local currency ThCh$	Grant date ThCh$	Maturity date ThCh$
Cencosud S.A.	93.834.000-5	Chile	Administradora Centro Comercial Alto Las Condes Ltda.	Chile	Fund transfer	Chilean peso	—	61,689,955	58,334,182	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Administradora y Comercial Puente Alto Ltda.	Chile	Fund transfer	Chilean peso	—	6,347,949	5,277,783	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Administradora de Procesos S.A.	Chile	Fund transfer	Chilean peso	—	62,787,056	31,161,000	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Internacional Argentina Spa	Chile	Fund transfer	Chilean peso	—	813,696	—	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Internacional Ltda.	Chile	Fund transfer	Chilean peso	—	4,863,707	—	Throughout 2013	—

Grantor	Tax ID	Country	Receiving entity	Country ThCh$	Instrument ThCh$	Currency	Rate	Loans granted in local currency	Settlements made in local currency ThCh$	Grant date ThCh$	Maturity date ThCh$
Cencosud S.A.	93.834.000-5	Chile	Cencosud Internacional Ltda.	Chile	Prepaid capital contributions	Chilean peso	—	188,124,489	—	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Retail Administradora S.A.	Chile	Fund transfer	Chilean peso	—	16,998,935	4,749,500	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Comercializadora Contanera Center SPA	Chile	Fund transfer	Chilean peso	—	43,714,700	41,216,535	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Costanera Centers S.A.	Chile	Fund transfer	Chilean peso	—	63,105,961	39,348,083	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Johnson's Mega San Bernardo S.A.	Chile	Fund transfer	Chilean peso	—	6,095,745	823,550	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Jumbo Administradora Norte Ltda.	Chile	Fund transfer	Chilean peso	—	30,226,873	29,264,689	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Administradora S.A.	Chile	Fund transfer	Chilean peso	—	15,596,684	651,020	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Maipú S.A.	Chile	Fund transfer	Chilean peso	—	12,171,515	850	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Puente Alto S.A.	Chile	Fund transfer	Chilean peso	—	6,323,867	1,015,600	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Puente S.A.	Chile	Fund transfer	Chilean peso	—	12,112,472	350	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Quilin S.A.	Chile	Fund transfer	Chilean peso	—	9,874,346	183,280	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's S.A.	Chile	Fund transfer	Chilean peso	—	13,717,937	6,000	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Viña del Mar S.A.	Chile	Fund transfer	Chilean peso	—	7,272,583	129,300	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Sociedad Comercializadora de Vestuario FES Ltda.	Chile	Fund transfer	Chilean peso	—	7,189,612	342,230	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Administradora TMO S.A.	Chile	Fund transfer	Chilean peso	—	3,940,480	7,589,497	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Administradora de Tarjetas S.A.	Chile	Fund transfer	Chilean peso	—	868,319,402	957,134,889	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Retail S.A.	Chile	Fund transfer	Chilean peso	—	2,524,147,975	2,611,905,605	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Servicios Integrales S.A.	Chile	Fund transfer	Chilean peso	—	59,711,672	71,887,013	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Shopping Centers S.A.	Chile	Fund transfer	Chilean peso	—	121,075,752	169,121,888	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Circulo Mas S.A.	Chile	Fund transfer	Chilean peso	—	17,156,643	19,062,881	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Comercial Food And Fantasy Ltda.	Chile	Fund transfer	Chilean peso	—	2,144,701	2,506,543	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Easy Administradora Norte S.A.	Chile	Fund transfer	Chilean peso	—	10,785,249	11,754,143	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Easy S.A.	Chile	Fund transfer	Chilean peso	—	336,878,128	354,510,384	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Eurofashion Ltda.	Chile	Fund transfer	Chilean peso	—	42,930,631	60,275,960	Throughout 2013	—

Cencosud S.A.	93.834.000-5	Chile	Jumbo Administradora S.A.	Chile	Fund transfer	Chilean peso	—	73,817,677	76,956,952	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Jumbo Administradora Temuco S.A.	Chile	Fund transfer	Chilean peso	—	22,514,943	25,255,108	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Logistica y Distribución Paris Ltda.	Chile	Fund transfer	Chilean peso	—	5,643,953	6,448,306	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Centro Ltda.	Chile	Fund transfer	Chilean peso	—	30,081,104	37,008,107	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Ltda.	Chile	Fund transfer	Chilean peso	—	6,692,984	8,803,465	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Norte Ltda.	Chile	Fund transfer	Chilean peso	—	17,366,563	21,571,509	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Sur Ltda.	Chile	Fund transfer	Chilean peso	—	21,773,616	25,810,785	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Santa Isabel Administradora Norte S.A.	Chile	Fund transfer	Chilean peso	—	23,053,819	24,677,550	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Santa Isabel Administradora S.A.	Chile	Fund transfer	Chilean peso	—	67,652,990	68,520,199	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Santa Isabel Administradora Sur S.A.	Chile	Fund transfer	Chilean peso	—	20,632,960	22,096,474	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Sociedad Comercial de Tiendas S.A.	Chile	Fund transfer	Chilean peso	—	4,261,479	8,022,049	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Perú S.A.	Perú	Loan	Chilean peso	fixed 3,80%	—	15,000	—	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Colombia S.A.	Colombia	Loan	Chilean peso	fixed 3,80%	156	—	07/27/12	03/21/14
Cencosud S.A.	93.834.000-5	Chile	Cencosud Colombia S.A.	Colombia	Loan	Chilean peso	fixed 3,80%	222	—	09/21/12	03/21/14
Anjulon	O-E	Argentina	Cavas y Viñas El Acequion S.A.	Argentina	Loan	Chilean peso	fixed 18,50%	103	—	09/10/13	03/09/14
Anjulon	O-E	Argentina	Cavas y Viñas El Acequion S.A.	Argentina	Loan	Chilean peso	fixed 18,50%	104	—	11/23/13	05/22/14
Cencosud Argentina S.A.	O-E	Argentina	Cencosud S.A.	Chile	Loan	Chilean peso	fixed Annual 3,80%	—	8,287	—	—
Jumbo Retail Argentina S.A.	O-E	Argentina	Cencosud Internacional Ltda.	Chile	Loan	Chilean peso	fixed Annual 2,90%	1,140	—	02/08/13	02/08/16

Grantor	Tax ID	Country	Receiving entity	Country ThCh$	Instrument ThCh$	Currency	Rate	Loans granted in local currency	Settlements made in local currency ThCh$	Grant date ThCh$	Maturity date ThCh$
Jumbo Retail Argentina S.A.	O-E	Argentina	Cencosud Internacional Ltda.	Chile	Loan	Chilean peso	fixed Annual 2,90%	—	838	12/31/12	12/31/15
Cencosud Brasil Comercial Ltda.	O-E	Brasil	Mercantil Rodrigues Comercial Ltda.	Brasil	Fund transfer	Chilean peso	125% CDI	—	93,513	Throughout 2013	—
Cencosud Brasil Comercial Ltda.	O-E	Brasil	Perini Comercial de Alimentos Ltda.	Brasil	Fund transfer	Chilean peso	125% CDI	1,578	—	Throughout 2013	—
Cencosud Internacional Ltda.	O-E	Chile	Cencosud Perú S.A.	Perú	Loan	Chilean peso	fixed 7,20%	—	15,419	—	—
Cencosud Perú S.A.	O-E	Perú	E.Wong S.A.	Perú	Loan	Chilean peso	fixed 6,30%	—	5,918	11/17/10	11/16/15
Cencosud Perú S.A.	O-E	Perú	Hipermercados Metro S.A.	Perú	Loan	Chilean peso	fixed 6,30%	—	11,344	11/17/10	11/16/15
Cencosud Perú S.A.	O-E	Perú	Tres Palmeras S.A.	Perú	Loan	Chilean peso	fixed 6,30%	—	2,759	11/17/10	11/16/15
Cencosud Perú S.A.	O-E	Perú	Hipermercados Metro S.A.	Perú	Loan	Chilean peso	fixed 4,30%	10,000	—	02/26/13	03/10/16
Cencosud Perú S.A.	O-E	Perú	E.Wong S.A.	Perú	Loan	Chilean peso	fixed 3,85%	—	10,000	—	—
Cencosud Perú S.A.	O-E	Perú	Hipermercados Metro S.A.	Perú	Loan	Chilean peso	fixed 5,00%	—	—	03/28/12	03/27/17
Cencosud Perú S.A.	O-E	Perú	Tres Palmeras S.A.	Perú	Loan	Chilean peso	fixed 5,00%	—	14,000	10/30/12	12/24/13
Unicenter S.A.	O-E	Argentina	AgroJumbo S.A.	Argentina	Loan	Chilean peso	fixed 13,50%	1,507	—	09/12/13	03/11/14

9.4 Board of Directors and key management of the Company

The Board of Directors as of December 31, 2013 is comprised of the following people:

Board of directors	Role	Profession
Horst Paulmann Kemna	Chairman	Businessman
Heike Paulmann Koepfer	Director	Commercial Engineer
Peter Paulmann Koepfer	Director	Commercial Engineer
Roberto Oscar Philipps	Director	National Public Accountant
Cristian Eyzaguirre Johnston	Director	Economist
Richard Bûchi Buc	Director	Civil Engineer
Erasmo Wong Lu	Director	Civil Engineer
David Gallagher Patrickson	Director	Economist
Julio Moura Neto	Director	Engineer

Key management of the Company as of December 31, 2013 is composed of the following people:

Senior management	Position	Profession
Daniel Rodríguez	Chief Executive Officer	Forest Engineer
Carlos Mechetti	General Counsel	Attorney at law
Bronislao Jandzio	Audit Managing Director	Business Administrator
Pablo Castillo	Supermarket Managing Director	Commercial Engineer
Carlos Wulf	Home Improvement Stores Managing Director	Naval Engineer
Renato Fernández	Corporate Affairs Manager	Journalist
Jaime Soler	Department Stores Managing Director	Commercial Engineer
Marcelo Reyes	Corporate Risk Managing Director	Commercial Engineer
Patricio Rivas	Financial Retail Managing Director	Commercial Engineer
Pietro Illuminati	Procurement Director	Industrial Engineer
Rodrigo Hetz	Human Resources Director	Industrial Engineer
Andres Artigas	Chief Information Officer	Industrial Engineer
Juan Manuel Parada	Chief Financial Officer	Business Administrator
Stepan Krause	Projects Managing Director	Commercial Engineer
Rodrigo Larrain	Shopping Centers Managing Director	Industrial Engineer

9.5 Board of Directors compensation

In accordance with Article 33 of Law N° 18,046 in regards to Corporations, the Ordinary Shareholders' Meeting held on April 26, 2013, set the following amounts for the 2013 period:

- Fees paid for attending Board sessions: payment of UF 300 (equivalents to ThCh$ 6,993) each month for those holding the position of Director of the Board and twice this amount for the President of the Board, if and only if they attend a minimum of 10 ordinary sessions each year.
- Fees paid for attending the Directors' Committee: payment to each Director of UF 100(equivalents to ThCh$ 1,530) for each session they attend.

The details of the amount paid to Directors for the years ended December 31, 2013, 2012 and 2011, are as follows:

Name	Role	For the year ended December 31, 2013	2012	2011
		ThCh$	ThCh$	ThCh$
Horst Paulmann Kemna	Chairman	147,291	104,146	87,730
Heike Paulmann Koepfer	Director	73,646	57,292	58,193
Peter Paulmann Koepfer	Director	73,646	52,072	43,854
Cristián Eyzaguirre Johnston	Director	79,771	69,453	57,483
Roberto Oscar Philipps	Director	98,225	69,453	50,739
Sven von Appen Behmann	Director	18,283	52,072	43,936
Erasmo Wong Lu Vega	Director	73,646	52,072	44,673
David Gallagher Patrickson	Director	98,225	69,453	43,973
Julio Moura	Director	73,646	52,072	—
Bruno Philippi Irarrázaval	Director(*)	—	—	21,774
Richard Bûchi Buc	Director	73,816	—	—
Total		810,195	578,085	452,355

(*) On December 30, 2011 and August 2012, the Company communicated a material event, reporting that Vice-Chairman and Director Manfred Paulmann Koepfer and Director Bruno Philippi Irarrázaval, respectively, submitted their resignation. On each occasion, the Company also informed that in accordance with article 32 of the Corporations Law No. 18,046, renewal of the entire Board of Directors must be voted on at the next ordinary general shareholders' meeting to be held by the Company.

9.6 Compensation paid to senior management

Key management compensation	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Salary and other short term employee benefits	6,255,270	5,715,000	4,533,000
Shares—based payments	983,730	445,717	412,530
Total	7,239,000	6,160,717	4,945,530

The Cencosud Group has established an incentive plan, which rewards management for the achievement of individual objectives in the achievement of the company's results. These incentives are structured as a minimum and a maximum of gross compensation and are paid once a year.

10 Inventory

The composition of this item as of December 31, 2013 and 2012 is as follows:

Inventory category	As of December 31, 2013	2012
	ThCh$	ThCh$
Raw materials	5,948,240	5,591,904
Goods	1,121,705,748	989,445,147
Finished Goods	793,111	284,640
Provisions	(83,540,472)	(85,091,705)
Total	1,044,906,627	910,229,986

The composition of inventories by business line as of December 31, 2013 and 2012 is as follows:

Inventory category	As of December 31, 2013			
	Department stores	Supermarkets	Home improvement	Total
	ThCh$	ThCh$	ThCh$	ThCh$
Raw material	1,856,890	4,091,350	—	5,948,240
Goods	168,991,329	660,801,771	208,372,176	1,038,165,276
Finished Goods	—	793,111	—	793,111
Total	170,848,219	665,686,232	208,372,176	1,044,906,627

Inventory category	As of December 31, 2012			
	Department stores	Supermarkets	Home improvement	Total
	ThCh$	ThCh$	ThCh$	ThCh$
Raw material	2,498,464	3,093,440	—	5,591,904
Goods	122,116,048	586,803,418	195,433,976	904,353,442
Finished Goods	24,893	259,747	—	284,640
Total	124,639,405	590,156,605	195,433,976	910,229,986

The Company periodically assesses its inventories at their net realizable value, by separating the inventory for each line of business and verifying the age, inventory turnover, sales prices and seasonality. Any adjustments are carried against income of the period.

The goods included in inventory are valued between the purchase price or production cost, net of allowance for obsolescence and net realizable value.

The carrying amount of inventories carried at December 31, 2013 and December 31, 2012 to its net realizable value less selling costs, provides for:

Current Inventories:

Inventories at net realizable value	Inventories at net realizable as of December 31,	
	2013	2012
	ThCh$	ThCh$
Inventory	46,104,966	43,659,617
Total	46,104,966	43,659,617

Net realizable value movements	Balance as of December 31,	
	2012	2011
	ThCh$	ThCh$
Beginning Balance	43,659,617	30,835,953
Increase of Inventory to NRV (Net Realizable Value)	8,619,110	9,171,318
Decrease of Inventory to NRV (Net Realizable Value)	(6,173,761)	(7,797,237)
Acquisitions through Business combinations	.	11,449,583
Total	46,104,966	43,659,617

Other information relevant to inventory:

Additional information inventory	For the periods between 01/01/2013 12/31/2013 ThCh$	01/01/2012 12/31/2012 ThCh$	01/01/2011 12/31/2011 ThCh$
Cost of inventories recognized as expenses during the year	7,148,156,441	6,318,469,948	5,242,789,902

Provision movements:

Provisions	Balance as of December 31, 2013 ThCh$	2012 ThCh$
Beginning Balance	85,091,705	54,176,854
Amount of sales of inventory	10,004,613	5,866,261
Amount of reversals of inventory reductions	(11,555,846)	(1,588,938)
Acquisitions through Business combinations	—	26,637,528
Total	83,540,472	85,091,705

The circumstances or events that led to the reversal of any write-down of inventories at December 31, 2013 and 2012, relate mainly to liquidations and auctions to recover more value from the estimated net realizable value for inventories.

The Company has not given inventories as collaterals at the end of the year.

11 Investments in associates recorded following the equity method

11.1. Breakdown of investments in associates

The composition of the item as of December 31, 2013 and 2012, as well as other related information is as follows:

Investments in associates	Country Of origin	Functional currency	Ownership percentage	Voting power percentage	Balance as of December 31, 2012	Participation in profit or loss of equity method	Translation difference	Other increase (decrease)(*)	Balance as of December 31, 2013
			%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	Perú	Peruvian Nuevo Sol	42.50	42.50	717,843	142.475	497	—	860.815
Carnes Huinca S.A.	Argentina	Argentine Pesos	50.00	50.00	207,360	23.037	(38.318)	—	192.079
Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean Pesos	33.33	33.33	41,335,198	10.123.927	—	(2.569.865)	48.889.260
Total					42.260.401	10.289.439	(37.821)	(2.569.865)	49.942.154

The composition of the item as of December 31, 2012 and 2011, as well as other related information is as follows:

Investments in associates	Country Of origin	Functional currency	Ownership percentage	Voting power percentage	Balance as of December 31, 2011	Participation in profit or loss of equity method	Translation difference	Other increase (decrease)	Balance as of December 31, 2012
			%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	Perú	Peruvian Nuevo Sol	42.50	42.50	935,477	97,534	(315,168)	—	717,843
Carnes Huinca S.A.	Argentina	Argentine Pesos	50.00	50.00	(14,578)	801	(27,234)	248,371	207,360
Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean Pesos	33.33	33.33	37,897,834	5,544,077	—	(2,106,713)	41,335,198
Total					38,818,733	5,642,412	(342,402)	(1,858,342)	42,260,401

(*) Decreases represent dividends received from associates.

The composition of the item as of December 31, 2011 and 2010, as well as other related information is as follows:

Investments in associates	Country of origin	Functional currency	Ownership percentage	Voting power percentage	Balance as of December 31, 2010	Participation in profit or loss of equity method	Translation difference	Other increase (decrease)	Balance as of December 31, 2011
			%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	Perú	Peruvian Nuevo Sol	42.50	42.50	977,607	120,280	(162,410)	—	935,477
Carnes Huinca S.A.	Argentina	Argentine Pesos	50.00	50.00	57,548	(72,540)	414	—	(14,578)
Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean Pesos	33.33	33.33	33,301,709	5,735,270	—	(1,139,145)	37,897,834
Total					34,336,864	5,783,010	(161,996)	(1,139,145)	38,818,733

Set out above are the associates of the group as at 31 December 2013, which, in the opinion of the directors, are material to the group. The associates as listed above have share capital consisting solely of ordinary shares, which are held directly by the group; the country of incorporation or registration is also their principal place of business.

There are no contingent liabilities relating to the group's interest in the associates

The associates listed above are private companies and there is no quoted market price available for their shares.

11.2 Relevant summarized information with regards to associates

The information below reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the group and the associates.

The information regarding investments in associates as of December 31, 2013 is as follows:

	At December 31, 2013							
Investments in associates	**Interest**	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Ordinary income**	**Ordinary expense**	**Net gain (loss)**
	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	42.5	4,003,056	258,207	834,033	1,401,782	8,516,202	8,180,967	335,235
Carnes Huinca S.A.	50.00	335,846	190,382	142,070	—	2,016,399	1,970,325	46,074
Inmobiliaria Mall Viña del Mar S.A.	33.33	13,095,417	216,495,332	13,619,985	69,288,315	22,338,980	(8,035,837)	30,374,817
Total		17,434,319	216,943,921	14,596,088	70,690,097	32,871,581	2,115,455	30,756,126

The information regarding investments in associates as of December 31, 2012 is as follows:

	At December 31, 2012							
Investments in associates	**Interest**	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Ordinary income**	**Ordinary expense**	**Net gain (loss)**
	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	42.5	4,183,697	204,230	829,610	1,869,275	6,203,947	5,974,455	229,492
Carnes Huinca S.A.	50.00	254,780	263,165	103,225		1,882,828	1,881,226	1,602
Inmobiliaria Mall Viña del Mar S.A.	33.33	5,681,797	190,702,140	11,181,517	61,184,425	21,313,956	4,680,062	16,633,894
Total		10,120,274	191,169,535	12,114,352	63,053,700	29,400,731	12,535,743	16,864,988

The information regarding investments in associates as of December 31, 2011 is as follows:

	At December 31, 2011							
Investments in associates	**Interest**	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Ordinary income**	**Ordinary expense**	**Net gain (loss)**
	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	42.50	4,620,075	192,299	681,724	1,929,528	5,559,731	5,276,719	283,012
Carnes Huinca S.A.	50.00	268,177	347,064	171,908	472,489	1,136,462	1,281,542	(145,080)
Inmobiliaria Mall Viña del Mar S.A.	33.33	5,355,450	168,055,721	14,647,110	45,059,189	18,916,588	1,709,056	17,207,532
Total		10,243,702	168,595,084	15,500,742	47,461,206	25,612,781	8,267,317	17,345,464

12 Intangible assets other than goodwill

Intangible assets are mainly composed of software and brands acquired in business combinations. The detail as of December 31, 2013 and 2012 is as follows:

Intangibles assets other than goodwill net	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Finite life intangible assets, net	101,181,642	82,664,968
Indefinite life intangible assets, net	470,439,865	472,618,978
Intangible assets, net	571,621,507	555,283,946
Patents, Trade Marks and Other Rights, Net	470,439,865	472,618,978
Software (IT)	61,048,198	38,122,191
Other Identifiable Intangible Assets, net	40,133,444	44,542,777
Identifiable Intangible Assets, Net	571,621,507	555,283,946

Intangibles assets other than goodwill gross	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Finite life intangible assets, Gross	175,222,015	141,318,057
Indefinite life intangible assets, Gross	470,439,865	472,618,978
Intangible Assets, Gross	645,661,880	613,937,035
Patents, Trade Marks and Other Rights, Gross	470,439,865	472,618,978
Software (IT)	118,664,961	84,185,576
Other Identifiable Intangible Assets, Gross	56,557,054	57,132,481
Identifiable Intangible Assets, Gross	645,661,880	613,937,035

Accumulated amortization and value impairment	As of December 31,	
	2012	2011
	ThCh$	ThCh$
Finite life intangible assets	(74,040,373)	(58,653,089)
Indefinite life intangible assets	—	—
Intangible Assets, Gross	(74,040,373)	(58,653,089)
Software (IT)	(57,616,763)	(46,063,385)
Other Identifiable Intangible Assets	(16,423,610)	(12,589,704)
Accumulated amortization and value impairment	(74,040,373)	(58,653,089)

Other identifiable intangible assets mainly correspond to customer's data base.

The Group performs an annual recoverability analysis, according to the criteria described in note 2.11 "under Impairment loss of non financial assets IAS 36 "impairment of assets.".

The detail of the useful lives applied to intangible assets as of December 31, 2013 and 2012 is as follows:

Estimated useful lives or amortization rates used	Minimum life	Maximum life
Patents, Trade Marks and Other Rights	Indefinite	Indefinite
Software (IT)	1	7
Other identifiable Intangible Assets	1	5

The movement of intangible assets as of and for the year ended December 31, 2013 is the following:

Intangible movements	Patents, trade marks and other rights	Applications (IT)	Other identifiable intangible assets	Intangible assets, net
	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance as of January 1, 2013	472,618,978	38,122,191	44,542,777	555,283,946
Additions	—	35,929,237	666,005	36,595,242
Acquisitions through business combination	—	—	—	—
Amortization	—	(11,553,378)	(3,833,906)	(15,387,284)
Increase (decrease) in foreign exchange	(2,179,113)	(1,449,852)	(1,241,432)	(4,870,397)
Balance at December 31, 2013	470,439,865	61,048,198	40,133,444	571,621,507

The movement of intangible assets as of and for the year ended December 31, 2012 is the following:

Intangible movements	Patents, trade marks and other rights	Applications (IT)	Other identifiable intangible assets	Intangible assets, net
	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance as of January 1, 2012	465,607,881	24.008.338	37.071.574	526.687.793
Additions	—	18.241.706	326.711	18.568.417
Acquisitions through business combination	15,849,182	8.634.196	10.771.981	35.255.359
Amortization	—	(6.169.921)	(3.810.457)	(9.980.378)
Increase (decrease) in foreign exchange	(8,838,085)	(2.374.887)	(4.034.273)	(15.247.245)
Balance at December 31, 2012	472,618,978	42.339.432	40.325.536	555,283,946

The details of the amounts of identifiable intangible assets that are individually significant as of December 31, 2013 and 2012 is as follows:

Individually significant identifiable Intangible assets	Book Value 2013	Book Value 2012	Remaining amortization period	Country of origin	Segment
	ThCh$	ThCh$			
Paris Brand	326,363,010	326,363,010	Indefinite	Chile	Department stores / Fin. Services
Johnson's Brand	15,501,628	15,501,628	Indefinite	Chile	Department stores
Pierre Cardin License	171,584	171,584	Defined	Chile	Department stores
Wong Brand	30,224,513	30,351,417	Indefinite	Peru	Supermarkets
Metro Brand	65,944,390	66,221,274	Indefinite	Peru	Supermarkets
Bretas Brand	18,671,783	19,700,488	Indefinite	Brazil	Supermarkets
Perini Brand	836,053	882,115	Indefinite	Brazil	Supermarkets
Prezunic Brand	12,726,904	13,427,462	Indefinite	Brazil	Supermarkets
Total	470,439,865	472,618,978			

The factors for considering the brands with indefinite useful lives over time are the following:

- Verifiable history and expected use of the asset by the Company: This is the most important factor to consider in the definition of the useful life of the brand. The brands mentioned have a history of more than 80 years of successful existence in the market. The use that has been and is being given to these brands shows an intention to keep them and consolidate them further in the long term.

- Legal, regulatory or contractual limits to the useful life of the intangible asset: There are no legal, regulatory or contractual limits linked to the brands. The brands are duly protected and the pertinent registrations remain current.
- Effects of obsolescence, demand, competition and other economic factors: The brands have a rating linked to strong national brands according to their history. This implies a low risk of obsolescence.
- Maintenance of the necessary investment levels to produce the projected future cash flows: historic and projected cash flows for the brands are duly sustained with investments in marketing, publicity, technology, renovations and improvements to the retail infrastructure. They are efficient as a result of synergies and scale of operations, but are compatible and realistic for the industry. An increase in the other general administration expenses and necessary sales is also contemplated to sustain the projected increase in sales.
- Relationship of the useful life of an asset or group of assets with the useful life of an intangible asset: The brands do not depend on the useful life of any asset or group of assets as they existed independently for a substantial time prior to the acquisitions, and they are not related to sectors subject to technological obsolescence or other causes.

The charge to income for amortization of intangibles for the yearsended December 31, 2013, 2012 and 2011, are detailed below:

Item line in statement of income which includes amortization of identifiable Intangible assets	As of December 31,		
	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Administrative expenses (see note 25.1)	15,387,284	9,980,378	11,349,627
Total	15,387,284	9,980,378	11,349,627

As of December 31, 2013 and 2012, there are no relevant intangible assets encumbered. There are also no restrictions on ownership of them.

As of December 31, 2013 and 2012, there are no commitments to acquire intangible assets.

No significant intangible assets that have been fully depreciated are in use as of December 31, 2013.

13 Goodwill

The detail of goodwill as of December 31, 2013 and 2012 is as follows:

ID (Unique tax number)	Company	Country	December 31, 2011	Increase (decrease) adjustments for business combinations	Increase (decrease) foreign exchange	December 31, 2012	Increase (decrease) adjustments for business combinations	Increase (decrease) foreign exchange	December 31, 2013
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
—	Constructora Reineta S.A.	Argentina	255,783		(48,810)	206,973		(36,458)	170,515
—	Blaisten S.A.	Argentina	5,358,698		(1,022,534)	4,336,164		(689,817)	3,646,347
—	E Wong S.A.	Peru	2,871,490		(76,070)	2,795,420		(9,806)	2,785,614
—	Metro Inmobiliaria S.A.	Peru	1,572,955		(41,670)	1,531,285		(5,371)	1,525,914
—	Mercantil Pizarro	Peru	3,070,295		(81,336)	2,988,959		(10,485)	2,978,474
—	Supermercados El Centro	Peru	3,939,136		(104,354)	3,834,782		(13,452)	3,821,330
—	Inmobiliaria Los Alamos S.A.C.	Peru	226,239		(5,993)	220,246		(773)	219,473
—	GSW S.A.	Peru	244,176,508		(6,468,587)	237,707,921		(833,841)	236,874,080
—	Gbarbosa Holding LLC	Brazil	186,076,300		(29,032,219)	157,044,081		(8,206,003)	148,838,078
—	Mercantil Rodríguez Comercial Ltda.	Brazil	9,372,242		(1,456,886)	7,915,356		(413,318)	7,502,038
—	Super Família Comercial de Alimentos Ltda.	Brazil	12,160,417		(1,890,300)	10,270,117		(536,276)	9,733,841
—	Perini Comercial de Alimentos Ltda.	Brazil	7,050,928		(1,096,045)	5,954,883		(310,947)	5,643,936
—	Irmaos Bretas Filhos e Cia. Ltda.	Brazil	290,799,233		(45,113,287)	245,685,946		(12,829,035)	232,856,911
—	Prezunic Comercial Ltda.	Brazil	—	188,220,315	(28,759,652)	159,460,663		(8,326,656)	151,134,007
—	Grandes Superficies de Colombia S.A.	Colombia	—	618,156,017	23,775,231	641,931,248			641,931,248
76.193.360-4	Umbrale S.A.	Chile	1,442,588			1,442,588			1,442,588
76.203.080-2	Mega Supermercado Infante Ltda.	Chile	3,598,780			3,598,780			3,598,780
78.072.360-2	Distribución y Administraciones Ltda.	Chile	5,900,758			5,900,758			5,900,758
78.509.620-7	Preaservice Ltda.	Chile	809,682			809,682			809,682
79.829.500-4	Comercializadora Foster Ltda.	Chile	4,536,210			4,536,210			4,536,210
83.274.300-3	Empresas Almacenes Paris S.A.	Chile	120,650,073			120,650,073			120,650,073
83.336.200-3	Montrone Pla S.A.	Chile	33,253,496			33,253,496			33,253,496
83.681.900-4	Supermercado Montecarlo S.A.	Chile	45,250,207			45,250,207			45,250,207
84.671.700-5	Santa Isabel S.A.	Chile	18,179,034			18,179,034			18,179,034
96.671.750-5	Easy S.A.	Chile	224,445			224,445			224,445
96.805.390-6	Proterra S.A.	Chile	1,003,013			1,003,013			1,003,013
78.183.534-3	Retail .S.A.	Chile	11,530,592			11,530,592			11,530,592
Total			1,013,309,102	806,151,563	(91,422,512)	1,728,262,992	—	(32,222,238)	1,696,040,684

13.1 Impairment test on Cash Generating Units including Goodwill.

Goodwill is allocated to each store or group of stores, as appropriate, in each country and operating segment (cash generating units). The following table details goodwill by operating segment and country as of December 31, 2013 and 2012:

Goodwill per operating segment and country	As of December 31, 2013 ThCh$	2012 ThCh$
Real Estate & Shopping—Argentina	170,515	206,973
Supermarkets—Chile	106,991,957	106,991,957
Supermarkets—Brazil	555,708,811	586,331,046
Supermarkets—Peru	248,204,885	249,078,613
Supermarkets— Colombia	641,931,248	641,931,248
Home Improvement—Argentina	3,646,347	4,336,164
Home Improvement—Chile	1,227,458	1,227,458
Department stores—Chile	62,149,917	62,149,917
Financial services—Chile	76,009,546	76,009,546
Total	1,696,040,684	1,728,262,922

The basis of the amount recoverable from the cash generating units is the value in use, which determined by the net present value of the cash flows that the cash generating units will produce, discounted based on a rate of average cost of market capital in line with the business of each country.

13.2 Key assumptions

a) Discount rate

Cash generating units	Discount rate 2013	2012
Supermarkets—Chile	**9.16**	**7.6**
Financial Services—Chile	**8.83**	**7.6**
Supermarkets—Brazil	**10.54**	**8.0**
Supermarkets—Peru	**10.69**	**8.2**
Supermarkets—Colombia	**9.33**	**7.8**
Department stores—Chile	**8.83**	**7.6**
Home Improvement—Argentina	**28.78**	**19.2**
Home Improvement—Chile	**9.19**	**7.60**
Real Estate & Shopping—Argentina	**28.78**	**19.2**

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital, with a debt leveraging of 23% taking into account the main competitors in the market in each country where the Company operates.

b) Other key assumptions

The financial projections to determine the net present value of future cash flows are modeled considering the principal variables that determine the historic flows of each CGU and the budgets approved by the Board. Conservative growth rates are used for this purpose, which fluctuate from 0% to 3% for the first five year of the projections and the terminal growth rates are between 0.5 % and 1%. The most sensitive variables used in these projections are the discount rates, operating costs, store occupation factors, terminal growth rates, and the market prices of the goods and services traded.

For the financial services segment, management did not factor in any assumption regarding a potential increase of free cash flows for the first five years, and used the free cash flows determined as of the date of the impairment test, adjusted based on historical data.

A differentiated discount rate is used to determine the value in use of each operating segment/country where the Company operates. For the impairment test performed in 2013, management carried out a reasonableness analysis on the key assumptions such as rate of discount and terminal growth rate, this analysis consisted of a sensibility analysis on these two assumptions. Management assessed a change of 5% and 10% on the discount rate and terminal growth rate respectively. Based on the results of the sensibility analysis performed, if the proposed changes occurred on the assessed key assumptions, there would not be an impairment loss in 2013.

The recoverable amount exceeded the CGU's carrying amounts of each CGU based on a sensibility analysis performed, management did not identify a reasonably possible change in the two assumptions tested that could cause the carrying value exceeds the recoverable amount.

Acquisition of Colombia Holdings Alpha BV, Colombia Holdings Thalie BV, Colombia Holdings Calliope BV, Colombia Holdings Uranie BV, and Colombia Holdings Coledim BV, each organized under the laws of the Kingdom of the "Netherlands", as well as the acquisition of 100% of the capital stock of Grandes Superficies de Colombia S.A. and Atacadao de Colombia S.A.S (Carrefour)

On November 30, 2012, Cencosud S.A. filed an official notice of an essential event, or "*Hecho Esencial*", with the Chilean Superintendency of Securities and Insurance, "*Superintendencia de Valores y Seguros*" ("SVS"), pursuant to article 9 and second paragraph of article 10 of Act number 18.045 of the Republic of Chile, and Section II of the General Rule No. 30 of the SVS, announcing that:

Pursuant to the stock purchase agreement executed between the Company and Carrefour Nederlans B.V., a company organized under the laws of the Kingdom of the Netherlands and an affiliate of Carrefour S.A., a company organized under the laws of France, the Company completed the acquisition of 100% of the capital stock of Colombia Holdings Alpha BV, Colombia Holdings Thalie BV, Colombia Holdings Calliope BV, Colombia Holdings Uranie BV, and Colombia Holdings Coledim BV, each organized under the laws of the Kingdom of the Netherlands, as well as the acquisition of 100% of the capital stock of Grandes Superficies de Colombia S.A. and Atacadao de Colombia S.A.S., each organized under the laws of Colombia (collectively, the "Acquired Companies"). The Acquired Companies operate supermarkets under the Carrefour brand name in Colombia.

The total purchase price operation was EUR 1,905,005,000 (ThCh$1,171,090,394). All the expenses related to this transaction have been recorded in the income statements of the Company. The expenses amounted to ThCH$3,359,720 (professional fees).

Net sales and profit of the chain in the last twelve months of 2012 totaled about US$ 2.1 billion and US$$27,498 million respectively. In one month to December 31, 2012, the acquired Company contributed revenue and profit of US$244 and US$9,7million respectively.

The Company operates 72 hypermarkets, 16 convenience stores, four local cash & carry format, as well as gas stations. It also acquired the premises are located in nine of the ten largest cities in Colombia, becoming the second supermarket operator. In relation to the attributable synergies to this acquisition, Cencosud is a strong retail operator in the South America Pacific shore and the entry into the Colombian market creates synergy opportunities not only for its Colombian operations but also for its Chilean and Peruvian operations by increasing the scale of its purchases from Asia and by providing a better cost of goods to Colombia and to its operations in Chile and Peru. Furthermore, given that Cencosud is a multi-format retail operator, it believes is well suited to create value out of the real estate portfolio acquired by developing new formats into the existing properties. Cencosud can further develop the sites by opening home improvement stores next to existing supermarkets, or start department store or shopping center operations in the future, further developing its business footprint in Colombia and generating operational efficiencies in that market. Finally, the Group's core business is supermarket operations, which is also the case for the Company's Colombian Operations. Supermarkets are worth more than the value of their assets. Procedures, logistics, trained people, points of sales, etc., are all part of the added value of a supermarket operation. The goodwill recognized is basically attributable to the aforementioned facts and synergies expected to be achieved from integrating the acquired business into the Group's existing structure.

The Company concluded the process of determining the fair value measurement of assets and liabilities of the Sociedad Grandes Superficies de Colombia S.A. y Atacadao de Colombia S.A.S in 2013. All adjustments determined as part of the process have been accounted for as adjusting entries to the amounts recognized as of December 31, 2012.

The balance of the company at the date of purchase provided the following:

Assets	Measurement Period Adjustments	Final allocation of consideration transferred restated	Preliminary allocation as of December 01, 2012
		ThCh$	ThCh$
Current Assets			
Cash and cash equivalents	—	7,137,486	7,137,486
Other financial assets, current	463,921	3,124,415	2,660,494
Trade debtors and other accounts receivables	(2,963,220)	34,085,549	37,048,769

Assets	Measurement Period Adjustments	Final allocation of consideration transferred restated	Preliminary allocation as of December 01, 2012
		ThCh$	ThCh$
Intercompany receivables, current		74,099	74,099
Inventories	(15,919,318)	94,035,892	109,955,210
Current tax assets	—	8,016,441	8,016,441
Total current assets	(18,418,617)	146,473,882	164,892,499
Non-current assets			
Trade debtors and other accounts receivable, non-current	—	7,280	7,280
Intangible assets other than goodwill	10,373,018	17,669,695	7,296,677
Goodwill	(26,618,046)	—	26,618,046
Property, plant and equipment	224,997,165	715,416,527	490,419,362
Investment property	—	23,495,425	23,495,425
Deferred income tax assets	17,911453	50,165,320	32,253,867
Total non-current assets	226,663,590	806,754,247	580,090,657
Total assets	208,244,973	953,228,129	744,983,156

Net Equity and liabilities	Measurement Period Adjustments	Final allocation of consideration transferred	Preliminary allocation as of December 01, 2012
		ThCh$	ThCh$
Current liabilities			
Other financial liabilities, current	—	80,314,269	80,314,269
Trade creditors and other Accounts payables	1,501,214	182,131,348	180,622,134
Intercompany Accounts payable, current	—	5,220,634	5,220,634
Other short-term provisions	10,162,303	12,965,888	2,803,585
Employee benefit provisions, current	—	2,788,075	2,788,075
Other non-financial liabilities, current	—	867,040	867,040
Total current liabilities	11,671,517	284,287,254	272,615,737
Non current Liabilities			
Other financial liabilities, non-current	2,805,517	11,855,081	9,049,564
Non-current liabilities	—	14,538,258	14,538,258
Other Non-current provisions	9,374,893	9,374,893	—
Deferred income tax liabilities	71,980,675	79,525,006	7,544,331
Other long term provisions	—	713,260	713,260
Total non-current liabilities	84,161,085	116,006,498	31,845,413
Total liabilities	95,832,602	400,293,752	304,461,150

Net Equity and liabilities	Final allocation of consideration transferred restated	Preliminary allocation of consideration transferred
		ThCh$
Paid in Capital		323,596,000
Retained Earnings		78,632,494
Other Reserves		38,293,512
Equity attributable to equity instrument holders:		
Not controlling interest		440,522,006
Equity and liabilities		744,983,156
Net Assets	552,934,377	
Consideration Paid	1,171,090,394	
Goodwill	618,156,017	
Accumulated exchange difference	23,775,231	
Goodwill as of December 31, 2013	641,931,248	

As for the allocation of Goodwill, this was determined by taking into account the expected benefits from the related synergies arising from business model of the Company in Colombia, the allocation is as follows:

a) Supermarket – carries 84% of total goodwill

b) Financial services – carries 10% of total goodwill

c) Shopping centers – carries 6% of total goodwill

The goodwill recognized is expected to be deductible for tax purposes.

Fair value measurements

The valuation techniques used in determining the fair value of the significant assets and assumed liabilities were as follows:

Property Plan and Equipment: The Company used the “Replacement Cost new method” to determine the fair value of PPE. This method consists of identifying the replacement cost of new property with similar capacity, adjusted for depreciable factors such as functional or technological obsolescence, remaining useful life, and physical condition. For lands and buildings, the Company used the “Sales Comparison method.” This method identifies prices of recent transactions between market participants (purchasers/sellers) for comparable properties.

Intangible assets: The Company identified and assessed for recognition the following intangibles assets:

- Customer relationship: The Company used the multi-period excess earnings method to estimate the fair value based on a residual cash flow notion.
- Customer lists (databases): The Company used a market approach to determine the fair value of this asset

The hierarchy for the fair value of he assets measured from the business combination, specifically intangible assets, have been assessed as level III

The trade receivables comprise of gross contractual amounts of ThCh$ M$37,964,179, of which ThCh$3,878,630 was expected to be uncollectible as of the date of acquisition.

Acquisition of Sociedad Retail S.A. (Johnson’s Group)

On December 20, 2011, Cencosud S.A., through the subsidiary in Chile Cencosud Tiendas S.A. acquired 85.58% of Johnson’s Group.

Johnson’s operates 39 department stores and 11 stores under the Sociedad Comercializadora de vestuario FES ltda. brand, with 118,578 square meters of selling space.

As of December 31, 2012, the Company determined the fair value measurement of acquired assets and assumed liabilities for Sociedad Retail S.A. (holding of Johnson’s group). All the expenses related to this transaction have been recorded in the income statements of the Company, and amounted to ThCh$420,000

Net sales and loss of Johnson's Group for 2011 totaled ThCh$104,630,662 and ThCh$595,930 respectively. In one month from the date acquisition to December 31, 2011, the acquired Company contributed revenue and loss of ThCh$6,220,013 and ThCh$18,499, respectively.

A preliminary allocation of the consideration transferred to the net assets of Johnson's Group was made as of the date of the acquisition. Subsequent to December 31, 2011 the Company adjusted the preliminary values assigned to certain assets and liabilities in order to reflect additional information obtained since the preliminary allocation was made that pertained to facts and circumstances that existed as of the acquisition date. These measurement period adjustments have been reflected in the opening statements of financial position, the statements of profit and loss and other comprehensive income and of changes in net equity for the year ended December 31, 2011. As of December 31, 2012 the company has concluded the fair value measurement of assets and assumed liabilities. The Company recorded a goodwill amounting ThCh$ 11,530,592 that is presented in the line goodwill. The Goodwill recognized expected to be deducted for tax purposes. The goodwill is attributable mainly to the synergies expected to be achieved when integrating the company to the Group´s existing standard for retail business.

The Company acquisition price included ThCh$ 32,606,000 in cash and ThCh$ 7,036,000 recognized as deferred payment to ensure the right to purchase the remaining 14.42% for said amount. As a result of this operation risks and benefits are transferred as of the date of acquisition. In 2013, the option has been exercised and partially paid, see note 2.4.1 for further information, the liability for the purchase of the 14.42% interest amounts to ThCh$5,052,315 as of December 31,2013.

The trade receivables comprise of gross contractual amounts of ThCh$34,399,870 of which ThCh$13,434,193was expected to be uncollectible as of the date of acquisition.

Assets	**Measurement Period Adjustments**	**Final allocation of consideration transferred restated**	**Preliminary allocation as of December 20, 2011**
		ThCh$	**ThCh$**
Current Assets			
Cash and cash equivalents	(253,893)	14,577,181	14,831,074
Other financial assets, current	—	790,995	790,995
Trade debtors and other accounts receivables	(511,916)	20,965,677	21,477,593
Inventories	—	19,313,441	19,313,441
Current tax assets	—	610	610
Total current assets	(765,809)	55,647,904	56,413,713
Non-current Assets			
Trade debtors and other accounts receivable, non-current	—	7,672,388	7,672,388
Intangible assets other than goodwill	25,040,861	25,501,079	460,218
Property, plant and equipment	(31,760,389)	29,130,444	60,890,833
Deferred income tax assets	10,314,647	28,860,753	18,546,106
Total non-current assets	3,595,119	91,164,664	87,569,545
Total assets	2,829,310	146,812,568	143,983,258

Net Equity and liabilities	Measurement Period Adjustments	Final allocation of consideration transferred restated	Preliminary allocation as of December 20, 2011
		ThCh$	ThCh$
Current liabilities			
Other financial liabilities, current	487,252	6,662,264	6,175,012
Trade creditors and other Accounts payables	1,530,840	62,163,393	60,632,553
Intercompany Accounts payable, current	—	2,439,604	2,439,604
Other short-term provisions	2,259,097	3,221,577	962,480
Tax liabilities, current	—	22,680	22,680
Employee benefit provisions, current	—	1,008,751	1,008,751
Other non financial liabilities, current	—	41,007	41,007
Total current liabilities	4,277,189	75,559,276	71,282,087
Non-current Liabilities	(4,365,431)	12,256,790	16,622,221
Other financial liabilities, non-current	—	274,862	274,862
Non-current liabilities	—	—	—
Other long term provisions	21,431,929	25,301,420	3,869,491
Deferred income tax liabilities	5,008,172	5,308,812	300,640
Total non-current liabilities	22,074,670	43,141,884	21,067,214
Total liabilities	26,351,859	118,701,160	92,349,301

Net Equity and liabilities	Measurement Period Adjustments	Final allocation of consideration transferred	Preliminary allocation as of December 20, 2011
		ThCh$	ThCh$
Paid in Capital	—	—	82,335,911
Retained Earnings (Accumulated losses)	—	—	(33,470,026)
Other Reserves	—	—	2,768,072
Net equity attributable to equity instrument holders:			
Net of controlling entity	—	—	51,633,957
Net equity and liabilities	—	—	143,983,258
Net Assets		28,111,408	
Consideration transferred		39,642,000	
Goodwill as of December 31, 2012		11,530,592	

Prezunic Comercial Ltda

On January 2, 2012 the Company's subsidiary Cencosud Brasil Comercial Ltda. acquired 100% share ownership of the Prezunic Comercial Ltda. pursuant to an acquisition agreement between the Company and Andrea Dias de Cunha and Marcio Dias da Cunha.

The total consideration of the shares was R$875,000,000 (ThCh$242,690,000) which was adjusted based on the variances in debt and working capital of R$216,513,232 (ThCh$60,052,110), accordingly, the total acquisition consideration net of adjustments was R$658,486,768 (ThCh$182,637,890). All the expenses related to this transaction have been recorded in the income statements of the Company, and amounted to ThCh$83,000.

The above mentioned price was paid in installments, including a down payment of R$390,723,722 (ThCh$108,371,132) at the time of execution of the contract with the remaining amount to be paid in four annual installments.

Net sales and profit of the acquired company in the last twelve months of 2012 totaled about R$2,016,648,795 and R$37,543,877million respectively. The Goodwill recognized of ChTh$159,460,663 is expected to be deducted for tax purposes. The goodwill is attributable mainly to the synergies expected to be achieved when integrating the company to the Group´s existing standard for retail business.

The acquired company operates 31 supermarkets stores, one distribution center and has more than 7,300 employees. As a result, the acquired company represents one of the market-leading supermarkets in the Rio de Janeiro state.

The trade receivables comprise of gross contractual amounts of ThCh$35,333,276 of which no provision for bad debt was required an adjustment due to uncollectability. The adjustments posted to the this account represent an indemnification asset related to a contingent liability that arose subsequent to the business combination, and have not been settled as of December 31, 2013, this receivable has not been adjusted for collectability.

As of December 31, 2012 the Company concluded the process of determining the fair value measurement of assets and liabilities.

Assets	**Measurement Period Adjustments**	**Final allocation of consideration transferred restated**	**Preliminary allocation as of January 2, 2012**
		ThCh$	**ThCh$**
Current Assets			
Cash and cash equivalents	—	6,220,882	6,220,882
Trade accounts receivables	18,681,711	54,014,987	35,333,276
Inventories	—	33,648,544	33,648,544
Current tax assets	—	999,408	999,408
Total current assets	18,681,711	94,883,821	76,202,110
Non current Assets			
Intangible assets other than goodwill	15,849,182	15,849,946	764
Property, plant and equipment	7,146,279	47,635,536	40,489,257
Deferred income tax assets	1,404,178	2,076,866	672,688
Total non-current assets	24,399,639	65,562,348	41,162,709
Total assets	43,081,350	160,446,169	117,364,819

Net Equity and liabilities	**Measurement Period Adjustments**	**Final allocation of consideration transferred restated**	**Preliminary allocation as of January 2, 2012**
		ThCh$	**ThCh$**
Current liabilities			
Other financial liabilities, current	—	57,953,720	57,953,720
Trade creditors and other Accounts payables	2,876,017	69,353,032	66,477,015
Other short-term provisions	16,703,215	18,681,710	1,978,495
Intercompany Accounts payable, current	—	7,535,255	7,535,255
Other non financial liabilities,current	—	4,217,781	4,217,781
Total current liabilities	19,579,232	157,741,498	138,162,266
Deferred income tax liabilities	8,287,096	8,287,096	—
Total non-current liabilities	8,287,096	8,287,096	—
Total liabilities	27,866,328	166,028,594	138,162,266

Net Equity and liabilities	**Measurement Period Adjustments**	**Final allocation of consideration transferred restated**	**Preliminary allocation as of January 2, 2012**
		ThCh$	**ThCh$**
Paid in Capital			25,192,609
Retained Earnings (Accumulated losses)			(45,990,056)
Net equity attributable to equity instrument holders:			
Net of controlling entity			(20,797,447)
Net equity and liabilities			117,364,819
Net Assets		(5,582,425)	
Consideration transferred		182,637,890	
Goodwill as of January 2, 2012		188,220,315	
Accumulated exchange difference		(28,759,652)	
Goodwill as of December 31, 2012		159,460,663	

Intangible assets other than Goodwill	**ThCh$**	**Remaining useful life (years)**
		ThCh$
Prezunic Brand	15,849,182	Indefinite
Exchange rate difference	(2,421,720)	Indefinite
Total intangible assets other than Goodwill	13,427,462	

14 Property, plant and equipment

14.1 The composition of this item as of December 31, 2013 and 2012 is as follows:

	As of December 31, 2013	As of December 31, 2012
	ThCh$	ThCh$
Construction in progress	196,653,736	277,245,095
Land	755,456,534	786,367,971
Buildings	1,159,045,283	1,121,151,675
Plant and equipment	270,153,069	275,363,368
Information technology equipment	35,962,383	32,063,673
Fixed installations and accessories	389,903,950	393,271,556
Motor vehicles	1,192,222	1,854,965
Leasehold improvements	230,830,919	195,341,364
Other property plant and equipment	62,685,772	51,868,443
Totals	3,101,883,868	3,134,528,110

Property, plant and equipment categories, gross	As of December 31, 2013	As of December 31, 2012
	ThCh$	ThCh$
Construction in progress	196,653,736	277,245,095
Land	755,456,534	786,367,971
Buildings	1,350,194,798	1,392,811,097
Plant and equipment	564,330,049	597,766,731
Information technology equipment	134,041,857	133,869,544
Fixed installations and accessories	679,969,395	702,447,955
Motor vehicles	5,493,456	6,853,839
Leasehold improvements	276,531,887	232,715,802
Other property plant and equipment	73,410,377	77,351,951
Totals	4,036,082,089	4,207,429,985

Accumulated depreciation and impairment of property, plant and equipment	As of December 31, 2013	2012
	ThCh$	ThCh$
Buildings	(191,149,515)	(271,659,422)
Plant and equipment	(294,176,980)	(322,403,363)
Information technology equipment	(98,079,474)	(101,805,871)
Fixed installations and accessories	(290,065,445)	(309,176,399)
Motor vehicles	(4,301,234)	(4,998,874)
Leasehold improvements	(45,700,968)	(37,374,438)
Other property plant and equipment	(10,724,605)	(25,483,508)
Totals	(934,198,221)	(1,072,901,875)

14.2 The following table shows the technical useful lives for the assets.

Method used for the depreciation of property, plant and equipment (life)	Rate explanation	Minimum life	Maximum life
Buildings	Useful Life (years)	25	60
Plant and equipment	Useful Life (years)	7	20
Information technology equipment	Useful Life (years)	3	7
Fixed installations and accessories	Useful Life (years)	7	15
Motor vehicles	Useful Life (years)	1	5
Leasehold improvements (*)	Useful Life (years)	5	35
Other property plant and equipment	Useful Life (years)	3	15

(*) Leasehold improvement will be depreciated using the shorter useful life between of the length of the lease contract and the useful life per the table above.

14.3 Reconciliation of changes in property, plant and equipment

The following chart shows a detailed roll-forward of changes in property, plant and equipment; by class between January 1, 2013 and December 31, 2013:

Movement year 2013	Construction In progress	Land	Building, net	Plant and equipment net	Information technology equipment, net	Fixed installations and accessories, net	Motor vehicles, net	Lease improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance January 1, 2013	277,245,095	786,367,971	1,121,151,675	275,363,368	32,063,673	393,271,556	1,854,965	195,341,364	51,868,443	3,134,528,110
Charge										
Additions	87,527,955	15,341,731	29,421,393	23,910,995	8,908,011	30,801,595	26,999	41,061,452	7,585,256	244,585,387
Acquisitions through business combination (See note 13)	—	—	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	(1,827)	(201,455)	—	—	(203,282)
Transfer to (from) non— current assets and disposal groups held for sale	—	—	—	—	—	—	—	—	—	—
Transfers to (from) investment properties	(11,695,675)	37,592	(575,206)	—	—	655,702	—	—	(18,593)	(11,596,180)
Disposals through business divestiture	—	—	—	—	—	—	—	—	—	—
Removal	(6,532)	(33,944)	(614,499)	(864,775)	(108,519)	(642,688)	(242)	(346,263)	(720)	(2,618,182)
Depreciation expenses			(29,006,983)	(50,637,568)	(11,832,075)	(61,364,962)	(686,065)	(14,201,074)	(5,921,663)	(173,650,390))
Increase (decrease) in foreign exchange	(7,764,143)	(26,713,784)	(21,491,905)	(11,910,988)	566,083	(13,360,842)	(43,916)	(11,246,577)	2,804,477	(89,161,595)
Transfer from construction in progress	(148,652,964)	(19,543,032)	60,160,808	34,292,037	6,365,210	40,545,416	241,936	20,222,017	6,368,572	—
Total changes	(80,591,359)	(30,911,437)	37,893,608	(5,210,299)	3,898,710	(3,367,606)	(662,743)	35,489,555	10,817,329	(32,644,242)
Final balance as of December 31, 2013	196,653,736	755,456,534	1,159,045,283	270,153,069	35,962,383	389,903,950	1,192,222	230,830,919	62,685,772	3,101,883,868

The following chart shows a detailed roll-forward of changes in property, plant and equipment; by class between January 1, 2012 and December 31, 2012:

Movement year 2012	Construction In progress	Land	Building, net	Plant and equipment, net	Information Technology equipment, net	Fixed Installations And accessories, net	Engine vehicles, net	Lease improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance January 1, 2012	350,254,325	593,589,931	608,920,291	214,613,734	22,501,400	264,943,521	1,101,256	134,218,413	38,385,930	2,228,528,801
Charge										
Additions	199,439,068	29,558,199	16,356,250	51,499,623	9,289,164	53,502,893	292,850	44,026,508	15,425,831	419,390,386
Acquisitions through business combination (See note 13)	26,475,367	205,337,111	425,100,918	22,636,848	1,682,377	35,560,264	1,055,677	33,077,924	20,779,314	771,705,800
Disposals	—	(13,413,500)	—	—	—	—	(125,471)	—	—	(13,538,971)
Transfer to (from) non—current assets and disposal groups held for sale	—	—	—	—	—	—	—	—	—	—
Transfers to (from) investment properties	9,102,922	(9,116,117)	4,195,542	(119,851)	(74,635)	(107,278)	—	—	(6,375,415)	(2,494,832)
Disposals through business divestiture	—	—	—	—	—	—	—	—	—	—
Removal	(2,026,193)	(2,347,124)	(4,430,792)	(4,829,501)	(355,432)	(739,975)		(150,265)	(522,448)	(15,401,730)
Depreciation expenses			(22,060,242)	(37,751,367)	(7,339,250)	(53,029,585)	(352,937)	(9,750,470)	(1,186,169)	(131,470,020)
Increase (decrease) in foreign exchange	(4,810,026)	(32,237,454)	(27,380,220)	(16,245,504)	(2,191,010)	(14,729,318)	(116,439)	(18,835,643)	(5,645,710)	(122,191,324)
Transfer from construction in progress	(301,190,368)	14,996,925	120,449,928	45,559,386	8,551,059	107,871,034	29	12,754,897	(8,992,890)	—
Total changes	(73,009,230)	192,778,040	512,231,384	60,749,634	9,562,273	128,328,035	753,709	61,122,951	13,482,513	905,999,309
Final balance as of December 31, 2012	277,245,095	786,367,971	1,121,151,675	275,363,368	32,063,673	393,271,556	1,854,965	195,341,364	51,868,443	3,134,528,110

14.4 The Company has traditionally maintained the policy to carry out all the necessary work in response to the opportunities and changes experienced in domestic and regional markets where the Company operates, to capture the best opportunities and results for each of its business units.

The main property, plants and equipment were revalued in its initial measurement at December 31, 2008. The valuations were performed based on the market value or depreciated technical appraisal value accordingly. The remaining fixed assets were valued using the cost method.

The cost includes disbursements directly attributable to the acquisition or construction of an asset, as well as interests from related financing in the case of qualifying assets.

From January 1st, 2009, all property, plants and equipment are valued at acquisition cost. Refer to note 2.7.

14.5 Costs arising from interest expense:

The company incorporates costs for general and specific interest directly attributable to the acquisition, construction or production of an asset which necessarily takes time to get ready for intended use.

Detail	As of December 31, 2013 ThCh$	2012 ThCh$	2011 ThCh$
Balance of costs of capitalized interest in Property, Plant and Equipment	295,405	14,158,806	21,589,141
Capitalization rate of capitalized interests in Property, Plant and Equipment	4.5%	4.5%	4.5%

14.6 Assets subject to finance lease

The financial lease operations are shown in note 30.

14.7 Assets granted

As of December 31, 2013 and 2012, properties, plant and equipment have been granted as security for the total amount of ThCh$ 3,186,327and ThCh$ 3,622,226, respectively, whose details are shown in Note 31.1 Guarantees Granted. Nevertheless, there are no restrictions on ownership of assets.

14.8 Commitments to acquire assets

As of December 31, 2013, there are commitments to acquire property, plant and equipment of ThCh$ 67,592,660. (As of December 31, 2012 there are commitments to acquire property, plant or equipment of ThCh$ 70,006,644.)

14.9 Assets out of service

As of December 31, 2013 and 2012, there are no essential elements or assets that are temporarily out of service. The property, plant and equipment mainly relate to stores and operating fixed assets to enable the performance of the retail business every day of the year, except when there are restrictions for public holidays established in each country.

14.10 Assets fully depreciated

In view of the nature of the retail business, the Company has no significant assets that are fully depreciated and that are in use as of December 31, 2013 and 2012. These assets relate mainly to minor equipment such as scales, furniture, computers, cameras, lighting and others. The retail business assets are depreciated based on the term of the lease agreement.

14.11 Impairment losses

Assets subject to amortization are tested for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be recovered. It recognizes an impairment loss when the carrying amount is greater than its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which identifiable cash flows exist separately. The Company has not recognized losses or reversals of impairment affecting profit and loss as of December 31, 2013 and December 31, 2012

14.12 Property Plant and Equipment components:

The main items that compose each asset class are:

Plant and equipment: presented in this asset class are primarily properties used in the operation of retail business such as mixers, sausages portioning machines, system ready meals, frozen island, cold containers, and refrigerated display cases, forming bread ovens, blender, among others.

Equipment for information technology: correspond to items such as computers, printers, notebook, labeling, scanner, clock control, price inquiries and servers, among others.

Fixtures and fittings: presented in this asset class are expenditures to enable operations of stores, such, ceilings, floors, wall finishes, lighting the sky, smoke detectors, sprinklers, air ducts and heating, communications networks , escalators, elevators, hoists, electrical substation and central air conditioning among others.

Leasehold improvements: presented in this asset class are disbursements associated with enabling or leased store improvements such as remodeling of facades, finishes, floors, ceilings and walls among others. Other property, plant and equipment: mainly corresponds to fixed assets in transit and assets acquired under finance lease.

15 Investment properties

The investment properties are assets held to generate rental income and include lands, buildings, malls in Chile, Argentina, Peru and Colombia and other real estate projects in progress that are held either to obtain rental income or for a future goodwill. The factors considered in the valuation methodology of the investment properties are described in note 4.5 “Estimates, judgment or criteria applied by management”.

15.1 The roll-forward of investment properties at December 31, 2013 and 2012 is the following:

Roll-forward of investment properties, net, fair value method	As of December 31, 2013 ThCh$	2012 ThCh$
Investment properties, net, initial value	1,471,343,789	1,310,143,075
Change in unrealized gains (losses) (*)	95,110,013	98,633,366
Additions, Investment Properties, Fair Value Method	37,900,602	95,302,864
Acquisition from a business combination	—	23,495,425
Transfer to (from) owner-occupied property, investment property, cost model	11,596,180	2,494,832
Retirement, investment properties, Fair Value Method	(4,749)	(3,502,154)
Increase (decrease) in foreign exchange rate, Investment Properties, Fair Value Method	(47,513,777)	(55,223,619)
Changes in Investment Properties, Fair Value Method, Total	97,088,269	161,200,714
Investment Properties, Fair Value Method, Final Balance	1,568,432,058	1,471,343,789

The value of land measure through a market approach amounts to ThCh$ 268,286,953 and ThCh$215,528,590 as of December 31, 2013 and 2012, respectively

(*) Unrealized gain (losses) has been included in the line item “other income by function” of the statement of comprehensive income and note 25.5

15.2 Income and expense from investment properties

Roll-forward of investment properties, net fair value method	As of December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Revenue from Investment Property Leases	205,331,757	166,280,480	129,727,271
Direct Expense of Operation of Investment Properties which generate lease revenue	60,413,606	54,075,826	41,503,630
Direct Expense of Operation of Investment Properties which do not generate lease revenue	—	—	89,903

15.3 As of December 31, 2013, investment properties are not encumbered.

15.4 As of December 31, 2013, there are commitments to acquire investment properties by ThCh$ 35,247,915. (ThCh$ 22,923,474 as of December 31,2012).

15.5 There are no restrictions on ownership of assets.

15.6 Investment Properties

The Costanera Center project corresponds to assets that have been classified as investment property. At December 31, 2013, these assets are valued using the fair value model. The methodology used in the valuation of these assets and significant assumptions used are described in note 4.5. At the end of the year the Shopping Mall is in operation and the offices and hotel are under construction.

16 Deferred income taxes and current tax

The source of the deferred income taxes recorded as of December 31, 2013 and 2012 is the following:

16.1 Deferred income tax assets

Deferred income tax assets	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Fixed assets	24,577,902	26,870,096
Accumulations or accruals	2,898,063	10,479,039
Inventory	19,071,557	21,587,277
Bad-debt reserve	26,738,963	25,227,789
Accruals and provisions	58,954,431	60,657,224
Vacation / annual leave	4,683,348	3,138,530
Tax carry forward losses	165,670,965	120,720,440
Total	302,595,229	268,680,396

The recovery of the deferred tax asset balances requires that the business achieves a sufficient level of taxable income in the future. The Company estimates that the estimated projected future income will cover the recovery of the assets.

16.2 Deferred income tax liabilities

Deferred income tax liabilities	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Fixed assets	335,327,877	382,903,042
Intangibles	110,695,030	39,717,566
Accumulations or accruals	7,987,656	14,266,291
Foreign currency translation	17,472,121	10,070,773
Total	471,482,684	446,957,672

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred income tax assets	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Deferred tax assets to be recovered after more than 12 months	284,963,431	264,094,024
Deferred tax assets to be recovered within 12 months	17,631,798	4,586,372
Deferred tax assets	302,595,229	268,680,396

Deferred income tax liabilities	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Deferred tax liabilities to be recovered after more than 12 months	(463,844,751)	(440,948,509)
Deferred tax liabilities to be recovered within 12 months	(7,637,933)	(6,009,163)
Deferred tax liabilities	(471,482,684)	(446,957,672)
Deferred tax liability (net)	(168,887,455)	(178,277,276)

The gross movement on the deferred income tax account is as follows:

	As of December 31, 2013	2012
	ThCh$	ThCh$
As of 1 January	(178,277,276)	(153,492,862)
Debit to the statement of income	(25,367,189)	(9,477,594)
Business combinations and exchange differences	35,454,381	(18,679,286)
Tax debited (credited) directly to equity	(697,371)	3,372,466
At 31 December	(168,887,455)	(178,277,276)

16.3 The deferred income tax roll-forward is as follows:

Movements in deferred income tax asset	As of December 31, 2013	2012
	ThCh$	ThCh$
Deferred income tax assets Initial balance	268,680,396	164,466,812
Increase (decrease) in deferred income tax assets	46,775,285	104,686,491
Increase (decrease) for change in income tax rate	—	3,760,307
Increase (decrease) in foreign exchange rate	(12,860,452)	(4,233,214)
Deferred income tax assets, final balance	302,595,229	268,680,396

Movements in deferred income tax liability	As of December 31, 2013	2012
	ThCh$	ThCh$
Deferred income tax liabilities, Initial balance	(446,957,672)	(317,959,674)
Increase (decrease) in deferred income tax liabilities	(72,839,845)	(131,492,025)
Increase (decrease) in income tax rate	—	7,881,016
Increase (decrease) in foreign exchange rate	48,314,833	(5,386,989)
Deferred income tax liabilities, final balance	(471,482,684)	(446,957,672)

The changes in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

Deferred tax liabilities	Fixed assets	Intangibles	Capitalized expenses	Other	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
As of 1 January 2012	(287,409,424)	(23,222,924)	(4,405,237)	(2,922,089)	(317,959,674)
Charged (credit) to the Statement of income	(46,059,628)	(65,928,632)	(9,861,054)	(7,148,684)	(128,997,998)
Charged directly to equity					
At December 31, 2012	(333,469,052)	(89,151,556)	(14,266,291)	(10,070,773)	(446,957,672)
Charged (credit) to the statement of income	(1,858,825)	(21,543,474)	6,278,635	(7,401,348)	(24,525,012)
At December 31, 2013	(335,327,877)	(110,695,030)	(7,987,656)	(17,472,121)	(471,482,684)

Deferred tax assets	Tax losses carryforward	Bad debt provision	Provisions	Other	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
As of 1 January 2012	73,999,575	18,570,658	41,080,093	30,816,486	164,466,812
Charged (credit) to the Statement of Income	46,720,865	6,657,131	19,577,131	27,885,991	105,798,656
Charged directly to equity	—	—	—	3,372,466	3,372,466
At December 31, 2012	120,720,440	25,227,789	60,657,224	62,074,943	268,680,396
Charged (credit) to the Statement of Income	44,950,525	1,511,174	(1,702,793)	(10,146,702)	34,612,204
Charged directly to equity	—	—	—	(697,371)	(697,371)
At December 31, 2013	165,670,965	26,738,963	58,954,431	51,230,870	302,595,229

16.4 Compensation of deferred income tax assets and liabilities

The deferred tax assets and liabilities are offset when there is a legal right to compensate the current tax assets against the current tax liabilities and when the deferred income tax assets and liabilities are related to the income tax levied on the same tax authority and the same entity.

The compensated amounts are detailed below:

Concept	Gross assets/ liabilities	Compensated values	Compensated values
Deferred income tax assets	268,680,396		268,680,396
Deferred income tax liabilities	(446,957,672)		(446,957,672)
Final balance at December 31, 2012	(178,277,276)	—	(178,277,276)
Deferred income tax assets	302,595,229	(1,677)	302,593,552
Deferred income tax liabilities	(471,482,684)	1,677	(471,481,007)
Final balance at December 31, 2013	(168,887,455)	—	(168,887,455)

16.5 Current income tax assets and current income tax liabilities

The composition of this item as of December 31, 2013 and 2012 is the following:

Current tax assets	12/31/2013	12/31/2012
	ThCh$	ThCh$
Current tax assets, total	22,797,303	32,804,242
Compensated values	—	(1,534,357)
Current tax assets	22,797,303	31,269,885

Current income tax liabilities	12/31/2013	12/31/2012
	ThCh$	ThCh$
Current income tax liabilities, total	63,131,459	48,332,831
Compensated values	—	(1,534,357)
Current income tax liabilities	63,131,459	46,798,474

Non-current tax assets	12/31/2013	12/31/2012
	ThCh$	ThCh$
Minimum presume tax asset	10,763,386	1,453,326
Tax receivable long term	42,963,653	3,372,208
Non-current tax assets	53,727,039	4,825,534

17 Other financial liabilities, current and non-current

The composition of this item as of December 31, 2013 and 2012 is the following:

17.1 Types of interest bearing (accruing) loans

Loans	Balance as of 12/31/2013		Balance as of 12/31/2012	
	Current	Non-current	Current	Non-current
	ThCh$	ThCh$	ThCh$	ThCh$
Bank loans (1)	441,070,635	420,811,688	954,868,162	531,859,027
Bond debt (2)	74,815,992	1,676,045,068	25,513,254	1,663,382,237
Other loans—leases	4,808,673	27,779,079	5,453,350	28,596,747
Other financial liabilities (CCS)	—	—	7,624,595	—
Other financial liabilities (hedge activities)	314,911	44,025	2,245,262	9,574,581
Time deposits (3)	147,454,456	48,923,826	123,248,846	46,883,852
Term savings accounts	1,049,251	—	1,022,988	—
Letters of credit	—	9,511,591	—	10,209,850
Deposits and other demand deposits	3,414,407	—	2,586,949	—
Debt purchase Bretas (4)	46,273,935	—	—	41,189,467
Debt purchase Prezunic	2,400,861	32,938,814	20,236,478	30,718,200
Debt purchase Johnson (see 13)	5,052,315	—	7,216,210	—
Debt M. Rodriguez	—	1,980,934	—	—
Other Financial liabilities—other	12,450,378	—	29,115,522	—
Totals Loans	739,105,814	2,218,035,025	1,179,131,616	2,362,413,961

Financial liabilities at fair value through profit or loss	Balance as of 12/31/2013		Balance as of 12/31/2012	
	Current	Non-current	Current	Non-current
	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities (Non Hedging derivatives)	—	—	7,624,595	—
Other financial liabilities (Hedging derivatives)	314,911	44,025	2,245,262	9,574,581
Total Other Financial Liabilities	314,911	44,025	9,869,857	9,574,581
Total	739,420,725	2,218,079,050	1,179,131,616	2,371,988,542

(1) Bank loans correspond to loans taken out with banks and financial institutions.
(2) Bond debt corresponds to bonds placed in public securities markets or issued to the public in general.
(3) Time deposits are the main funding source of the subsidiary, Banco Paris in Chile. Deposits taken by Chilean clients of Banco Paris are mainly money market deposits, which are 2,120 persons, 35 institutions, and 9 companies. The average maturity of these deposits is 233 days (2012: 257 days) and an average interest rate of 0.54% (2012: 0.58%) as of December 31, 2013
(4) See Note 6.1.

Description of transaction and accounting recognition

The Santander Short-Term Loan matures on December 28, 2012, and has an annual interest rate equal to the Tasa Bancaria (the Banking Interest Rate, or “TAB”), established by the Asociación de Bancos e Instituciones Financieras (the Association of Banks and Financial Institutions, or “ABIF”), plus 0.4%. On August 2, 2012, the company repaid the total of this facility.

On March 13, 2012, the Company entered into a short-term facility for approximately U.S.$200 million (ThCh$ 96,942) with an affiliate of Banco Bilbao Vizcaya Argentaria, S.A., as lender, to finance our investing activities, including capital expenditures, and to refinance certain short-term liabilities, including repayment of overdraft lines (“BBVA Short-Term Loan”). The BBVA Short-Term Loan bears interest at an annual rate of the Tasa Cámara, an indexed interest rate established by ABIF, plus 1.86%, and has a maturity date of March 13, 2013. On July 27, 2012 the Company paid U.S.$200 million (ThCh$ 99,852) of this short term facility.

On April 27, 2012, the Company entered into a U.S.$750 million (ThCh$ 362,558) committed credit facility with J.P. Morgan Chase National Association, an affiliate of J.P. Morgan Securities LLC ("J.P. Morgan"), Morgan Stanley Bank, N.A., an affiliate of Morgan Stanley & Co. LLC ("Morgan Stanley"), The Bank of Tokyo—Mitsubishi UFJ, Ltd. and Mizuho Corporate Bank Ltd., as lenders, (the "J.P. Morgan Credit Facility") in order to finance the Company´s short-term funding requirements, including capital expenditures, interest expense and tax obligations. As of May 7, 2012, amounts drawn under the J.P. Morgan Credit Facility totaled U.S.$250 million (ThCh$ 120,860). The J.P. Morgan Credit Facility bears an interest rate of LIBOR, as adjusted for statutory reserve requirements for euro currency liabilities, plus a margin of 1.25% for the first six months, 1.50% for the following three months, and 1.75% thereafter. The J.P. Morgan Credit Facility matures on March 13, 2013. On August 2, 2012 the company repaid US$250 million (ThCh$ 121,150).

On December 27, 2012 de Company repaid US$ 150 million (ThCh$ 71,994,000) corresponding to the loan agreement signed between Cencosud S.A. and BBVA Bancomer S.A., as Managing Agent, on February 11, 2008.

On October 17, 2012 Cencosud S.A. and JPMorgan Chase Bank, National Association as administrative agent, JPMorgan securities LLC, acting as global coordinator and J.P. Morgan Securities LLC as Book runner and Lead Arranger entered into a Credit Agreement, under the New York Law, USA by US$2,500 million (ThCh$1,199,900,000). On December 06, 2012 the Company repaid US$1,000 million. (See 17.2)

On December 6, 2012 the Company signed a bond issuance pursuant to Rule 144A under the Securities Act by US$1,200 million (ThCh$575,952,000) (see 17.3.1).

17.2 Bank loans—breakdown of currency and maturity dates

At December 31, 2013

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate	Nominal rate	Current Expiration Up to 90 days	Current Expiration 90 days to 1 year	Total Current at 12/31/2013	Non-current Expiration 1 to 3 year	Non-current Expiration 3 to 5 years	Non-current Expiration 5 or more years	Total non-current at 12/31/2013
					%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Chile	97.004.000-5	BANCO DE CHILE S.A.	USD	Monthly	1.25%	1.25%	5,208,647	—	5,208,647	—	—	—	—
	97.004.000-5	BANCO DE CHILE S.A.	Ch$	At maturity	7.40%	7.03%	637,290	—	637,290	48,311,138	—	—	48,311,138
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	1.80%	1.80%	7,093	—	7,093	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	0.75%	0.75%	3,594,199	—	3,594,199	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch$	Monthly	0.40%	0.40%	31,341,511	—	31,341,511	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	0.71%	0.49%	297,431	—	297,431	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch$	At maturity	7.29%	6.85%	637,199	—	637,199	32,684,335	—	—	32,684,335
	97.006.000-6	BANCO DE CREDITO E INVERSIONES S.A.	Ch$	Annual	6.47%	6.09%	329,875	12,500,000	12,829,875	12,445,145	—	—	12,445,145
	76.645.030-K	BANCO ITAU CHILE S.A.	Ch$	At maturity	0.00%	6.31%	—	25,360,125	25,360,125	—	—	—	—
	76.645.030-K	BANCO ITAU CHILE S.A.	Ch$	At maturity	6.52%	6.03%	314,608	25,000,000	25,314,608	—	—	—	—
	97.080.000-K	BANCO BICE S.A	Ch$	At maturity	7.00%	6.63%	326,610	—	326,610	18,915,908	—	—	18,915,908
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch$	Semiannual	6.87%	6.45%	1,285,667	—	1,285,667	34,775,521	34,775,521	—	69,551,042
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch$	At maturity	0.00%	6.05%	883,598	8,704,924	9,588,522	25,970,631	—	—	25,970,631
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch$	Annual	0.65%	0.65%	1,314,274	—	1,314,274	—	—	—	—
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch$	Monthly	0.40%	0.40%	5,171,090	—	5,171,090	—	—	—	—
	97.030.000-6	BANCO DEL ESTADO DE CHILE S.A.	Ch$	Annual	5.99%	5.49%	26,193	39,754,050	39,780,243	39,513,970	—	—	39,513,970
	97.030.000-6	BANCO DEL ESTADO DE CHILE S.A.	Ch$	Monthly	0.40%	0.40%	23,490,221	—	23,490,221	—	—	—	—
	97.053.000-2	BANCO SECURITY S.A.	Ch$	Monthly	1.02%	0.81%	1,851,487	—	1,851,487	—	—	—	—
	97.053.000-2	BANCO SECURITY S.A.	USD	Monthly	1.21%	1.21%	12,443	—	12,443	—	—	—	—
	O-E	BANCO SCOTIABANK	USD	Semiannual	2.35%	2.06%	192,382	—	192,382	34,759,364	17,377,074	—	52,136,438
	O-E	BANCO RABOBANK CURACAO N.V.	USD	Annual	4.16%	3.86%	—	2,855,924	2,855,924	8,049,815	15,912,033	—	23,961,848
Argentina	O-E	BANCO FRANCES	ARS	Monthly	30.00%	30.00%	4,330,362	—	4,330,362	—	—	—	—
	O-E	BANCO GALICIA	ARS	Quarterly	15.01%	15.01%	—	537,420	537,420	543,308	—	—	543,308
	O-E	STANDARD BANK	ARS	Quarterly	15.01%	15.01%	—	537,420	537,420	543,308	—	—	543,308
	O-E	BANCO MACRO	ARS	Monthly	26.25%	26.25%	4,024,500	—	4,024,500	—	—	—	—
	O-E	BANCO FRANCES	ARS	Monthly	21.50%	21.50%	5,231,850	—	5,231,850	—	—	—	—
	O-E	BANCO GALICIA	ARS	Monthly	33.00%	33.00%	1,781,860	—	1,781,860	—	—	—	—
	O-E	BANCO GALICIA	ARS	Monthly	12.50%	12.50%	229,988	—	229,988	—	—	—	—

	O-E	BANCO IFC	USD	Monthly	1.95%	1.95%	—	4,091,006	4,091,006	8,009,547	—	—	8,009,547
	O-E	BANCO FRANCES	ARS	Monthly	33.00%	33.00%	458,793	—	458,793	—	—	—	—
	O-E	BANCO GALICIA	ARS	Monthly	30.00%	30.00%	1,297,713	—	1,297,713	—	—	—	—
	O-E	BANCO FRANCES	ARS	Monthly	30.00%	30.00%	13,742,811	—	13,742,811	715,467	—	—	715,467
	O-E	BANCO GALICIA	ARS	Quarterly	15.01%	15.01%	—	768,584	768,584	—	—	—	—
	O-E	BANCO FRANCES	ARS	Monthly	26.00%	26.00%	8,049,000	—	8,049,000	—	—	—	—
	O-E	BANCO MACRO	ARS	Monthly	18.50%	18.50%	4,024,500	—	4,024,500	—	—	—	—
Colombia	O-E	BANCO DAVIVIENDA	COP	Monthly	5.98%	5.98%	949,691	—	949,691	—	—	—	—
	O-E	BANCO DAVIVIENDA	COP	Monthly	5.88%	5.88%	948,221	—	948,221	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.89%	5.89%	—	958,934	958,934	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.56%	5.56%	—	273,343	273,343	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.56%	5.56%	—	819,969	819,969	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.61%	5.61%	—	948,981	948,981	—	—	—	—
	O-E	BANCO DAVIVIENDA	COP	Monthly	6,69%	6,69%	—	949,415	949,415	—	—	—	—
	O-E	BANCO CITIBANK	COP	Monthly	6,64%	6,64%	—	948,968	948,968	—	—	—	—
	O-E	BANCO CITIBANK	COP	Monthly	6,64%	6,64%	—	947,728	947,728	—	—	—	—
	O-E	BANCO HELM BANK	COP	Monthly	6,69%	6,69%	—	947,749	947,749	—	—	—	—
	O-E	BANCO HELM BANK	COP	Semiannual	6,69%	6,69%	1,461,558	—	1,461,558	—	—	—	—
	O-E	BANCO COLPATRIA	COP	At maturity	6,40%	6,22%	888,249	—	888,249	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5,58%	5,44%	—	15,828,105	15,828,105	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5,58%	5,44%	—		3.771.445	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5.58	5.44	—	1,960,646	1,960,646	—	—	—	—

At December 31, 2013

							Current			Non-current			
							Expiration			Expiration			
Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate	Nominal rate	Up to 90 days	90 days to 1 year	Total Current at 12/31/2013	1 to 3 year	3 to 5 years	5 or more years	Total non-current at 12/31/2013
					%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
	O-E	BANCO DE BOGOTÁ	COP	At maturity	6.01	5.85	—	635,788	635,788	—	—	—	—
	O-E	BANCO CORPBANCA	COP	At maturity	5.54	5.40	—	28,587,503	28,587,503	—	—	—	—
	O-E	BANCO BBVA	COP	At maturity	5.69	5.55	—	18,560,403	18,560,403	—	—	—	—
	O-E	BANCO POPULAR	COP	At maturity	5.15	5.03	—	5,272,805	5,272,805	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5.15	5.03	—	6,920,228	6,920,228	—	—	—	—
Brasil	O-E	BANCO BNDES	Real	Monthly	7.15	7.15	314,168	942,761	1,256,929	—	—	—	—
	O-E	BANCO BNDES	Real	Monthly	7.94	7.94	344,399	1,033,198	1,377,597	—	—	—	—
	O-E	BANCO BNDES	Real	Monthly	7.41	7.41	96,290	288,870	385,160	—	—	—	—
	O-E	BANCO BRADESCO	Real	At maturity	12.88	12.88	8,628	25,884	34,512	7,238,075	—	—	7,238,075
	O-E	BANCO HSBC	Real	At maturity	11.30	11.30	13,909,523	41,728,570	55,638,093	—	—	—	—
	O-E	BANCO TOKYO - MITSUBHISHI	Real	At maturity	11.45	11.45	4,812,436	14,437,307	19,249,743	—	—	—	—
	O-E	BANCO DO BRASIL	Real	At maturity	11.04	11.04	—	—	—	9,394,201	—	—	9,394,201
	O-E	BANCO DO NORDESTE	Real	Monthly	8.50	8.50	82,169	246,506	328,675	1,041,737	347,246	—	1,388,983
Perú	O-E	BANCO DE CREDITO	Soles	Quarterly	7.34	7.34	8,231	832,540	840,771	2,468,025	1,737,667	—	4,205,692
	O-E	BANK OF TOKIO	USD	Quarterly	2.85	2.85	3,251	—	3,251	14,579,758	3,666,917	—	18,246,675
	O-E	BANCO DE CREDITO	Soles	Quarterly	7.71	7.71	221,248	—	221,248	3,234,862	8,733,936	1,093,302	13,062,100
	O-E	BANCO CONTINENTAL	USD	Semiannual	5.15	5.15	1,938,199	1,582,976	3,521,175	9,464,597	8,394,101	—	17,858,698
	O-E	BANCO BILBAO VIZCAYA	USD	Quarterly	2.26	2.26	1,713,884	5,011,198	6,725,082	8,270,117	—	—	8,270,117
	O-E	BANCO SCOTIABANK	Soles	Semiannual	7.50	7.50	8,224	—	8,224	5,223,387	2,621,675	—	7,845,062
	O-E	BANCO SCOTIABANK	Soles	At maturity	4.90	4.90	96,637	6,877,883	6,974,520	—	—	—	—
	O-E	BANCO CONTINENTAL	Soles	At maturity	4.85	4.85	160,826	11,562,452	11,723,278	—	—	—	—
		TOTAL											
		TOTAL					148,059,027	293,011,608	441,070,635	326,152,216	93,566,170	1,093,302	420,811,688

At December 31, 2012

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate %	Nominal rate %	Current – Expiration – Up to 90 days ThCh$	Current – Expiration – 90 days to 1 year ThCh$	Total Current at 12/31/2012 ThCh$	Non-current – Expiration – 1 to 3 year ThCh$	Non-current – Expiration – 3 to 5 years ThCh$	Non-current – Expiration – 5 or more years ThCh$	Total non-current at 12/31/2012 ThCh$
Chile	97.004.000-5	BANCO DE CHILE S.A.	USD	Monthly	1.71	1.71	1,824,068		1,824,068				
	97.004.000-5	BANCO DE CHILE S.A.	Ch$	At maturity l	7.40	7.03		767,149	767,149	48,317,173			48,317,173
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch$	At maturity	7.13	6.70	630,312		630,312		32,630,509		32,630,509
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	1.80	1.80	7,093		7,093				
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	1.04	1.04	3,274,931		3,274,931				
	97.006.000-6	BANCO SANTANDER CHILE S.A.	USD	Monthly	1.06	1.06	16,280		16,280				
	76.645.030-K	BANCO DE CREDITO E INVERSIONES S.A.	Ch$	Annual	7.12	7.26	383,146		383,146	24,882,987			24,882,987
—	76.645.030-K	BANCO ITAU CHILE S.A.	Ch$	At maturity	7.09	7.02	419,250		419,250	24,843,291			24,843,291
	97.080.000-K	BANCO ITAU CHILE S.A.	Ch$	At maturity	7.57	7.02		419,250	419,250	25,000,000			25,000,000
	97.080.000-K	BANCO BICE S.A	UF	Semiannual	6.54	6.54		342,365	342,365	611,245	203,748		814,993
	97.032.000-8	BANCO BICE S.A	Ch$	At maturity	7.11	7.09	404,130		404,130		18,873,780		18,873,780
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch$	Monthly	7.19	6.75	1,509,375		1,509,375	6,943,341	62,490,072		69,433,413
	97.030.000-6	BBANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A	Ch$	At maturity	6.87	6.44	940,557		940,557	34,545,798			34,545,798
	97.053.000-2	BANCO DEL ESTADO DE CHILE S.A.	Ch$	Annual	7.27	6.69	1,384,148		1,384,148	79,072,244			79,072,244
	97.053.000-2	BANCO SECURITY S.A.	USD	Monthly	1.02	1.02	3,220,209		3,220,209				
	97.053.000-2	BANCP SECURITY S.A	USD	Monthly	1.31	1.31	194,371		194,371				
	O-E	BANCO SECURITY S.A	USD	Monthly	1.31	1.31	495,902		495,902				
	O-E	BANCO RABOBANK CURACAO N.V.	USD	Annual	4.16	3.86	226,581		226,581	4,852,671	9,705,342	9,705,343	24,263,356
	O-E	BANCO SCOTIABANK	USD	Semiannual	2.35	2.06	191,868		191,868	15,865,479	31,721,439		47,586,918
	O-E	BANCO JPMORGAN	USD	At maturity	1.71	1.71	710,989,135		710,989,135				

Argentina	O-E	BBVA BANCO FRANCES	ARS	Monthly	16.50	16.50		5,698,171	5,698,171				
	O-E	BANCO GALICIA	ARS	Monthly	15.01	15.01		189,924	189,924	1,304,295			1,304,295
	O-E	OTROS BANCOS	ARS	Monthly	15.01	15.01		189,924	189,924	1,304,295			1,304,295
	O-E	BANCO GALICIA	ARS	Monthly	10.25	10.25	141,795		141,795				
	O-E	BANCO FRANCES	ARS	Monthly	13.50	13.50	1,231,750		1,231,750				
	O-E	BANCO IFC	USD	Monthly	2.83	2.83	10,697,420	11,255,396	21,952,816	10,992,883			10,992,883
	O-E	BANCO FRANCES	ARS	Monthly	16.50	16.50		8,468,971	8,468,971	1,736,889			1,736,889
	O-E	BANCO GALICIA	ARS	Monthly	15.01	15.01		287,991	287,991				
	O-E	BANCO GALICIA	ARS	Monthly	10.25	10.25	3,998		3,998				
Colombia	O-E	BANCO HELM BANK	COP	Semiannual	.250	2.50		1,131,402	1,131,402				
	O-E	BANCO DE BOGOTA	COP	At maturity	6.70	6.50	15,521,553		15,521,553				
	O-E	BANCO DE BOGOTA	COP	At maturity	6.70	6.50	3,698,401		3,698,401				
	O-E	BANCO DE BOGOTA	COP	At maturity	6.70	6.50	1,922,673		1,922,673				
	O-E	BANCO CORPBANCA	COP	At maturity	7.23	7.00	27,991,450		27,991,450				
	O-E	BANCO BBVA	COP	At maturity	7.02	6.80	18,196,648		18,196,648				
	O-E	BANCO CITIBANK	COP	At maturity	6.86	6.65	5,147,358		5,147,358				
	O-E	BANCO POPULAR	COP	At maturity	6.47	6.29	6,755,813		6,755,813				
	O-E	BANCO DE BOGOTA	COP	At maturity	10.23	9.78	1,645,998		1,645,998				
	O-E	BANCO CORPBANCA	COP	At maturity	7.23	7.00	1,088,078		1,088,078				
Brasil	O-E	BRADESCO	Real	At maturity	7.27	7.27	6,303	18,908	25,211	4,582,110	3,054,740		7,636,850
	O-E	BRADESCO	Real	At maturity	7.01	7.01	11,830,902		11,830,902				
	O-E	HSBC	USD	Semiannual	10.43	8.80	881,724	2,645,172	3,526,896				
	O-E	HSBC	USD	Semiannual	7.80	7.80	17,791,228	35,582,456	53,373,684				
	O-E	HSBC	USD	Semiannual	7.87	7.87	3,443,994	6,887,988	10,331,982				
	O-E	BNDES	Real	Monthly	10.30	10.30	439,803	879,606	1,319,409				
	O-E	BNDES	Real	Monthly	7.80	7.80	1,275,650	3,826,949	5,102,599	662,289			662,289
	O-E	BNDES	Real	Monthly	7.30	7.30	267,584	802,753	1,070,337	274,249			274,249
	O-E	BNDES	Real	Monthly	1.89	1.89	501,617	1,504,850	2,006,467	171,764			171,764
	O-E	BANCO DO NORESTE	Real	Monthly	10.50	10.50	299,101	897,303	1,196,404	99,700			99,700
	O-E	BANCO DO BRASIL	Real	At maturity	11.51	11.51	2,454,742	7,364,227	9,818,969				
	O-E	BANCO DO NORESTE	Real	Monthly	10.00	10.00	88,133	264,397	352,530	768,017	512,010	512,010	1,792,037
Perú	O-E	BANCO DE CREDITO	Soles	Quarterly	7.34	7.34	1,030		1,030	3,297,974	1,743,784		5,041,758
	O-E	BANCO CONTINENTAL	Soles	Monthly	5.15	5.15	334,171	9,577	343,748	11,557,566	7,685,526		19,243,092
	O-E	BANCO BILBAO VIZCAYA	Soles	Quarterly	2.31	2.31	59,239	5,442,470	5,501,709	13,695,946			13,695,946
	O-E	BANCO OF TOKIO	Soles	Quarterly	2.91	2.91	5,891		5,891	13,323,971	3,357,547		16,681,518
	O-E	BANCO BCI	Soles	Quarterly	7.71	7.71	147,320		147,320		13,094,373		13,094,373

BANCO SCOTIABANK	Soles	Monthly	7.50	7.50	8,240		8,240	5,231,723	2,630,904		7,862,627
TOTAL											
TOTAL					859,990,963	94,877,199	954,868,162	333,937,900	187,703,774	10,217,353	531,859,027

17.3 Bond debt

Long Terms Bonds—Short term portion

Inscription number or ID	Note	Series	Current nominal amount placed	Restatement unit of the bond	Interest rate	Effective interest rate	Maturity	Periodicity		Accounting value		Placement in Chile or abroad
								Principal installment	Amortization type	12/31/2013	12/31/2012	
					%	%				ThCh$	ThCh$	
268	17.6.1	BJUMB—B1	361,041	UF	65	6.90	9-1-2026	Semiannual	Semiannual	510,723	476,752	Domestic
268	17.6.1	BJUMB—B2	1,805,204	UF	6.5	6.90	9-1-2026	Semiannual	Semiannual	2,585,830	2,405,687	Domestic
443	17.6.2	BCENC—A	4,000,000	UF	4.3	4.75	3-15-2027	Semiannual	Semiannual	1,229,562	1,189,404	Domestic
530	17.6.3	BCENC—E	2,000,000	UF	3.5	4.14	5-7-2018	Semiannual	At maturity	275,137	268,209	Domestic
530	17.6.3	BCENC—F	4,500,000	UF	4.0	4.31	5-7-2028	Semiannual	At maturity	640,258	626,344	Domestic
551	17.6.5	BCENC—J	3,000,000	UF	5.7	5.70	10-15-2029	Semiannual	Semiannual	829,160	812,486	Domestic
551	17.6.5	BCENC—K	30,000,000	Ch $	7.0	7.15	3-1-2014	Semiannual	At maturity	30,685,910	697,496	Domestic
551	17.6.5	BCENC—L	1,000,000	UF	4.1	3.86	5-28-2015	Semiannual	Semiannual	11,715,387	5,789,499	Domestic
551	17.6.5	BCENC—N	4,500,000	UF	4.7	4.95	5-28-2030	Semiannual	Semiannual	452,575	442,919	Domestic
551	17.6.5	BCENC—O	54,000,000	Ch $	7.0	7.68	6-1-2031	Semiannual	At maturity	313,303	312,742	Domestic
N/A	17.6.4	ÚNICA—A	280,000,000	S	7.2	7.49	5-5-2018	Semiannual	At maturity	588,574	590,025	Foreign
N/A	17.6.4	ÚNICA—A	130,000,000	S	7.6	7.76	8-12-2017	Semiannual	At maturity	717,113	714,665	Foreign
N/A	17.6.14	ÚNICA—A	750,000,000	USD	5.5	5.80	1-20-2021	Semiannual	At maturity	9,948,508	9,195,693	Foreign
N/A	17.6.24	UNICA-A	1,200,000,000	USD	4.9	5.17	20-01-2023	Quarterly	Quarterly	14,323,952	1,631,837	Foreign
N/A	17.6.20	2E SERIE 2	6,745,363	S	6.5	6.50	12-14-2016	Quarterly	Quarterly	—	359,496	Foreign
		Total short—term portion								74,815,992	25,513,922	

On December 06, 2012 Cencosud S.A. (Chile) issued bonds in the international Market by a total amount of 1.200 million of US Dollars (ThCh$ 572,928,000) under the rule “144-A” (*Rule 144-A*) and under the “S” Regulation (*Regulation S*), both under the United States Securities act. (*US Securities Act of 1933*). According to the law applicable the instruments above mentioned do not need to be filled in the local SVS (Superintendencia de Valores y Seguros de Chile) neither should be registered in the Securities and Exchange Commission of United States of America. The interest rate of this bond is a 4.9% annual, payable semi annually with a maturity date of the principal on January 20th, 2023. The cash of this issuance were received on December 7, 2012.

17.3.1 Bond long term

Inscription number or ID	Series	Current nominal amount placed	Restatement unit of the bond	Interest rate	Effective interest rate	Maturity	Periodicity		Accounting value		Placement in Chile or abroad
							Principal installment	Amortization type	12/31/2013	12/31/2012	
				%	%				ThCh$	ThCh$	
268	BJUMB—B1	361,041	UF	6.5%	6.90%	01-09-2026	Semiannual	Semiannual	7,923,293	8,093,233	Domestic
268	BJUMB—B2	1,805,204	UF	6.5%	6.90%	01-09-2026	Semiannual	Semiannual	38,488,858	39,258,725	Domestic
443	BCENC—A	4,000,000	UF	4.3%	4.75%	15-03-2027	Semiannual	Semiannual	90,232,986	88,134,115	Domestic

Inscription number or ID	Series	Current nominal amount placed	Restatement unit of the bond	Interest rate	Effective interest rate	Maturity	Periodicity		Accounting value		Placement in Chile or abroad
							Principal installment	Amortization type	12/31/2013	12/31/2012	
				%	%				ThCh$	ThCh$	
443	BCENC—C	4,500,000	UF	4.1%	4.61%	01-07-2027	Semiannual	Semiannual	100,563,384	98,232,678	Domestic
443	BCENC—D	1,500,000	UF	4.0%	4.38%	01-07-2028	Semiannual	Semiannual	33,794,100	33,039,439	Domestic
530	BCENC—E	2,000,000	UF	3.5%	4.14%	07-05-2018	Semiannual	At maturity	45,437,538	44,293,492	Domestic
530	BCENC—F	4,500,000	UF	4.0%	4.31%	07-05-2028	Semiannual	At maturity	101,404,739	99,200,929	Domestic
551	BCENC—J	3,000,000	UF	5.7%	5.70%	15-10-2029	Semiannual	Semiannual	69,898,124	68,492,552	Domestic
551	BCENC—K	30,000,000	$	7.0%	7.15%	01-03-2014	Semiannual	At maturity	—	29,947,243	Domestic
551	BCENC—L	1,000,000	UF	4.1%	3.86%	28-05-2015	Semiannual	Semiannual	5,868,694	17,221,350	Domestic
551	BCENC—N	4,500,000	UF	4.7%	4.95%	28-05-2030	Semiannual	Semiannual	102,290,315	100,107,864	Domestic
551	BCENC—O	54,000,000	$	7.0%	7.68%	01-06-2031	Semiannual	At maturity	50,546,943	50,456,310	Domestic
N/A	ÚNICA—A	280,000,000	S	7.2%	7.49%	05-05-2018	Semiannual	At maturity	52,148,859	52,272,165	Foreign
N/A	ÚNICA—A	130,000,000	S	7.6%	7.76%	12-08-2017	Semiannual	At maturity	24,367,325	24,460,137	Foreign
N/A	ÚNICA—A	750,000,000	USD	5.5%	5.80%	20-01-2021	Semiannual	At maturity	390,512,983	360,591,850	Foreign
N/A	ÚNICA—A	1,200,000,000	USD	4.9%	5.17%	21/01/2023	Semiannual	At maturity	562,566,927	548,451,255	Foreign
N/A	2E SERIE 2	6,745,363	S	6.5%	6.50%	14-12-2016	Quarterly	Quarterly	—	1,128,900	Foreign
	Total Long—Term portion								1,676,045,068	1,663,382,237	

17.4 Other Financial Liabilities—Derivatives—Options

The detail as of December 31, 2013 and December 31, 2012 is as follows:

								Periodicity			Total Current and Non-Current		
ID	Institution Name	Asset Position (In Thousands)	currency	Assets Interest rate	Liability Position (In Thousands)	Currency	Liability Interest Rate	Due date	Interest payment	Principal Installment	December 31, 2013 (ThCh$)	December 31, 2012 (ThCh$)	Placement in Chile or abroad
97.015.000-5	Banco Santander	40,052	USD	0.96%	24,839,230	Ch$	4.80%	11/02/2013	Quarterly	Annual	—	5,626,390	Domestic
97.015.000-5	Banco Santander	60,079	USD	0.96%	29,735,209	Ch$	4.80%	11/02/2013	Quarterly	Annual	—	907,921	Domestic
97.032.000-8	Banco BBVA	50,066	USD	0.96%	25,113,462	Ch$	5.23%	10/01/2013	Quarterly	Annual	—	1,090,284	Domestic
97.004.000-5	Banco de Chile S.A.	50,000	USD	3.86%	26,212,757	Ch$	6.62%	04/10/2018	Semiannual	Semiannual	—	1,336,032	Domestic
97.008.000-7	Banco Scotiabank	50,000	USD	1.93%	26,198,208	Ch$	5.60%	20/10/2017	Semiannual	Semiannual	—	1,522,074	Domestic
O-E	Banco JP Morgan	50,000	USD	1.93%	26,424,662	Ch$	5.48%	20/10/2017	Semiannual	Semiannual	—	1,656,315	Domestic
97.015.000-5	Banco Santander	161,517	USD	4.88%	77,897,914	Ch$	7.95%	20/01/2023	Semiannual	At maturity	—	1,808,295	Domestic
O-E	Banco JP Morgan	50,474	USD	4.88%	24,175,740	Ch$	7.85%	20/01/2023	Semiannual	At maturity	—	169,119	Domestic
O-E	Banco JP Morgan	50,474	USD	4.88%	24,097,519	Ch$	7.86%	20/01/2023	Semiannual	At maturity	—	92,550	Domestic
O-E	Banco JP Morgan	50,474	USD	4.88%	24,148,528	Ch$	8.03%	20/01/2023	Semiannual	At maturity	—	463,339	Domestic
97.004.000-5	Banco de Chile S.A.	50,474	USD	4.88%	24,192,849	Ch$	8.05%	20/01/2023	Semiannual	At maturity	—	563,111	Domestic
O-E	Deutsche Bank	50,474	USD	4.88%	24,137,445	Ch$	7.95%	20/01/2023	Semiannual	At maturity	—	313,538	Domestic
O-E	Banco BBVA	894	USD	2.02%	1,462	USD	3.49%	15/08/2013	Semiannual	—	—	31,620	Foreign
O-E	Banco BBVA	1,014	USD	1.95%	1,676	USD	3.49%	15/08/2016	Semiannual	—	147,176	216,616	Foreign
O-E	Banco Santander	894	USD	2.02%	1,436	USD	3.41%	15/08/2013	Semiannual	—	—	23,691	Foreign
O-E	Banco Santander	1,014	USD	1.95%	1,646	USD	3.41%	15/08/2016	Semiannual	—	100,304	154,631	Foreign
O-E	Banco BBVA	29,362	USD	2.24%	86,389	Soles	6.30%	16/11/2015	Quarterly	Quarterly	111,456	2,978,133	Foreign
O-E	Citibank N.A.	37,810	USD	2.88%	103,706	Soles	5.16%	28/03/2017	Quarterly	Semiannual	—	490,779	Foreign
										TOTAL	358,936	19,444,438	

17.5 Other loans—leases

The detail of the leasing agreement as of December 31, 2013 and 2012 is as follows;

					Current Expiration			Non-Current Expiration			
	ID	Creditor Name	Currency	Amortization type	Up to 90 days ThCh$	Between 90 days and one year ThCh$	TOTAL Current as of December 31, 2013 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 or more years ThCh$	Total non-Current as of December 31, 2013 ThCh$
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	51,480	154,440	205,920	880,407	2,201,018	1,430,668	4,512,093
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	28,859	86,575	115,434	493,535	1,233,837	801,998	2,529,370
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	5,657	16,970	22,627	96,737	241,843	157,199	495,779
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	12,531	37,593	50,124	214,304	535,759	348,245	1,098,308
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	14,767	44,300	59,067	252,542	631,355	410,382	1,294,279
Cencosud Retail S.A.	81201000-K	INMOBILIARIA EDIFICIO PANORÁMICO LIMITADA	Ch$	Monthly	22,250	66,752	89,002	121,300	121,300	550,906	793,506
Cencosud Retail S.A.	81201000-K	CENTRO ESPAÑOL DE TEMUCO	UF	Monthly	11,801	35,402	47,203	62,199	62,199	217,698	342,096
Cencosud Retail S.A.	81201000-K	SOCIEDAD DE RENTA HISPANO CHILENA SA	UF	Monthly	12,500	37,500	50,000	68,642	68,642	134,424	271,708
Cencosud Retail S.A.	81201000-K	BANCO CHILE - LEASING	UF	Semiannual	208,034	624,109	832,143	1,103,798	—	—	1,103,798
Cencosud Retail S.A.	81201000-K	BANCO BICE - LEASING	UF	Semiannual	17,200	51,600	68,800	92,445	92,445	—	184,890
Cencosud Retail S.A.	81201000-K	INVERSIONES OLYMPUS LTDA.	UF	Monthly	—	—	—	—	—	340,320	340,320
Cencosud Retail S.A.	81201000-K	INMOBILIARIA RECOLETA LTDA.	UF	Monthly	—	—	—	—	—	532,623	532,623
Cencosud Retail S.A.	81201000-K	INVERSIONES PUNTA BLANCA LTDA.	UF	Monthly	—	—	—	—	—	358,734	358,734
Cencosud Retail S.A.	81201000-K	EMPRESAS PROULX CHILE II S.A.	UF	Monthly	—	—	—	—	—	565,956	565,956
Cencosud Retail S.A.	81201000-K	INERSA S.A.	UF	Monthly	—	—	—	—	—	466,191	466,191
Cencosud Retail S.A.	81201000-K	RVC RENTAS S.A.	UF	Monthly	—	—	—	—	—	350,809	350,809
Cencosud Retail S.A.	81201000-K	SEGUROS DE VIDA CRUZ DEL SUR S.A.	UF	Monthly	—	—	—	—	—	377,382	377,382
Cencosud Retail S.A.	81201000-K	INMOBILIARIA MALL VIÑA DEL MAR S.A.	UF	Monthly	—	—	—	—	—	329,364	329,364
Cencosud Retail S.A.	81201000-K	EMPRESAS PROULX CHILE II S.A.	UF	Monthly	—	—	—	—	—	511,645	511,645
Cencosud Retail S.A.	81201000-K	INMOBILIARIA TIERRA SANTA	UF	Monthly	—	—	—	—	—	254,773	254,773
Grandes Superficies de Colombia S.A.	830025638	BANCO DE BOGOTÁ	COL	Monthly	83,581	250,743	334,324	150,550	—	—	150,550
Grandes Superficies de Colombia S.A.	830025638	IBM	COL	Monthly	72,478	92,481	164,959	—	—	—	—

Grandes Superficies de Colombia S.A.	830025638	CENTRO COMERCIAL BULEVAR NIZA	COL	Monthly	15,835	48,935	64,770	174,772	196,708	1,680,814	2,052,294
Grandes Superficies de Colombia S.A.	830025638	FCP INVERLINK	COL	Monthly	28,028	86,612	114,640	309,338	348,163	2,311,121	2,968,622
Grandes Superficies de Colombia S.A.	830025638	COMERCIALIZADORA DE COLECCIONES S.A.	COL	Monthly	9,626	29,747	39,373	106,244	119,579	5,263,878	5,489,701
Grandes Superficies de Colombia S.A.	830025638	SOISAN S.A.	COL	Monthly	223	669	892	1,480	4,486	26,469	32,435
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	210,296	—	210,296	—	—	—	—
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	224,220	—	224,220	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	597	175,803	176,400	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	561	165,205	165,766	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	11	97,340	97,351	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	68,818	67,776	136,594	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	1,897	227,517	229,414	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	47,701	112,701	160,402	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	80,148	242,618	322,766	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	67,953	204,853	272,806	70,266	—	—	70,266
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	78,374	235,075	313,449	162,427	—	—	162,427
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	140,673	99,258	239,931	139,160	—	—	139,160
				Total	1,516,099	3,292,574	4,808,673	4,500,146	5,857,334	17,421,599	27,779,079

					Current Expiration			Non-Current Expiration			
	ID	Creditor Name	Currency	Amortization type	Up to 90 days ThCh$	Between 90 days and one year ThCh$	TOTAL Current as of December 31, 2012 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 or more years ThCh$	Total non-Current as of December 31, 2012 ThCh$
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	50,445	151,334	201,779	838,336	838,336	3,038,971	4,715,643
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	28,278	84,834	113,112	469,951	469,951	1,703,573	2,643,475
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	5,543	16,628	22,171	92,115	92,115	333,916	518,146
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	12,279	36,837	49,116	204,063	204,063	739,729	1,147,855
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	14,470	43,410	57,880	240,474	240,474	871,719	1,352,667
Cencosud Retail S.A.	81201000-K	INMOBILIARIA EDIFICIO PANORAMICO LTDA.	UF	Monthly	536	1,609	2,145	—	—	—	—
Cencosud Retail S.A.	81201000-K	INMOBILIARIA EDIFICIO PANORAMICO LTDA.	Ch$	Monthly	7,360	22,080	29,440	66,135	77,140	626,654	769,929
Cencosud Retail S.A.	81201000-K	CENTRO ESPAÑOL DE TEMUCO	UF	Monthly	4,247	12,740	16,987	38,159	44,509	265,481	348,149
Cencosud Retail S.A.	81201000-K	SOCIEDAD DE RENTA HISPANO CHILENA S.A.	UF	Monthly	5,282	15,846	21,128	47,462	55,359	182,121	284,942
Cencosud Retail S.A.	81201000-K	BANCO CHILE-LEASING	UF	Semiannual	109,036	327,109	436,145	979,757	549,418	—	1,529,175
Cencosud Retail S.A.	81201000-K	BANCO BICE-LEASING	UF	Semiannual	8,466	25,398	33,864	76,073	88,732	49,758	214,563
Grandes Superficies de Colombia S.A.	830025638	BANCO DE BOGOTA	COL	Monthly	41,952	110,855	152,807	590,843	—	—	590,843
Grandes Superficies de Colombia S.A.	830025638	IBM	COL	Monthly	21,140	73,421	94,561	254,295	—	—	254,295
Grandes Superficies de Colombia S.A.	830025638	FIDUCIARIA BOGOTA S.A	COL	Monthly	8,813	28,136	36,949	218,243	208,491	1,906,363	2,333,097
Grandes Superficies de Colombia S.A.	830025638	ES DEL ESTADO E S A	COL	Monthly	9,746	26,514	36,260	347,781	350,155	2,496,112	3,194,048
Grandes Superficies de Colombia S.A.	830025638	FIDUCIARIA ALIANZA S.A.	COL	Monthly	6,436	25,341	31,777	152,275	120,111	5,588,117	5,860,503
Grandes Superficies de Colombia S.A.	830025638	ALIANZA FIDUCIARIA S.A.	COL	Monthly	195	584	779	1,557	4,671	27,594	33,822
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Monthly	212,537	446,051	658,588	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	274	75,444	75,718	—	—	—	—
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	177,635	111,980	289,615	207,974	—	—	207,974
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	6,995	431,238	438,233	222,602	—	—	222,602
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	1,937	357,021	358,958	176,422	—	—	176,422
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	2,033	393,911	395,944	165,787	—	—	165,787

Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	—	189,236	189,236	97,682	—	—	97,682
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	68,614	65,267	133,881	134,566	—	—	134,566
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	3,675	218,802	222,477	228,318	—	—	228,318
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	46,221	137,971	184,192	160,421	—	—	160,421
E. Wong	20100106915	BIF LEASING	Soles	Monthly	76,192	160,540	236,732	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	77,266	229,907	307,173	322,331	—	—	322,331
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	65,589	194,121	259,710	342,671	—	—	342,671
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	61,424	180,046	241,470	475,306	—	—	475,306
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	30,464	94,059	124,523	271,515	—	—	271,515
				Total	1,165,080	4,288,270	5,453,350	7,423,114	3,343,525	17,830,108	28,596,747

17.6 Restrictions.

1. As established in the agreement to issue bonds of Cencosud S.A. dated July 5, 2011 and by virtue of which two series (Series A and Series B) were issued, of which only Series B (tranche B1 and B2) remains in effect, the Company, hereinafter the Issuer, has the following indebtedness limits or management restrictions, among others:

   a) Comply with the laws, regulations and other legal provisions applicable to it;

   b) Establish and maintain adequate accounting systems based on generally accepted accounting principles in Chile, as well as hire and maintain an independent external auditing firm of recognized local or international prestige to examine and analyze the Financial Statements and issue an opinion on the statements as of December 31 of each year. Likewise, in accordance with current standards and as long as they are in effect, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS for the life of the bond issuance. These risk rating agencies may be replaced to the extent that the Issuer complies with the obligation of maintaining two of them, continuously and without interruption, for the life of the bond issuance. Nevertheless, it is expressly agreed that: (i) in the event that by SVS provision the currently valid accounting standards were modified, replacing IFRS, and that change were to affect one or more of the restrictions contained in the Ninth clause and/or the definitions in the First clause related to the aforementioned Ninth clause of the Agreement, or (ii) if the valuation criteria established for the accounting entries in the current Financial Statements were modified by the competent entity authorized to issue accounting standards, the Issuer shall, within fifteen Working Days of the new provisions having been reflected for the first time in its Financial Statements, present these changes to the Bondholders' Representative. The Issuer, within twenty Working Days of the new provisions having been reflected for the first time in its Financial Statements, shall request that its external auditors proceed to adapt the obligations indicated in the Ninth clause and/or the definitions contained in the First clause that are related to the aforementioned Ninth clause of the Agreement based on the new accounting situation within twenty Working Days after the date of request. The Issuer and the Bondholders' Representative shall modify the Agreement in order to adjust it as determined by the auditors within ten Working Days of the auditors having issued their report, and the Issuer shall file with the SVS the request for this modification of the Agreement, together with the respective documentation. The aforementioned procedure shall be considered prior to the date on which the Financial Statements must be filed with the SVS by the Issuer, for the reporting period following that in which the new provisions have been reflected for the first time in its Financial Statements. For this, prior consent from the bondholders' association shall not be necessary. Notwithstanding, the Bondholders' Representative shall inform the Bondholders of the modifications to the Agreement by publishing a notice in the newspaper *La Nacion* (print or digital version) and in the event this publication is suspended or no longer exists, in the Official Gazette, which shall take place within twenty Working Days following the date the respective deed modifying the Agreement is granted. In the cases mentioned above, and until the Agreement has been modified in accordance with the aforementioned procedure, the Issuer shall not be considered to have breached the Agreement when as a result exclusively of these modifications, the Issuer fails to comply with one or more restrictions contained in the Ninth clause of the Agreement and/or the definitions contained in the First clause that are related to the aforementioned Ninth clause. Once the Agreement has been modified as stated above, the Issuer shall comply with the agreed-upon modifications to reflect its new accounting situation. Record is left that the procedure contained in this provision is intended to protect the changes produced exclusively by provisions on accounting matters and in no case those produced by variations in market conditions that affect the Issuer. All expenses resulting from the above shall be borne by the Issuer. Likewise, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS for the life of the bonds;

   c) Send a copy of its quarterly and annual Financial Statements to the Bondholders' Representative within the same period of time in which it must be filed with the SVS;

   d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;

   e) Notify the Bondholders' Representative of all material events that are not considered reserved or any infraction of the Issuer's obligations under the agreement as soon as the event or infraction occurs or comes to its knowledge, within the same period of time in which it must notify the SVS. The document that fulfills this obligation must be signed by the Issuer's Chief Executive Officer or by his replacement and must be sent with a return receipt or by certified mail;

   f) Maintain, during the life of this Agreement, its assets free of Restricted Encumbrances that are equivalent, at least, to one point two times the unpaid balance of the principal owed on the Bonds. This obligation shall be verified and measured as of the reporting dates of the Financial Statements. The Issuer shall send information to verify the ratio referred to in this clause to the Bondholders' Representative upon request. In the event that the Issuer fails to comply with this obligation, it may equally and within a maximum of sixty days from the date of violation, establish guarantees in favor of the Bondholders that are proportionally equal to those granted to third parties other than the Bondholders. For these purposes, assets and debt will be valued at book value. The following shall not be considered for these purposes: encumbrances established for any authority for taxes that are still not owed by the Issuer and are being duly challenged by it; those established in the ordinary course of business of the Issuer that are being duly challenged by it; preferences established by law such as, for example, those mentioned in article two thousand four hundred seventy-two of the Civil Code and articles one hundred five and one hundred six of the Securities Market Law; and all encumbrances to which the Issuer has not consented and that are being duly challenged by it;

g) Not sell or transfer essential assets that represent more than 30% of its total assets and that place in danger the continuity of its business, unless that sale, cession or transfer is to a subsidiary and to the extent that it jointly and severally undertakes to pay the Bonds;

h) Maintain an indebtedness ratio no greater than one point three;

i) Maintain minimum equity of eleven million, five hundred thousand UF at all times during the life of the bonds;

j) Not make investments in debt instruments issued by related persons or engage in transactions with related persons under conditions that are less favorable than market conditions for the Issuer;

k) Contract and maintain insurance that reasonably protects its operating assets;

l) Send information on any reduction in its interest in Subsidiaries that results in losing control and stems from a sale, exchange or merger of its interest in them to the Bondholders' Representative within 30 working days of the event having occurred;

m) Record in its accounting books the provisions that arise from adverse contingencies that, in management's opinion, should be reflected in the Financial Statements of the Issuer in accordance with IFRS or the standards that replace them and those established by the SVS, as appropriate.

2. As established in the agreement to issue bonds of Cencosud S.A., dated October 5, 2005 and modified on November 10, 2005, and by virtue of which three series (Series A, Series C and Series D) were issued, the Company, hereinafter the Issuer, has the following obligations or management restrictions:

a) Comply with the laws, regulations and other legal provisions applicable to it, particularly to comply with the timely and correct payment of taxes, duties and charges that affect the Issuer itself or its real estate or chattel property, except those that it challenges in good faith and in accordance with pertinent judicial or administrative procedures, and as long as, in this case, it maintains adequate reserves to cover such contingency when necessary in conformity with IFRS or those standards that replace IFRS;

b) Establish and maintain adequate accounting systems based on IFRS or those standards that replace IFRS, as well as hire and maintain an independent external auditing firm of recognized local or international prestige to examine and analyze the Issuer's Financial Statements and issue an opinion on the statements as of December 31 of each year. Likewise, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS for the life of the Bonds;

c) Send a copy of all information that the Issuer must send the SVS to the Bondholders' Representative, as long as it is not considered reserved information, including a copy of its quarterly and annual individual and consolidated Financial Statements, within the period of time in which it should file such information with the SVS. The Issuer shall also inform the Bondholders' Representative of compliance with the obligations undertaken by virtue of the Agreement within the period of time in which it should file its Financial Statements with the SVS. To do so, the Issuer shall use the format included as Appendix One in this deed, which was notarized on the tenth day of November of the year two thousand five, under number eight thousand one hundred forty-three and for all legal purposes is understood to be an integral part of the Issuance Agreement. Likewise, the Issuer shall send the Bondholders' Representative copies of the risk rating reports on the issuance no later than five Working Days after receipt of these reports from its private risk rating agencies. Finally, the Issuer undertakes to send the Bondholders' Representative all information regarding any violation of its obligations undertaken by virtue of this Agreement, particularly the provisions of this Clause, and any other relevant information requested by the SVS regarding the Issuer, as soon as the event occurs or comes to its knowledge and within the period of time in which it should notify the SVS, as long as it should be reported to its creditors;

d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;

e) Send the Bondholders' Representative, along with the quarterly information, information on any reduction of its interest in the capital of its subsidiaries that are greater than 10% of the capital, as well as any reduction that means losing control of the company once the transaction has taken place. This shall apply to subsidiaries that represent more than 15% of the Issuer's Total Assets;

f) Not engage in, with related persons, transactions under conditions that are less favorable for the Issuer than prevailing market conditions, as set forth in article eighty-nine of the Corporations Law;

g) Maintain the following ratios based on the Quarterly Financial Statements filed as and when stipulated in SVS Ruling 1,879 of April 25, 2008 and Ruling 1,924 of April 24, 2009, and their modifications or the standard that replaces them: (i) An indebtedness level based on the Financial Statements of a ratio of Liabilities less cash and cash equivalents, less other current financial assets, over total equity no greater than one point five. Liabilities shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties; ii) Maintain Total Assets free of all pledges, mortgages or other encumbrances for an amount at least equal to one point two times the Issuer's unguaranteed Liabilities in conformity with the Financial Statements; and iii) Maintain minimum equity attributable to owners of parent company of twenty-two million UF. Nevertheless, it is expressly agreed that: /i/ in the event that by SVS provision the currently valid accounting standards were modified, replacing IFRS, and that change were to affect one or more of the restrictions contained in the Fifteenth clause and/or the definitions in the First clause related to the aforementioned Fifteenth clause of the Agreement, or /ii/ if the valuation criteria established for the accounting entries in the current Financial Statements were modified by the competent entity authorized to issue accounting standards, the Issuer shall, within fifteen Working Days of the new provisions being reflected for the first time in its Financial Statements, present these changes to the Bondholders' Representative. The Issuer, within twenty Working Days of the new provisions having been reflected for the first time in its Financial Statements, shall request that its external auditors proceed to adapt the obligations indicated in the Fifteenth clause and/or the definitions contained in the First clause that are related to the aforementioned Fifteenth clause of the Agreement based on the new accounting situation within twenty Working Days of the date of the request. The Issuer and the Bondholders' Representative shall modify the Agreement in order to adjust it as determined by the auditors within ten Working Days of the auditors having issued their report, and the Issuer shall file with the SVS the request for this modification of the Agreement, together with the respective documentation. The aforementioned procedure shall be considered prior to the date on which the Financial Statements must be filed with the SVS by the Issuer, for the reporting period following that in which the new provisions have been reflected for the first time in its Financial Statements. For this, prior consent from the bondholders' association shall not be necessary. Notwithstanding, the Bondholders' Representative shall inform the Bondholders of the modifications to the Agreement by publishing a notice in the newspaper Diario Financiero, and in the event this publication is suspended or no longer exists, in the Official Gazette, which shall take place within twenty Working Days following the date the respective deed modifying the Agreement is granted. In the cases mentioned above, and until the Agreement has been modified in accordance with the aforementioned procedure, the Issuer shall not be considered to have breached the Agreement when as a result exclusively of these modifications, the Issuer fails to comply with one or more restrictions contained in the Fifteenth clause of the Agreement and/or the definitions contained in the First clause that are related to the aforementioned Fifteenth clause of the Agreement. Once the Agreement has been modified as stated above, the Issuer shall comply with the agreed-upon modifications to reflect its new accounting situation. Record is left that the procedure contained in this provision is intended to protect the changes produced exclusively by provisions on accounting matters and in no case those produced by variations in market conditions that affect the Issuer. All expenses resulting from the above shall be borne by the Issuer. Likewise, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS as long as the Line remains valid;

h) Except by express statement of the Bondholders' Representative, authorized at an extraordinary meeting of the Bondholders, with votes that represent at least fifty-one percent of the Bonds in circulation, that releases the Issuer from the obligation indicated below, it shall maintain ownership of the brands (i) "Jumbo" and (ii) "Parîs" directly or through its subsidiaries;

i) Record in its accounting books the provisions that arise from adverse contingencies that, in the Issuer's opinion, should be reflected in the Issuer's financial statements;

j) Maintain insurance that reasonably protects its operating assets, which are comprised of its main offices, buildings, inventory, furniture, office equipment and vehicles. The Issuer shall ensure that its subsidiaries meet that condition;

k) Not grant endorsements or guarantees, or establish itself as joint and several co-signer in favor of third parties, except subsidiaries of the Issuer.

l) Maintain in the Quarterly Financial Statements direct or indirect ownership of at least 51% in "Cencosud Supermercados S.A." and "Cencosud Administradora de Tarjetas S.A.";

m) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least two thirds of the Issuer's ordinary revenue, based on the Quarterly Financial Statements; and

n) Inform the Bondholders' Representative of the effective use of the funds stemming from the Bond placement corresponding to the Line.

3. As established in the agreement to issue bonds of Cencosud S.A., dated March 13, 2008, and by virtue of which two series (Series E and Series F) were issued, the Company, hereinafter the Issuer, has the following obligations and management restrictions, among others:

a) Comply with applicable laws, regulations and other legal provisions, particularly those related to the timely and correct payment of taxes, duties and charges;

b) Establish and maintain adequate accounting systems based on IFRS or those standards that replace IFRS; an independent external auditing firm of recognized prestige to issue an opinion on the financial statements as of December 31 of each year; two risk rating agencies registered with the SVS for the life of the Bonds;

c) Send to the Bondholders' Representative (i) a copy of all information that the Issuer must send the SVS, as long as it is not considered reserved information, including a copy of its quarterly and annual Financial Statements, within the period of time in which it should file such information with the SVS; (ii) information on compliance with the obligations undertaken by virtue of the Agreement within the period of time in which it should file its Financial Statements with the SVS; (iii) copies of the risk rating reports on the issuance no later than five Working Days after receipt of these reports from its private risk rating agencies; (iv) all information regarding any violation of its obligations undertaken by virtue of the Issuance Agreement and any other relevant information requested by the SVS, as soon as the event occurs or comes to its knowledge.

d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;

e) Send the Bondholders' Representative information on any reduction of its interest in the capital of its Relevant Subsidiaries that are greater than 10% of the capital, as well as any reduction that means losing control of the company once the transaction has taken place;

f) Not engage in, with related persons, transactions under conditions that are less favorable for the Issuer than prevailing market conditions;

g) Maintain the following financial ratios based on the Quarterly Financial Statements: (i) An indebtedness level based on the Financial Statements of a ratio of other current financial liabilities and other non-current financial liabilities, less cash and cash equivalents, less other current financial assets, over total equity attributable to the owners of the parent company, no greater than one point two. Liabilities shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties; and ii) Maintain Total Assets free of all pledges, mortgages or other encumbrances for an amount at least equal to one point two times the Issuer's Liabilities in conformity with the Financial Statements;

h) Except by express statement of the Bondholders' Representative, authorized at an extraordinary meeting of the Bondholders, with votes that represent at least fifty-one percent of the Bonds in circulation, that releases the Issuer from the obligation indicated below, it shall maintain ownership of the brands (i) "Jumbo" and (ii) "París" directly or through its subsidiaries;

i) Record in its accounting books the provisions that arise from adverse contingencies that, in the Issuer's opinion, should be reflected in the Issuer's financial statements;

j) Maintain insurance that reasonably protects its operating assets and ensure that its subsidiaries meet this condition;

k) Not grant endorsements or guarantees or establish itself as joint and several co-signer in favor of third parties, except subsidiaries of the Issuer.

l) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Supermercados S.A. and Cencosud Administradora de Tarjetas S.A., as well as the Companies that eventually control the business areas currently developed by these Companies;

m) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least sixty-seven percent of the Issuer's ordinary revenue, based on the Quarterly Financial Statements; and

n) Inform the Bondholders' Representative of the effective use of the funds stemming from the Bond placement corresponding to the Line.

4. As established in the Master Issuance Agreement for the Private Offering Program for Corporate Bonds of Cencosud S.A., dated April 24, 2008, hereinafter "the Program", entered into in Lima, Peru, and by virtue of which two issuances of the same series (Series A) were carried out, the Company, hereinafter the Issuer, has the following obligations and management restrictions, among others:

a) Preserve its corporate existence and duly maintain and develop its corporate objective;

b) Be in full compliance with all tax obligations, whether formalities or payment obligations, except those that have been challenged using procedures set forth by the laws of the applicable jurisdiction;

c) Maintain on at least a pari passu basis with Bonds issued with respect to payment obligations of other debts or obligations without specific guarantees;

d) Not make substantial changes in the line of business or its corporate objective that produce a material adverse effect on the Issuer's financial condition, understanding as such any change that reduces the Program's risk rating by two (2) or more risk categories below the rating in effect at that time;

e) A change in control that reduces the Program's risk rating by two (2) or more risk categories below the rating in effect at that time may not occur;

f) Not transfer fully or partially, its obligations under the Program Documents;

g) Maintain indebtedness, based on the consolidated Financial Statements, or the individual financial statements if the Issuer does not consolidate, of a ratio of consolidated financial liabilities, or individual if the Issuer does not consolidate, less Cash, less Time Deposits, less Marketable Securities, less repo agreements and forward contracts classified as other current assets in the Issuer's consolidated Financial Statements, or the individual financial statements if the Issuer does not consolidate, to Total Equity that does not exceed 1.20. Consolidated financial liabilities, or individual if the Issuer does not consolidate, shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties. Nevertheless, the liabilities of Banco París shall not be considered for the purpose of calculating this indebtedness; and

h) The Issuer shall issue each quarter: (i) a report that is a sworn statement indicating that no violation of the obligations established in this clause has occurred; (ii) a report containing the calculation of the ratios referred to in the preceding letter.

5. As established in the agreement to issue bonds of Cencosud S.A., dated September 5, 2008 and modified on October 2, 2008, and by virtue of which the Series J, K, L, N and O were issued, the Company, hereinafter the Issuer, has the following obligations or management restrictions:

a) Comply with applicable laws, regulations and other legal provisions, particularly those related to the timely and correct payment of taxes, duties and charges;

b) Establish and maintain adequate accounting systems based on IFRS or those standards that replace IFRS; an independent external auditing firm of recognized prestige to issue an opinion on the financial statements as of December 31 of each year; two risk rating agencies registered with the SVS for the life of the Bonds;

c) Send to the Bondholders' Representative (i) a copy of all information that the Issuer must send the SVS, as long as it is not considered reserved information, including a copy of its quarterly and annual Financial Statements, within the period of time in which it should file such information with the SVS; (ii) information regarding compliance with the obligations undertaken by virtue of the Agreement within the period of time in which it should file its Financial Statements with the SVS; (iii) copies of the risk rating reports on the issuance no later than five Working Days after receipt of these reports from its private risk rating agencies; (iv) all information regarding any violation of its obligations undertaken by virtue of the Agreement and any other relevant information requested by the SVS, as soon as the event occurs or comes to its knowledge;

d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;

e) Send the Bondholders' Representative information on any reduction of its interest in the capital of its Relevant Subsidiaries that are greater than 10% of the capital, as well as any reduction that means losing control of the company once the transaction has taken place;

f) Not engage in, with related persons, transactions under conditions that are less favorable for the Issuer than prevailing market conditions;

g) Maintain the following financial ratios based on the Quarterly Financial Statements: (i) An indebtedness level based on the Financial Statements of a ratio of other current financial liabilities and other non-current financial liabilities, less cash and cash equivalents, less other current financial assets, over total equity attributable to the owners of the parent company, no greater than one point two. Liabilities shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties; and ii) Maintain Total Assets free of all pledges, mortgages or other encumbrances for an amount at least equal to one point two times the Issuer's Liabilities in conformity with the Financial Statements;

h) Except by express statement of the Bondholders' Representative, authorized at an extraordinary meeting of the Bondholders, with votes that represent at least fifty-one percent of the Bonds in circulation, that releases the Issuer from the obligation indicated below, it shall maintain ownership of the brands (i) "Jumbo" and (ii) "París" directly or through its subsidiaries;

i) Record in its accounting books the provisions that arise from adverse contingencies that, in the Issuer's opinion, should be reflected in the Issuer's financial statements;

j) Maintain insurance that reasonably protects its operating assets and ensure that its subsidiaries meet this condition;

k) Not grant endorsements or guarantees or establish itself as joint and several co-signer in favor of third parties, except subsidiaries of the Issuer.

l) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Supermercados S.A. and Cencosud Administradora de Tarjetas S.A., as well as the Companies that eventually control the business areas currently developed by these Companies;

m) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least sixty-seven percent of the Issuer's ordinary revenue, based on the Quarterly Financial Statements; and

n) Inform the Bondholders' Representative of the effective use of the funds stemming from the Bond placement corresponding to the Line.

6. As a result of the loan granted by the International Finance Corporation to the subsidiary Cencosud S.A. (Argentina), an agreement was signed between these entities on September 24, 2008. The Minutes of the Board of Directors of the subsidiary Cencosud S.A. (Argentina) dated September 5, 2008, makes mention of having entered into a Share Retention Agreement, which was signed by the subsidiary Cencosud S.A. (Argentina) and its controller, Cencosud S.A. (Chile), in favor of the "International Finance Corporation" by virtue of which Cencosud S.A. (Chile) undertakes to:

   a) Maintain its shareholdings in the subsidiaries Cencosud S.A., Cencosud Shopping Centers S.A. (Chile) and Cencosud Retail S.A. (Chile);

   b) Maintain its shareholding in Blaisten S.A. and Unicenter S.A.

7. In accordance with the surety and joint debt agreements dated September 30, 2008 and May, 2010, entered into by Cencosud as guarantor and joint debtor and Banco Itaú BBA S.A. as guaranteed creditor, regarding the obligations that the subsidiary G Barbosa could have with this Bank as a result of the guarantee that it granted to Banco Nacional de Desenvolvimento Económico y Social, BNDES, for the loans granted to the subsidiary G Barbosa, Cencosud S.A. shall comply with the following obligations and financial and management restrictions:

   a) Cencosud S.A. as guarantor and joint co-debtor may not have a Financial Expense Coverage Ratio of less than 3.0 to 1.0 at any quarter end (for the most recent period of four consecutive quarters ending as of the end of that quarter);

   b) Cencosud S.A. may not have a Ratio of Consolidated Net Financial Debt to EBITDA greater than 5.25 to 1.0 at any quarter end (for the most recent period of four consecutive quarters ending as of the end of that quarter);

   c) Cencosud S.A. shall maintain direct or indirect ownership of one hundred percent and control of G Barbosa Comercial Ltda., where control is defined by Law eighteen thousand forty-five of the Republic of Chile. The "Main Shareholders" of Cencosud S.A. shall maintain the current shareholding and control that Cencosud S.A. currently has, directly or indirectly.

   This should all be calculated using the IFRS Financial Statements, excluding the line items related to Banco París, which are duly listed individually in those Financial Statements.

8. As established in the debt consolidation agreement signed June 30, 2010 between Cencosud Retail S.A. as Debtor and Banco del Estado de Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

   a) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least sixty-seven percent of the Consolidated Operating Income, based on the Consolidated Quarterly Financial Statements;

   b) Not merge with any company, except those cases in which the merger meets all of the following requirements: (i) that the Company resulting from the merger is a Corporation established and governed by the laws of the Republic of Chile, and (ii) that the Company resulting from the merger maintains Cencosud's current line of business;

   c) Maintain at all times a ratio of Net Financial Debt to Own Funds of no more than one point two;

   d) Maintain minimum equity equivalent to 28,000,000 UF.

e) Maintain assets free of all pledges, mortgages and other encumbrances for an amount at least equivalent to one point two times its unguaranteed consolidated liabilities. The obligations established in this letter and in letters (a),(c) and (d) above shall be measured every quarter based on the Financial Statements of Cencosud S.A.

f) Do not establish personal guarantees in favor of other creditors to secure obligations of third parties that do not belong to Cencosud S.A. and its subsidiaries without prior authorization from the Bank;

g) Send to the Bank, signed by duly authorized persons, its annual report and annual Financial Statements, duly audited, and the quarterly Financial Statements, in the same format in which they were filed with the SVS, within 5 days following the date on which the information must be filed with the SVS. This obligation shall only be demandable in the event, for any reason, that the information is not available on the SVS's website; and

h) Each quarter, submit to the Bank a certificate of compliance of the affirmative and negative obligations established in the agreement, including a detail of the calculation of the financial covenants entered into by the Finance Manager.

9. As established in the debt recognition and restructuring agreement signed September 1, 2010 between Cencosud Administradora de Tarjetas S.A. as Debtor and Banco Bilbao Vizcaya Argentaria Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-compliance or Non-Compliance, as defined in the agreement, have occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined in the agreement, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Important Adverse Effect on the businesses, activities, operations or financial situation of Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site and provided that that information is not considered "reserved" in conformity with the law;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of Cencosud, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, Cencosud shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;

o) Possess, directly or indirectly, shares that represent at least fifty-one percent of the capital of the following Companies: Cencosud Retail S.A. and Cencosud Shopping Centers S.A., and their respective successor companies and transferees, as well as the Companies that eventually control the business areas currently developed by these Companies;

p) Maintain a ratio of net financial liabilities to equity of less than one point two;

q) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of liabilities;

r) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;

s) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, that the Debtor and/or the Guarantor lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

10. As established in the line of credit agreement signed October 1, 2010 between Cencosud Administradora de Tarjetas S.A. as Debtor and Banco Itaú Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no grounds for non-compliance or violation, as defined hereinafter, have occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined hereinafter, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and/or Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's and/or the Guarantor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on its financial, tax, accounting, economic and/or legal situation, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, it shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;

o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. and Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;

p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;

q) Maintain a ratio of total liabilities to equity of less than one point five;

r) Maintain minimum equity of twenty-eight million UF.

s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

11. As established in the line of credit agreement signed October 1, 2010 between Cencosud Retail S.A. as Debtor and Banco Itaú Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

   a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no grounds for non-compliance or violation, as defined hereinafter, have occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined hereinafter, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and/or Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's and/or the Guarantor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on its financial, tax, accounting, economic and/or legal situation, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, it shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;

o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. and Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;

p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;

q) Maintain a ratio of total liabilities to equity of less than one point five;

r) Maintain minimum equity of twenty-eight million UF.

s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

12. As established in the line of credit agreement signed October 12, 2010 between Cencosud S.A. as Debtor and Banco de Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If the Debtor were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If the Debtor were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Debtor's Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-Compliance has occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive of the Debtor has knowledge of: (i) the occurrence of any Grounds for Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and that results in the inability to pay of the Debtor; (iv) any relevant event referring to the Debtor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of the Debtor, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, the Debtor shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding. However, the Debtor or any of its Subsidiaries may surrender these rights, licenses, permits, brands, franchises, concessions or patents to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the Debtor's business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged by the Debtor or a Relevant Subsidiary, through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. The Debtor shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time the obligation listed in the first clause shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case considered Permitted Encumbrances by the agreement;

o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. and Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies.

p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;

q) Maintain minimum equity of twenty-eight million UF.

r) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of current, unguaranteed liabilities;

s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it causes or may cause the Debtor, directly or indirectly, to lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

13. As established in the line of credit agreement signed October 12, 2010 between Cencosud Retail S.A. as Debtor and Banco de Crédito e Inversiones as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no grounds for non-compliance or violation, as defined hereinafter, have occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined hereinafter, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and/or Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's and/or the Guarantor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on its financial, tax, accounting, economic and/or legal situation, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, it shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current law and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;

o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. y Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;

p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;

q) Maintain a ratio of total liabilities to equity of less than one point five;

r) Maintain minimum equity of twenty-eight million UF.

s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

14. As established in the Indenture dated January 20, 2011, entered into under the laws of the state of New York, United States, and by virtue of which Rule 144/A bonds were placed in the U.S. market, the Company, hereinafter the Issuer, has the following obligations and management restrictions, among others:

    a) Prohibition from granting encumbrances;

    b) Prohibition from entering into leaseback agreements;

    c) Prohibition from merging or selling all or a substantial part of its assets;

    d) Reporting obligations established in Rule 144/A and;

    e) Obligation to submit annual and quarterly financial statements to the trustee and bondholders.

15. As established in the loan agreement signed September 7, 2011 between Cencosud S.A. as Debtor and Banco Bilbao Vizcaya Argentaria Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

    a) Submit to the Bank a copy of the Debtor's consolidated Financial Statements for each quarter as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be prepared in accordance with IFRS or applicable standards in Chile;

    b) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each year end as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

    c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Debtor's Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-Compliance has occurred or detailing the nature and extent of such events if they have occurred;

    d) Notify the Bank as soon as possible but no later than 5 banking days after the date on which any one of the indicated executives of the Debtor has knowledge of: (i) the occurrence of any Grounds for Non-Compliance or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding the agreement; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and that results in the inability to pay of the Debtor; (iv) any relevant event referring to the Debtor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site and provided that that information is not considered "reserved" in conformity with the law; (v) submit to the Bank, when requested in writing and for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of the Debtor, in which case it shall be provided within 30 banking days of the date on which the request is made in writing; (vi) submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

e) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and/or IFRS;

f) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that the Debtor or any of its Subsidiaries may surrender these rights, licenses, permits, brands, franchises, concessions or patents to the extent that they do not involve an Important Adverse Effect. In particular, the Debtor shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

g) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

h) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

i) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the Debtor's business, operations, financial or other conditions, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged by the Debtor or a Relevant Subsidiary, through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS or the current standards in Chile;

j) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. The Debtor shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

k) Ensure that all operations with related persons, as defined in law number 18,045, either directly or through related persons, are carried out under prevailing market conditions;

l) Ensure that at any time the Debtor's obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors, a restriction which is not applicable in cases the agreement defines as Permitted Encumbrances.

m) Possess, directly or indirectly, shares that represent at least 51% of the capital of the following companies: Cencosud Retail S.A., Cencosud Shopping Centers S.A. and Cencosud Administradora de Tarjetas S.A. and their respective successor companies and transferees, as well as the companies that may eventually control the business areas currently developed by these companies.

n) Maintain a ratio of net financial liabilities to equity of less than one point two.

o) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of liabilities;

p) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined in the agreement.

q) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it causes or may cause the Debtor, directly or indirectly, to lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

16. As established in the loan agreement signed September 14, 2011 between Cencosud S.A. as Debtor and Banco Bice, Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of the Debtor's consolidated Financial Statements for each quarter as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be prepared in accordance with IFRS or applicable standards in Chile;

b) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each year end as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Debtor's Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-Compliance has occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than 5 banking days after the date on which any one of the indicated executives of the Debtor has knowledge of: (i) the occurrence of any Grounds for Non-Compliance or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding the agreement; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and that results in the inability to pay of the Debtor; (iv) any relevant event referring to the Debtor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site and provided that that information is not considered "reserved" in conformity with the law; (v) submit to the Bank, when requested in writing and for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of the Debtor, in which case it shall be provided within 30 banking days of the date on which the request is made in writing; (vi) submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

e) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and/or IFRS;

f) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that the Debtor or any of its Subsidiaries may surrender these rights, licenses, permits, brands, franchises, concessions or patents to the extent that they do not involve an Important Adverse Effect. In particular, the Debtor shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

g) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

h) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

i) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the Debtor's business, operations, financial or other conditions, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged by the Debtor or a Relevant Subsidiary, through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS or the current standards in Chile;

j) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. The Debtor shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

k) Ensure that all operations with related persons, as defined in law number 18,045, either directly or through related persons, are carried out under prevailing market conditions;

l) Ensure that at any time the Debtor's obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors, a restriction which is not applicable in cases the agreement defines as Permitted Encumbrances.

m) Possess, directly or indirectly, shares that represent at least 51% of the capital of the following companies: Cencosud Retail S.A., Cencosud Shopping Centers S.A. and Cencosud Administradora de Tarjetas S.A. and their respective successor companies and transferees, as well as the companies that may eventually control the business areas currently developed by these companies.

n) Maintain a ratio of net financial liabilities to equity of less than one point two.

o) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of its liabilities;

p) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined in the agreement.

q) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it causes or may cause the Debtor, directly or indirectly, to lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

17. As established in the line of credit agreement signed September 20, 2011 between Cencosud S.A. as Debtor and Banco Santander-Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

   a) Submit to the Bank its quarterly and annual individual Financial Statements, together with the quarterly consolidated Financial Statements of Cencosud to the extent that these documents have not been published on a publicly accessible website. These Financial Statements shall be submitted to the Bank within sixty days of the corresponding quarter end. The year-end Financial Statements shall be submitted to the Bank within one hundred twenty days of the respective year end. The year-end individual Financial Statements of Cencosud shall be audited and submitted with their notes and the opinion of the Independent Auditors;

   b) Supply opportunely, accurately and sufficiently, and to the extent available all financial and accounting information and all other information that the Bank reasonably requests and that is necessary for evaluating and controlling faithful and exact compliance with the Agreement;

   c) Comply fully and opportunely with the payment of all relevant obligations considered first-class loans, especially labor, social security, tax and other obligations with such preference. For these purposes, relevant obligations "Relevant Obligations" are those whose cumulative amount exceeds one million United States dollars or their equivalent in domestic currency. A delay of less than thirty days in the payment of the aforementioned obligations shall not be considered non-compliance for the purposes of this clause;

   d) Maintain an "Indebtedness Level" based on the Financial Statements of Cencosud of a ratio of Other Current Financial Liabilities and Other Non-Current Financial Liabilities, less Cash and Cash Equivalents, less Other Current Financial Assets, over Cencosud's Total Equity no greater than one point two. Liabilities shall include the obligations that Cencosud undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties, all in conformity with accounting principles generally accepted in Chile GAAP or IFRS, as appropriate; and

   e) Maintain a ratio of Assets Free of Pledges and/or Encumbrances and Liabilities equal to or greater than one point two. For these purposes, "Assets" is defined as all real estate or chattel property and assets, tangible or intangible and securities; and "Liabilities" is defined as all obligations of the debtor, financial or not, contingent or not, less the Equity of Cencosud;

   f) Submit to the Bank a copy of its audited annual report within thirty days of its approval at the General Shareholders' Meeting as set forth in its by-laws—or in the absence of by-laws, by the law—to the extent that these documents have not been published on a publicly accessible website.

18. As established in the line of credit agreement signed October 04, 2011 between Cencosud S.A. as Debtor and Rabobank Curacao N.V as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

   a) Maintain with the rest of the lenders at least the same conditions, guarantees or preferences under this agreement, according to the Chilean law, except for the preferences in favor of the fiscal authority, employees, labor obligations and any other obligation imposed by applicable laws.

   b) Not encumber or give guarantee over Assets of Cencosud, except for the mentioned in this agreement.

   c) Send the Audited Financial Statements under IFRS and its corresponding notes , as soon as they are available, even if they are not in the S.V.S web site.

   d) Send, among with the Financial Information, a letter signed off by the attorneys properly authorized by the debtor, a letter informing comply or not any of the obligations included in this contract.

   e) The debtor will inform any relevant or essential event that could be adversely affect within ten bank business days after the event occurs, except for legal exceptions.

f) As soon as take knowledge, and within thirty business bank days, the company should inform the following: i) any potential force major that could affect this contract; ii) any fails to comply to the terms of this agreement, litigation or relevant claims against the debtor or any event that could adversely affect the obligations included in this contract, iii) inform to the bank any deviation in the budget under this contract iv) Any event that could adversely affect and could reasonably occurs, mentioned before.

g) Give to the bank any copy of the documents or notice relevant that could result in any material adversely effect to the bank.

h) Inform any modifications to the by-laws within fifteen business bank days.

i) Inform to the bank, within ten bank business days, any claim, action or demand initiated against the company by any court or other public or private entity that could cause any material adverse effect.

j) Keep updated the contingencies plans to keep the business on going and make the best effort to accomplish with the main obligations related to licenses, permits, software.

k) Inform to the bank, within ten bank business days the acquisition over or equal to fifty million of US dollars, of any ownership in companies that give to the debtor the control over that company.

l) To pay on time taxes, labor or other obligations.

m) To keep accurate accounting records according to the generally accounting principles accepted in Chile

n) Keep the main asset to the business in good shape, giving proper maintenance, keeping insurance over the asset. Specially the debtor will keep the property of the following bands a) Jumbo and b) Paris

o) Keep its actual business operations and activities.

p) To keep the actual number of shares in its main subsidiaries

q) Comply with the laws, regulations and other legal provisions applicable to its subsidiaries.

r) Maintain the following financial ratios: (i) Leverage Ratio of no more than 1.2; (ii) Consolidated Equity greater than UF 28,000,000; (iii) assets pledges or encumbrances over consolidated liabilities under 1.2

s) Not sell or transfer any essential consolidated asset. Essential asset under this contract are the brands a) Jumbo and Paris, b) the shares that represent at least fifty percent of the companies "Cencosud Retail S.A." and Cencosud Shopping Centers S.A.

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect.

19. As established in the credit agreement signed October 19, 2011 between Cencosud S.A. as Debtor and Scotiabank & Trust (Cayman) LDT as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Send the Audited Financial Statements under IFRS and its corresponding notes , as soon as they are available, even if they are not in the S.V.S web site.

b) Send copy of the general information reported by the debtor to the S.V.S to accomplish with any rule.

c) Send the taxes or stamp tax payments to which this contract is affected and inform any action on this taxes.

d) Send, amongst with the Financial Information, a letter signed off by the attorneys properly authorized by the debtor, a letter informing comply or not any of the obligations included in this contract. Additionally to that the company should send a certificate signed off by the external auditors.

e) Give to the bank any change in relevant events that could result in any material adversely effect to the bank.

f) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors.

g) Not sell, transfer or give guarantees over any essential consolidated asset of the company or any subsidiary.

h) The debtor and the guarantors cannot incur in other indebtedness, except for those consider as part of the normal business and that cannot adversely affect the Company.

i) Keep the main asset to the business in good shape, giving proper maintenance, keeping insurance over the asset.

j) Prohibition to the debtor or guarantor, merging or selling its assets, except for the exceptions consider in this agreement.

k) To keep accurate accounting records according to the generally accounting principles accepted in Chile.

l) To keep actual main business operations.

m) Maintain the following financial ratios: (i) Leverage Ratio of no more than 1.2; (ii) Consolidated Equity greater than UF 28,000,000; (iii) Maintain a financial expense ratio of at least 3.0 to 1.0 and assets pledges or encumbrances over consolidated liabilities under 1.2.

n) Not engage in, with related persons, transactions under conditions that are more that those transactions which could have agree with third parties.

20. According to the stated in the "Indenture", dated December 6, 2012 under the bond issuance pursuant to Rule 144[a] under the Securities Act, the Company as "issuer" shall comply with the following:

a) The Company shall not, nor shall it permit any Subsidiary to, issue, assume or suffer to exist any Indebtedness, if such Indebtedness is secured by a Lien upon any property or assets of the Company or any Subsidiary, unless, concurrently therewith, the Securities shall be secured equally and ratably with (or prior to) such Indebtedness; provided, except for the mentioned in the agreement.

b) The Company shall not, nor shall it permit any Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any of their property or assets, unless (a) the Company or such Subsidiary would be entitled pursuant to Section 5.02 of the agreement to issue or assume Indebtedness (in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction) secured by a Lien on such property or assets without equally and ratably securing the Securities, (b) the Company or such Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value (as determined in good faith by the Board of Directors) of the property or assets so leased, (i) to the retirement, within 360 days after the effective date of such Sale and Leaseback Transaction, of (A) Indebtedness of the Company ranking at least pari passu with the Securities or (B) Indebtedness of any Subsidiary, in each case owing to a Person other than the Company or any Affiliate of the Company, or (ii) to the acquisition, purchase, construction, development, extension or improvement of any property or assets of the Company or any Subsidiary used or to be used by or for the benefit of the Company or any Subsidiary in the ordinary course of business or (c) the Company or such Subsidiary equally and ratably secures the Securities. Except for transactions providing for a lease for a term, including any renewal, of not more than three years or to arrangements between the Company and a Subsidiary or between Subsidiaries.

c) Submit or make accessible electronically with notice to the trustee as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Company (currently ending December 31), copies of its audited financial statements on a consolidated basis) in respect of such fiscal year (including a profit and loss account, statements of financial position and cash flow statement), in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants. As soon as they are available, but in any event within 90 calendar days after the end of each of the first three fiscal quarters of each fiscal year of the Company, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, statements of financial position and cash flow statement), in English, prepared on a basis consistent with the audited financial statements of the Company and in accordance with IFRS, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period in the event the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, timely file with the Commission such annual and other reports as may be required by the rules and regulations of the Commission in effect at the relevant time and in the form required thereunder.

d) The Company shall take all action necessary to provide information to permit resale of the Securities pursuant to Rule 144A under the Securities Act, including furnishing to any Holder of a Security or beneficial interest in a Global Security, or to any prospective purchaser designated by such Holder, upon written request of such Holder, financial and other information required to be delivered under Rule 144A(d)(4) (as amended from time to time and including any successor provision) unless, at the time of such request, the Company is subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act or is exempt from such requirements pursuant to Rule 12g3-2(b) under the Exchange Act (as amended from time to time and including any successor provision).

e) Protect its existence as a corporation, and, in the case of the Company, the corporate, partnership, limited liability company or other existence of each Subsidiary, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company, the Guarantor or any such Subsidiary;

f) Neither the Company nor the Guarantor shall consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person except for the mentioned in the agreement.

18 Trade accounts payable and other payables

The composition of the area detail of this item as of December 31, 2013 and 2012 is as follows:

Account	As of December 31, Current 2013 ThCh$	Current 2012 ThCh$	Non-current 2013 ThCh$	Non-current 2012 ThCh$
Trade payable	1,737,920,899	1,703,761,965	4,956,289	1,303,392
Withholdings	220,072,319	197,295,354	3,998,528	6,107,410
Total	1,957,993,218	1,901,057,319	8,954,817	7,410,802

The main suppliers of Cencosud S.A. are as follows: Agrosuper Com.de Alimentos Ltda., Nestlé, Unilever Chile S.A., Unilever Argentina S.A., Samsung Electronics Chile, Mastellone Hnos. S.A., Comercial Santa Elena S.A., Empresas Carozzi S.A., Sancor Cooperativas Unidas Ltda., CMPC Tissue S.A., Organización Terpel S.A., Cervec y Malteria Quilmes SAI, Watts S.A.,Molinos Rio de la Plata S.A., BRF Brasil Foods S.A., Danone Argentina S.A., Compañía de Bebidas Das Americas Ambev, LG Electronics Colombia Ltda., Cooperativa Agrícola y Lechera de la Unión Ltda, LG Electronics Chile.

The detail of the aging for trade payables as of December 31, 2013 is as follows;

Trade payables balances that have not become due as of the reporting date.

Suppliers	Days: Up to 30 Days	31 – 60	61 – 90	91 – 120	121 – 365	366 and more	TOTAL ThCh$	Payment average (days)
Goods	728,742,590	350,229,885	96,854,833	16,106,956	1,990,001	194,622	1,194,118,887	45
Services	154,714,458	29,392,769	5,676,522	1,018,135	829,365	1,526,522	193,157,771	41
Other	51,373,720	3,945,211	484,504	197	14,799	168	55,818,599	33
Total	934,830,768	383,567,865	103,015,859	17,125,288	2,834,165	1,721,312	1,443,095,257	45

Trade payables balance overdue, from the date the balance became due through the reporting date

Suppliers	Days: Up to 30 days	31 – 60	61 – 90	91 – 120	121 – 180	181 and more	Total ThCh$
Goods	83,608,628	18,342,811	15,379,581	10,916,332	11,420,586	39,726,142	179,394,080
Services	31,074,424	12,273,448	6,550,904	1,972,583	4,271,802	34,164,256	90,307,417
Other	6,049,256	2,381,211	3,369,169	2,509,227	3,908,403	11,863,168	30,080,434
Total	120,732,308	32,997,470	25,299,654	15,398,142	19,600,791	85,753,566	299,781,931

The detail of the aging for trade payables as of December 31, 2012 is as following:

Trade payables balances that have not become due as of the reporting date:

Suppliers	Days: Up to 30 days	31 – 60	61 – 90	91 – 120	121 – 365	366 and more	TOTAL ThCh$	Payment average (days)
Goods	745,860,901	282,576,325	77,341,870	9,944,320	1,222,807	314,858	1,117,261,081	43
Services	154,950,482	73,035,679	27,518,150	6,109,381	2,303,668	3,389	263,920,749	50
Other	52,232,630	14,847,272	5,497,022	2,407,390	77,477	—	75,061,791	44
Total	953,044,013	370,459,276	110,357,042	18,461,091	3,603,952	318,247	1,456,243,621	44

Trade payables balance overdue, from the date the balance became due through the reporting date

Suppliers	Days: Up to 30 days	31 – 60	61 – 90	91 – 120	121 – 180	181 and more	Total ThCh$
Goods	83,838,488	16,941,831	12,960,401	5,468,672	9,885,305	46,298,002	175,392,699
Services	25,619,493	6,264,058	2,076,942	9,087,591	3,416,927	17,597,712	64,062,723
Other	3,189,442	2,231,870	7,721	1,115,137	1,572,161	1,249,983	9,366,314
Total	112,647,423	25,437,759	15,045,064	15,671,400	14,874,393	65,145,697	248,821,736

(*) The average payment period is calculated based on the following:

- The items classified as "Trade payables and other payables outstanding" considering the existing term between December 31, 2013 and 2012 and the maturity date of the item.
- The average payment period is calculated by multiplying the total by type of supplier, by a weighted average of the payment days, considering for each segment the maximum term defined in accordance to the maturity ranges included in "Trade payables and other payables outstanding".

19 Provisions and other liabilities

19.1 Provisions

19.1.1 The composition of this item as of December 31, 2013 and 2012 is as follows:

Accruals and provision	As of December 31, Current 2013 ThCh$	Current 2012 ThCh$	Non-current 2013 ThCh$	Non-current 2012 ThCh$
Legal claims provision(1)	41,702,611	46,960,372	67,478,191	87,514,712
Onerous contracts provision(2)	4,703,672	4,591,191	20,744,395	33,541,792
Total	46,406,283	51,551,563	88,222,586	121,056,504

The following table shows the civil, labor and tax proceedings faced by the Company and its subsidiaries (by country). The proceedings comprising each category are those presenting a probable occurrence likelihood and the amount of loss can be quantified or estimated.

	Provision Legal Claims: Civil ThCh$	Labor ThCh$	Tax ThCh$	Exposure: Total ThCh$	Current ThCh$	Non-current ThCh$
Total as of December 31,2013	32,828,662	22,863,865	53,488,275	109,180,802	41,702,612	67,478,190
Total as of December 31,2012	43,091,359	28,132,559	63,251,166	134,475,084	26,960,372	87,514,712

Provision By Country	December 31, 2013 ThCh$	December 31, 2012 ThCh$
Chile	8,803,142	22,892,859
Argentina	30,310,516	32,791,224
Brazil	61,400,392	69,441,835
Peru	1,218,767	1,183,692
Colombia	7,447,985	8,165,474
Total Provision	**109,180,802**	**134,475,084**

The nature of these obligations is as follows:

Civil provision: This primarily corresponds to civil and commercial trials that mainly deal with claims from customers, defects in products, accidents of customers in the stores and law suits related with customer service.

The short-term provision includes ThCh$20,000,000 related to the class action lawsuit against the company "Cencosud Administradora de Tarjetas SA", whose non-appealable final judgment was notified by the First Chamber of the Supreme Court of Chile, dated April 24, 2013.

Labor provision: This primarily corresponds to staff severance indemnities and salary disputes from former employees.

Tax provision: This primarily corresponds to tax claims in the countries in which the Company operates.

(2) Provisions for onerous contracts

The provisions recorded under this concept correspond mainly to the excess over the fair value payable related to onerous lease contracts recorded in business combinations of the period.

19.2 Movement of provisions:

Provision type	Legal claims	Onerous contracts	Total
	ThCh$	ThCh$	ThCh$
Initial Balance January 1, 2013	134,475,084	38,132,983	172,608,067
Movements in Provisions:			
Additional provisions	21,877,548	—	21,877,548
Increase (decrease) in existing provisions	(24,671,255)	(12,684,916)	(17,356,171)
Acquisitions through business combinations (See note 13)	—	—	—
Provision used during the year	(11,624,382)	—	(11,624,382)
Reversal of used provision	(1,615,445)	—	(1,615,445)
Increase (decrease) in foreign exchange rate	(9,260,747)	—	(9,260,747)
Changes in provisions, total	(25,294,281)	(12,684,916)	(17,979,197)
Total provision, closing balance as of December 31, 2013	109,180,803	25,448,067	134,628,870

Provision type	Legal claims	Onerous contracts	Total
	ThCh$	ThCh$	ThCh$
Initial Balance January 1, 2012	70,474,920	29,278,002	99,752,922
Movements in Provisions:			
Additional provisions	47,863,876	—	47,863,876
Increase (decrease) in existing provisions	20,771,008	(3,918,789)	16,852,219
Acquisitions through business combinations	24,571,206	12,773,770	37,344,976
Provision used during the year	(6,397,675)	—	(6,397,675)
Reversal of used provision	(8,938,185)	—	(8,938,185)
Increase (decrease) in foreign exchange rate	(13,870,066)	—	(13,870,066)
Changes in provisions, total	64,000,164	8,854,981	72,855,145
Total provision, closing balance as of December 31, 2012	134,475,084	38,132,983	172,608,067

20 Other non-financial liabilities

The composition of this item as of December 31, 2013 and 2012 is as follows:

	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Customer loyalty program	10,697,957	11,461,190
Guarantees deposits	9,895,969	9,737,005
Minimum accrual dividend	24,042,737	51,749,049
Other	3,172,198	5,369,316
Total Other non-financial Liabilities, current	47,808,861	78,316,560

	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Guarantees deposits	12,996,253	13,363,961
Prepaid Commissions	46,853,181	52,538,040
Other	5,625,256	5,007,298
Total Other non-financial Liabilities, non-current	65,474,690	70,909,299

21 Current provisions for employee benefits

21.1 Vacations and bonuses

The composition of this item as of December 31, 2013 and 2012 is as follows:

	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Employees' vacation	56,440,586	49,808,855
Income sharing and bonuses	40,256,284	28,991,005
Total current provisions for employee benefits	96,696,870	78,799,860

The amount of accumulated liabilities for vacations is calculated in accordance with current Chilean legislation on an accrual basis. The bonuses relate to the amount that is paid the following year with respect to compliance with annual targets, which can be estimated reliably.

21.2 Other employee benefits

a) Description and conditions

The Group contributes to a post-employment and retirement benefit plans in Brazil, which are accounted for as defined benefit plan. These plans entitle the employees to receive certain benefits and pension payments after the respective vesting periods are fulfilled. The benefits on which the Group contributes are as follows:

Benefits	Conditions
Retirement pension	Retirement at age 60 and 5 years of service.
Pension due to an early retirement	Retirement at age 55 and 5 years of service.
Pension due to disability	1 year of service
Death benefits	1 year of service
Other benefits	Retirement at age 55 and 5 years of service.
Death pension	1 year of enrollment in the benefit plan

The defined benefit plan expose the Group to actual risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

b) Funding

The Group has two types of benefit plans in Brazil; a) benefit plan in which employees contribute, and b) benefits in which employees don't make any contributions:

For plans in which the employees contribute: the contribution is conditioned to the formal adherence to the plan, the employees contribute with a 6% limit of their monthly salary, receiving in exchange an equal contribution from the employer (Cencosud Brazil). Furthermore, the employee receives a return from the plan asset.

Plan assets:

	December 31, 2013				December 31, 2012			
Suppliers	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment funds – fixed income	1,484,828	—	—	1,484,828	2,010,480	—	—	
Investments funds – Equity	445,777	—	—	445,777	645,510	—	—	
Total	1,930,605	—	—	1,930,605	2,692,990	—	—	2,692,990

c) Movement in net defined benefit (asset) liability

Movements	Defined benefit obligation ChTh$ 2013	Defined benefit obligation ChTh$ 2012	Fair value of plan assets ChTh$ 2013	Fair value of plan assets ChTh$ 2012	Net defined benefit liability (asset) ChTh$ 2013	Net defined benefit liability (asset) ChTh$ 2012
Balance at January 1	3,035,810	—	(2,692,991)	—	342,819	—
Service cost	1,250,854	81,432	—	—	1,728,022	81,432
Past service credit			—	—	—	—
Interest cost (Income)	263,488	—	(245,459)	(206,217)	18,029	(206,217)
Included in profit and loss	**1,514,342**	**81,432**	**(245,459)**	**(206,217)**	**1,746,051**	**(124,785)**
Re-measurement loss (gain):						
Actuarial loss (gain)						
Demographic assumptions	(44,223)	—	—	—	(44,223)	—
Financial assumptions	(779,221)	—	—	—	(779,221)	—
Experience adjustment	(1,844,365)	2,954,378	—	—	(1,844,365)	2,954,378
Return on plan assets	—	—	1,767,333	(2,161,523)	1,265,089	(2,161,523)
Exchange rates	(25,076)				—	—
Included in OCI	**(2,692,886)**	**2,954,378**	**1,767,333**	**(2,161,523)**	**(1,402,721)**	**792,855**
Contributions paid by employer	6,808	—	(759,489)	(325,250)	(752,681)	(325,250)
Benefits paid	—	—	—	—	—	—
Other	6,808	—	(759,489)	(325,250)	(752,681)	(325,250)
Balance at December 31	**1,864,073**	**3,035,810**	**(1,930,605)**	**(2,692,990)**	**(66,532)**	**342,820**

d) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

Assumptions	**31/12/2013**	**31/12/2012**
Discount rate	12.10%	8.53%

e) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

December 31, 2013	Defined benefit obligation	
	Increase ThCh$	Decrease ThCh$
Discount rate (0.5% movement)	(125,583)	139,265

22 Other current and non-current non-financial assets

The composition of the item as of December 31, 2013 and 2012 is as follows:

Other non-financial assets, current	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Lease guarantees	4,142,481	3,405,540
Pre-paid rent	2,537,929	3,780,197
Pre-paid insurance	4,888,501	3,205,079
Other	36,582	82,739
Total	11,605,493	10,473,555

Other non-financial assets, non-current	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Lease guarantees	7,504,543	7,362,011
Pre-paid rent	29,882,006	29,245,588
Other	876,788	1,672,233
Total	38,263,337	38,279,832

The fair value for the non-financial assets equals their carrying value as of December 31, 2013 and 2012. As of December 31, 2013 and 2012, no significant differences exists between the carrying value of non-financial assets and their fair value.

23 Net equity

The objectives of the Cencosud Group regarding capital management are to safeguard its capacity to continue as a going concern, ensuring appropriate returns for its shareholders and benefits for other stakeholders, and maintaining an optimum capital structure while reducing capital costs.

Capital management

The Group's objective regarding capital management is to safeguard the capacity to continue ensuring appropriate returns for the shareholders and benefits for other stakeholders, and maintaining an optimum capital structure while reducing capital costs.

In line with the industry, the Cencosud Group monitors its capital using the leverage ratio. This ratio is calculated by dividing net financial debt by total capital. Net financial debt corresponds to total indebtedness (including current and non-current debt) less cash and cash equivalents. Total capital corresponds to total equity as shown in the consolidated statement of financial position plus net debt.

Other non-financial assets, non-current	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Total borrowings (note 17)	2,957,140,839	3,538,632,155
Less: Cash and cash equivalents (Note 5)	(171,711,625)	237,720,805
Less: Other financial assets	(141,989,298)	109,174,092
Cash and cash equivalents – Banco Paris (Note 28.10)	15,352,349	12,229,589
Less: Other financial assets – Banco Paris (Note 28.10)	(201,667,118)	(174,286,546)
Net debt	2,457,125,147	3,029,680,301
Total equity	4,261,367,089	3,412,211,744
Leverage ratio	0.58	0.89

In accordance with the above, the Cencosud Group has combined different financing sources, such as: capital increases, operating cash flows, bank loans and bonds.

As part of the finance strategy, the Group will continue seeking to extend the payments terms and shift focus to the operations through the refinancing of liabilities in the forthcoming periods with the ultimately purpose of deleveraging the Group.

23.1 Paid-in capital

As of December 31, 2013, the authorized, subscribed and paid-in capital amounts to ThCh$ 2,321,380,936 (ThCh$1,551,811,762 as of December 31, 2012).

23.2 Subscribed and paid shares

As of June 22, 2012, the Company proceeded to increase the authorized Capital through the issuance of 270,000,000 of shares, without a par value and in a unique series, as agreed at the shareholders meeting held on April 29th, 2011 which complemented and modified preliminary agreements made at extraordinary shareholders meetings on March 1st and May 15th of 2012. 27,000,000 shares out of the capital increase were set aside to offer them in a stock option plan for the Company's upper management.

The referential share price reported to the SVS (Superintendencia de Valores y Seguros) was ThCh$ 3,555.56. The final issue share price was ThCh$2,600 per share.

In connection with share issuance, 59,493,000 shares were issued in the United States of America in the form of American Depositary Shares (ADSs) and 183,507,000 shares were issued in the local market in Chile.

At the extraordinary shareholders meeting held on November 20, 2012, the shareholders agreed to increase capital by ThCh$835,000,000 through the issuance of 332,987,717 of shares in one series and without a par value. 10% out of the total issuance was set aside to offer them in a stock option plan for employees, the remaining of the shares was offered to the Company's shareholders

The following tables show the movement of the authorized and the issued and fully paid shares described above between January 1, 2012 and December 31, 2013

Movement of authorized shares	No of shares
Authorized shares as of January 1, 2012	2,304,015,016
Capital increase as of June 22, 2012	92,309,978
Capital increase as of July 25, 2012	145,642,584
Capital increase as of September 14, 2012	3,028,463
Capital increase as of September 26, 2012	2,018,975
Increase pursuant to stock option plan	27,000,000
Authorized shares as of December 31, 2012	2,574,015,016
Capital increase as of February 28, 2013	5,661,074
Capital increase as of March 13, 2013	290,741,796
Capital increase as of March 25, 2013	3,286,076
Increase pursuant to stock option plan	33,298,771
Decrease due to unsubscribed Capital in 2013	(17,979,999)
Authorized shares as of December 31, 2012	2,889,022,734

Movement in issued and fully paid shares	
Paid shares as of January 1, 2012	2,264,103,215
Capital increase as of June 22, 2012	92,309,978
Capital increase as of July 25, 2012	145,642,584
Capital increase as of September 14, 2012	3,028,463
Capital increase as of September 26, 2012	2,018,975
Paid shares as of December 31, 2012	2,507,103,215
Capital increase as of February 28, 2013	5,661,074
Capital increase as of March 13, 2013	290,741,796
Capital increase as of March 25, 2013	3,286,076
Exercise of stock option	21,931,802
Paid shares as of December 31, 2013	2,828,723,963

As of December 31, 2013, 60,298,771 issued shares were pending of subscription and payment, of which 27,000,000 and 33,298,771 will expire on April 29th and November 20th of 2017 respectively.

As of December 31, 2012, 69,911,801 issued shares were pending of subscription and payment, of which 39,911,801 expired on April 25, 2012 and 27,000,000 will expire on April 29th 2017.

23.3 Dividends

The dividend distribution policy adopted by Cencosud S.A. establishes the payment of dividends of 30% of the distributable net profits.

In relation to SVS Ruling No. 1945, on October 29, 2010, the Company's Board of Directors agreed that the net distributable profits for the year 2010 and following years will be the figure reflected in the financial statements as "profit for the year attributable controlling shareholders", excluding the unrealized result for fair value appraisal of investment properties, net of deferred taxes.

The shareholders' meeting held on April 26, 2013 approved to pay a minimum dividend amounting to ThCh$ 58,269,234 (Ch$20.59906). This dividend was paid in May 15, 2013.

The shareholders' meeting held on April 2, 2012 approved to pay a minimum dividend amounting to ThCh$ 53,259,383 (Ch$23.52339). This dividend was paid in May 4, 2012.

On September 15th, 2013, the Board of Directors agreed on distributing a interim dividend of Ch$8 per share in relation to the profits of 2013. This dividend was paid on December 10th, 2013

The company recorded a minimum dividend by ThCh$ 24,042,737 at December 31, 2013 (ThCh$ 57,749,049 at December 31, 2012) (see note 20). The total charge to equity as of December 31, 2013 was ThCh$ 53,192,713 (ThCh$ 57,645,821 as of December 31, 2012).

23.4 Reserves

The initial Balance is mainly due to the inflation adjustment reversal recorded under IFRS first adoption (transition date to IFRS on January 1st, 2009). The ThCh$ 92,991,292 indudes the effects of the purchase option (call) and put option (put) termination between Cencosud S.A. and UBS A.G. London Branch.

The movements of other Reserves and Changes in ownership interest were as follows

Movements of reserves between January 1, 2013 and December 31, 2013 are as follows:

Reserve movement	**Translation**	**Hedging reserves**	**Actuarial gain (loss) reserves**	**Shared based payments reserves**	**Other reserves**	**Total reserves**
Initial balance current period January 1, 2013	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)
Change in equity						
Other comprehensive income	(153,341,863)	(2,789,482)	925,796	—	—	(155,205,549)
Transfer to (from) retained earnings	—	—	—	3,743,479	—	3,743,479
Increase (decrease) from changes in ownership interest in subsidiaries that do not result in loss of control	—	—	—	—	(404,131)	(404,131)
Total changes in equity	(153,341,863)	(2,789,482)	925,796	3,743,479	(404,131)	(151,866,201)
Closing balance of current year, December 31, 2013	(615,316,151)	20,525,986	402,512	10,636,164	(52,479,121)	(636,230,610)

In 2013, the Group acquired the remaining interest of Cencosud Argentina S.A., for a consideration higher than the book value of the investment accounted for under the equity method. As a result, the Group presented this adjustment as a movement of other reserve in the statement of equity amounting to ThCh$404,131.

Movements of reserves between January 1, 2012 and December 31, 2012 are as follows:

Reserve movement	Currency translation	Hedging reserves	Actuarial gain (loss) reserves	Shared based payments reserves	Other reserves	Total reserves
Initial balance current period January 1, 2012	(233,050,928)	9,825,606	—	4,595,125	15,907,719	(202,722,478)
Change in equity						
Other Comprehensive income	(228,923,360)	13,489,862	(523,284)	—	—	(215,956,782)
Increase (decrease) due to transfers and other changes in equity					92,991,291	92,991,291
Transfer to (from) retained earnings.	—	—	—	2,297,560	—	2,297,560
Increase (decrease) from changes in ownership interest in subsidiaries that do not result in loss of control	—	—	—	—	(160,974,000)	(160,974,000)
Total changes in equity	(228,923,360)	13,489,862	(523,284)	2,297,560	(67,982,709)	(281,641,931)
Closing balance of current year, December 31, 2012	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)

a) Currency translation reserve: This item includes the exchange rate differences resulted from the conversion of the financial statement of all subsidiaries from their functional currency into the presentation currency of the Group.

b) Hedging reserves: This reserve includes the effect of the changes in the fair value of certain financial instruments used as cash flow hedges and deemed as effective. These reserves are transferred to income of the period at the end of the life of the instruments' contracts when the hedged cash flow is realized.

c) Other reserves: The initial balance shows the effect of the elimination of price-level restatement of book-basis capital under IFRS for the transition year. In 2013, no significant changes were observed.

d) Actuarial gain (loss) reserve: This reserve is composed of the actuarial gains (losses) and the effect from the return on the pension plan asset that have been recognized over the past two year in relation to the Company's pension plan Brazil.

e) Other reserves: This reserve has not shown any transactions during 2013 year.

On June 29, 2012, in connection with the purchase by the Company of the remaining 38.6062% interest in Jumbo Retail Argentina S.A. from UBS A.G. London Branch, the Company and UBS A.G. London Branch agreed to terminate the purchase option (call) and put option (put) and associated rights and obligations between the parties. As a result of the termination of these contracts and the exercise of the call option, the Company paid ThCh$ 242,681,460 for the 38.6062% interest in Jumbo Retail Argentina. The accounting effects of this decision are recognized in equity under "other reserves", as follows:

	ThCh$
Purchase price	242,681,460
Non-controlling interests acquired	(81,707,460)
Total due to non-controlling interest acquired	**160,974,000**
Call option asset	(147,470,592)
Put option liability	240,461,884
Total due to options	**92,991,292**

23.5 Non-controlling interest

Details of the non-controlling shares as of December 31, 2013 and 2012 are as follows:

Company	Non-controlling Interest Dec 31, 2013 %	Non-controlling Interest Dec 31, 2012 %	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Cencosud Shoppings Centers S.A.	0.00010	0.00010	355	229
Cencosud Internacional Ltda.	0.00433	0.00433	52,288	57,892
Costanera Center S.A.	0.00004	0.00004	5	6
Mercado Mayorista P y P Ltda.	10.00000	10.00000	93,871	93,589
Easy S.A.	0.42500	0.42500	421,966	205,874

Comercial Food and Fantasy Ltda.	10.00000	10.00000	(60,110)	(78,606)
Administradora del Centro Comercial				
Alto Las Condes Ltda.	55.00000	55.00000	(686,033)	(395,225)
Cencosud Retail S.A.	0.00039	0.00039	228,840	236,856
Jumbo Retail Argentina S.A.	0.07700	0.07700	48,904	147,419
Cencosud Argentina S.A.(*)	0.00000	0.08302	—	409,565
Total			100,086	677,599

(*) During the 2013 year, the Group acquired the remaining interest of this subsidiary.

Details of the non-controlling interests are as follows, for the years ended December 31, are as follows:

Company	Non-controlling Interest 2013 %	Non-controlling interest 2012 %	Non-controlling interest 2011 %	Results 2013 ThCh$	Results 2012 ThCh$	Results 2011 ThCh$
Cencosud Shoppings Centers S.A.	0.00010	0.00010	0.00010	51	35	21
Cencosud Internacional Ltda.	0.00433	0.00433	0.00433	2,346	3,372	5,853
Costanera Center S.A.	0.00004	0.00004	0.00004	(1)	(2)	(4)
Mercado Mayorista P y P Ltda.	10.00000	10.00000	10.00000	282		(1,476)
Easy S.A.	0.42500	0.42500	0.42500	71,558	43,190	30,214
Comercial Food and Fantasy Ltda.	10.00000	10.00000	10.00000	17,801	43,694	(24,608)
Administradora del Centro Comercial Alto Las Condes Ltda.	55.00000	55.00000	55.00000	(290,808)	(340,401)	(174,794)
Cencosud Retail S.A.	0.00039	0.00039	0.04435	33,845	39,914	46,229
Jumbo Retail Argentina S.A.	0.07700	0.07700	38.68320	(627)	3,002,758	10,613,039
Cencosud Argentina S.A.	0.00000	0.08302	0.08302	—	57,955	64,782
Total				(165,553)	2,850,515	10,559,256

On June 29 2012, Cencosud S.A., acquired 38.6062% of Jumbo Retail S.A. shares from UBS, which resulted in a non-controlling interest of 0.077%.

24 Income

The breakdown of ordinary income is as follows:

Income by nature	For the year ended December 31,		
	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Sale of goods	9,829,313,975	8,682,771,449	7,195,684,554
Services rendered (**)	301,842,147	268,154,751	220,226,796
Commission(*)	32,325,103	26,647,499	26,447,796
Interests income	177,558,602	171,503,408	162,447,227
Total	10,341,039,827	9,149,077,107	7,604,806,373

(*) Includes revenues from insurance brokerage, travel agencies, family entertainment centers and customer loyalty program.
(**) Includes lease revenues from Shopping Centers

100% of the sales made in each country where the Group operates are received in local currency.

25 Breakdown of significant results

The items by function from the Statements of Income are described as follows in 25.1, 25.2 y 25.3.

Expenses by nature of integral income by function	For the year ended December 31,		
	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Cost of sales	7,371,548,597	6,547,831,773	5,434,916,638
Distribution cost	23,931,088	20,233,594	15,017,899
Administrative expenses	2,254,201,864	1,925,414,111	1,513,955,378
Other expenses by function (*)	182,307,997	176,173,759	140,400,227
Total	9,831,989,546	8,669,653,237	7,104,290,142

(*) Mainly includes marketing expenses.

25.1 Expenses by nature

The following is a breakdown of the main operating and management costs and expenses of the Cencosud Group for the following periods:

Expenses by nature	For the year ended December 31,		
	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Cost of goods sold	7,148,156,441	6,318,469,948	5,242,789,902
Other cost of sales	223,392,156	229,361,825	192,126,736
Personnel expenses	1,340,881,800	1,157,677,464	903,313,471
Depreciation and amortization	189,037,674	141,450,398	120,174,307
Distribution cost	23,931,088	20,233,594	15,017,899
Other expenses by function	182,307,997	176,173,759	140,400,227
Utilities and other store related expenses	114,344,589	100,303,114	82,692,345
Cleaning	68,896,478	53,155,225	43,266,099
Safety and security	62,504,253	53,810,657	42,915,213
Maintenance	79,075,709	66,987,807	52,649,260
Professional fees	81,475,579	77,198,032	34,812,393
Bags for Customers	31,457,921	30,774,898	27,299,462
Credit card commission	81,305,782	77,472,181	63,895,227
lease	168,801,648	153,089,337	121,693,558
Other	36,420,431	13,494,998	21,244,043
Total	9,831,989,546	8,669,653,237	7,104,290,142

25.2 Personnel expenses

The following is a breakdown of personnel expenses for the following periods:

Personnel expenses	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Salaries	1,047,414,483	916,346,146	711,107,739
Short-term employee benefits	254,831,463	218,779,750	172,828,409
Termination benefits	38,635,854	22,551,568	19,377,323
Total	1,340,881,800	1,157,677,464	903,313,471

25.3 Depreciation and amortization

The following is a breakdown of depreciation and amortization for the following periods:

Depreciation and amortization	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Depreciation	173,650,390	131,470,020	108,824,680
Amortization	15,387,284	9,980,378	11,349,627
Total	189,037,674	141,450,398	120,174,307

25.4 Other gains (losses)

Other gains (loss)	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Sales of Property, plant and equipment	—	7,184,649	—
UBS Call Option	—	(16,258,777)	(18,768,191)
Insurance claims (*)	2,203,829	—	—
Fair value derivatives	29,531,125	4,308,000	
Commission under operational agreement	—	—	4,223,587
Other Net Gains and Losses	(5,353,082)	(2,603,227)	1,886,016
Total	26,381,872	(7,369,355)	(12,658,588)

(*) These insurance recoveries relate to the earthquake affecting the operations in Talcahuano, Chile in 2010, and damages of certain stores in Santiago, Chile due to a fire in 2012.

25.5 Other operating income

Other operating income	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Sell Carton & Wraps	3,178,983	2,983,358	5,664,678
Recovery of fees	1,271,807	956,947	862,165
Increase on revaluation of investment properties	95,110,013	98,633,366	72,797,791
Other Income	9,153,179	4,536,399	5,803,243
Total	108,713,982	107,110,070	85,127,877

25.6 Financial results

The following is the financial income detailed for the periods ended:

Financial results	For the year ended December 31, 2013 ThCh$	2012 ThCh$	2011 ThCh$
Financial income from cash flow hedging	25,010	267,370	948,151
Other finance income	5,829,603	7,843,098	10,035,950
Financial income	5,854,613	8,110,468	10,984,101
Bank loan expenses	(137,975,837)	(120,611,344)	(68,858,210)
Bond debt expenses	(90,072,133)	(61,010,164)	(57,053,521)
Interest on bank loans	(13,389,526)	(11,487,735)	(7,407,777)
Valuation of financial derivatives expenses	(17,247,078)	(17,912,867)	(10,816,223)
Financial Expenses	(258,684,574)	(211,022,110)	(144,135,731)
Results from UF indexed bonds in Chile	(13,879,380)	(16,126,911)	(24,867,764)
Results from UF indexed Brazil	(6,957,024)	(9,391,256)	(6,420,766)
Results from UF indexed Other	(123,183)	(397,282)	
(Losses) gains from indexation	(20,959,587)	(25,915,449)	(31,288,530)
Financial debt IFC-ABN Argentina	(4,821,735)	(5,468,763)	(5,466,649)
Bond debt USA and Peru	(26,103,769)	(2,276,453)	(6,159,487)
Financial debt Peru	(3,830,530)	1,121,237	1,750,021
Financial assets and Financial debt—Colombia	32,577	3,944,181	
Exchange difference	(34,723,457)	(2,679,798)	(9,876,115)
Financial results total	(308,513,005)	(231,506,889)	(174,316,275)

26 Corporate income tax

The corporate income tax expense amounts to ThCh$ 96,157,773 ThCh$ 100,488,282 and ThCh$ 119,555,608, for the periods according to the following detail:

Expenses (income) due to income tax, current and deferred portions (presentation)	For the year ended December 31, 2013 ThCh$	2012 ThCh$	2011 ThCh$
Current tax expense	70,790,584	91,010,688	90,637,958
Adjustments to income tax of the prior period		—	—
Total current tax expenses, Net	70,790,584	91,010,688	90,637,958
Deferred tax income (expense) due to taxes arising from the creation and reversal of temporary differences	18,714,831	21,118,918	25,757,361
Deferred expenses (income) due to taxes arising from the changes in tax rates or new rates	6,652,358	(11,641,324)	3,160,289
Total deferred tax expenses, net	25,367,189	9,477,594	28,917,650
Expense due to income tax	96,157,773	100,488,282	119,555,608

Expenses (income) due to income tax, by source (national, foreign) (presentation)	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Current income tax expense, Net, Foreign	52,504,750	70,950,015	59,211,226
Current income tax expense, Net, Local	47,009,366	20,060,673	31,426,732
Current income tax expense, Net, Total	99,514,116	91,010,688	90,637,958
Deferred income tax expense, Net, Foreign	(9,836,201)	(15,214,306)	22,814,635
Deferred income tax expense, Net, Local	6,479,858	24,691,900	6,103,015
Deferred income tax expense, Net, Total	(3,356,343)	9,477,594	28,917,650
Tax Expense	96,157,773	100,488,282	119,555,608

The following chart shows the reconciliation between the corporate income tax calculations resulting from the application of the legal and effective rates for the periods:

Reconciliation of income tax expense using the statutory rate to income tax expense using the effective rate	For the periods 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Income tax expense using the legal rate	65,204,591	76,399,840	84,141,278
Tax effect of rates in other territories	19,661,979	24,183,407	33,575,867
Non-taxable expenses	6,180,072	15,447,183	9,327,074
Non-taxable income	—	8,103,282	—
Tax Effect of changes in tax rates	6,652,358	(11,641,323)	3,160,289
Effect of share of profit of equity-accounted investee	(2,024,785)	(1,108,276)	(5,783,010)
Price level restatement under tax law	(4,703,865)	(3,853,610)	(4,593,569)
Changes in estimates related to prior years	3,162,638	1,659,565	-272,321
Adjustments to tax expenses using the legal rate,total	30,953,182	32,790,228	35,414,330
Income tax expense using the effective rate	96,157,773	109,190,068	119,555,608

a) Tax losses:

The Company has deferred assets for tax losses arising from the different countries where it has investments. These arise mainly in the retail and real estate areas, both in Chile and abroad. For the tax losses carry-forward, there are no limits regarding their usage in all jurisdictions where the Group operates, the realization of tax losses is estimated based on the Group future projections.

These losses are in countries where they have no time limit and their reversal is estimated as projected future revenues as increasing.

b) Reversal of asset and liability timing differences:

The reversal of asset and liability timing differences is directly related to the nature of the asset and liability accounts generating these differences. There is no set term for the reversal of timing differences, due to the reversal of some and the origin of others.

c) Rate of income tax.

The current income tax rate in Chile that affects the company is 20% for the year 2013, modified in 2012 from 18,5% to 20% as a result of a modification of the existing tax laws. The rates that affect its foreign subsidiaries are: 35% in Argentina, 33% in Colombia, 30% in Peru and 34% in Brazil. For Colombia, this current rate was modified from 33% to 34% and enacted in 2013.

d) Deferred taxes not recognized.

The Company has no unrecognized deferred taxes as of the date of these financial statements.

27 Earnings per share

The basic earnings per share is calculated dividing the profits attributable to the Company shareholders among the weighted average of the common shares circulating during the year, excluding any common shares acquired by the Company and held as treasury shares.

Basic Earnings per Share	For the year ended December 31, 2013	2012	2011
Earnings Attributable to instruments of participation in the net equity of the controlling entity	249,930,349	249,958,615	274,332,941
Available income for common shareholders, basic	259,930,349	249,958,615	274,332,941
Weighted average of share number, basic	2,762,910,986	2,327,518,639	2,264,103,215
Earnings per share, basic	90.5	107.4	121.2

The diluted earnings per share are calculated dividing the profits attributable to the Company's shareholders by the weighted-average of common shares that would be issued if all common shares were converted with diluting effects.

Basic Earnings per Share, diluted	For the year ended December 31, 2013	2012	2011
Earnings Attributable to instruments of participation in the net equity of the controlling entity	249,930,349	249,958,615	274,332,941
Available income for common shareholders, diluted	249,930,349	249,958,615	274,332,941
Weighted average of share number, diluted	2,783,287,215	2,350,018,639	2,286,603,215
Earnings per share, diluted	89.8	106.4	120

The diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average of common shares that would be issued on the conversion of all dilutive potential ordinary shares are dilutive.

Reconciliation of basic and diluted shares	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Weighted average number of shares, basic	2,762,910,986	2,327,518,639	2,264,103,215
Increase in shares from share-based compensation plans	20,376,229	22,500,000	22,500,000
Weighted average number of shares, diluted	2,783,287,215	2,350,018,639	2,286,603,215

28 Information by segment

The Company reports the information by segment according to what is set forth in IFRS 8 "Operating Segments." An operating segment is defined as a component of an entity over which separated financial information is available and is regularly reviewed.

In the information by segments, all transactions between the different operating segments have been eliminated.

28.1 Segmentation criteria

For management purposes, the Company is organized in five operative divisions: Supermarkets, Shopping Centers, Home Improvement stores, Department stores and Financial Services. These segments are the basis on which the Company makes decisions with respect to its operations and resource allocation.

The operative segments are disclosed in a similar way with the presentation of the internal reports used by Management in the control and decision making process, considering the segments from a point of view according to the type of business and geographical area.

The operating segments that are reported derive their revenues mainly from the sale of products and rendering of services to final consumers of retail. There are no customers whose purchases represent more than 10% of the consolidated revenue, nor a specific business segment.

The rest of the minor activities, mainly including the travel agency and family-entertainment centers businesses, plus certain consolidation adjustments and corporate expenses administered centrally, are included in the segment “Support services, financing, adjustments and other”.

28.2 Regional information by segment

The segment information which is delivered to the chief operating decision maker ("Board of Directors") of the reportable segments for the years ended December 31, 2013, 2012 and 2011 in thousands of Chilean pesos, is the following:

Regional information, by segment

Consolidated statement of profit and loss	**Supermarkets**	**Shopping Centers**	**Home improvement**	**Department stores**	**Financial services**	**Support services, financing, adjustments and other**	**Consolidated total**
For the year ended December 31, 2013	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Revenues from ordinary activities	7,682,064,417	205,331,757	1,176,889,876	970,359,682	288,532,801	17,861,294	10,341,039,827
Cost of sales	(5,770,070,404)	(23,340,760)	(787,402,395)	(701,529,624)	(85,754,519)	(3,450,895)	(7,371,548,597)
Gross Margin	1,911,934,013	181,990,997	389,487,481	268,830,058	202,778,282	14,410,399	2,969,491,230
Other revenues by function	12,112,591	95,201,988	238,535	225,651	422,737	512,480	108,713,982
Sales, general and administrative expenses	(1,636,018,294)	(38,231,161)	(309,684,052)	(245,331,298)	(106,006,713)	(125,169,431)	(2,460,440,949)
Financial expenses and income, net	—	—	—	—	—	(252,829,961)	(252,829,961)
Participation in profit or loss of equity method associates	165,512	10,123,927	—	—	—	—	10,289,439
Exchange differences	—	—	—	—	—	(34,723,457)	(34,723,457)
(Losses) from Indexation	—	—	—	—	—	(20,959,587)	(20,959,587)
Other earnings (Losses), net	—	—	—	1,029,785	—	25,352,087	26,381,872
Income tax charge	—	—	—	—	—	(96,157,773)	(96,157,773)
Profit attributable to Non controlling interests	—	—	—	—	—	165,553	165,553
Profit for the year attributable to controlling shareholders, Total	288,253,822	249,085,751	80,041,964	24,754,196	97,194,306	(489,399,690)	249,930,349
Depreciation and amortization	130,205,423	3,949,574	19,481,127	24,609,973	4,237,736	6,553,841	189,037,674
For the year ended December 31, 2012							
Revenues from ordinary activities	6,733,610,368	172,103,636	1,063,086,246	886,074,835	282,180,198	12,021,824	9,149,077,107
Cost of sales	(5,057,477,386)	(27,212,848)	(711,500,077)	(644,667,874)	(104,679,588)	(2,294,000)	(6,547,831,773)
Gross Margin	1,676,132,982	144,890,788	351,586,169	241,406,961	177,500,610	9,727,824	2,601,245,334
Other revenues by function	7,095,688	98,906,148	102,797	315,626	99,287	590,524	107,110,070
Sales, general and administrative expenses	(1,368,788,836)	(26,739,071)	(278,043,349)	(221,491,769)	(120,234,929)	(106,523,510)	(2,121,821,464)
Financial expenses and income, net	—	—	—	—	—	(202,911,642)	(202,911,642)
Participation in profit or loss of equity method associates	98,335	5,643,512	—	—	(2,695)	(99,436)	5,639,716
Exchange differences	—	—	—	—	—	(2,679,798)	(2,679,798)
(Losses) from Indexation	—	—	—	—	—	(25,915,449)	(25,915,449)
Other earnings, net	—	—	—	—	—	(7,369,355)	(7,369,355)
Income tax charge	—	—	—	—	—	(100,488,282)	(100,488,282)
Profit attributable to Non controlling interests	—	—	—	—	—	(2,850,515)	(2,850,515)
Profit for the year attributable to controlling shareholders, Total	314,538,169	222,701,377	73,645,617	20,230,818	57,362,273	(438,519,639)	249,958,615
Depreciation and amortization	89,454,327	2,605,979	17,740,121	22,895,958	3,464,356	5,289,657	141,450,398

Consolidated statement of profit and loss	Supermarkets	Shopping Centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Consolidated total
For the year ended December 31, 2011							
Revenues from ordinary activities	5,556,271,353	129,727,271	948,640,802	690,772,399	267,874,237	11,520,311	7,604,806,373
Cost of sales	(4,177,664,040)	(19,448,911)	(647,337,459)	(499,413,266)	(85,631,767)	(5,421,195)	(5,434,916,638)
Gross Margin	1,378,607,313	110,278,360	301,303,343	191,359,133	182,242,470	6,099,116	2,169,889,735
Other revenues by function	7,519,999	76,522,049	184,669	830,854	52,116	18,190	85,127,877
Sales, general and administrative expenses	(1,086,570,417)	(22,144,624)	(234,196,587)	(162,492,264)	(90,876,852)	(73,092,760)	(1,669,373,504)
Financial expenses and income, net	—	—	—	—	—	(133,151,630)	(133,151,630)
Participation in profit or loss of equity method associates	48,108	5,735,280	—	—	—	(4,828)	5,778,560
Exchange differences	—	—	—	—	—	(9,876,115)	(9,876,115)
(Losses) from Indexation	—	—	—	—	—	(31,288,530)	(31,288,530)
Other earnings, net	—	—	—	—	—	(12,658,588)	(12,658,588)
Income tax charge	—	—	—	—	—	(119,555,608)	(119,555,608)
Comprehensive income and expenses from non-controlling interests	—	—	—	—	—	(10,559,256)	(10,559,256)
Comprehensive income and expenses, Total	299,605,003	170,391,065	67,291,425	29,697,723	91,417,734	(384,070,009)	274,332,941
Depreciation and amortization	76,559,436	2,344,118	16,500,774	17,292,116	2,937,314	4,540,549	120,174,307

The Company controls the results of each of the operating segments, at the level of revenues, costs and management expenses. The support services, exchange rates, readjustments, taxes and non-recurring income and expense, or financial income, are not allocated, as they are centrally managed.

The financing policy of the Group has been historically getting financed and managing these resources through the Company Holding Cencosud S.A., the funds are subsequently transferred to other countries as required to finance the local investments. This policy aims to reduce the financial cost of the Group.

28.3 Gross margin by country and segment, in thousands of Chilean pesos:

Gross margin by country and segment

For the year ended December 31, 2013	Supermarkets	Shopping centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Consolidated total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Chile							
Ordinary income, total	2,227,303,381	112,838,221	448,703,026	955,776,720	206,881,617	(1,199,583)	3,950,303,382
Cost of sales	(1,667,850,383)	(6,819,735)	(319,188,083)	(689,359,574)	(59,816,671)	(568,775)	(2,743,603,221)
Gross margin	559,452,998	106,018,486	129,514,943	266,417,146	147,064,946	(1,768,358)	1,206,700,161
Argentina							
Ordinary income, total	1,786,933,136	69,296,509	682,009,977	—	44,739,642	18,871,615	2,601,850,879
Cost of sales	(1,245,360,758)	(13,833,170)	(434,482,148)	—	(11,406,064)	(2,742,129)	(1,707,824,269)
Gross margin	541,572,378	55,463,339	247,527,829	—	33,333,578	16,129,486	894,026,610
Brazil							
Ordinary income, total	2,003,897,962	—	—	—	3,983,225	—	2,007,881,187
Cost of sales	(1,550,663,330)	—	—	—	—	—	(1,550,663,330)
Gross margin	453,234,632				3,983,225	—	457,217,857
Peru							
Ordinary income, total	745,469,519	14,555,001	—	14,582,962	25,347,365	189,260	800,144,107
Cost of sales	(565,442,936)	(2,337,166)	—	(12,170,050)	(14,531,784)	(139,991)	(594,621,927)
Gross margin	180,026,583	12,217,835	—	2,412,912	10,815,581	49,269	205,522,180
Colombia							
Ordinary income, total	918,460,421	8,642,026	46,176,874	—	7,580,951	—	980,860,272
Cost of sales	(740,752,997)	(350,689)	(33,732,163)	—	—	—	(774,835,849)
Gross margin	177,707,424	8,291,337	12,444,711		7,580,951		206,024,423
Total							
Ordinary income, total	7,682,064,419	205,331,757	1,176,889,877	970,359,682	288,532,800	17,861,292	10,341,039,827
Cost of sales	(5,770,070,404)	(23,340,760)	(787,402,394)	(701,529,624)	(85,754,519)	(3,450,895)	(7,371,548,597)
Gross margin	1,911,994,015	181,990,997	389,487,483	268,830,058	202,778,281	14,410,397	2,969,491,230

Gross margin by country and segment

For the year ended December 31, 2012	Supermarkets ThCh$	Shopping centers ThCh$	Home improvement ThCh$	Department stores ThCh$	Financial services ThCh$	Support services, financing, adjustments and other ThCh$	Consolidated total ThCh$
Chile							
Ordinary income, total	2,057,975,971	93,090,583	400,374,671	886,074,835	223,726,231	1,125,243	3,662,367,534
Cost of sales	(1,560,271,586)	(8,201,277)	(285,324,555)	(644,667,874)	(83,597,726)	(535,983)	(2,582,599,001)
Gross margin	497,704,385	84,889,306	115,050,116	241,406,961	140,128,505	589,260	1,079,768,533
Argentina							
Ordinary income, total	1,751,868,719	65,468,487	619,984,596	—	41,237,795	10,588,737	2,489,148,334
Cost of sales	(1,235,669,100)	(14,498,868)	(394,867,272)	—	(10,786,532)	(1,697,425)	(1,657,519,197)
Gross margin	516,199,619	50,969,619	225,117,324	—	30,451,263	8,891,312	831,629,137
Brazil							
Ordinary income, total	2,095,104,021	—	—	—	3,675,547	—	2,098,779,568
Cost of sales	(1,639,791,932)	—	—	—	—	—	(1,639,791,932)
Gross margin	455,312,089	—	—	—	3,675,547	—	458,987,636
Peru							
Ordinary income, total	718,939,709	6,902,976	—	—	13,613,926	—	739,456,611
Cost of sales	(538,580,882)	(1,071,316)	—	—	(10,516,468)	—	(550,168,666)
Gross margin	180,358,827	5,831,660	—	—	3,097,458	—	189,287,945
Colombia							
Ordinary income, total	115,353,699	818,934	42,726,979	—	425,448	—	159,325,060
Cost of sales	(86,414,952)	(29,775)	(31,308,250)	—	—	—	(117,752,977)
Gross margin	28,938,747	789,159	11,418,729	—	425,448	—	41,572,083
Total							
Ordinary income, total	6,739,242,119	165,462,046	1,063,086,246	886,074,835	282,253,499	11,713,980	9,149,077,107
Cost of sales	(5,060,728,452)	(23,771,461)	(711,500,077)	(644,667,874)	(104,900,726)	(2,233,408)	(6,547,831,773)
Gross margin	1,678,513,667	141,690,585	351,586,169	241,406,961	177,352,773	9,480,572	2,601,245,334

Gross margin by country and segment

For the year ended December 31, 2011	Supermarkets ThCh$	Shopping centers ThCh$	Home improvement ThCh$	Department stores ThCh$	Financial services ThCh$	Support services, financing, adjustments and other ThCh$	Consolidated total ThCh$
Chile							
Ordinary income, total	1,826,056,074	64,500,943	367,482,607	690,772,399	222,560,370	(340,328)	3,171,032,065
Cost of sales	(1,392,974,430)	(5,097,011)	(265,945,202)	(499,413,266)	(71,603,835)	(1,679,794)	(2,236,713,538)
Gross margin	433,081,644	59,403,932	101,537,405	191,359,133	150,956,535	(2,020,122)	934,318,527
Argentina							
Ordinary income, total	1,553,663,443	59,661,271	541,777,988	—	31,915,370	8,909,899	2,195,927,971
Cost of sales	(1,107,112,515)	(13,577,531)	(352,609,965)	—	(9,346,562)	(2,677,355)	(1,485,323,928)
Gross margin	446,550,928	46,083,740	189,168,023	—	22,568,808	6,232,544	710,604,043
Brazil							
Ordinary income, total	1,552,064,331	—	—	—	4,657,306	—	1,556,721,637
Cost of sales	(1,204,385,968)	—	—	—	—	—	(1,204,385,968)
Gross margin	347,678,363	—	—	—	4,657,306	—	352,335,669
Peru							
Ordinary income, total	624,487,505	5,565,057	—	—	8,741,190	2,950,742	641,744,494
Cost of sales	(473,191,128)	(774,370)	—	—	(4,681,369)	(1,064,044)	(479,710,911)
Gross margin	151,296,377	4,790,687	—	—	4,059,821	1,886,698	162,033,583
Colombia							
Ordinary income, total	—	—	39,380,206	—	—	—	39,380,206
Cost of sales	—	—	(28,782,293)	—	—	—	(28,782,293)
Gross margin	—	—	10,597,913	—	—	—	10,597,913
Total							
Ordinary income, total	5,556,271,353	129,727,271	948,640,801	690,772,399	267,874,236	11,520,313	7,604,806,373
Cost of sales	(4,177,664,041)	(19,448,912)	(647,337,460)	(499,413,266)	(85,631,766)	(5,421,193)	(5,434,916,638)
Gross margin	1,378,607,312	110,278,359	301,303,341	191,359,133	182,242,470	6,099,120	2,169,889,735

28.4 Regional information by segment: Total assets

At December 31, 2013	Supermarkets ThCh$	Shopping centers ThCh$	Home improvement ThCh$	Department stores ThCh$	Financial services ThCh$	Support services, financing, adjustments and other ThCh$	Consolidated total ThCh$
Current Assets							
Cash and cash equivalent	126,285,963	3,943,872	10,264,959	13,349,794	16,384,469	1,482,568	171,711,625
Other financial assets, current	—	—	—	—	—	49,583,940	49,583,940
Other non-financial assets, current	7,138,420	665,031	2,067,224	400,880	400,137	933,801	11,605,493
Trade receivables and other receivables, current	395,781,748	23,946,877	65,976,199	35,618,564	605,228,748	6,895,417	1,133,447,553
Trade receivables due from related parties, current	—	432,303	—	—	—	—	432,303
Inventory, current	665,686,232	—	208,372,176	170,848,219	—	—	1,044,906,627
Income tax receivable, current	10,011,982	2,738,250	1,436,634	2,344,763	822,592	5,443,082	22,797,303
Total current assets	1,204,904,345	31,726,333	288,117,192	22,562,220	622,835,946	64,338,808	2,434,484,844
Non-Current Assets							
Other financial assets, non-current	—	—	—	—	—	92,405,358	92,405,358
Other non-financial assets, non-current	—	—	—	—	—	38,263,337	38,263,337
Trade receivables and other receivables, non-current	13,923,011	—	—	—	139,992,578	1,924,223	155,839,812
Equity method investments	1,052,894	48,889,260	—	—	—	—	49,942,154
Intangible assets other than goodwill	128,403,643	—	—	136,427,526	205,608,697	101,181,641	571,621,507
Goodwill	—	—	—	—	—	1,696,040,684	1,696,040,684
Property, plant and equipment	2,342,823,658	160,353,883	332,811,904	252,986,187	6,145,009	6,763,227	3,101,883,868
Investment property	—	1,568,432,058	—	—	—	—	1,568,432,058
Income tax assets, non-current	—	—	—	—	—	53,727,039	53,727,039
Deferred income tax assets	—	—	—	—	—	302,593,552	302,593,552
Total non-current assets	2,486,203,206	1,777,675,201	332,811,904	389,413,713	351,746,284	2,292,899,061	7,630,749,369
Total Assets	3,691,107,551	1,809,401,534	620,929,096	611,975,933	974,582,230	2,357,237,869	10,065,234,213

At December 31, 2012	Supermarkets	Shopping centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Consolidated total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Current assets							
Cash and cash equivalent	159,679,777	6,598,824	15,714,286	28,605,221	26,119,818	1,002,879	237,720,805
Other financial assets, current	—	—	—	—	—	68,166,868	68,166,868
Other non-financial assets, current	6,549,755	922,765	1,637,436	515,597	128,210	719,792	10,473,555
Trade receivables and other receivables, current	358,810,511	33,329,057	66,128,123	28,921,744	571,164,524	272,846	1,058,626,805
Trade receivables due from related parties, current	—	323,624	—	—	—	—	323,624
Inventory, current	573,625,006	—	195,433,976	141,171,004	—	—	910,229,986
Income tax receivable, current	19,366,170	3,431,897	211,075	2,041,795	983,132	5,235,816	31,269,885
Total current assets	1,118,031,219	44,606,167	279,124,896	201,255,361	598,395,684	75,398,201	2,316,811,528
Non-Current Assets							
Other non-financial assets, non-current	—	—	—	—	—	41,007,224	41,007,224
Trade receivables and other receivables, non-current	—	—	—	—	—	38,279,832	38,279,832
Equity method investments	12,035,470	—	—	—	128,319,182	1,951,509	142,306,161
Intangible assets other than goodwill	925,203	41,335,198	—	—	—	—	42,260,401
Goodwill	149,549,363	—	—	136,427,526	205,608,697	63,698,360	555,283,946
Property, plant and equipment	—	—	—	—	—	1,728,262,922	1,728,262,922
Investment property	2,273,548,239	171,683,777	360,605,164	270,923,216	8,188,321	49,579,393	3,134,528,110
Income tax assets, non-current	—	1,471,343,789	—	—	—	—	1,471,343,789
Deferred income tax assets	—	—	—	—	—	4,825,534	4,825,534
	—	—	—	—	—	268,680,396	268,680,396
Total non-current assets	2,436,058,275	1,684,362,764	360,605,164	407,350,742	342,116,200	2,196,285,170	7,426,778,315
Total Assets	3,554,089,494	1,728,968,931	639,730,060	608,606,103	940,511,884	2,271,683,371	9,743,589,843

28.5 Current Asset and liabilities by segment

Regional information by segment Current assets and liabilities at December 31, 2013	supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Trade accounts payable and other payables	1,378,948,724	43,113,236	247,192,916	204,007,494	65,970,607	18,760,241	1,957,993,218

Regional information by segment Current assets and liabilities at December 31, 2012	supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Trade accounts payable and other payables	1,310,325,495	57,574,132	228,748,697	230,855,777	59,734,593	13,818,625	1,901,057,319

28.6 Information by country, assets and liabilities

In thousands of Chilean pesos:

Assets and liabilities by country

At December 31, 2013	Chile ThCh$	Argentina ThCh$	Brazil ThCh$	Peru ThCh$	Colombia ThCh$	Consolidated total ThCh$
Total assets	4,594,880,919	1,234,539,186	1,483,616,643	1,008,012,702	1,744,184,763	10,065,234,213
Total liabilities	3,609,794,420	696,788,617	658,786,450	394,025,753	444,471,884	5,803,867,124
Net investment	985,086,499	537,750,569	824,830,193	613,986,949	1,299,712,879	4,261,367,089
Percentage of equity	23.1	12.6	19.4	14.4	30.5	100.00
At December 31, 2012						
Total assets	4,454,315,307	1,266,718,615	1,397,406,576	895,260,292	1,729,889,053	9,743,589,843
Total liabilities	4,184,663,160	704,020,139	664,303,965	355,619,741	422,771,094	6,331,378,099
Net investment	269,652,147	562,698,476	733,102,611	539,640,551	1,307,117,959	3,412,211,744
Percentage of equity	7.9	16.5	21.5	15.8	38.3	100.00

28.7 Regional information, including intersegments is as follows:

	For the year ended December 31, 2013		
Regional information, by segment	Total segment revenue ThCh$	Intersegment revenue ThCh$	Revenue from external customer ThCh$
Supermarkets	7,682,064,417	—	7,682,064,417
Shopping	321,500,128	116,168,371	205,331,757
Home Improvement	1,187,795,422	10,905,546	1,176,889,876
Department stores	970,359,682	—	970,359,682
Financial Services	288,532,801	—	288,532,801
Others	17,861,294	—	17,861,294
TOTAL	10,468,113,744	127,073,917	10,341,039,827

Regional information, by segment	Total segment revenue	Intersegment revenue	Revenue from external customer
	For the year ended December 31, 2012		
	ThCh$	ThCh$	ThCh$
Supermarkets	6,733,610,368	—	6,733,610,368
Shopping	274,386,329	102,282,693	172,103,636
Home Improvement	1,071,180,346	8,094,100	1,063,086,246
Department stores	886,074,835	—	886,074,835
Financial Services	282,180,198	—	282,180,198
Others	12,021,824	—	12,021,824
TOTAL	9,259,453,900	110,376,793	9,149,077,107

Regional information, by segment	Total segment revenue	Intersegment revenue	Revenue from external customer
	For the year ended December 31, 2011		
	ThCh$	ThCh$	ThCh$
Supermarkets	5,556,271,353	—	5,556,271,353
Shopping	227,979,409	98,252,138	129,727,271
Home Improvement	958,067,011	9,426,209	948,640,802
Department stores	690,772,399	—	690,772,399
Financial Services	267,874,237	—	267,874,237
Others	11,520,311	—	11,520,311
TOTAL	7,712,484,720	107,678,347	7,604,806,373

28.8 Non-current assets by country

At December 31, 2013	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other non-financial assets	30,922,885	5,928,669	—	1,404,223	7,560	38,263,337
Trade receivables and other receivables	128,147,510	13,997,371	13,694,931	—	—	155,839,812
Equity Method investments	48,889,260	192,079	—	860,815	—	49,942,154
Intangible assets other than goodwill	372,172,379	10,830,938	74,926,954	100,080,155	13,611,081	571,621,507
Goodwill	246,271,648	3,816,863	555,816,040	248,204,885	641,931,248	1,696,040,684
Property Plant and Equipment	1,216,059,698	377,125,449	389,333,433	330,734,647	788,630,641	3,101,883,868
Investment Property	1,204,788,484	198,805,718	—	134,354,573	30,483,283	1,568,432,058
Income tax assets, non-current	42,963,654	756,141	—	—	10,007,244	53,727,039
Non-current assets—Total	3,290,215,518	611,453,228	1,033,771,358	815,639,298	1,484,671,057	7,235,750,459

At December 31, 2012	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other non-financial assets	31,814,006	6,458,266	—	—	7,560	38,279,832
Trade receivables and other receivables	118,852,275	11,518,280	9,894,674	2,040,932	—	142,306,161
Equity Method investments	41,335,198	207,360	—	717,843	—	42,260,401
Intangible assets other than goodwill	375,119,049	2,710,169	68,122,032	101,138,070	8,194,626	555,283,946
Goodwill	183,263,734	4,543,137	586,438,275	249,078,613	704,939,163	1,728,262,922
Property Plant and Equipment	1,344,756,731	461,852,383	327,480,746	311,768,451	688,669,799	3,134,528,110
Investment Property	1,076,383,068	233,206,607	—	129,920,885	31,833,229	1,471,343,789
Income tax assets, non-current	3,372,209	749,322	—	—	704,003	4,825,534
Non-current assets—Total	3,174,896,270	721,245,524	991,935,727	794,664,794	1,434,348,380	7,117,090,695

The amounts for non-current assets by country shown in this note exclude other non-current financial assets, deferred tax assets as per IFRS 8.

28.9 Consolidated Cash Flow by segment:

Regional information by segment Consolidated Segment Cash Flows at December 31, 2013	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Net cash flows from (used in) operating activities	297,980,105	116,800,693	(11,153,014)	29,766,009	61,466,198	(102,441,199)	364,782,043
Net cash flows from (used in) investing activities	(250,966,957)	(56,305,223)	(27,988,274)	(14,195,064)	(11,226,681)	40,174,729	(320,507,470)
Net cash flows from (used in) financing activities	(50,396,245)	(63,007,924)	34,736,268	(30,826,372)	(59,941,493)	62,406,390	(107,029,376)

Regional information by segment Consolidated Segment Cash Flows at December 31, 2012	supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Net cash flows from (used in) operating activities	511,615,028	138,682,474	59,899,058	37,800,248	60,778,455	(90,060,644)	718,714,619
Net cash flows from (used in) investing activities	(1,597,987,512)	(169,430,593)	(30,630,553)	(35,053,881)	2,525,737	(42,990,865)	(1,873,567,667)
Net cash flows from (used in) financing activities	1,144,256,989	35,772,502	(21,716,322)	11,406,894	(56,969,377)	133,326,730	1,246,077,416

28.10 Additions to non-current assets:

As of December 31, 2013	supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Property plant and equipment	185,955,442	13,119,685	15,953,772	21,905,020	726,912	6,924,556	244,585,387
Intangible asset, other that goodwill	16,598,139	17,128	968,004	1,923,291	3,057,342	14,031,338	36,595,242
Goodwill	—	—	—	—	—	—	—
Investment properties	—	37,900,602	—	—	—	—	37,900,602
Total additions	202,553,581	51,037,415	16,921,776	23,828,311	3,784,254	20,955,894	319,081,231

As of December 31, 2012	supermarkets	Shopping Center	Home Improvement	Department Stores	Financial Services (Insurance + cards + bank)	Support Services, Financing, and Other Settings	Total Consolidated
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Property plant and equipment	316,780,246	40,112,736	17,947,342	25,922,027	2,092,519	16,535,516	419,780,246
Property plant and equipment, acquired through a business combination	724,218,712	47,487,088	—	—	—	—	771,705,800
Intangible asset, other that goodwill	12,444,256	221,261	84,799	206,460	2,325,881	3,285,760	18,568,417
Intangible asset, other that goodwill, acquired through a business combination	35,255,359	—	—	—	—	—	35,255,359
Goodwill	806,376,332	—	—	—	—	—	806,376,332
Investment properties	—	95,302,864	—	—	—	—	95,302,864
Total additions	1,895,074,905	183,123,949	18,032,141	26,128,487	4,418,400	19,821,276	2,146,599,158

28.11 Banco Paris:

Below is classified financial information of Banco Paris, used in the consolidation of Cencosud SA at December 31, 2013 and December 31, 2012.

Assets	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Current assets		
Cash and cash equivalents	15,352,349	23,896,165
Other financial assets, current	8,785,942	—
Trade receivables and other receivables	129,922,520	101,261,110
Current tax assets	460,086	585,892
Total current assets	154,520,897	125,743,167
Non-current assets		
Trade receivable and other receivables, non-current	102,904,388	94,451,338
Receivables from related entities	38,010	566,484
Equity method investment	11,707	11,707
Intangible assets other than goodwill	3,175,651	2,667,657
Property, plant and equipment	1,284,878	1,269,846
Deferred income tax assets	2,451,102	3,463,815
Total non-current assets	109,865,736	102,430,847
Total assets	264,386,633	228,174,014

Below is classified financial information of Banco Paris, used in the consolidation of Cencosud SA at December 31, 2013 and December 31, 2012.

Net equity and liabilities	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Current liabilities		
Other financial liabilities, current	152,017,643	126,924,707
Trade payables and other payables	9,367,366	4,193,313
Current income tax liabilities	543,641	98,070
Current provision for employee benefits	539,068	539,753
Total current liabilities	162,467,718	131,755,843
Non-current liabilities		
Other financial liabilities,	58,435,417	57,093,700
Trade accounts payables	1,334,706	631,197
Deferred income tax liabilities	1,292,601	1,623,259
Total non-current liabilities	61,062,724	59,348,156
Total liabilities	223,530,442	191,103,999
Net equity		
Paid-in capital	39,579,421	39,579,421
Retained earnings (accumulated losses)	5,398,170	(2,324,000)
Other reserves	(4,121,400)	(185,406)
Net equity attributable to controlling shareholders	40,856,191	37,070,015
Non-controlling interest	—	—
Total net equity	40,856,191	37,070,015
Total net equity and liabilities	264,386,633	228,174,014

Below is classified financial information of Banco Paris, used in the consolidation of Cencosud SA at December 31, 2013 and December 31, 2012.

Statement of integral profit and loss	For the year ended December 31, 2013 ThCh$	2012 ThCh$
Revenues from ordinary activities	48,375,633	36,388,016
Cost of Sales	(458,483)	(4,913,680)
Gross Margin	47,917,150	31,474,336
Administrative expenses	(28,108,339)	(27,328,182)
Financial income	144,562	120,992
Financial expenses	(13,389,526)	(11,487,735)
Exchange differences	(594)	(9,048)
Profit before tax	6,563,253	(7,232,333)
Income tax charge	(1,159,782)	1,580,324
Profit from ongoing operations	5,403,471	(5,649,314)
Net income	5,403,471	(5,649,314)

29 Restrictions, contingencies, legal proceedings and other matters

- The subsidiary Cencosud S.A. (Argentina) has counter guaranteed with fixed assets certain guarantee deposits received from concessionaires. The pledged assets are mortgaged real estate with guarantee deposits received for 2013 and 2012 of ThCh$ 3,186,327 and ThCh$ 3,622,226, respectively. (See note 31.2 and 31.3)
- The subsidiaries of Cencosud S.A. in Chile are involved in lawsuits and litigation that are pending as of year-end. The amounts of these claims are covered by a civil liability insurance policy.
- A civil lawsuit was filed against the indirectly controlled affiliate GBarbosa Comercial (Brazil) by the Public Employees Union in supermarkets in the State of Sergipe, which is awaiting the first instance ruling. The union is seeking compensation for overtime hours for all employees of the subsidiary for the period after May 2007. The petition was filed and supported by the ruling, albeit still not judicial, that was issued through another public civil claim, which annulled a bank of hours from May 2007 to April 2009.

  Based on the opinion of a legal advisor, we cannot estimate the value of the case given the complexity of the calculations related to the process, as well as the absence of sufficient evidence in the file in order to quantify.

  The contingencies and legal proceedings disclosed above are deemed to be of a possible outcome.

30 Leases

The Company leases installations, land, equipment and other assets under operating lease agreements.

The agreements have diverse durations and expiration periods, renewal rights and indexation clauses, which are mainly related to the inflation rate in the countries where the contracts are held.

30.1 Operating leases.

The Minimum Future Payments of leases, as a Lessee as of December 31, 2013 and 2012 are detailed below:

	As of December 31, 2013 ThCh$	2012 ThCh$
Up to one year	132,974,984	124,354,758
Between two and up to five years	492,226,414	470,134,378
Over five years	1,328,213,321	1,155,042,379
Total	1,953,414,719	1,749,531,515

Lease payments and subleases recognized in the statement of profit and loss:

	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Minimum payments from operational leases	155,286,694	125,765,684
Contingent leases from operational leases	13,514,956	16,479,307
Total	168,801,650	142,244,991

The Minimum Future payments of leases, as a Lessor as of December 31, 2013 and 2012 are detailed below:

	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Up to one year	132,839,245	113,114,028
Between two and five years	326,247,569	257,755,799
Over five years	95,137,675	68,874,974
Total	554,224,489	439,744,801

The contingent income recognized in the statement of income amounts to ThCh$ 27.642.623 (ThCh$ 23,996,512 as of December 31, 2012).

The Company has no individually significant operating leases, nor are there restrictions on the distribution of dividends or on incurring other leasing contracts or debt. All the contracts are at market values.

30.2 Financial leases

In Other property, plant and equipment are assets acquired under finance leases.

	Balance as of,	
Property, plant and equipment, net	31/12/2013 ThCh$	31/12/2012 ThCh$
Land	8,026,326	8,804,193
Buildings	18,188,677	15,322,744
Information technology equipment	10,716,244	845,667
fixed installations and accessories	—	2,630,647
Equipment	151,656	8,178,650
Vehicles	394,144	960,694
Total	37,477,047	36,742,595

The values of the future payments under these leases are as follows:

	31/12/2013		
Reconciliation of minimum lease payments	Present Value ThCh$	Interest ThCh$	Gross ThCh$
Less than one year	4,808,673	601,673	5,410,346
Between one and five years	10,357,480	2,417,808	12,775,288
More than five years	17,421,599	1,566,124	18,987,723
Total	32,587,752	4,585,605	37,173,357

	31/12/2012		
Reconciliation of minimum lease payments	Present Value ThCh$	Interest ThCh$	Gross ThCh$
Less than one year	5,453,350	749,024	6,202,374
Between one and five years	10,766,639	2,795,194	13,561,833
More than five years	17,830,108	(922,093)	16,908,015
Total	34,050,097	2,622,125	36,672,222

31 Guarantees with third parties

The detail of the guarantees obtained is the following:

31.1 Guarantees received by project.

The amounts detailed below are related to off statements of financial position arrangement.

Grantor of the guarantee	As of December 31, 2013 ThCh$	2012 ThCh$
Constructora INALCO S.A.	378,304	167,147
Constructora Trebol Ltda.	—	105,136
Salfa Construcción S.A.	422,382	318,932
Ascensores OTIS Chile Ltda.	—	50,308
Constructora Cruzat S.A.	—	66,030
Traancura Ing. Constr. Ltda.	—	98,829
Constructora Cuevas y Purcell S.A.	335,449	1,094,558
Inmobiliaria y Constructora Class Ltda.	48,868	—
Empresa Constructora D L P Ltda.	58,024	—
Other Guarantees obtained for work completion	7,337	206,080
Total guarantees obtained for work completion	1,250,364	2,107,020
Guarantees received for store leases	8,403,703	8,214,781
Total guarantees obtained	9,654,067	10,321,801

31.2 Direct guarantees

Guarantee creditor	Debtor Name	Debtor Relation	Guarantee type	Committed Assets Type	Committed Assets Book value 2013 ThCh$	Committed Assets Book value 2012 ThCh$
Other	Cencosud S.A Argentina	Subsidiary	Mortgage	Property, plant and equipment	3,186,327	3,622,226
Total property, plant and equipment					3,186,327	3,622,226

31.3 Debt Balance from Direct Guarantees

Guarantee creditor	Debtor Name	Debtor Relation	Guarantee type	Book value 2013 ThCh$	Book value 2012 ThCh$
Other	Cencosud S.A Argentina	Subsidiary	Mortgage	3,186,327	3,622,226
Total property, plant and equipment				3,186,327	3,622,226

32 Personnel distribution

The distribution of personnel of the Company is the following:

	As of December 31, 2013				
Company	Managers and main executives	Professionals and technicians	Workers and other	Total	Average
Cencosud S.A.	15	767	396	1,178	1,170
Subsidiaries in Chile—Argentina Brazil—Peru—Colombia	1,454	12,794	138,212	152,460	153,254
Total	1,469	13,561	138,608	153,638	154,424

	As of December 31, 2012				
Company	Managers and main executives	Professionals and technicians	Workers and other	Total	Average
Cencosud S.A.	16	681	415	1,112	1,038
Subsidiaries in Chile—Argentina—Brazil—Peru—Colombia	1,068	14,574	141,213	156,855	141,637
Total	1,084	15,255	141,628	157,967	142,675

33 Stock options

As of December 31, 2013, the Company has a share-based compensation plan for executives of Cencosud S.A. and Affiliates. The details of the arrangements are described below:

Agreement	Stock options granted to key executives
Nature of the arrangement	2014 retention plan for executives
Date of grant	September 2013
Number of instruments granted	22,640,254 shares
Exercise price	Ch$ 2,600
Share price at granted date	Ch$ 2,071
Vesting	0.9; 1.9; 2.9; 3.9 years
Condition	a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in its employment relationship. b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of its employment duties, at the Company's sole discretion.

Settlement	Shares
Data used in the options pricing model:	
Weighted average price of shares used	Ch$ 2,071
Exercise price	Ch$ 2,600
Expected volatility	23.4%
Expected term at grant day (in years)	0.9; 1.9; 2.9; 3.9 years
Risk free interest rate	5.0%
Expected dividends (dividends yield)	1%
Anticipated % of executives leaving the plan (at grant date)	10%
Fair value of the option at the grant date	Ch$ 157.49

As of December 31, 2012, the Company has the following compensation plans for executives, which during the month ofApril2013on the rights-based compensation plan for executives options were exercised Cencosud SA and subsidiaries that held the company. Details of the plans are described below:

Agreement	Stock options granted to key executives	Stock options granted to key executives
Nature of the arrangement	Years of service plan	Performance incentive
Date of grant	1/1/2010	1/1/2010
Number of instruments granted	8,392,143 shares	16,607,857 shares
Exercise price	Ch$ 1,750	Ch$ 1,750
Share price at granted date	Ch$ 1,766.8	Ch$ 1,766.8
Vesting	3.3	3.3
Condition	a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in its employment relationship. b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of its employment duties, at the Company's sole discretion.	The investing condition requires that EBITDA for the year ended December 31, 2012 (meaning the Consolidated net income of Cencosud S.A. plus financial interest, depreciation, amortization and income taxes and excluding the variation of adjustment unit and change by revaluation of investment properties) increase 100% or more based on the EBITDA for the year ended December 31, 2009 (amounting to ThCh$ 403,210,000. EBITDA is calculated based only on the businesses that the Company has or operates as of signing date of the stock options contract and excludes any acquisition (such as purchase, merger, or other similar transaction) made by the Company. The Board has approved a change to the performance incentive plan, as is described below.

Settlement	Shares	Shares
Data used in the options pricing model:		
Weighted average price of shanes used	Ch$ 1,766.8	Ch$ 1,766.8
Exercise price	Ch$ 1,750	Ch$ 1,750
Expected volatility	16.0%	16.0%
Expected term at grant day (in years)	3.3	3.3
Risk free interest rate	4.7%	4.7%
Expected dividends (dividends yield)	0%	0%
Anticipated % of executives leaving the plan (at grant date)	10%	10%
Fair value of the option at the grant date	Ch$ 331.87	Ch$ 331.87

Stock options granted to key executives	Numbers of shares 2013	2012
1) Outstanding as of the beginning of the period	18,443,792	22,717,830
2) Granted during the period	26,374,148	303,250
3) Forfeited during the period	(875,474)	(4,577,288)
4) Exercised during the period	21,931,802	—
5) Expired at the end of the period	—	—
6) Outstanding at the end of the period	22,010,664	18,443,792
7) Vested and expected to vest at the end of the period	22,010,664	18,443,792
8) Eligible for exercise at the end of the period	370	250

Stock options—Impact in P&L	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Impact in the profit and loss statement	3,743,479	2,297,559	2,297,562

The Board has approved a change to the performance incentive plan, changing the condition of exercise in accordance with the EBITDA increase percentage actually achieved. It was also agreed to postpone the deadline for exercising the stock option plans until April 22, 2013.

Additionally, the Board delegated to its Chairman the possibility of providing additional options to the aforementioned performance incentive plan to certain key executives under the condition that they not exceed the limit of number of shares approved by the Shareholders dated April 25, 2008 for this purposes.

At the end of each reporting period, the Company revises its estimates of the number of options that can be exercised. The estimated number of options to be exercised is 22,010,664 and 18,443,792 shares at December 31, 2013 and December 31, 2012, respectively.

In relation to the 2014 Retention Plan, the outstanding options as of December 31, 2013 had a weighted-average contractual life of 1.92 years. Incentive plans for retention and incentive, both had a weighted average contractual life of 0.31 year as of December 31, 2012

The Company utilizes a valuation model that is based in a constant volatility assumption to value its employee share options. The fair value of each option grant has been estimated, as of the grant date, using the Black Scholes option pricing model.

34 Environmental matters

As of December 31, 2013 and 2012, the Company has not made disbursements related to the protection of the environment, and there are no future commitments with regards to this matter.

35 Sanctions

At December 31, 2013 and December 31, 2012 the Superintendence of Securities and Insurance and other administrative authorities have not applied sanctions to the Company or its Directors

35 Subsequent events

On April 1, 2014 the Group announced the successful refinancing of its liabilities to the amount of approximately USD 770 million, thus, reducing its debt payments for 2014 to USD 650 million and to USD 120 million for 2015 and reducing its liquidity requirements for the next 24 months. This successful refinancing is in line with the Group´s financial strategy which is to seek to extend payment terms for our debts in order to shift focus to the operations and ultimately deleverage the Group.

Between the date of issuance of these consolidated financial statements and the filing date of this report, management is not aware of any other subsequent events that could significantly affect the consolidated financial statements.

ANNEX II

REPORT ON FORM 6-K, DATED JANUARY 29, 2015, INCLUDING REVISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013 AND 2012 AND FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

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

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the month of January, 2015

Commission File Number 001-35575

Cencosud S.A.
(Translation of registrant's name into English)

Av. Kennedy 9001, Piso 6
Las Condes, Santiago
Chile
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40 F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

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REVISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013 AND 2012 AND FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

This report on Form 6-K is being furnished for the purpose of providing a copy of the registrant's revised audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 (the "Consolidated Financial Statements"), as well as revising certain related information in the registrant's Annual Report on Form 20-F for the year ended December 31, 2013, for the reasons described herein. See "Explanatory Note Regarding Revised Financial Information." The Consolidated Financial Statements are presented in Chilean pesos and prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

This report contains forward-looking statements. The registrant desires to qualify for the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995, and consequently is hereby filing cautionary statements identifying important factors that could cause the registrant's actual results to differ materially from those set forth in such forward-looking statements.

The registrant's forward-looking statements are based on the registrant's current expectations, assumptions, estimates and projections about the registrant and its industry. These forward-looking statements can be identified by words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "is/are likely to," "may," "plan," "should," "would," or other similar expressions.

The forward-looking statements included in this report involve various risks and uncertainties, including, among others: (i) changes in general economic, business or political or other conditions in Chile, Argentina, Brazil, Peru, Colombia or elsewhere in Latin America or global markets; (ii) changes in capital markets in general that may affect policies or attitudes towards investing in Chile, Argentina, Brazil, Peru, Colombia or securities issued by companies in such countries; (iii) the monetary and interest rate policies of the Central Banks of Chile, Argentina, Brazil, Peru and Colombia; (iv) high levels of inflation or deflation; (v) unanticipated increases in financing and other costs or our inability to obtain additional debt or equity financing on attractive terms; (vi) movements in interest and/or foreign exchange rates, and movements in equity prices or other rates or prices; (vii) changes in, or failure to comply with, applicable regulations or changes in taxes; (viii) loss of market share or changes in competition and pricing environments in the industries in which the Company operates; (ix) difficulties in successfully integrating recent and future acquisitions into the Company's operations; (x) the Company's inability to hedge certain risks economically; (xi) changes in consumer spending and saving habits; (xii) implementation of new technologies; (xiii) limitations on the Company's ability to open new stores and operate them profitably; (xiv) difficulties in completing proposed store openings, expansions or remodeling; (xv) difficulties in acquiring and developing land in Chile, Argentina, Brazil, Peru or Colombia, and restrictions on opening new large stores in any such countries; and (xvi) the factors discussed under the heading "Risk Factors" as well as risks included in the Company's other filings and submissions with the United States Securities and Exchange Commission.

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

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

EXPLANATORY NOTE REGARDING REVISED FINANCIAL INFORMATION

Exhibit A hereto contains our revised audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 (the "Consolidated Financial Statements"). The consolidated financial statements in this exhibit supersede the audited consolidated financial statements in our Annual Report on Form 20-F for the year ended December 31, 2013 (our "Annual Report").

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

Cencosud prepares and reports its financial statements under IFRS. Under IFRS Standard N 5 ("IFRS 5"), "Disposal of subsidiaries, business and non-current assets", the Subject Companies, which comprise the Chilean portion of our financial services segment, are considered as from June 20, 2014, as "Assets held for sale" as a result of Cencosud's commitment to sell a controlling interest to an unrelated party under the Joint Venture Framework Agreement and the occurrence of such transaction is deemed highly probable by management.

IFRS 5 requires that (a) assets that meet the criteria to be classified as held for sale be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets shall cease; and (b) assets that meet the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations, net of tax, and be presented separately in the statement of comprehensive income. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are required to be disclosed either in the notes to the financial statements or in the financial statements themselves. IFRS 5 requires that a company "re-present" its financial disclosure of discontinued operations for all prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented. Accordingly, our consolidated financial information for the three years ended December 31, 2013, 2012 and 2011 have been revised to present the results of operations of the financial services segment in Chile as discontinued operations.

The revised Consolidated Financial Statements were prepared by management on January 26, 2015, solely to give retroactive effect to the discontinued operations of the financial services segment in Chile, and not to reflect any other subsequent events since March 28, 2014, the date on which the financial statements were approved by the Board of Directors.

In this Form 6-K, Cencosud has included its revised Consolidated Financial Statements. The Company has also revised the following information in our Annual Report:

- Certain disclosure regarding reconciliation of non-IFRS figures in "Presentation of Financial and Other Information—Special Note Regarding Non-IFRS Financial Measures" has been revised as described herein to reflect revisions to the "Financial Services" line item and related figures.
- Certain disclosure in Item 3A: "Key Information—Selected Financial Data" has been revised as described herein to reflect revisions to the "Financial Services" line item and related figures derived therefrom.

- Certain disclosure in Item 5A: "Operating and Financial Review and Prospects—Operating results," Item 5B: "—Liquidity and Capital Resources" and Item 5F: "—Tabular disclosure of Contractual Obligations" have been revised as described herein to reflect revisions to the "Financial Services" line item and related figures derived therefrom as well as revisions to certain classifications related thereto.
- Certain other financial and other information included in our Annual Report that are being updated to account for the revised presentation described above.

Other information presented in our Annual Report is deemed to have changed to the extent affected by the changes described herein.

Other than the foregoing, no items of our Annual Report are being revised by this filing. Information in our Annual Report is generally stated as of December 31, 2013, and this filing does not reflect any subsequent information or events. The financial information in this 6-K should be read in conjunction with our Annual Report.

Only financial information for the years ended December 31, 2013, 2012 and 2011 have been revised to present the results of operations of the financial services segment in Chile as discontinued operations. Financial information for the years ended December 31, 2010 and 2009 has not been revised herein and is not being disclosed in this report. As a result, such information is not comparable to the information that has been revised and presented herein.

References to the terms "Cencosud S.A.," "we," "us," "our" and "our company" refer to the registrant, Cencosud S.A., a corporation organized under the form of a *sociedad anónima* under the laws of Chile, and its consolidated subsidiaries, unless otherwise indicated.

The following pages contain the revised information to our Annual Report described above.

SPECIAL NOTE REGARDING NON-IFRS FINANCIAL MEASURES

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

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

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

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

EBIT, EBITDA and Adjusted EBITDA have important limitations as analytical tools. For example, none of EBIT, EBITDA or Adjusted EBITDA reflect (a) our cash expenditures, or future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and (d) tax payments or distributions to our parent to make payments with respect to taxes attributable to us that represent a reduction in cash available to us. Although we consider the items excluded in the calculation of non-IFRS measures to be less relevant to evaluate our performance, some of these items may continue to take place and accordingly may reduce the cash available to us.

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

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

	Year ended December 31,			
	2013	**2013**	**2012**	**2011**
	(in millions of U.S.$)	**(in millions of Ch$)**		
Profit attributable to controlling shareholders	460	241,573	216,911	241,329
Profit attributable to non-controlling shareholders	—	(166)	2,851	10,559
Profit from continuing operations	460	241,408	219,762	251,888
Financial expense (net)	415	217,857	170,399	105,054
Income tax charge	179	94,068	92,226	111,305
EBIT from continuing operations	1,055	553,333	482,387	468,247
Depreciation and amortization	356	186,576	138,941	117,498
EBITDA from continuing operations	1,410	739,909	621,328	585,745
Exchange differences	48	25,054	12,053	(1,577)
Increase on revaluation of investment properties(1)	(181)	(95,110)	(98,633)	(72,798)
(Losses) gains from indexation	36	18,885	23,538	27,641
Adjusted EBITDA from continuing operations	1,313	688,738	558,285	539,011
As a % of revenues				
Profit from continuing operations	2.38%	2.38%	2.46%	3.41%
Financial income (expenses)	2.15%	2.15%	1.91%	1.42%
Income tax charge	0.93%	0.93%	1.03%	1.51%

EBIT from continuing operations	5.46%	5.46%	5.40%	6.34%
Depreciation and amortization	1.84%	1.84%	1.56%	1.59%
EBITDA from continuing operations	7.30%	7.30%	6.96%	7.93%
Exchange differences	0.25%	0.25%	0.14%	(0.02)%
Increase on revaluation of investment properties(1)	(0.94)%	(0.94)%	(1.11)%	(0.99)%
(Losses) gains from indexation	0.19%	0.19%	0.26%	0.37%
Adjusted EBITDA from continuing operations	6.80%	6.80%	6.26%	7.30%

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

Information by segment	Supermarkets	Shopping centers	Home improvement stores	Department stores	Financial services Continuing Operations	Other	Consolidated total Continuing Operations
	Year ended December 31, 2013 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	288,254	249,086	80,042	24,754	40,046	(440,609)	241,573
Profit attributable to non-controlling shareholders	—	—	—	—	—	(166)	(166)
Net Income	**288,254**	**249,086**	**80,042**	**24,754**	**40,046**	**(440,775)**	**241,408**
Financial expense (net)	—	—	—	—	—	217,857	217,857
Income tax charge	—	—	—	—	—	94,068	94,068
EBIT from continuing operations	**288,254**	**249,086**	**80,042**	**24,754**	**40,046**	**(128,850)**	**553,333**
Depreciation and amortization	130,205	3,950	19,481	24,610	1,776	6,554	186,576
EBITDA from continuing operations	**418,459**	**253,035**	**99,523**	**49,364**	**41,822**	**(122,296)**	**739,909**
Exchange differences	—	—	—	—	—	25,054	25,054
Increase on revaluation of investment properties(1)	—	(95,110)	—	—	—	—	(95,110)
Losses from indexation	—	—	—	—	—	18,885	18,885
Adjusted EBITDA from continuing operations	**418,459**	**157,925**	**99,523**	**49,364**	**41,822**	**(78,357)**	**688,738**
As a % of revenues	5.4%	76.9%	8.5%	5.1%	51.2%	N.A.	6.8%

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

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

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

Information by segment	Supermarkets	Shopping centers	Home improvement stores	Department stores	Financial services Continuing Operations	Other	Consolidated total Continuing Operations
	Year ended December 31, 2011 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	299,605	170,391	67,291	29,698	6,964	(332,621)	241,329
Profit attributable to non-controlling shareholders	—	—	—	—	—	10,559	10,559
Net Income	**299,605**	**170,391**	**67,291**	**29,698**	**6,964**	**(322,062)**	**251,888**
Financial expense (net)	—	—	—	—	—	105,054	105,054
Income tax charge	—	—	—	—	—	111,305	111,305
EBIT from continuing operations	**299,605**	**170,391**	**67,291**	**29,698**	**6,964**	**(105,703)**	**468,247**
Depreciation and amortization	76,559	2,344	16,501	17,292	261	4,541	117,498
EBITDA from continuing operations	**376,164**	**172,735**	**83,792**	**46,990**	**7,225**	**(101,162)**	**585,745**
Exchange differences	—	—	—	—	—	(1,577)	(1,577)

Increase on revaluation of investment properties[1]	—	(72,798)	—	—	—	—	(72,798)
Losses from indexation	—	—	—	—	—	27,641	27,641
Adjusted EBITDA from continuing operations	**376,164**	**99,937**	**83,792**	**46,990**	**7,225**	**(75,097)**	**539,011**
As a % of revenues	6.8%	77.0%	8.8%	6.8%	15.9%	N.A.	7.3%

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

Item 3. Key Information

A. SELECTED FINANCIAL DATA

Income statement data:	Year ended December 31,			
	2013	2013	2012	2011
	(in millions of U.S.$)	(in millions of Ch$)		
Revenues from ordinary activities:				
Supermarkets	14,643	7,682,064	6,733,610	5,556,271
Home improvement stores	2,243	1,176,890	1,063,086	948,641
Department stores	1,850	970,360	886,075	690,772
Shopping centers	391	205,331	172,104	129,727
Financial services	156	81,651	58,454	45,314
Other[1]	34	17,861	12,022	11,520
Total revenues from ordinary activities	19,317	10,134,158	8,925,351	7,382,246
Cost of sales:				
Supermarkets	(10,999)	(5,770,070)	(5,057,477)	(4,177,664)
Home improvement stores	(1,501)	(787,402)	(711,500)	(647,337)
Department stores	(1,337)	(701,530)	(644,667)	(499,413)
Shopping centers	(44)	(23,341)	(27,212)	(19,448)
Financial services	(49)	(25,938)	(21,082)	(14,028)
Other [1]	(7)	(3,451)	(2,294)	(5,421)
Total cost of sales	(13,937)	(7,311,732)	(6,464,234)	(5,363,313)
Gross profit:				
Supermarkets	3,645	1,911,994	1,676,132	1,378,607
Home improvement stores	742	389,487	351,586	301,303
Department stores	512	268,830	241,406	191,359
Shopping centers	347	181,991	144,890	110,278
Financial services	106	55,713	37,372	31,286
Other[1]	27	14,410	9,727	6,099
Total gross profit	5,380	2,822,426	2,461,116	2,018,933
Administrative expenses, distribution costs and other expenses	(4,518)	(2,370,101)	(2,048,390)	(1,602,881)
Other revenues by function	206	108,291	107,011	85,107
Participation in earnings of associates	20	10,289	5,642	5,779
Financial income	11	5,999	8,231	10,713

Income statement data:	Year ended December 31, 2013	2013	2012	2011
	(in millions of U.S.$)	(in millions of Ch$)		
Financial expenses	(427)	(223,856)	(178,631)	(115,767)
Other earnings	50	26,366	(7,403)	(12,626)
Exchange differences	(48)	(25,054)	(12,053)	1,577
Losses from indexation	(36)	(18,885)	(23,538)	(27,641)
Income (loss) before taxes	639	335,476	311,988	363,193
Income tax charge	(179)	(94,068)	(92,226)	(111,305)
Profit from continuing operations	460	241,408	219,762	251,888
Profit from discontinued operations	16	8,357	33,047	33,004
Net income	476	249,765	252,809	284,892
Profit attributable to non-controlling shareholders	—	(165)	2,851	10,559
Profit attributable to controlling shareholders	476	249,930	249,959	274,333
Net earnings attributable to shareholders per share for continuing operations:				
Basic(2)	0.17	87.40	93.20	106.60
Diluted(2)	0.17	86.80	92.30	105.50
Net earnings attributable to shareholders per share for discontinued operations				
Basic(2)	0.0057	3.0	14.2	14.6
Diluted(2)	0.0057	3.0	14.1	14.4
Capital Stock	4,425	2,321,380	1,551,811	927,804
Number of Shares				
Total number of Shares	2,828,723,963	2,828,723,963	2,507,103,215	2,264,103,215
Dividends per share:				
Basic(2)	0.0402	28.85	22.88	34.65
Diluted(2)	0.0398	28.64	22.66	34.31

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

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

In November 2012, we completed the acquisition of Carrefour's supermarket operations in Colombia. See "Item 4. Information on the Company—A. History and Development of the Company—History" in our Annual Report.

	Year ended December 31, 2013	2013	2012	2011
	(in millions of U.S.$) (1)	(in millions of Ch$)(1)		
Cash Flow Data for Continuing Operations				
Net cash provided by (used in):				
Operating activities	576	302,066	668,273	537,614

	Year ended December 31,			
	2013	2013	2012	2011
	(in millions of U.S.$) (1)	(in millions of Ch$)(1)		
Investing activities	(590)	(309,367)	(1,876,091)	(622,648)
Financing activities	(75)	(115,918)	1,255,427	108,660
Other Financial Information				
Capital expenditures	(607)	(318,597)	(575,228)	(616,336)
Depreciation and amortization	356	186,576	138,941	117,498
Adjusted EBITDA(2)	1,312	688,738	558,285	539,011
Financial Ratios				
Gross margin(3)	27.9%	27.9%	27.6%	27.3%
Net margin(4)	2.4%	2.4%	2.5%	3.4%
Current ratio(5)	0.82x	0.82x	0.69x	0.88x

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

	Year ended December 31,			
	2013	2013	2012	2011
	(in millions of U.S.$)	(in millions of Ch$)		
Cash Flow Data for Discontinued Operations				
Net cash provided by (used in):				
Operating activities	120	62,717	50,442	30,125
Investing activities	(21)	(11,141)	2,524	(1,105)
Financing activities	17	8,888	(9,349)	(19,053)
Other Financial Information for Discontinued Operations				
Depreciation and amortization	5	2,462	2,510	2,676

Comprehensive income:	Year ended December 31,			
	2013	2013	2012	2011
	(in millions of U.S.$)	(in millions of Ch$)		
Comprehensive income attributable to controlling shareholders	180.56	94,725	34,002	357,049
Comprehensive (loss) income attributable to non-controlling shareholders	(0.32)	(168)	(5,354)	12,865
Total comprehensive income	180.24	94,557	28,648	369,913

Item 5. Operating and Financial Review and Prospects

A. OPERATING RESULTS

Trends and factors affecting our results of operations

Joint Venture

On June 20, 2014, the Company, together with its subsidiaries Cencosud Retail S.A. and Easy S.A., entered into the Joint Venture Framework Agreement with BNS and its wholly owned subsidiary Scotiabank Chile, to further develop, on a joint basis, the retail finance business in Chile. The Joint Venture Framework Agreement provides that the Business shall be operated through the Subject Companies. As part of the agreement, Scotiabank Chile will acquire a fifty-one percent (51%) controlling interest of each of the Subject Companies, with Cencosud retaining the remaining forty-nine percent (49%) non-controlling interest of each of the Subject Companies.

Cencosud prepares and reports its financial statements under IFRS. Under IFRS 5, "Disposal of subsidiaries, business and non-current assets", the Subject Companies, which comprise the Chilean portion of our financial services segment, are considered as from June 20, 2014, as "Assets held for sale" as a result of Cencosud's commitment to sell a controlling interest to an unrelated party under the Joint Venture Framework Agreement and the occurrence of such transaction is deemed highly probable by management.

IFRS 5 requires that (a) assets that meet the criteria to be classified as held for sale be measured at the lower of carrying amount and *fair value* less *costs to sell*, and depreciation on such assets shall cease; and (b) assets that meet the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations, net of tax, and be presented separately in the statement of comprehensive income. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are required to be disclosed either in the notes to the financial statements or in the financial statements themselves. Accordingly, our consolidated financial information for the three years ended December 31, 2013, 2012 and 2011 has been revised to present the result of operations of the financial services segment in Chile as discontinued operations.

Year ended December 31, 2013 as compared to year ended December 31, 2012

The following table presents, for the periods indicated, certain items of our statement of income:

	Year ended December 31,		
	2013	2012	% Change
	(in millions of Ch$)		
Revenues from ordinary activities:			
Supermarkets	7,682,064	6,733,610	14.1%
Home improvement stores	1,176,890	1,063,086	10.7%
Department stores	970,360	886,075	9.5%
Shopping centers	205,332	172,104	19.3%
Financial services	81,651	58,454	39.7%
Other	17,861	12,022	48.6%
Total revenues from ordinary activities	10,134,158	8,925,351	13.5%
Cost of sales:			
Supermarkets	(5,770,070)	(5,057,477)	14.1%
Home improvement stores	(787,402)	(711,500)	10.7%
Department stores	(701,530)	(644,668)	8.8%
Shopping centers	(23,341)	(27,213)	(14.2)%
Financial services	(25,938)	(21,082)	23.0%
Other	(3,451)	(2,294)	50.4%
Total cost of sales	(7,311,732)	(6,464,234)	13.1%
Gross profit:			
Supermarkets	1,911,994	1,676,133	14.1%
Home improvement stores	389,487	351,586	10.8%
Department stores	268,830	241,407	11.4%
Shopping centers	181,991	144,891	25.6%
Financial services	55,713	37,372	49.1%
Other	14,410	9,728	48.1%
Total gross profit	2,822,426	2,461,117	14.7%
Administrative expenses, distribution costs and other expenses	(2,370,101)	(2,048,390)	15.7%
Other revenues by function	108,291	107,011	1.2%
Participation in earnings of associates	10,289	5,642	82.4%
Financial income	5,999	8,231	(27.1)%
Financial expenses	(223,856)	(178,631)	25.3%
Other earnings	26,366	(7,403)	N/A
Exchange differences	(25,054)	(12,053)	107.9%
Losses from indexation	(18,885)	(23,538)	(19.8)%
Income (loss) before taxes	335,476	311,988	7.5%
Income tax charge	(94,068)	(92,226)	2.0%
Profit from continuing operations	241,408	219,762	9.8%
Profit from discontinued operations	8,357	33,047	(74.7)%
Net income	249,765	252,809	(1.2)%
Profit attributable to non-controlling shareholders	(166)	2,851	(105.8)%
Profit attributable to controlling shareholders	249,930	249,959	0.0%

Revenues from ordinary activities

Our consolidated revenues from ordinary activities increased Ch$1,208,807 million, or 13.5%, to Ch$10,134,158 million for the year ended December 31, 2013, from Ch$8,925,351 million for the same period in 2012, as a result of (i) an increase of Ch$948,454 million, or 14.1%, in revenue in the supermarket segment, (ii) an increase of Ch$113,804 million, or 10.7%, in revenue in our home improvement stores, (iii) an increase of Ch$84,285 million, or 9.5%, in revenue in our department store business, (iv) an increase of Ch$33,228 million, or

19.3%, in revenue from our shopping center segment and (v) an increase of Ch$23,197 million, or 39.7%, in revenue in our financial services business as a result of its expansion in Peru and the addition of financial services in Colombia to the segment.

Financial services

Our consolidated revenues from ordinary activities from our financial services increased Ch$23,197 million, or 39.7%, to Ch$81,651 million for the year ended December 31, 2013 from Ch$58,454 million for the same period in 2012, due to portfolio expansion in our markets.

Cost of sales

Our consolidated cost of sales increased Ch$847,498 million, or 13.1%, to Ch$7,311,732 million for the year ended December 31, 2013 from Ch$6,464,234 million for the same period in 2012, primarily due to the increase in sales reported in the period. The main increase was seen in our supermarket segment following the consolidation of our Colombian operations. Cost of sales as a percentage of sales decreased by 0.3% in 2013 compared to 2012 as a result of better cost management by our shopping center and department store segments.

Financial services

Our consolidated cost of sales, primarily provisions for bad debts and collection and processing costs, from our financial services segment increased 23.0%, or Ch$4,856 million, to Ch$25,938 million for the year ended December 31, 2013 from Ch$21,082 million for the same period in 2012, due to portfolio expansion.

Gross profit

Our consolidated gross profit increased 15%, or Ch$361,309 million, to Ch$2,822,426 million for the year ended December 31, 2013 from Ch$2,461,117 million for the same period in 2012, primarily due to gross profit improvements in all segments.

Our consolidated gross profit as a percentage of revenues from ordinary activities increased 0.3% to 27.9% for the year ended December 31, 2013 from 27.6% for the same period in 2012.

Financial services

Our consolidated gross profit in our financial services segment increased Ch$18,341 million, or 49.1%, to Ch$55,713 million for the year ended December 31, 2013 from Ch$37,372 million for the same period in 2012, as a result of (i) an increase of Ch$7,996 million in Peru as a result of a greater loan portfolio and (ii) the greater contribution to financial services from our Colombian operations, which added Ch$7,156 million as a result of having a full year´s contribution to the segment.

Other revenues by function

Our consolidated other revenues by function increased by Ch$1,280 million, to Ch$108,291 million for the year ended December 31, 2013 from Ch$107,011 million for the same period in 2012, as a result of an increase in the fair value of investment properties in 2013 when compared to 2012.

Administrative expenses, distribution costs and other expenses

Our consolidated administrative expenses, distribution costs and other expenses increased Ch$321,711 million, or 16%, to Ch$2,370,101 million for the year ended December 31, 2013 from Ch$2,048,390 million for the same period in 2012, which exceeded the revenue increase from ordinary activities of 13.5% as a result of real wage increases in the period in most of our segments.

Results from financial and other activities

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial and other activities, as well as the percentage variation from period to period:

	Year ended December 31, 2013	2012	% Change
	(in millions of Ch$)		
Other earnings (losses)	26,366	(7,403)	N/A
Financial income	5,999	8,231	(27)%
Financial expenses	(223,856)	(178,631)	25%
Exchange differences	(25,054)	(12,053)	108%
Losses from indexation	(18,885)	(23,538)	(20)%
Total losses from financial and other activities	(235,430)	(213,394)	10%

Our consolidated losses from financial and other activities increased by Ch$22,036 million, to a loss of Ch$235,430 million for the year ended December 31, 2013 from a loss of Ch$213,394 million for the same period in 2012. This increase was primarily due to the following factors:

- An increase in financial expenses of Ch$45,225 million, resulting in financial expenses of Ch$223,856 for the year ended December 31, 2013 compared to financial expenses of Ch$178,631 million for the same period of 2012 as a result of lower cash on hand, and a higher debt load used to fund the company's growth strategy, which mainly related to acquisitions; and
- An increase in exchange rate differences of Ch$13,001 million, resulting in a loss of Ch$25,054 million for the year ended December 31, 2013 compared to a loss of Ch$12,053 for the same period in 2012, as a result of the devaluation of local currencies against the U.S. dollar;

which were partially offset by:

- A decrease in losses stemming from indexation of Ch$4,653 million, resulting in a loss of Ch$18,885 million for the year ended December 31, 2013, compared to a loss of Ch$23,538 for the same period of 2012, as a result of a lower inflation rate in Chile; and
- Higher earnings related to the fair value of cross currency swaps being booked under other earnings (losses) connected to the hedging of our U.S.$ denominated debt.

Income tax charge

For the year ended December 31, 2013, we had an income tax expense of Ch$94,068 million, compared to an income tax expense of Ch$92,226 million for the same period in 2012. This increase of Ch$1,842 million was due to better business performance.

Profit (loss) attributable to controlling shareholders

As a result of the above factors, our net earnings decreased Ch$28 million, or 0%, to Ch$249,930 million for the year ended December 31, 2013 from Ch$249,959 million for the same period in 2012. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 2.5% for the year ended December 31, 2013 from 2.8% for the same period in 2012.

Year ended December 31, 2013 as compared to year ended December 31, 2012 for Discontinued Operations

The following table presents, for the periods indicated, certain items of the statement of income for our discontinued operations:

	Year Ended December 31, 2013	2012	% Change
	(in millions of Ch$)		
Revenues from discontinued operations:			
Total revenues	206,882	223,726	(7.5)%
Cost of sales from discontinued operations:			
Total cost of sales	(59,817)	(83,598)	28.4%
Gross profit from discontinued operations:			
Total gross profit	147,065	140,129	49.5%
Administrative expenses, distribution costs and other expenses	(90,339)	(73,432)	23%
Other revenues by function	422	99	326%
Other gains (losses)	16	34	(52)%
Results from operating activities	57,164	66,830	(14)%
Financial income	(145)	(121)	19%
Financial expenses	(34,829)	(32,391)	8%
Participation in profit or loss of equity method associates	—	(2,695)	N/A
Exchange differences	(9,670)	9,373	N/A
Losses from indexation	(2,074)	(2,378)	(13)%
Income (loss) before taxes	10,447	41,310	(75)%
Income tax charge	(2,089)	(8,262)	(75)%
Profit (loss)	8,357	33,050	(75)%
Basic earnings (loss) per share	3.0	14.2	(78.9)%
Diluted earnings (loss) per share	3.0	14.1	(78.8)%

Revenues from discontinued operations

Our consolidated revenues from discontinued operations decreased Ch$16,844 million, or 7.5%, to Ch$206,882 million for the year ended December 31, 2013, from Ch$223,726 million for the same period in 2012, primarily due a smaller credit card receivables portfolio in Chile and the effects of interest rate caps over already extended loans.

On June 20, 2014, Cencosud S.A. and its affiliates Cencosud Retail S.A. and Easy S.A. entered into the Joint Venture Framework Agreement with The Bank of Nova Scotia and Scotiabank Chile S.A., related to the development of financial services in Chile, previously disclosed by Cencosud S.A. in its reports on Form 6-K dated June 23, 2014 and June 25, 2014. Pursuant to the Joint Venture Framework Agreement, Scotiabank Chile or its affiliated entities will acquire a fifty-one percent (51%) of each of the Subject Companies, with the remaining forty-nine percent (49%) owned by us or our affiliates. We and Scotiabank Chile or its affiliates will enter into corresponding shareholder agreements with respect to each of the Subject Companies. We will also enter into a joint venture agreement that will govern the relationship between the parties in regards to the development of the financial retail business in Chile, with the agreement having an exclusivity period of 15 years from the date of the closing under the Joint Venture Framework Agreement. CAT and Scotiabank Chile will, at such closing date or within three days of having constituted CAT as a supporting company for bank transfers, enter into a line-of-credit agreement for Scotiabank Chile's portion of the financing of the Chilean retail finance business. At the end of the 15-year period, we will have an option to repurchase Scotiabank Chile's 51% ownership interest in the Subject Companies.

Cost of sales from discontinued operations

Our consolidated cost of sales from discontinued operations, primarily provisions for bad debts and collection and processing costs, decreased Ch$23,781 million, or 28.4%, as a result of better risk management activities in Chile.

Gross profit from discontinued operations

Our consolidated gross profit from discontinued operations increased Ch$6,936 million, or 49.5%, as a result of lower provisions for the loan portfolio due to better risk management activities in Chile.

Other revenues by function from discontinued operations

Our consolidated other revenues by function for discontinued operations increased by Ch$323 million, or 326%, to Ch$422 million for the year ended December 31, 2013 from Ch$99 million for the same period in 2012, as a result of an increase in the recovery of commission fees.

Administrative expenses, distribution costs and other expenses from discontinued operations

Our consolidated administrative expenses, distribution costs and other expenses from discontinued operations increased Ch$16,907 million, or 23%, to Ch$90,339 million for the year ended December 31, 2013 from Ch$73,432 million for the same period in 2012. This increase was above the related revenue growth of 7.5%, and was mainly due to expenses related to the transaction with Scotiabank.

Results from financial and other activities from discontinued operations

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial, tax and other activities, as well as the percentage variation from period to period:

	Year ended December 31,		
	2013	**2012**	**% Change**
	(in millions of Ch$)		
Other gains (losses)	16	34	(53)%
Financial income	(145)	(121)	20%
Financial expenses	(34,829)	(32,391)	8%
Exchange differences	(9,670)	9,373	(203)%
Losses from indexation	(2,074)	(2,378)	(13%)
Total losses from financial and other activities	(46,702)	(25,483)	83%

Our consolidated losses from financial and other activities increased by 83% for the year ended December 31, 2013 compared to the same period in 2012, primarily due to the following factors:

- A decrease in Other gains (losses) of Ch$18 million, going from Ch$34 million for the year ended December 31, 2012 to Ch$16 million in the same period of 2013;
- An increase in financial expenses of Ch$2,438 million, resulting in financial expenses of Ch$34,829 million for the year ended December 31, 2013 compared to Ch$32,391 million for the same period in 2012, as a result of loan portfolio expansion in the period, and;
- An increase in exchange rate differences of Ch$19,043 million, resulting in a loss of Ch$9,670 million for the year ended December 31, 2013 compared to a gain of Ch$9,373 million for the same period in 2012 as a result of the devaluation of local currencies against the U.S. dollar;

which were partially offset by:

- A decrease in losses stemming from indexation of Ch$304 million as a result of a lower inflation rate in Chile, resulting in a loss of Ch$2,074 million for the year ended December 31, 2013 compared to a loss of Ch$2,378 million for the same period of 2012.

Income tax charge from discontinued operations

For the year ended December 31, 2013 we had an income tax expense of Ch$2,089 million, compared to an income tax expense of Ch$8,262 million for the same period in 2012. This decrease of Ch$6,173 million is attributed to lower profit in the period.

Profit (loss) from discontinued operations

As a result of the above factors, our net earnings decreased Ch$24,693 million, or 75%, to Ch$8,357 million for the year ended December 31, 2013 from Ch$33,050 million for the same period in 2012. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 4.0% for 2013 from 15.0% for 2012.

Year ended December 31, 2012 as compared to year ended December 31, 2011

The following table presents, for the periods indicated, certain items of our statement of income:

	Year ended December 31,		
	2012	2011	% Change
	(in millions of Ch$)		
Revenues from ordinary activities:			
Supermarkets	6,733,610	5,556,271	21%
Home improvement stores	1,063,086	948,641	12%
Department stores	886,075	690,772	28%
Shopping centers	172,104	129,727	33%
Financial services	58,454	45,314	29%
Other	12,022	11,520	4%
Total revenues from ordinary activities	8,925,351	7,382,246	21%
Cost of sales:			
Supermarkets	(5,057,477)	(4,177,664)	21%
Home improvement stores	(711,500)	(647,337)	10%
Department stores	(644,668)	(499,413)	29%
Shopping centers	(27,213)	(19,449)	40%
Financial services	(21,082)	(14,028)	50%
Other	(2,294)	(5,421)	(58)%
Total cost of sales	(6,464,234)	(5,363,313)	21%
Gross profit:			
Supermarkets	1,676,133	1,378,607	22%
Home improvement stores	351,586	301,303	17%
Department stores	241,407	191,359	26%
Shopping centers	144,891	110,278	31%
Financial services	37,372	31,286	19%
Other	9,728	6,099	59%
Total gross profit	2,461,117	2,018,932	22%
Administrative expenses, distribution costs and other expenses	(2,048,390)	(1,602,849)	28%
Other revenues by function	107,011	85,107	26%
Participation in earnings of associates	5,642	5,779	(2)%
Financial income	8,231	10,713	(23)%
Financial expenses	(178,631)	(115,767)	54%
Other earnings	(7,403)	(12,626)	(41)%
Exchange differences	(12,053)	1,577	(864)%
Losses from indexation	(23,538)	(27,641)	(15)%
Income (loss) before taxes	311,988	363,193	(14)%
Income tax charge	(92,226)	(111,305)	(17)%
Profit from continuing operations	219,762	251,888	(13)%
Profit from discontinued operations	33,047	33,004	0%
Net income	252,809	284,892	(11)%
Profit attributable to non-controlling shareholders	2,851	10,559	(73)%
Profit attributable to controlling shareholders	249,959	274,333	(9)%

Revenues from ordinary activities

Our consolidated revenues from ordinary activities increased Ch$1,543,105 million, or 21%, to Ch$8,925,351 million for the year ended December 31, 2012 from Ch$7,382,246 million for the same period in 2011, as a result of (i) an increase of Ch$1,177,339 million resulting from growth in revenues from ordinary activities of 21.2% in our supermarket segment, (ii) an increase of Ch$114,445 million resulting from growth in revenue from ordinary activities in our home improvement stores, (iii) an increase of Ch$195,303 resulting from growth in revenue from ordinary activities of 28.3% in our department stores segment, (iv) an increase of Ch$42,377 million resulting from growth in revenues from ordinary activities of 32.7% in our shopping center segment, and (v) an increase of Ch$13,140, or 29%, resulting from growth in revenues from ordinary activities related to our financial services business.

Financial services

Our consolidated revenues from ordinary activities from our financial services increased 29%, to Ch$58,454 million for the year ended December 31, 2012 from Ch$45,314 million for the same period in 2011, as a result of (i) a larger portfolio in Argentina resulting in an increase in revenues for the business in that country; (ii) an increase of Ch$4,374 million, or 50.0%, in revenues in Peru as a result of the growth of our portfolio due to greater credit card usage and the growth of our operations in the market. The aforementioned growth was partially offset by a decrease in excess of 21.1% of our portfolio in Brazil, leading to lower revenues in Brazil.

Cost of sales

Our consolidated cost of sales increased Ch$1,100,921 million, or 20.5%, to Ch$6,464,234 million for the year ended December 31, 2012 from Ch$5,363,313 million for the same period in 2011, primarily due to sales growth registered in the period in excess of 20.9%.

Financial services

Our consolidated cost of sales, primarily provisions for bad debts and collection and processing costs, from our financial services segment increased Ch$7,084 million, or 50.3%, to Ch$21,082 million for the year ended December 31, 2012 from Ch$14,028 million for the same period in 2011, primarily due to the expansion of our portfolio in Peru.

Cost of sales as a percentage of sales increased by 510 bps in 2012 compared to 2011 as a result of portfolio growth posted in the period.

Gross profit

Our consolidated gross profit increased Ch$442,184 million, or 21.9%, to Ch$2,461,117 million for the year ended December 31, 2012 from Ch$2,018,933 million for the same period in 2011, primarily due to improved margins across most business segments.

Our consolidated gross profit as a percentage of revenues from ordinary activities increased 0.2% to 27.6% for the year ended December 31, 2012 from 27.3% for the same period in 2011.

Financial services

Our consolidated gross profit in our financial services segment decreased Ch$6,086 million, or 19.5%, to Ch$37,372 million for the year ended December 31, 2012 from Ch$31,286 million for the same period in 2011 mainly as a result of higher costs in Peru related to the expansion of our operations in the country.

Other revenues by function

Our consolidated other revenues by function increased by Ch$21,904 million, to Ch$107,011 million for the year ended December 31, 2012 from Ch$85,107 million for the same period in 2011, as a result of an increase in the fair value of investment properties in 2012 when compared to 2011.

Administrative expenses, distribution costs and other expenses

Our consolidated administrative expenses, distribution costs and other expenses increased 27.8% to Ch$2,048,390 million for the year ended December 31, 2012 from Ch$1,602,849 million for the same period in 2011, in line with higher revenues from ordinary activities of 21.2%.

We have recorded the effect of provisions that were a direct consequence of the unfavorable outcome of a class action initiated by SERNAC against our subsidiary, CAT, under this line item for the year ended December 31, 2012. These provisions amounted to Ch$20,000 million, or 0.9% of all expenses under this line item for 2012.

Provisions were made under our financial services segment in Chile, now being presented as discontinued operations following the closing of the Joint Venture Framework Agreement, as Cencosud S.A. was not a party to the litigation.

Results from financial and other activities

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial and other activities, as well as the percentage variation from period to period:

	Year ended December 31,		
	2012	2011	% Change
	(in millions of Ch$)		
Other earnings (losses)	(7,403)	(12,626)	(41)%
Financial income	8,231	10,713	(23)%
Financial expenses	(178,631)	(115,767)	54%
Exchange differences	(12,053)	1,577	(864)%
Losses from indexation	(23,538)	(27,641)	(15)%
Total losses from financial and other activities	(213,394)	(143,744)	48%

Our consolidated losses from financial and other activities increased by Ch$69,648 million, to a loss of Ch$213,393 million for the year ended December 31, 2012 from a loss of Ch$143,744 million for the same period in 2011. This increase was primarily due to the following factors:

- An increase in financial expenses of Ch$62,864 million resulting in a loss of Ch$178,631 million for the year ended December 31, 2012 compared to a loss of Ch$115,767 million for the same period of 2011 as a result of lower cash on hand, and a higher debt load used to fund growth experienced by the company, mainly related to acquisitions made in period; and
- An increase in exchange differences of Ch$13,630 million resulting in a loss of Ch$12,053 for the year ended December 31, 2012 from a gain of Ch$1,577 million for the same period in 2011, as a result of the devaluation of local currencies against U.S. dollar;

which were partially offset by:

- A decrease in losses from indexation of Ch$4,103 million, resulting in a loss of Ch$23,538 million for the year ended December 31, 2012 compared to a loss of Ch$27,641 million for the same period in 2011 as a result of a lower inflation rate in Chile.

Income tax charge

For the year ended December 31, 2012, we had an income tax expense of Ch$92,226 million, compared to an income tax expense of Ch$111,305 million for the same period in 2011. This decrease of Ch$19,079 million was due to tax losses that originated in 2012, consolidation of Banco Paris and Colombian supermarket operations, changes made to income tax rates in Chile, which increased from 17% to 20%, together with the impact of such increase on deferred taxes, and changes in ARS/CLP and BRL/CLP exchange rates.

Profit (loss) attributable to controlling shareholders

As a result of the above factors, our net earnings decreased Ch$24,374 million, or 8.9%, to Ch$249,959 million for the year ended December 31, 2012 from Ch$274,333 million for the same period in 2011. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 2.7% for the year ended December 31, 2012 from 3.7% for the same period in 2011.

Year ended December 31, 2012 as compared to year ended December 31, 2011 for Discontinued Operations

The following table presents, for the periods indicated, certain items of the statement of income for our discontinued operations:

	Year Ended December 31,		
	2012	2011	% Change
	(in millions of Ch$)		
Revenues from discontinued operations:			
Total revenues	223,726	222,560	1%
Cost of sales from discontinued operations:			
Total cost of sales	(83,598)	(71,604)	17%
Gross profit from discontinued operations:			
Total gross profit	140,129	150,957	(7)%
Administrative expenses, distribution costs and other expenses	(73,432)	(66,524)	10%
Other revenues by function	99	21	373%
Other gains (losses)	34	32	5%
Results from operating activities	66,830	84,485	(21)%
Financial income	(121)	(271)	(55)%
Financial expenses	(32,391)	(28,368)	14%
Participation in profit or loss of equity method associates	(2,695)	—	N/A
Exchange differences	9,373	(11,453)	N/A
Losses from indexation	(2,378)	(3,648)	(35)%
Income (loss) before taxes	41,312	41,256	0%
Income tax charge	(8,262)	(8,251)	0%
Profit (loss)	33,050	33,004	0%
Basic earnings (loss) per share	14.2	14.6	(3)%
Diluted earnings (loss) per share	14.2	14,6	(3)%

Revenues from discontinued operations

Our revenues from discontinued operations increased Ch$1,166 million, or 0.5%, to Ch$223,726 million for the year ended December 31, 2012 compared to Ch$222,560 million for the year ended December 31, 2011.

Cost of Sales from discontinued operations

Our consolidated cost of sales from discontinued operations, primarily provisions for bad debts and collection and processing costs, increased Ch$11,994 million or 16.8% from Ch$71,604 million in 2011 to Ch$83,598 million in 2012 as a result of (i) costs arising from the integration of the portfolio acquired from Johnson and (ii) costs related to the integration of Johnson's private label credit cards onto our platform.

Gross profit from discontinued operations

Our consolidated gross profit from discontinued operations decreased Ch$10,828 million, or 7.2%, to Ch$140,129 million for the year ended December 31, 2012 from Ch$150,957 million for the same period in 2011 mainly as a result of (i) costs arising from the integration of the portfolio acquired from Johnson and (ii) costs related to the integration of Johnson's private label credit cards onto our platform.

Other revenues by function from discontinued operations

Our consolidated other revenues by function from discontinued operations increased by Ch$78 million, or 373%, to Ch$99 million for the year ended December 31, 30, 2012 from Ch$21 million for the same period in 2011, as a result of an increase in the fair value of derivatives.

Administrative expenses, distribution costs and other expenses from discontinued operations

Our consolidated administrative expenses, distribution costs and other expenses from discontinued operations increased Ch$6,908 million, or 10%, to Ch$73,432 million for the year ended December 31, 2012 from Ch$66,524 million for the same period in 2011. This increase was above the related revenue growth of 0.5%, and was primarily due expenses related to the Johnson acquisition.

Results from financial and other activities from discontinued operations

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial, tax and other activities, as well as the percentage variation from period to period:

	Year ended December 31,		
	2012	2011	% Change
	(in millions of Ch$)		
Other gains (losses)	34	32	5%
Financial income	(121)	(271)	(55)%
Financial expenses	(32,391)	(28,368)	14%
Exchange differences	9,373	(11,453)	N/A
Losses from indexation	(2,378)	(3,648)	(35)%
Total losses from financial and other activities	(25,484)	(43,708)	(42)%

Our consolidated losses from financial and other activities decreased 42% for the year ended December 31, 2012 compared to the same period in 2011, primarily due to the following factors:

- A decrease in exchange rate differences of Ch$20,826 million, resulting gain of Ch$9,373 million for the year ended December 31, 2012 compared to a loss of Ch$11,453 million for the same period in 2011 as a result of the appreciation of local currencies against the U.S. dollar; and
- A decrease in losses stemming from indexation of Ch$1,270 million as a result of a lower inflation rate in Chile, resulting in a loss of Ch$2,378 million for the year ended December 31, 2012 compared to a loss of Ch$3,648 million for the same period of 2011;

which were partially offset by:

- An increase in financial expenses of Ch$4,023 million, resulting in a financial expense of Ch$32,391 million for the year ended December 31, 2012 compared to Ch$28,368 million for the same period in 2011, as a result of portfolio expansion in the period.

Income tax charge from discontinued operations

For the year ended December 31, 2012 our income tax expense remained flat at Ch$8,262 million, compared to an income tax expense of Ch$8,251 million for the same period in 2011.

Profit (loss) from discontinued operations

As a result of the above factors, our net earnings remained flat at Ch$33,050 million for the year ended December 31, 2012, compared to Ch$33,004 million for the same period in 2011. Our net earnings, as a percentage of revenues from ordinary activities, were 14.8% for both 2012 and 2011.

B. LIQUIDITY AND CAPITAL RESOURCES

Indebtedness

At December 31, 2013, our total consolidated short-term financial debt was Ch$515,886,626 million and our total consolidated long-term debt was Ch$2,096,856,756 million.

Our total financial debt includes both fixed-rate and variable-rate debt. Taking into account the effects of cross currency swaps, excluding Banco Paris indebtedness, at December 31, 2013, approximately 47% of our debt was variable-rate, and the remainder was fixed-rate. At December 31, 2013, approximately 11% of our debt was denominated in U.S. dollars, approximately 27% in UF, approximately 50% in Chilean pesos, approximately 2% in Argentine pesos, approximately 2% in Peruvian nuevos soles, approximately 4% in Brazilian reals and approximately 4% in Colombian Pesos. As part of our financial management policies, from time to time we enter into swaps and other derivative transactions to hedge our interest rate and exchange rate risk. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report. Our strategy is to hold the majority of our debt in local currencies, with a target ratio of debt denominated in foreign currency of 10% to 15% of our total debt.

In order to fund our growth plans, improve our amortization profile and reduce our cost of debt, in 2011 we issued bonds with an aggregate principal amount of US$750 million due 2021 in a 144A/Reg-S offering in the international capital markets, and a fixed interest rate of 5.5% (the "2011 144A/Reg-S Bond"). We have hedged the currency risk associated with this issuance through cross-currency swaps with a nominal amount of U.S.$535 million. Additionally, in June 2011, we issued in the Chilean debt capital market bonds due 2031 with an aggregate principal amount of Ch$54 million, with a fixed interest rate of 7.40%. This was the first bond issuance in the Chilean debt capital market in Chilean pesos with a term of maturity of 20 years. As a result of these issuances, we were able to extend the average duration of our debt (from approximately 4.8 years at the end of 2010 to over 7.5 years at the end of 2011) and streamline our debt amortization schedule.

On October 17, 2012, the Company entered into the Bridge Loan Agreement with a syndicate of banks in the amount of U.S.$2,500 million to finance the purchase of Carrefour's Colombian operations. On December 6, 2012, the Company issued U.S.$1,200 million aggregate principal amount of bonds due 2023 in a Rule 144A and Regulation S offering in the international capital market (the "2023 144A/Reg-S Bond"). The initial purchasers for the 2023 144A/Reg-S Bond (and/or affiliates thereof) were part of the bank syndicate providing the financing under the Bridge Loan Agreement. The 2023 144A/Reg-S Bond accrues interest at a fixed rate of 4.875%. The Company applied part of the proceeds of the 2023 144A/Reg-S Bond to repay U.S.$1,000 million outstanding under the Bridge Loan Agreement.

In March 2013, we completed a preemptive rights offering in the Chilean market that raised U.S.$1,600 million, and used the proceeds from that capital increase to prepay the outstanding amount of the Bridge Loan Agreement of U.S.$1,500 million. The rest of the proceeds of the capital increase were used to pay other short term liabilities.

Analysis of cash flows

The following table summarizes our generation and use of cash for the periods presented.

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)		
Net cash from Continuing Operations provided by (used in):			
Net cash from operating activities	302,066	668,273	537,614
Net cash used in investing activities	(309,367)	(1,876,091)	(622,648)
Net cash from financing activities	(115,918)	1,255,427	108,660

Cash flows for year ended December 31, 2013 compared to year ended December 31, 2012 for continuing operations

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash outflow of Ch$123,219 million for the year ended December 31, 2013 compared to a net cash inflow of Ch$47,608 million for the year ended December 31, 2012.

Operating activities. Our net cash flows from operations decreased 55% to Ch$302,066 million for the year ended December 31, 2013 from Ch$668,273 million for the year ended December 31, 2012. The decrease was primarily attributable to our supermarket segment, where cash fell 42% as a result of increased working capital needs particularly from Colombia and Peru. Inventory in Colombia increased by Ch$25,893 million while Peru posted an increase in accounts receivables of Ch$37,332 million and an inventory increase of Ch$31,035 million. Our home improvement segment had a Ch$71,052 million decrease in cash flows as a result of larger tax expenses in Argentina when compared to the 2012 period. Our Department store segment had a decrease in cash flows of Ch$14,310 million as a result of larger inventories in Chile and the startup of our Peruvian operations.

Investing activities. Our net cash outflows from investing activities decreased 84% to Ch$309,367 million for the year ended December 31, 2013 from Ch$1,876,091 million for the year ended December 31, 2012 due to the higher comparison basis for the 2012 period as a result of the inorganic expansion of the supermarket business into Colombia in addition to organic expansion that the company experienced throughout its markets in 2012 due to the opening of 117 stores and 3 shopping centers in 2012 versus the opening of 46 stores in 2013. During 2012, the company invested Ch$1,535,105 million for the purchase of subsidiaries and to obtain control of other companies such as our supermarket operations in Colombia for Ch$1,179,000 million, the initial payment for Johnson of Ch$243,000 million and Prezunic of Ch$102,000 million. Additionally, the company made investments in property, plants and equipment, mainly in Chile, of Ch$268,000 million for our shopping centers, supermarkets and home improvement segments. In Brazil we made investments in property, plants and equipment of Ch$96,000 million and in Argentina of Ch$88,000 million.

Financing activities. Our net cash flows from financing activities decreased 109%, to outflows of Ch$115,918 million for the year ended December 31, 2013 compared to inflows of Ch$1,255,427 million for the year ended December 31, 2012. This was due to higher financial expense resulting from the inorganic expansion of our supermarket business into Colombia. During 2012, the company received inflows in the amount of Ch$632,987 million resulting from a capital increase. During 2013, the company performed an additional capital increase for Ch$818,871 million. The company had interest payments and principal amortizations of Ch$1,181,329 million in 2013 over the amount paid during 2012. Additionally the company had financing inflows of Ch$573,866 million less than the amount raised during the 2012 period. During 2012, the company secured the Bridge Loan Facility with JP Morgan Chase to finance the acquisition of supermarket operations in Colombia in combination with raising US$1,200 million in a 144A/Reg S bond issuance.

Cash flows for year ended December 31, 2012 compared to year ended December 31, 2011 for continuing operations

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash inflow of Ch$47,609 million for the year ended December 31, 2012 compared to a net cash inflow of Ch$23,626 million for the year ended December 31, 2011.

Operating activities. Our net cash flows from operations increased 24% to Ch$668,273 million for the year ended December 31, 2012 from Ch$537,614 million for the year ended December 31, 2011. This change was primarily due to an increase in cash as a result of higher sales during the period in the supermarket, shopping centers and home improvement segments partially offset by declines in financial services and department stores.

Investing activities. Our net cash outflows from investing activities increased 201% to Ch$1,876,091 million for the year ended December 31, 2012 from outflows of Ch$622,648 million for the year ended December 31, 2011. This change was primarily due to inorganic expansion in our supermarket segment during the 2012 period.

Financing activities. Our net cash flows from financing activities increased 1,055% to Ch$1,255,427 million for the year ended December 31, 2012 from inflows of Ch$108,660 million for the year ended December 31, 2011. This change was primarily due to higher proceeds from loans and bond issuances related to the payment of acquisitions.

	Year ended December 31,		
	2013	**2012**	**2011**
	(in millions of Ch$)		
Net cash from Discontinued Operations provided by (used in):			
Net cash from operating activities	62,717	50,442	30,125
Net cash used in investing activities	(11,141)	2,524	(1,105)
Net cash from financing activities	8,888	(9,349)	(19,053)

Cash flows for year ended December 31, 2013 compared to year ended December 31, 2012 from discontinued operations

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash inflow of Ch$60,464 million for the year ended December 31, 2013 compared to a net cash inflow of Ch$43,616 million for the year ended December 31, 2012.

Operating activities. Our net cash flows from operations increased 24% to Ch$62,717 million for the year ended December 31, 2013 from Ch$50,442 million for the year ended December 31, 2012. The increase was primarily attributable to improved business performance.

Investing activities. Our net cash flows from investing activities decreased to outflows of Ch$11,141 million for the year ended December 31, 2013 from inflows of Ch$2,524 million for the year ended December 31, 2012. The decrease was primarily attributable to higher portfolio growth financed by the holding company.

Financing activities. Our net cash flows from financing activities increased to inflows of Ch$8,888 million for the year ended December 31, 2013 from outflows of Ch$9,349 million for the year ended December 31, 2012. The decrease was primarily attributable to lower portfolio growth at Banco Paris.

Cash flows for year ended December 31, 2012 compared to year ended December 31, 2011 from discontinued operations

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash inflow of Ch$43,616 million for the year ended December 31, 2012 compared to a net cash inflow of Ch$9,967 million for the year ended December 31, 2011.

Operating activities. Our net cash flows from operations increased 67% to Ch$50,442 million for the year ended December 31, 2012 from Ch$30,125 million for the year ended December 31, 2011. This change was primarily due to improved cash generation from the greater portfolio compared to 2011.

Investing activities. Our net cash flows from investing activities increased 328% to Ch$2,524 million for the year ended December 31, 2012 from Ch$1,105 million for the year ended December 31, 2011. This change was primarily due to portfolio growth experienced in the period being financed by the holding company.

Financing activities. Our net cash flows from financing activities decreased 51% to outflows of Ch$9,349 million for the year ended December 31, 2012 from Ch$19,053 million for the year ended December 31, 2011. This change was primarily due to lower financing needs for Banco Paris.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations and commitments as of December 31, 2013:

	Less than One Year	One to Three Years	Three to Five Years	Thereafter	Total
			(in millions of U.S.$)		
Long-term debt obligations (1)	—	545,627	322,214	2,049,265	2,917,106
Short-term debt obligations (1)	595,179	—	—	—	595,179
Time deposits and other bank balances	155,728	56,120	2,009	11,139	224,996
Leases obligations and other financial liabilities	204,878	533,091	6,874	1,347,201	2,092,044
Commercial loans	2,006,359	74,430	—	—	2,080,788
Tax Liabilities	63,131	—	—	—	63,131
Total	**3,025,275**	**1,209,268**	**331,096**	**3,407,606**	**7,973,245**

(1) Short-term obligations include the short-tern portion of the long-term debt and accrued interest expenses.

ADDITIONAL INFORMATION

Revenues from ordinary activities

The following table presents the percentage of our revenues from ordinary activities by country for the specified periods:

	Year ended December 31,		
	2013[(1)]	2012	2011
	(% of total revenues from ordinary activities)		
Chile[(2)]	36.9%	38.5%	39.9%
Argentina	25.7%[(3)]	27.9%	29.8%
Brazil	19.8%[(4)]	23.5%	21.1%
Peru	7.9%	8.3%	8.7%
Colombia	9.7%[(5)]	1.8%	0.5%

(1) For the year ended December 31, 2013, our Aventura entertainment centers in Chile and Argentina accounted for less than 1.0% of our revenues from ordinary activities.

(2) For the years ended December 31, 2013, 2012 and 2011, Easy home improvement stores in Chile generated 4.3%, 4.4% and 4.8%, respectively, of our consolidated revenues from ordinary activities during those periods. For the year ended December 31, 2013, Banco Paris accounted for 0.3% of our consolidated revenues from ordinary activities.

(3) For year ended December 31, 2013, our home improvement stores in Argentina generated 6.6% of our consolidated revenues from ordinary activities during such period.

(4) For the year ended December 31, 2013, our supermarkets in Brazil generated 19.4% of our consolidated revenues from ordinary activities, and our Eletro-show stores and Bretas gas stations in Brazil each accounted, respectively, for less than 1.0% of our consolidated revenues from ordinary activities for such period.

(5) For the year ended December 31, 2013, our Easy home improvement stores in Colombia generated 0.4% of our consolidated revenues from ordinary activities, and our gas stations in Colombia accounted for less than 1.0% of our consolidated revenues from ordinary activities for such period.

Notes:

- For the year ended December 31, 2013, 76% of our revenues from ordinary activities came from our supermarket operations, 11.6% came from home improvement operations, 9.6% from our department stores, 2.8% from our shopping centers and 0% from our financial services.
- Our business is subject to seasonality. In 2013, 2012 and 2011, 24.2%, 28.5% and 29.3%, respectively, of our consolidated revenues (excluding the revenues from Banco Paris) were generated during the fourth quarter.
- For the years ended December 31, 2013, 2012 and 2011, our department stores generated 9.4%, 9.7% and 9.4%, respectively, of our consolidated revenues from ordinary activities.

Supermarkets

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

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)		
Revenues from ordinary activities			
Chile	2,227,303	2,057,976	1,826,056
Argentina	1,786,933	1,751,869	1,553,663
Brazil	2,003,898	2,095,104	1,552,064
Peru	745,470	713,308	624,488
Colombia	918,460	115,354	—
Total	7,682,064	6,733,610	5,566,271

Financial Services

The following table sets forth, for the periods indicated, the revenues from ordinary activities from our financial services operations per country, with 0% of such revenues from ordinary activities coming from Chile, for the year ended December 31, 2013:

	Year ended December 31,		
	2013	2012	2011
	(in millions of Ch$)		
Revenues from ordinary activities			
Chile(1)	—	—	—
Argentina	44,740(2)	41,238	31,915
Brazil(3)	3,983	3,676	4,657
Peru	25,347	13,116	8,741
Colombia(4)	7,581	425	
Total	81,651	58,454	45,313

(1) During the years ended December 31, 2013, 2012 and 2011, our insurance activities in Chile generated approximately 0.2% of our consolidated revenues from ordinary activities for each of such periods.
(2) For the year ended December 31, 2013, revenues from our proprietary cards and our insurance brokerage operations in Argentina represented 0.4% and less than 1.0%, respectively, of our consolidated revenues from ordinary activities.
(3) Joint venture with Banco Bradesco.
(4) Joint venture with Colpatria.

EXHIBIT A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Index to the financial statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Cencosud S.A.
Santiago, Chile

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of profit and loss and other comprehensive income, of changes in net equity and of cash flows present fairly, in all material respects, the financial position of Cencosud S.A. and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting related to information technology general controls – security administration existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management's Annual Report on Internal Control over Financial Reporting (not presented herein). We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the December 31, 2013 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audit (which was an integrated audit in 2013). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Shareholders of
Cencosud S.A.
Santiago, Chile
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A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers
Santiago, Chile
April 29, 2014, except for the effects of discontinued operations of the financial services segment in Chile discussed in Notes 2.1, as to which the date is January 27, 2015.

Cencosud S.A. and subsidiaries consolidated statements of financial position

Assets	Note	As of December 31, 2013 ThCh$	2012 ThCh$
Current assets			
Cash and cash equivalents	5	171,711,625	237,720,805
Other financial assets, current	6	49,583,940	68,166,868
Other non-financial assets, current	22	11,605,493	10,473,555
Trade receivables and other receivables	8	1,133,447,553	1,058,626,805
Receivables due from related entities, current	9	432,303	323,624
Inventory	10	1,044,906,627	910,229,986
Current tax assets	16	22,797,303	31,269,885
Total current assets		2,434,484,844	2,316,811,528
Non-current assets			
Other financial assets, non-current	6	92,405,358	41,007,224
Other non-financial assets, non-current	22	38,263,337	38,279,832
Trade receivable and other receivables, non-current	8	155,839,812	142,306,161
Equity method investment	11	49,942,154	42,260,401
Intangible assets other than goodwill	12	571,621,507	555,283,946
Goodwill	13	1,696,040,684	1,728,262,922
Property, plant and equipment	14	3,101,883,868	3,134,528,110
Investment property	15	1,568,432,058	1,471,343,789
Non-current tax assets,	16	53,727,039	4,825,534
Deferred income tax assets	16	302,593,552	268,680,396
Total non-current assets		7,630,749,369	7,426,778,315
Total assets		10,065,234,213	9,743,589,843

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries consolidated statements of financial position

Net equity and liabilities	Note	As of December 31, 2013 ThCh$	2012 ThCh$
Current liabilities			
Other financial liabilities, current	17	739,105,814	1,179,131,616
Trade payables and other payables	18	1,957,993,218	1,901,057,319
Payables to related entities, current	9	556,494	974,469
Provisions and other liabilities	19	46,406,283	51,551,563
Current income tax liabilities	16	63,131,459	46,798,474
Current provision for employee benefits	21	96,696,870	78,799,860
Other non-financial liabilities, current	20	47,808,861	78,316,560
Total current liabilities		2,951,698,999	3,336,629,861
Non-current liabilities			
Other financial liabilities,	17	2,218,035,025	2,362,413,961
Trade accounts payables	18	8,954,817	7,410,802
Provisions and other liabilities	19	88,222,586	121,056,504
Deferred income tax liabilities	16	471,481,007	446,957,672
Other non–financial liabilities, non–current	20	65,474,690	70,909,299
Total non-current liabilities		2,852,168,125	3,008,748,238
Total liabilities		5,803,867,124	6,345,378,099
Equity			
Paid-in capital	23	2,321,380,936	1,551,811,762
Retained earnings	23	2,049,483,333	1,852,745,697
Issuance premium	23	526,633,344	477,341,095
Other reserves	23	(636,230,610)	(484,364,409)
Equity attributable to controlling shareholders		4,261,267,003	3,397,534,145
Non-controlling interest	23	100,086	677,599
Total equity		4,261,367,089	3,398,211,744
Total equity and liabilities		10,065,234,213	9,743,589,843

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries consolidated statements of profit and loss and other comprehensive income

Statements of profit and loss	Note	For the year ended December 31, 2013 ThCh$	2012 ThCh$	2011 ThCh$
Continuing Operations				
Revenues from ordinary activities	24	10,134,158,210	8,925,350,876	7,382,246,003
Cost of Sales	25	(7,311,731,926)	(6.464.234.047)	(5.363.312.803)
Gross Profit		**2,822,426,284**	**2,461,116,829**	**2,018,933,200**
Other income by function	25	108,291,245	107,010,792	85,106,928
Distribution cost	25	(23,931,088)	(20,233,594)	(15,016,898)
Administrative expenses	25	(2,194,028,054)	(1,866,131,501)	(1,461,714,388)
Other expenses by function	25	(152,142,053)	(162,024,745)	(126,150,205)
Other gain (losses), net	25	26,365,872	(7,403,018)	(12,626,499)
Operating profit		**586,982,206**	**512,334,763**	**488,532,138**
Finance income	25	5,999,175	8,231,460	10,712,982
Finance expenses	25	(223,855,751)	(178,630,701)	(115,767,412)
Participation in profit or loss of equity method associates	11	10,289,439	5,642,411	5,778,560
Exchange differences	25	(25,053,921)	(12,052,542)	1,577,093
(Losses) from indexation	25	(18,885,129)	(23,537,752)	(27,640,840)
Profit before tax		**335,476,019**	**311,987,639**	**363,192,521**
Income tax expense	26	(94,068,463)	(92,225,788)	(111,304,551)
Profit from continuing operations		**241,407,556**	**219,761,851**	**251,887,970**
Discontinued Operations				
Profit from discontinued operations	34	**8,357,240**	**33,047,279**	**33,004,227**
Profit attributable to				
Controlling shareholders		249,930,349	249,958,615	274,332,941
Non–controlling interest	23.5	(165,553)	2,850,515	10,559,256
Profit		**249,764,796**	**252,809,130**	**284,892,197**
Earnings per share from continuing and discontinued operations attributable to controlling shareholders				
Basic earnings per share from continuing operations	27	87.4	93.2	106.6
Basic earnings per share from discontinued operations		3.0	14.2	14.6
		90.4	107.4	121.2
Diluted earnings per share from continuing operations	27	86.8	92.3	105.5
Diluted earnings per share from discontinued operations		3.0	14.1	14.4
		89.8	106.4	119.9

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries consolidated statements of profit and loss and other comprehensive income

	For the year ended December 31,		
	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Profit	**249,764,796**	**252,809,130**	**284,892,197**
Other comprehensive income			
Items that will never be reclassified to profit and loss			
Re-measurements of defined benefit liability (asset)	1,402,721	(792,855)	—
Total OCI that will never be reclassified to profit and loss	**1,402,721**	**(792,855)**	**—**
Items that are or may be reclassified to profit and loss			
Foreign currency translation adjustments	(153,344,258)	(237,127,442)	80,199,792
Cash flow hedge	(3,486,853)	16,862,328	5,808,527
Total Items that are or may be reclassified to profit and loss	(156,831,111)	(220,265,114)	86,008,319
Other comprehensive income, before taxes.	**(155,428,390)**	**(221,057,969)**	**86,008,319**
Income tax related to re-measurement of defined benefit liability (asset)	(476,925)	269,571	—
Total income tax that will never be reclassified to profit and loss	**(476,925)**	**269,571**	**—**
Income tax related to cash flow hedge and foreign currency translation adjustments	697,371	(3,372,466)	(987,450)
Total income tax that are or may be reclassified to profit and loss	**697,371**	**(3,372,466)**	**(987,450)**
Total other comprehensive income and expense	**(155,207,944)**	**(224,160,864)**	**85,020,869**
Total comprehensive income	**94,556,852**	**28,648,266**	**369,913,066**
Income attributable to			
Owners of the Company	94,724,800	34,001,833	357,048,531
Non-controlling shareholders	(167,948)	(5,353,567)	12,864,535
Total comprehensive income	**94,556,852**	**28,648,266**	**369,913,066**
Total comprehensive income attributable to owners of the parent arising from:			
Continuing operations	**86,367,560**	**954,554**	**324,044,304**
Discontinued operations	**8,357,240**	**33,047,279**	**33,004,227**
	94,724,800	34,001,833	357,048,531

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries
Consolidated statement of changes in net equity
For the year ended December 31, 2013

Statement of changes in equity ThCh$	Paid-in capital	Issuance premiums	Translation reserves	Hedge reserves	Actuarial Gain (loss) reserves	Share based payments reserves	Other reserves	Total reserves	Retained earnings	Equity attributable to parent company shareholders	Non-controlling interest	Total equity
Opening balance as of January 1, 2013	1,551,811,762	477,341,095	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)	1,852,745,697	3,397,534,145	677,599	3,398,211,744
Changes in equity												
Comprehensive income												
Net income									249,930,349	249,930,349	(165,553)	249,764,796
Other comprehensive income	—	—	(153,341,863)	(2,789,482)	925,796	—	—	(155,205,549)		(155,205,549)	(2,395)	(155,207,944)
Total Comprehensive income			(153,341,863)	(2,789,482)	925,796	—	—	(155,205,549)	249,930,349	94,724,800	(167,948)	94,556,852
Share issuance	769,569,174	49,292,249								818,861,423		818,861,423
Dividends									(53,192,713)	(53,192,713)		(53,192,713)
Stock option (see 33)						3,743,479		3,743,479		3,743,479		3,743,479
Decrease due to changes in ownership interest without a loss of control (see 23.4)						—	(404,131)	(404,131)	—	(404,131)	(409,565)	(813,696)
Total transactions with owners	769,569,174	49,292,249	—	—	—	3,743,479	(404,131)	3,339,348	(53,192,713)	769,008,058	(409,565)	768,598,493
Total Changes in equity	769,569,174	49,292,249	(153,341,863)	(2,789,482)	925,796	3,743,479	(404,131)	(151,866,201)	196,737,636	863,732,858	(577,513)	863,155,345
Ending balance, as of December 31, 2013	2,321,380,936	526,633,344	(615,316,151)	20,525,986	402,512	10,636,164	(52,479,121)	(636,230,610)	2,049,483,333	4,261,267,003	100,086	4,261,367,089

Cencosud S.A. and subsidiaries
Consolidated statement of changes in net equity
For the year ended December 31, 2012

Statement of changes in equity ThCh$	Paid-in capital	Issuance premiums	Translation reserves	Hedge reserves	Actuarial Gain (loss) reserves	Share based payments reserves	Other reserves	Total reserves	Retained earnings	Equity attributable to controlling shareholders	Non-controlling interest	Total equity
Opening balance as of January 1, 2012	927,804,431	477,341,095	(233,050,928)	9,825,606	—	4,595,125	15,907,719	(202,722,478)	1,660,432,903	2,862,855,951	87,750,295	2,950,606,246
Changes in equity												
Comprehensive income												
Net income									249,958,615	249,958,615	2,850,515	252,809,130
Other comprehensive income			(228,923,360)	13,489,862	(523,284)	—	—	(215,956,782)		(215,956,782)	(8,204,082)	(224,160,864)
Total Comprehensive income			(228,923,360)	13,489,862	(523,284)	—	—	(215,956,782)	249,958,615	34,001,833	(5,353,567)	28,648,266
Share issuance	624,007,331						—			624,007,331	—	624,007,331
Dividends									(57,645,821)	(57,645,821)		(57,645,821)
Option (call–put) (see 23.5)							92,991,291	92,991,291		92,991,291		92,991,291
Stock option (see 33)						2,297,560		2,297,560		2,297,560		2,297,560
Decrease due to changes in ownership interest without a loss of control (see 23.4)							(160,974,000)	(160,974,000)	—	(160,974,000)	(81,719,129)	(242,693,129)
Total transactions with owners	624,007,331	—	—	—	—	2,297,560	(67,982,709)	(65,685,149)	(57,645,821)	500,676,361	(81,719,129)	418,957,232
Total Changes in equity	624,007,331	—	(228,923,360)	13,489,862	(523,284)	2,297,560	(67,982,709)	(281,641,931)	192,312,794	534,678,194	(87,072,696)	447,605,498
Ending balance, as of December 31, 2012	1,551,811,762	477,341,095	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)	1,852,745,697	3,397,534,145	677,599	3,398,211,744

Cencosud S.A. and subsidiaries
Consolidated statement of changes in net equity
For the year ended December 31, 2011

Statement of changes in equity ThCh$	Paid-in capital	Issuance premiums	Translation reserves	Hedge reserves	Other reserves	Total reserves	Retained earnings	Equity attributable to controlling shareholders	Non-controlling interest	Total equity
Opening balance as of January 1, 2011	927,804,431	477,341,095	(310,945,441)	5,004,529	56,225,241	(249,715,671)	1,459,277,564	2,614,707,419	74,885,760	2,689,593,179
Changes in equity										
Comprehensive income										
Net income						—	274,332,941	274,332,941	10,559,256	284,892,197
Other comprehensive income	—	—	77,894,513	4,821,077	—	82,715,590	—	82,715,590	2,305,279	85,020,869
Total Comprehensive income			77,894,513	4,821,077	—	82,715,590	274,332,941	357,048,531	12,864,535	369,913,066
Share issuance	—	—						—		—
Dividends							(73,177,602))	(73,177,602)		(73,177,602)
Option (call–put)					(39,315,720)	(39,315,720)		(39,315,720)		(39,315,720)
Stock option (see 33)					2,297,562	2,297,562		2,297,562		2,297,562
Decrease due to changes in ownership interest without a loss of control					1,295,761	1,295,761	—	1,295,761	—	1,295,761
Total transactions with owners	—	—	—	—	(35,722,397)	(35,722,397)	(73,177,602))	(108,899,999)	—	(108,899,999)
Total Changes in equity	—	—	77,894,513	4,821,077	(35,722,397)	46,993,193	201,155,339	248,148,532	12,864,535	261,013,067
Ending balance, as of December 31, 2011	927,804,431	477,341,095	(233,050,928)	9,825,606	20,502,844	(202,722,478)	1,660,432,903	2,862,855,951	87,750,295	2,950,606,246

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries
Consolidated statements of cash flows

	Note	2013	2012	2011
		For the years ended December 31,		
		ThCh$	ThCh$	ThCh$
Cash flows from (used in) operating activities				
Types of revenues from operating activities				
Revenue from sale of goods & provision of services		11,505,242,648	10,302,436,270	8,833,150,814
Proceeds from royalties, installments, commissions and other ordinary activities		6,377,662	—	6,436,783
Receipts from premiums and claims, annuities and other policy benefits underwritten		525	63,957	
Other operating activity revenue		9,224,623	11,128,303	13,681,408
Types of payments				
Payments to suppliers for supply of goods & services		(9,493,248,169)	(8,203,825,488)	(7,018,952,115)
Payments to and on behalf of personnel		(1,281,637,416)	(1,091,769,706)	(875,923,084)
Other operating payments		(385,954,518)	(300,045,416)	(392,532,360)
Interest paid		(1,399,519)	(1,123,089)	(663,380)
Interest received		2,255,639	1,893,069	951,111
Taxes paid		(66,078,734)	(74,331,546)	(40,188,597)
Other cash inflows		7,282,776	23,846,742	11,653,374
Cash flows from operating activities (continuing operations)		302,065,517	668,273,096	537,613,954
Cash flows from operating activities (discontinued operations)		62,716,526	50,441,523	30,124,663
Net cash flow from operating activities		**364,782,043**	**718,714,619**	**567,738,617**
Cash flows from (used in) investment activities				
Acquisition of subsidiaries		—	(1,292,423,533)	(21,576,346)
Proceeds from sales of property, plant & equipment		1,082,763	22,153,794	2,312,314
Purchases of property, plant & equipment		(317,709,777)	(573,650,227)	(615,231,566)
Purchases of intangible assets		(25,053,442)	(18,595,944)	(5,732,991)
Dividends received		2,469,136	2,001,798	1,323,919
Interest received		2,473,841	3,362,729	1,964,159
Other financial assets—mutual funds		27,370,600	(18,940,052)	14,292,145
Cash flows from investment activities (continuing operations)		(309,366,879)	(1,876,091,435)	(622,648,366)
Cash flows from investment activities (discontinued operations)		(11,140,591)	2,523,768	(1,104,514)
Net cash flow (used in) investment activities		**(320,507,470)**	**(1,873,567,667)**	**(623,752,880)**
Cash flows from (used in) financing activities				
Acquisition of non-controlling interests		(813,696)	(242,681,460)	
Proceeds from paid in capital		818,871,267	620,987,359	—
Proceeds from borrowing at long–term		—	2,062,402,859	1,361,963,678
Proceeds from borrowing at short–term		4,641,469,793	3,097,214,319	530,825,961
Total loan proceeds from borrowing		5,459,527,364	5,537,923,077	1,892,789,639
Repayments of borrowing		(5,317,389,399)	(4,093,469,015)	(1,584,962,486)
Dividends paid		(79,736,684)	(20,034,383)	(78,468,618)
Interest paid		(178,317,891)	(160,012,962)	(120,698,510)
Other cash outflows		(898)	(8,980,028)	—
Cash flows from financing activities (continuing operations)		(115,917,508)	1,255,426,689	108,660,025
Cash flows from financing activities (discontinued operations)		8,888,132	(9,349,273)	(19,052,860)
Net cash flow from financing activities		**(107,029,376)**	**1,246,077,416**	**89,607,165**
Net (decrease) increase in cash and cash equivalents before the effect of variations		(62,754,803)	91,224,368	33,592,902
Effects of variations in the exchange rate on cash and cash equivalents		(3,254,377)	1,434,856	3,346,395
Net (decrease) increase in cash and cash equivalents		(66,009,180)	92,659,224	36,939,297
Cash and cash equivalents at the beginning of the year	5	237,720,805	145,061,581	108,122,284
Cash and cash equivalents at the end of the year	5	**171,711,625**	**237,720,805**	**145,061,581**

The accompanying notes are an integral part of these consolidated financial statements.

1 General information

Cencosud S.A. (hereinafter "Cencosud Group," "the Company," "the Holding," "the Group") taxpayer ID number 93.834.000-5 is a public corporation with an indefinite life, with its legal residence at Avda. Kennedy 9001, 4th floor, Las Condes, Santiago, Chile.

Cencosud S.A. is a public company registered with the Chilean Superintendence of Securities and Insurance (SVS), under No.743, which shares are quoted in Chile on the Stock Brokers-Stock Exchange (Valparaíso), the Chilean Electronic Stock Exchange and the Santiago Stock Exchange; it is also quoted on the United States of America Stock Exchange ("NYSE") in New York in the form of American Depositary Receipts (ADRs).

Cencosud S.A. is a retail operator in Latin America, which has active operations in Chile, Argentina, Brazil, Colombia and Peru, where it has developed a successful multi-format and multi-brand strategy reaching sales of ThCh$ 10,341,039,827.

During the year ended December 31, 2013, the Company employed an average of 154,424 employees, ending with a total number of 153,638 employees.

The Company's operations include supermarkets, hypermarkets, home improvement stores, department stores, shopping centers, as well as real estate development and financial services, which makes it the most diversified retail company of Latin-American capital in South America with the biggest offering of square meters, it caters to the consumption needs of over 180 million customers.

Additionally, it operates other lines of business that complement the main retail operations, such as insurance brokerage, a travel agency, customer loyalty services and family entertainment centers. All of these services have gained recognition and prestige among customers, with brands that excel at quality and service.

The Company splits its equity among 2,828,723,963 shares of a single series whose main shareholders are the following:

Major shareholders as of December 31, 2013	Shares	Interest %
Inversiones Quinchamali Limitada	581,754,802	20.566%
Inversiones Latadia Limitada	550,823,211	19.473%
Inversiones Tano Limitada	457,879,800	16.187%
Banco Santander—JP Morgan	144,320,984	5.102%
Banco de Chile third-party accounts	124,925,171	4.416%
Banco Itaú third-party accounts	123,382,506	4.362%
Paulmann Kemna Horst	70,336,573	2.487%
Fondo de Pendiones Provida C	56,826,301	2.009%
Fondo de Pensiones Habitat C	48,880,469	1.728%
Fondo de Pensiones Habitat B	40,057,209	1.416%
Fondo de Pensiones Capital C	37,858,166	1.338%
Banchile Corredores de Bolsa S.A.	36,661,114	1.296%
Other Shareholders	555,017,657	19.621%
Total	2,828,723,963	100.000

The Cencosud group is controlled by the Paulmann family, as detailed below:

Interest of Paulmann family as of December 31, 2013	Interest %
Inversiones Quinchamalí Limitada	20.566%
Inversiones Latadía Limitada	19.473%
Inversiones Tano Limitada	16.187%
Paulmann Kemna Horst	2.487%
Peter Paulmann Koepfer	0.498%
Manfred Paulmann Koepfer	0.492%
Heike Paulmann Koepfer	0.492%
Helga Koepfer Schoebitz	0.115%
Inversiones Alpa Limitada	0.006%
Total	60.313%

The consolidated financial statements of Cencosud group corresponding to the year ended December 31, 2013, were approved by the Board of Directors in a session held on March 28, 2014. The accompanying revised consolidated financial statements were prepared by management on January 26, 2015, solely to give retroactive effect to the discontinued operations of the financial services segment in Chile, and not to reflect any other subsequent events since March 28, 2014 (see Note 2.1).

2 Summary of the main accounting policies

2.1 Presentation basis

The consolidated financial statements of Cencosud S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historic-cost basis, as modified by the revaluation at fair value of certain financial instruments, derivative instruments and investment property.

The presentation of the financial statements in conformity with IFRS requires the use of certain accounting estimates, and also requires Management to exercise its judgment in the process of applying the Company's accounting policies. Note 4 to these financial statements shows the areas in which a greater level of judgment has been applied, or where there is a higher level of complexity and therefore hypothesis and estimates are material to the financial statements.

The amounts in the attached financial statements are expressed in thousands of Chilean pesos, as the Chilean peso is the functional and presentation currency of the Company. All values have been rounded to the nearest thousand of pesos, except where mentioned.

In order to present comparative information, certain figures presented on the consolidated financial statements of the Group as of December 31, 2012, have been reclassified based on the presentation shown on the consolidated financial statement as of December 31, 2013.

Amended presentation of discontinued operations of the Financial services segment in Chile.

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

Under IFRS Standard N° 5 ("IFRS 5"), "Disposal of subsidiaries, business and non-current assets", the Subject Companies are considered as from June 20, 2014 "Assets held for sale" a result of Cencosud's commitment to sell a controlling interest to an unrelated party under the Framework Agreement and that the occurrence of such transaction is deemed as highly probable by management.

IFRS 5 requires that (a) assets that meet the criteria to be classified as held for sale be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and (b) assets that meet the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations, net of tax, to be presented separately in the statement of comprehensive income. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are required to be disclosed either in the notes to the financial statements or on the face of the statements of cash flows. IFRS 5 requires that a company "re-present" its statement of comprehensive income as if the operation had been discontinued for all prior periods presented.

As such, our consolidated statements for each of the three years in the period ended December 31, 2013 have been revised to present the results of operations of the Subject Companies (the financial services segment in Chile) as discontinued operations. Net cash flows from operating, investing and financing activities of discontinued operations have been separately presented in the consolidated statement of cash flows for each of the three years in the period ended December 31, 2013.

2.2 New and amended standards adopted by the group

Adopted in 2013

The Group adopted new and amended standards by the IASB with effect from January 1, 2013, however none of the new amendments and new pronouncements had a significant impact on the group's consolidated financial statements.

Other standards

A number of other new or amended standards have been adopted by the group with effect from January 1, 2013 but do not have a significant impact on the consolidated financial statements. These include:

Amendments to IAS 19 'Employee Benefits'

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the group's accounting policies has been as follows: to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

IFRS 11 'Joint Arrangements'

In May 2011, the IASB issued IFRS 11 'Joint Arrangements', one of a suite of standards relating to interests in other entities and related disclosures. IFRS 11 establishes a principle that applies to the accounting for all joint arrangements, whereby parties to the arrangement account for their underlying contractual rights and obligations relating to the joint arrangement. IFRS 11 identifies two types of joint arrangements. A 'joint venture' is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A 'joint operation' is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Investments in joint ventures are accounted for using the equity method. Investments in joint operations are accounted for by recognizing the group's assets, liabilities, revenue and expenses relating to the joint operation.

IFRS 10 'Consolidated Financial Statements' introduces a single consolidation model that identifies control as the basis for consolidation. The new model applies to all types of entities, including structured entities. Under the new model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. There was no effect on the group's reported income or net assets as a result of the adoption of IFRS 10.

IFRS 12 'Disclosures of Interests in Other Entities' combines all the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard. There was no effect on the group's reported income or net assets as a result of the adoption of IFRS 12. The disclosures required by the standard are included in this report.

In May 2011, the IASB issued a new standard, IFRS 13 'Fair Value Measurement'. The new standard defines fair value, sets out a framework for measuring fair value and contains the required disclosures about fair value measurements. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other standards, rather it prescribes how fair value should be measured if another standard requires it. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date i.e. it is an exit price. There was no significant impact on the group's reported income or net assets as a result of the adoption of IFRS 13. The disclosures required by the new standard are included in this report.

In December 2011, the IASB issued an amendment to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities'. This amendment introduces new disclosure requirements about the effects of offsetting financial assets and financial liabilities and related arrangements on an entity's balance sheet. The new disclosures are included in this report.

In June 2011, the IASB issued amendments to IAS 1 'Presentation of Financial Statements' on the presentation of other comprehensive income (OCI). The amendments require that those items of OCI that might be reclassified to profit and loss at a future date be presented separately from those items that will never be reclassified to profit and loss. The adoption of the amended standard has a presentational impact on the group's statement of comprehensive income, with no effect on the reported income, total comprehensive income, or net assets of the group. The presentation required by the amended standard is included in this report.

In May 2013, the IASB issued an amendment to IAS 36 'Impairment of Assets' in relation to the disclosure of recoverable amounts for non-financial assets. The amendment addressed certain unintended consequences arising from consequential amendments made to IAS 36 when IFRS 13 was issued. In addition, a number of other standards and interpretations were adopted in the year which had no significant impact on the group's reported income and net assets.

Not yet adopted

The following pronouncements from the IASB will become effective for future financial reporting periods and have not yet been adopted by the group.

As part of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement', in November 2009 the IASB issued the first phase of IFRS 9 'Financial Instruments', dealing with the classification and measurement of financial assets. In October 2010, the IASB updated IFRS 9 by incorporating the requirements for the accounting for financial liabilities and in November 2013 the IASB published revised guidance for hedge accounting. The remaining phase of IFRS 9, dealing with impairment, and further changes to the classification and measurement requirements, are still to be completed. In November 2013, the IASB also removed the effective date from IFRS 9 and will decide on an effective date when the entire IFRS 9 project is closer to completion. The Group has not yet decided the date of adoption for the group and has not yet completed its evaluation of the effect of adoption.

In December 2011, the IASB issued an amendment to IAS 32 'Offsetting Financial Assets and Financial Liabilities'. This amendment clarifies the presentation requirements in relation to offsetting financial assets and financial liabilities on an entity's balance sheet. The amendment to IAS 32 is effective for annual periods beginning on or after 1 January 2014. The Group has not yet completed its evaluation of the effect of adoption.

IFRIC 21 Levies: This interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies: (a) The liability is recognized progressively if the obligating event occurs over a period of time, (b) If an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The Group has not yet completed its evaluation of the effect of adoption.

IFRS 3, 'Business combinations': The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after 1 July 2014. The Group has not yet completed its evaluation of the effect of adoption.

IAS 40, 'Investment property': The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment is effective for annual periods beginning on or after 1 July 2014. The Group has not yet completed its evaluation of the effect of adoption.

2.3 Consolidation basis

2.3.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it's exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity.

Specifically, the Group controls an entity when all of the following circumstances are met:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from involvement with the investee; and

(c) The ability to use power over the investee to affect the amount of the investor's returns.

When the Group holds less than a majority of voting rights over an investee, it has the power over the investee when these voting rights are sufficient to give the Group the ability to direct unilaterally the relevant activities of the investee. The Group considers all facts and circumstances to evaluate if the voting rights over an investee are sufficient to give it power, including:

(a) the size of the investor holding of voting rights relative to the size and dispersion of holding of the other vote holders; (b) the potential voting rights held by the investor, other vote holders or other parties; (c) rights arising from other contractual agreements; and (d) any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities in the time that decision need to be made, including voting patterns at previous shareholders' meetings.

The Group will reassess whether it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control previously mentioned.

The financial statements of subsidiaries are included in the consolidated financial statements from the date in which control commences until the date in which control ceases.

1.3.2 Associates or related entities

Associates or related entities are those entities where the Group has a significant influence but not control, which is generally reflected in an interest between 20% and 50% of the voting rights. The investments in associates or related entities are accounted for using the equity method and are initially recognized at cost. The investment of the Group in associates or related entities includes the goodwill of the acquisition, net of any accumulated impairment loss.

The Group's interest in the gains or losses which occurred after the acquisition of its associates or related entities is charged to income, and its participation in the equity changes subsequent to the acquisition that do not correspond to income are allocated to the corresponding equity reserves (and are presented accordingly in the statement of other integral income).

When the Group's interest in the losses of an associate or related entity is equal to or higher than its interest—including any other uninsured accounts receivable—the Group does not recognize additional losses, unless it has incurred liabilities or payments on behalf of the associate or related entity.

Unrealized profits on transactions between the Group and its associates or related entities are eliminated to the extent of the Group's interest in such entities. The unrealized losses are also eliminated unless the transaction provides evidence of impairment loss of the asset transferred. Whenever necessary to ensure consistency within the Group's policy, the accounting policies of the associates are modified.

Dilution gains or losses in associates or related entities are recognized in the statement of income.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the impact in the statement of income.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the associate is recorded in equity.

2.4 Subsidiary entities

2.4.1 Directly consolidated entities

The detail of the subsidiaries included in consolidation is as follows:

			Interest percentage				
			12/31/2013			12/31/2012	12/31/2011
Country	Tax ID Number	Company name	Direct	Indirect	Total	Total	Total
			%	%	%	%	%
Chile	81.201.000-K	Cencosud Retail S.A.	99.9605	0.00004	99.9609	99.9609	99.9557
Chile	96.671.750-5	Easy S.A.	99.5750	0.0000	99.5750	99.5750	99.5750
Chile	99.500.840-8	Cencosud Administradora de Tarjetas S.A.	99.9929	0.0071	100.0000	100.0000	100.0000
Chile	76.568.660-1	Cencosud Administradora de Procesos S.A.	99.9928	0.0072	100.0000	100.0000	100.0000
Chile	96.978.180-8	Cencosud Internacional Ltda.	74.8487	25.1476	99.9963	99.9963	99.9957
Chile	94.226.000-8	Cencosud Shopping Centers S.A.	99.9999	0.0000	99.9999	99.9999	99.9999
Chile	78.410.310-2	Comercial Food And Fantasy Ltda.	90.0000	0.0000	90.0000	90.0000	90.0000
Chile	76.433.310-1	Costanera Center S.A.	99.9999	0.0000	99.9999	99.9999	99.9999
Chile	76.476.830-2	Circulo Mas S.A.	99.0000	1.0000	100.0000	100.0000	100.0000
Chile	99.565.970-0	Banco Paris S.A.	98.8900	1.1100	100.0000	100.0000	100.0000
Chile	83.123.700-7	Mercado Mayorista P y P Ltda.	90.0000	0.0000	90.0000	90.0000	90.0000
Chile	76.181.388-9	Cencosud Tiendas S.A.(*)	000.0000	0.0000	000.0000	100.0000	100.0000
China	Foreign	Cencosud (Shanghai) Trading CO, Ltda.	100.0000	0.0000	100.0000	100.0000	100.0000
Chile	76.236.195-7	Cencosud Argentina SPA	100.0000	0.0000	100.0000	100.0000	000.0000

(*) As of December 31, 2012, Cencosud S.A. owned 85.58% of Cencosud Tiendas S.A. shares. However, the Company did not account for the non-controlling interest as a result of the option agreement which entitled Cencosud S.A to acquire the remaining interest of 14.42% in future periods. As a consequence, a financial liability was recognized for the payment of the 14.42% of the shares, in accordance to IAS 32 paragraph 23.

On December 18, 2013, Cencosud Tiendas S.A. was merged with Cencosud S.A. after the exercise of the option for the acquisition of the remaining 14.42% of the shares of Cencosud Tienda S.A., as per the paragraph above.

2.4.2 Indirect consolidation entities

The financial statements of consolidated subsidiaries also include the following companies:

Country	Tax ID number	Company name
Chile	81.201.000-K	Cencosud Retail S.A.
Chile	76.365.580-6	Jumbo Administradora Norte S.A.
Chile	99.566.580-8	Jumbo Administradora S.A.
Chile	99.571.870-7	Jumbo Administradora Temuco S.A.
Chile	76.819.580-3	Santa Isabel Administradora Norte Ltda.
Chile	76.819.500-5	Santa Isabel Administradora Sur Ltda.
Chile	76.062.794-1	Santa Isabel Administradora S.A.
Chile	88.637.500-K	Paris Administradora Norte Ltda.
Chile	78.448.780-6	Paris Administradora Sur Ltda.
Chile	77.313.160-0	Paris Administradora Centro Ltda.
Chile	77.779.000-5	Paris Administradora Ltda.
Chile	77.301.910-K	Logística y Distribución Paris Ltda.
Chile	77.251.760-2	Jumbo Supermercados administradora ltda..
Chile	77.218.570-7	Cencosud Corredores de Seguros y Servicios Ltda.
Chile	77.312.480-9	Administradora de Servicios Paris Ltda.
Chile	99.586.230-1	Viajes Paris S.A.
Chile	79.829.500-4	Eurofashion Ltda.
Chile	76.116.801-3	Administradora TMO S.A.
Chile	76.168.900-2	Meldar Capacitación Ltda.
Chile	77.566.430-4	Sociedad Comercializadora de Vestuarios FES Ltda.
Chile	99.512.750-4	MegaJohnsons Puente Alto S.A.
Chile	96.953.470-3	MegaJohnsons S.A.
Chile	96.973.670-5	MegaJohnsons Maipú S.A.
Chile	96.988.680-4	MegaJohnsons Puente S.A.
Chile	96.989.640-0	MegaJohnsons Viña del Mar S.A.
Chile	96.988.700-2	MegaJohnsons Administradora S.A.
Chile	96.988.690-1	MegaJohnsons Quilin S.A.
Chile	76.398.410-9	Johnsons Mega San Bernardo S.A.
Chile	76.190.379-9	Cencosud Retail Administradora Ltda.
Chile	96.671.750-5	Easy S.A.
Chile	76.365.590-3	Easy Administradora Norte S.A.
Chile	99.500.840-8	Cencosud Administradora de Tarjetas S.A.
Chile	76.023.825-2	Cencosud Servicios Integrales S.A.
Chile	94.226.000-8	Cencosud Shopping CentersS.A.
Chile	88.235.500-4	Sociedad Comercial de Tiendas S.A.
Chile	84.658.300-9	Inmobiliaria Bilbao Ltda.
Chile	78.409.990-8	ACC Alto las Condes Ltda.
Chile	76.433.310-1	Costanera CenterS.A.
Chile	96.732.790-5	Inmobiliaria Santa Isabel S.A.
Chile	76.203.299-6	Comercializadora Costanera Center S.P.A.
Chile	99.565.970-0	Banco Paris S.A.
Chile	76.099.893-1	Banparis Corredores de Seguros Ltda.
Chile	96.978.180-8	Cencosud Internacional Ltda.
Chile	76.258.307-0	Jumbo Argentina S.P.A.
Chile	76.258.309-7	Cencosud Internacional Argentina S.P.A

Country	Tax ID number	Company name
Argentina	Foreign	Cencosud S.A. (Argentina)
Argentina	Foreign	Unicenter S.A.
Argentina	Foreign	Jumbo Retail Argentina S.A.
Argentina	Foreign	Agrojumbo
Argentina	Foreign	Blaisten S.A.
Argentina	Foreign	Cavas y Viñas El Acequion S.A.
Argentina	Foreign	Carnes Huinca S.A.
Argentina	Foreign	Agropecuaria Anjullon S.A.
Argentina	Foreign	Cencosud Viajes
Argentina	Foreign	Cormina S.A
Argentina	Foreign	Invor S.A.
Argentina	Foreign	Pacuy S.A.
Argentina	Foreign	Supermercados Dave S.A.
Uruguay	Foreign	SUDCO Servicios Regionales S.A.
Colombia	Foreign	Cencosud Colombia S.A.
Brazil	Foreign	Cencosud Brasil S.A..
U.S.A.	Foreign	Gbarbosa Holding LLC
Brazil	Foreign	Gbarbosa Holding S.A
Brazil	Foreign	Cencosud Brasil Comercial Ltda.
Brazil	Foreign	Mercantil Rodrigues Comercial Ltda..
Brazil	Foreign	Perini Comercial de Alimentos Ltda.
Peru	Foreign	Cencosud Perú
Peru	Foreign	Teledistribución S.A.
Peru	Foreign	Almacenes Metro S.A.
Peru	Foreign	E. Wong S.A.
Peru	Foreign	Cencosud Retail Peru S.A.
Peru	Foreign	Tres Palmeras S.A.
Peru	Foreign	Las Hadas Inversionistas S.A.
Peru	Foreign	Cinco Robles SAC
Peru	Foreign	ISMB Supermercados S.A.
Peru	Foreign	Travel International Partners Perú S.A.
Peru	Foreign	Loyalty Peru SAC.
Peru	Foreign	Banco Cencosud S.A.

2.5 Foreign currency transaction

2.5.1 Functional and presentation currency

Each entity included in these consolidated financial statements is measured using its functional currency, which is the currency of the main economic environment where the entity operates. The consolidated financial statements are presented in Chilean pesos.

In the case of international investments, the functional currency of each company has been defined as the local currency, as the business has a local focus and it is involved in the retail business.

The functional currency of each subsidiary was the Group operates is:

Country	Functional currency
Chile	Chilean peso
Argentina	Argentine peso
Brazil	Brazilian Real
Peru	Peruvian Nuevo Sol
Colombia	Colombian peso
China	Yuan

If the presentation currency differs from the functional currency of the entity, this entity must translate its results and financial position to the selected presentation currency, which in this case is the Chilean peso.

2.5.2 Transactions and balances

Transactions in foreign currency and adjustable units ("Unidad de Fomento" or "UF") are recorded at the exchange rate of the corresponding currency or adjustable unit as of the date on which the transaction complies with the requirements for its initial acknowledgement. The UF is a Chilean inflation-indexed, peso-denominated monetary unit. The UF rate is set daily in advance based on changes in the previous month's inflation rate. At the close of each statement of financial position the monetary assets and liabilities denominated in foreign currencies and adjustable units are translated into Chilean pesos at the exchange rate of the corresponding currency or adjustable unit. The exchange difference arising, both from the liquidation of foreign currency operations, as well as from the valuation of foreign currency monetary assets and liabilities, and the difference arising from the changes in adjustable units are recorded in the statement of income.

Transactions in foreign currency will be translated to the functional currency using the exchange rates in effect at the time of each transaction. Gains and losses in foreign currency that result from the liquidation of the transactions and from the translation at the current exchange rates at the closing of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Exchange rates

The assets and liabilities held in foreign currency and those set in UF (indexation unit), are presented at the following exchange rates and closing values:

Date	Ch$/US$	$Ch/Uf	$Ch/$ Ar$	$Ch/Colombian$	$Ch/ Peruvian nuevo sol	$Ch/ Brazilian real	$CL/ Chinese yuan
12-31-2013	524.61	23,309.56	80.49	0.27	187.49	222.71	86.49
12-31-2012	479.96	22,840.75	97.70	0.27	188.15	234.98	77.02
12-31-2011	519.20	22,294.03	120.74	0.27	193.27	278.23	82.48
12-31-2010	468.01	21,455.55	117.78	0.25	166.79	281.31	70.84
12-31-2009	507.10	20,942.88	133.48	0.25	175.65	290.94	74.30

Group entities

The results and financial position of all the entities of Cencosud Group (none is in a hyperinflationary economy), that have a functional currency different than the presentation currency, are translated to the presentation currency as follows:

a. Assets, liabilities and equity of each statement of financial position are translated at the closing exchange rate of the closing date of the accounting period.

b. Revenues and expenses of each statement of income are translated at average exchange rate (unless this average does not represent a reasonable approximation of the accumulative effect of the rates existing on the transaction dates, in which case income and expenses are translated at the exchange rate of the date of the transaction); and

c. All the resulting exchange differences are recognized in other comprehensive income.

On consolidation, the exchange rate differences arising from the translation of a net investment in foreign operations (or national entities with a functional currency that is different than the holding company), are recorded in net equity. When an investment is sold or disposed of (in part or entirely), exchange differences are recorded in the statement of income as part of the gain or loss on sale.

Adjustments to goodwill and to fair value of the assets and liabilities arising from the acquisition of a foreign entity (or entity with a functional currency different to that of the holding company) are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

2.6 *Financial information of operating segments.*

Segment information is reported in a manner consistent with the internal reports delivered to those responsible for making the relevant operating decisions. Such executives are in charge of allocating resources and assessing the performance of the operating segments, which have been identified as:

Supermarkets, department stores, home improvement stores, shopping centers, financial services and other for which the strategic decisions are made.

This information is detailed in Note 28.

2.7 *Property, plant and equipment.*

Property, plant and equipment are measured at the acquisition cost, which includes the additional costs incurred until the asset is in operating condition, less the accumulated depreciation and the impairment losses.

Impairment losses are recorded as expenses in the Company's consolidated statements of income by function.

Depreciation is recorded in the statement of income following the straight line method considering the useful life of the different components.

Leasehold improvements are amortized over the shorter of useful life or the duration of lease agreements.

The Group reviews the residual value, useful life and depreciation method of the property, plant and equipment as of each reporting period. Modifications in the initially set criteria are recognized, according to the situation, as a change in an estimate.

Periodic expenses related to maintenance, conservation and repairs are recorded in the consolidated statement of i income by function as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to income during the financial period in which they are incurred.

2.8 *Investment property.*

Investments properties are assets maintained to generate income through lease which corresponds to land, buildings, work in progress and other constructions which are held to be leased or for a capital appreciation as a result of the increases occur in the future in their respective market prices. Investment properties are initially recognized at acquisition cost which mainly includes its purchase price and any directly attributable expenditure. The group has chosen as its accounting policy for subsequent valuations of these assets the fair value model, using the methodology of discounting the future cash flows to an appropriate discount rate. The Management estimated at each statement of financial position variations of this value, according to the discounted cash flow model. Gains and losses arising from changes in fair value of investment properties are included in the income statement as they occur and are not subject to annual depreciation. The results generated by the revaluation, not part of the taxable income and tax are excluded in determining the distributable net result in the determination of interim dividends.

2.9 *Intangible assets.*

2.9.1 General.

Intangible assets are those non-monetary assets without physical substance that are susceptible to being singled-out and identified, either because they are separable or because they arise from a legal or a contractual right. The only intangible assets recorded in the statement of financial position are those assets whose cost can be measured in a reliable way (or identified and recorded at fair value in a business combination) and those that the Group expects will generate future economic benefits.

In the case of intangible assets with an indefinite useful life, the Company considers that these maintain their value constantly over time, and therefore are not amortizable. However, these are tested for impairment annually, or more frequently, if events or changes in circumstances indicate a potential impairment.

2.9.2 Goodwill.

The goodwill represents the excess of the acquisition cost over the fair value of the Group's interest in the identifiable net assets of the subsidiary/associate as of the date of acquisition. Goodwill related to subsidiary acquisitions is included under intangible assets. Goodwill related to acquisitions of associates is included under investments in associates, and is tested for impairment along with the total balance of the associate.

Goodwill is not amortized; it is subsequently measured at cost less accumulated impairment losses and is tested for impairment annually. To perform this analysis, goodwill is allocated among the cash generating units that are expected to benefit from the business combination that generated the goodwill, and an estimation of the recoverable amount of the cash generating units through the method of the discounted cash flows estimated for each of the cash generating units. If the recoverable amount of any of the cash generating units is lower than the discounted cash flows, a loss should be recorded to income for the period. A loss from impairment of goodwill cannot be reversed in subsequent periods.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense.

Gains and losses related to the sale of an entity include the book value of the goodwill related to the sold entity.

2.9.3 Commercial brands.

Commercial brands correspond to intangible assets of indefinite useful life that are shown at its historic cost, less any impairment loss. Trademarks acquired in a business combination are recognized at fair value at the acquisition date. These assets are subject to impairment tests annually or more frequently when events indicate that impairment may exist.

2.9.4 Information technology and licenses.

The licenses and database for information technology that have been acquired are capitalized at the cost incurred in the purchase plus the cost of implementation of the specific application. These expenses are amortized over the estimated useful life.

The corresponding development and maintenance expense of information technology are recorded as an expense of the period. Costs directly related with the production of unique and identifiable information technology that are controlled by the Group, and that may generate economic benefits that exceed the costs for over a year, are recognized as intangible assets. The direct costs include the expenses related to the personnel developing the application.

Development costs of technology recognized as assets are amortized over their estimated useful life.

2.10 Borrowing costs.

General and specific borrowing costs directly attributable to the acquisition, construction or production of any qualified assets as described in Notes 2.7 and 2.8, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the assets are ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit and loss in the period in which they are incurred.

2.11 Impairment loss of non-financial assets.

The assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. The assets subject to amortization are reviewed for impairment tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

To test if the assets have suffered an impairment of value, the Group compares the book value of the assets with their recoverable amount and recognizes an impairment loss for the excess of the book value over its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Non-financial assets other than goodwill that have experienced an impairment loss are subject to subsequent impairment reviews as of each statements of financial position closing date in case a reversal of the loss may have occurred. If this situation occurs, the recoverable amount of the specific asset is recalculated and its amount increased if necessary. The increase is recognized in the Consolidated Statement of Comprehensive Income as a reversal of impairment losses. The increase in the asset resulting from the reversal of the impairment loss is limited to the amount that would have been recognized had there been no impairment.

2.12 Financial assets.

The Group classifies its financial assets within the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. The Group sets the classification of the investments at the time of the initial recognition. Purchases or sales of financial assets are accounted for as of the settlement date, which is the date when the asset is delivered or received by the Company.

2.12.1 Financial assets at fair value through profit or loss.

This category has two subcategories: (i) financial assets held for "trading" and (ii) those designated at the beginning as financial assets at fair value through profit or loss. The gains and losses that arise from the changes in their fair value are included in the net results of the period. A financial asset is classified at fair value through profit or loss if it is acquired mainly with the purpose of selling it in the short-term or if it is designated as such. The financial derivative instruments are classified as held for trading unless they are designated as hedging instruments.

Assets within this category are classified as current if they are held for trading or if they are expected to be realized within twelve months of the date of the financial statements.

2.12.2 Trade receivables and other receivables.

Trade receivables are financial assets other than financial derivative instruments, with fixed payments or with established amounts that are not traded the financial market. They are included within current assets, with the exception of those maturing in over twelve months from the closing date of the financial statements, in which case they are classified as non-current assets.

Account receivables originated by the Company with a maturity in excess of 90 days are measured at their "amortized cost" by recognizing in income the accrued interests based on the effective interest rate (IRR). Amortized cost means the initial cost less the amortization of principal and the accumulated amortization based on the effective interest rate, considering the potential reductions due to impairment or payment default. Impairment for these assets happens when there is objective evidence that the Company will not be able to collect all the balances according to the original terms of the account receivable. The amount of the impairment allowance is the difference between the net accounting value and the present value of the discounted cash flows, discounted at the effective interest rate. The change in the impairment allowance is recorded against the Company's income.

The effective interest rate is that which equals the future cash flows with the initial net asset value.

A value impairment allowance for trade accounts receivable is set when there is objective evidence that the Company will not be able to collect all the payments according to the original terms of the accounts receivable. Some indicators of potential impairment of accounts receivable are debtor's financial difficulties, probability that the debtor will start a bankruptcy process or a financial restructuring, default or failure to pay, as well as the experience related to the behavior and characteristics of the collective portfolio.

The amount of the allowance is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The book value of the asset is reduced through the allowance account and the amount of the loss is recorded in the statement of income.

2.12.3 Financial assets and liabilities offset

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis to realize the asset and settle the liability simultaneously.

2.13 Derivative financial instruments and hedging activity.

The derivative financial instruments are initially recorded at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value through the income account, except in the specific case of the accounting of hedging instruments. In order to classify a derivative as a hedging instrument for accounting purposes, the Company documents (i) as of the transaction date or at designation time, the relationship or correlation between the hedging instrument and the hedged item, as well as the risk management purposes and strategies, (ii) the assessment, both at designation date as well as on a continuing basis, whether the instrument used is effective to offset changes in fair value or in the cash flow of the hedged item. A hedge is considered effective when changes in the fair value or in the cash flow of the underlying directly attributable to the risk hedged are offset with the changes in fair value, or in the cash flow of the hedging instrument with effectiveness between 80% to 125%.

The method to recognize a gain or loss resulting from each valuation will depend on whether the derivative is designated as a hedge or not, and on the nature of the inherent risk of the hedged party. The Group designates certain derivatives as: i) fair value hedge of assets and liabilities recorded in the statements of financial position or and; ii) hedge of asset and liability cash flows recorded in the statements of financial position as highly probable transactions.

Hedges that meet the strict hedging accounting criteria are booked in accordance with IAS 39 "Financial instruments: Recognition and Measurement."

The Group documents at the inception of the transaction the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking various hedging transactions. The Company also documents their evaluation, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly offsetting changes in fair values or cash flows of the hedged items.

2.13.1 Fair value hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the covered parties that can be attributable to the hedged risk.

The gain or loss related to the effective portion of interest rate swaps that hedge the loans at fixed interest rates is recognized in the statement of gains and losses as "financial expenses."

The gain or loss related to the ineffective portion is also recorded in the statement of income. The changes in the fair value of the loans at a fixed rate that can be related to the interest rate risk are recorded in the statement of income under "financial expenses."

If the hedge ceases to comply with the requirements to be recorded following the hedge accounting guidance, the adjustment in the book value of the hedged party for which the effective rate method is being used will be amortized in income over the remaining period until its maturity.

2.13.2 Cash flows hedges

The effective portions of the changes in the fair value of derivatives that have been designated and qualify as cash flows hedges are recorded in net equity through other comprehensive income. The gain or loss related to the ineffective portion is recorded immediately in the statement of income.

The accumulated amounts in net equity are included in the statement of income in the periods in which the hedged parties impact the income account.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income within "other gains/(losses)—net".

2.13.3 Financial assets—options.

In order to determine the fair value of call options (a financial asset), the company considers the net present value of the discounted cash flows of the underlying asset and an analysis of market comparable.

Options contracts incorporated into the agreements between Cencosud S.A. and UBS A.G. London Branch "UBS" (note 23.5) are recognized in the financial statements of Cencosud S.A. as follows:

- The put option was initially accounted for as a liability with a charge to the equity account other reserves, at the present value of the estimated exercise price, in accordance with the provisions of IAS 32 "Financial Instruments: Presentation."
- After the initial recognition, all variations in the value of the put option are recorded against profit and loss.
- After their initial recognition, the call option is accounted at fair value through profit or loss. The fair value is the present value of the difference between the amount to be paid to exercise the option and the fair value of the underlying shares.
- If the call option is exercised, the asset will be derecognized together with the cash provided as the exercise price, with a credit to non-controlling interest and other reserves within equity. The liability for the put option will be reversed with a credit to the equity account other reserves.
- If the put option is exercised, the corresponding liability will be derecognized with a balancing entry for the cash outflow given as the exercise price. The non-controlling interest will be derecognized against the asset for the call option (if any) and against the equity account other reserves.

The Cencosud acquired 38.6062% of the stocks of Jumbo Retail Argentina S.A., held by UBS. Additionally, Cencosud and UBS agreed on ceasing the call and put option contracts. The impact from this transaction was presented in other reserves in the statement of changes in net equity.

2.14 Inventory.

Assets recorded under inventory are stated at the lower value between acquisition cost or production cost, and the net realizable value.

The net realizable value is the estimated sales price in the normal course of operations, less estimated costs necessary to complete the sale.

Commercial and other discounts as well as other similar entries are deducted in the determination of the acquisition price.

The valuation method of the inventory is the Weighted Average Cost.

The cost of inventory includes all the costs related to the acquisition and transformation of the inventory, as well as other costs that may have been incurred to achieve their current condition and location, among which the cost of consumed material, labor, and manufacturing expenses are included.

2.15 Trade debtors and other receivables.

Trade accounts receivable are recognized initially at their fair value (nominal value including an implicit interest) and subsequently recorded at their amortized cost according to the effective interest rate method, less the impairment allowance.

A value impairment allowance for trade accounts receivable is set when there is objective evidence that the Company will not be able to collect all the payments according to the original terms of the accounts receivable. Some indicators of potential impairment of accounts receivable are debtor's financial difficulties, probability that the debtor will start a bankruptcy process or a financial restructuring, default or failure to pay, as well as the experience related to the behavior and characteristics of the collective portfolio.

The implicit interest is separated from the rest of the balance and is recorded as a financial income as the interests are accrued.

The amount of the allowance is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The book value of the asset is reduced through the allowance account and the amount of the loss is recorded in the income statement.

2.16 Cash and cash equivalents.

Cash and cash equivalents include cash-in-hand, time deposits at financial entities, other liquid short-term investments with a high liquidity usually with an original maturity of up to three months and bank overdrafts. In the statement of financial position, if there are overdrafts, these are recorded under the line other financial liabilities within the line bank loans.

2.17 Loans and other financial liabilities.

Loans, debt arising from bond issuances and financial liabilities are initially recorded at their fair value, less the transaction costs that are directly related to the transaction. Afterwards, the financial liabilities held by the Group are measured at their amortized cost using the effective rate method.

The effective rate is that which matches future payments with the net initial value of the liability.

2.18 Trade payables and other payables.

The trade creditors and other accounts payable are recorded at their nominal value, as their average payment terms are small and there is not a relevant difference with their fair value.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Provisions.

Provisions are recorded in the statements of financial position when:

a. The Group has a present obligation (either legal or implicit) as a result of past events,

b. It is probable that a resource outflow will occur that incorporate economic benefits to extinguish the obligation, and

c. A reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the cash outflows that are expected to be necessary to settle the liability, considering the best information available at the date of the annual financial statements, and are restated at the closing of each accounting period. The discount rate used to establish the present value reflects the current market assessments, at the date of the financial statements, of the time value of money, as well as the specific risk related to the specific liability.

2.20 Employee benefits

2.20.1 Staff vacations.

The Company records vacation benefits expense following the accrual method. This benefit corresponds to all the personnel and is equivalent to a fixed amount according to the contracts of each employee. This benefit is recorded at its nominal value.

2.20.2 Employee Benefit Plans

The Group, in its Brazilian operations has a pension plan among other benefits with the employees. These commitments, both defined benefit and defined contribution, are instrumented through pension plans.

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of the future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any refund from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plans are recognized in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognized immediately in profit and loss. The Group recognizes gain and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined Contribution plans

Obligations for contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

2.21 Revenue recognition.

Revenue recognition corresponds to the gross entry of economic benefits during the period from the Group operations. The revenue amount is shown net of any tax levy, price discounts and other items that impact the sales price.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Ordinary revenue from sales of goods.

The sales of goods are recorded when the risks and benefits that rise from the ownership of the goods are substantially transferred, the amount of the income can be accurately calculated, and the collection of the sales is deemed probable.

Ordinary revenue from leases.

Revenue obtained from leases is recognized in a straight-line over the life of the corresponding contracts as per IAS 17.

Interest income.

The financial income derived from the Group's commercial cards is recorded on an accrual basis according to the terms agreed upon with the customers. Interest is recognized using effective interest rate method.

When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

Revenues from insurance brokerage, travel agencies and family entertainment centers.

The Company has income from personal and/or large-scale insurance brokerage exclusively to customers of the companies involved in the Group. The commission is recognized as earned over the term of the related coverage.

The Company generates revenues from domestic and international travel agency services. Commissions are recognized monthly and when the risks and benefits inherent in the transactions have been transferred to third parties.

The Company has revenues from of family entertainment services which are part of the malls of the Group. Revenue is recognized when services have been effectively provided.

Customer loyalty program.

The Group operates a loyalty program where customers accumulate points for purchases made, which entitle them to discounts on future purchases. The reward points are recognized as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognized as deferred income at their fair value.

Revenue from the reward points is recognized when the points are redeemed. Breakage is recognized as reward points are redeemed based upon expected redemption rates. Reward points expire 12 months after the initial sale.

2.22 Deferred income.

Cencosud registers deferred income for various transactions from which cash is received and when the conditions to register the income described in Note 2.21 have not been met, such as cash received at the beginning of the issuance of the Group's investment property rental contracts.

Deferred income is recorded in the statement of income on an accrual basis and when the commercial and contractual conditions are met.

2.23 Leases.

Leases are classified as financial when they substantially transfer all the risks and benefits related to the ownership of the good. All other leases are considered as operating.

Goods acquired through a finance lease are recorded as non-current assets, and are initially measured at the present value of the minimum future payments or at its fair value if it is lower, reflecting the corresponding debt with the lessor as a liability. The payments made are detailed between the debt repayment and the corresponding financial burden, which is recorded as a financial expense for the year.

In the case of operating leases, the expense is recorded in a straight line according to the life of the lease contract for the fixed lease portion. The contingent leases are recorded as an expense of the period in which the payment appears probable, as well as the increments of fixed rent indexed by the fluctuation of the consumer price index.

2.24 Current and deferred income taxes.

The tax expense for the period is comprised of current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current tax is that which is estimated that will be paid or recovered during the period, using approved legal tax rates, or about to be approved at the date of the financial position statement, corresponding to the current period and including an adjustment corresponding to income taxes payable or recoverable from prior periods.

The deferred tax is calculated using the liability method, which identifies the temporary differences that arise from carrying balances used for the purpose of financial information and those used for tax purposes. The deferred tax liability corresponds to the amounts payable in the future from the temporary tax differences, and the deferred tax assets are those amounts recoverable as a result of temporary deductible differences, compensating negative taxable income balances or tax deductions pending application.

The assets and liabilities from deferred income taxes are measured at the rates applicable in the corresponding periods when the assets will be realized or the liabilities will be paid, based on approved current legal regulations at the date of the financial statements and after considering all tax consequences that derive from the way that the Group expects to recover the assets and liquidate the liabilities.

A deferred income tax asset is recorded only up to the point that it is probable that there will be future fiscal gains, against which unused fiscal credits can be applied. The deferred income tax assets accounted for, as well as those not accounted for, are subject to review at every closing date.

The deferred income tax rate is accrued from the temporary differences that arise from the investments in subsidiaries and affiliates, except when the Company has control over the time when the temporary differences will be reversed, and what it is probable that the temporary difference will not be reversed in the foreseeable future.

The deferred income tax assets and liabilities are recorded in the consolidated financial statements as non-current assets and liabilities, independently of their expected date of realization or liquidation.

The deferred income tax assets and liabilities are compensated when there is a legally executable right to compensate the current tax assets with the current tax liabilities and when the deferred income tax asset and liability are related to the income tax that is levied by the same tax authority to the same tax subject or to different tax subjects where there is the intention of liquidating the balances over a net basis.

2.25 Payment of dividends.

The payment of dividends to the Company's shareholders is recorded as a liability in the annual accounts of the Group in the period in which the dividends are approved by the Company's shareholders or when the corresponding liability is accrued according to legal regulations or the by-laws set at the Shareholders' Meeting.

2.26 Paid-in capital.

The Company's paid-in capital is represented by ordinary shares.

The incremental costs that can be directly allocated to the issuance of new shares are presented as a reduction to net equity, net of income taxes.

2.27 Share- based payments.

Compensation plans implemented through the use of stock options are recognized in the financial statements applying IFRS 2 "Share-based payments", booking the expenses associated with the services provided by company executives at the time that these are incurred booking a credit in the account of other equity reserves.

The Company determines the fair value of the services received by referring to the fair value of the equity instruments at the date on which they are issued. The plan that issues the stock options based on continued employment assumes that the services will be received on a lineal basis up to the maturity date of the stock options. Likewise, in the case of stock options based on performance, it is assumed that the services will be received on a lineal basis up to the maturity date of the stock options.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, including any performance condition and to have a current employment contract with the Company or any of its subsidiaries in Chile or abroad and the employment relationship has-not been interrupted from the date of signature of this contract until the date of execution of stock options.

At each year end, the Company reviews the estimations of the number of options that can be exercised. Once the options are exercised, the Company will decide if new compensation payments in shares will be issued

2.28 Cost of sales.

Cost of sales includes the cost of acquiring products sold and other costs incurred to bring inventory to the locations and conditions necessary for their sale. These costs primarily include acquisition costs net of discounts obtained, non-recoverable import expenses and taxes, insurance and costs for transporting products to distribution centers.

Cost of sales also includes losses related to the credit card receivable portfolio from the financial services segment.

2.29 Other expenses by function.

Other expenses by function includes, primarily, advertising expenses that the company incurs to promote its products and brands.

2.30 Distribution costs.

Distribution costs include all expenses necessary to deliver products to customers.

2.31 Administrative expenses.

Administrative expenses include payroll and personnel compensation, depreciation of property, plant and equipment for administrative purposes, amortization of non-current assets, and other overhead and administrative expenses.

2.32 Change in accounting policies

The Group has adopted the new accounting policies and pronouncements as set out in note 2.2, none of the new amendments and pronouncements had a significant impact on the group's consolidated financial statements in 2013.

2.33 Non-cash transactions

The Group has not accounted for any non-cash investing or financing transaction related to a business combination in 2013. The acquisitions of assets via a finance lease are set out in note 17.5; these transactions have not been included in the consolidated statement of cash flows.

3 Risk management policies

3.1 Position-taking financial instruments.

3.1.1 Categories of financial instruments (classification and presentation).

The Company's position-taking instruments are classified based on their nature, characteristics and the purpose for which they have been acquired or issued.

As of December 31, 2013, and 2012 the Company classifies its financial instruments as follows: Table 1-1. Classification of financial instruments.

December 2013

Classification	Group	Type	Note	At amortized cost Book value ThCh$	At amortized cost Fair value (Informational) ThCh$	At fair value Book value ThCh$
At fair value through profit or loss	Mutual funds Derivatives	Mutual fund shares	6			40,759,800
	Other financial instruments	Shares	6			38,198
		Financial investments long term	6			8,785,942
		Other financial investments	6			185,553
Credit cards and Trade receivables, net	Cash and equivalents	Cash balances	5	47,627,336	47,627,336	
		Bank balances	5	105,893,186	105,893,186	
		Short-term deposits	5	18,191,103	18,191,103	
	Receivables Credit card and Trade (2)	receivables, net	8	1,289,287,365	1,368,550,076	
	Receivables from related entities	Receivables from related entities, current	9	432,303	432,303	
		Receivables due from Bretas	6	15,031,535	15,031,535	
	Tax assets	Tax assets, current	16	22,797,3033	22,797,303	
Financial liabilities and payables	Bank loans (1)	Current	17	441,070,635	443,902,235	
		Non-Current	17	420,811,688	422,705,217	
	Bond debt (1)	Current	17	74,815,992	76,569,908	
		Non-Current	17	1,676,045,068	1,766,658,876	
	Other loans (leases)	Current	17	4,808,673	4,808,673	
		Non-Current	17	27,779,079	27,779,079	
	Time deposits and Term savings accounts	Current	17	151,918,114	151,918,114	
		Non-Current	17	48,923,826	48,923,826	
	Debt purchase Subsidiaries (Bretas—Prezunic and Johnson´s)	Current	17	53,727,111	53,727,111	
		Non-Current		34,919,748	34,919,748	
	Letters of credit	Non-Current	17	9,511,591	9,511,591	
	Other financial liabilities—other	Current	17	12,450,378	12,450,378	
	Trade payables,	Current	18	1,737,920,899	1,737,920,899	
		Non-Current	18	4,956,289	4,956,289	
	Withholding taxes	Current	18	220,072,319	220,072,319	
		Non-Current	18	3,998,528	3,998,528	
	Payables to related entities, current	Current	9	556,494	556,494	

	Tax liabilities	Current	16	63,131,459	63,131,459	
Hedges	Hedging derivatives	Cash flow hedging Liabilities	17			358,936
		Cash flow hedging assets	6			77,188,270

December 2012

Classification	Group	Type	Note	At amortized cost Book value ThCh$	At amortized cost Fair value (Informational) ThCh$	At fair value Book value ThCh$
At fair value through profit or loss	Mutual funds Derivatives	Mutual fund shares	6			65,183,729
		Derivatives at fair value with changes in results	6			2,946,670
	Other financial instruments	Shares	6			36,469
		Financial investments long term	6			852,289
Credit cards and Trade receivables, net	Cash and equivalents	Cash balances	5	53,106,390	53,106,390	
		Bank balances	5	164,801,594	164,801,594	
		Short-term deposits	5	19,812,821	19,812,821	
	Receivables Credit card and Trade	Receivables, net	8	1,200,932,966	1,268,286,977	
	Receivables from related entities	Receivables from related entities, current	9	323,624	323,624	
	Tax assets	Tax assets, current	16	31,269,885	31,269,885	
Financial liabilities and payables	Bank loans(1)	Current	17	954,868,162	982,057,492	
		Non-Current	17	531,859,027	538,626,881	
	Bond debt (1)	Current	17	25,513,254	27,913,012	
		Non-Current	17	1,663,382,237	1,712,058,615	
	Other loans (leases)	Current	17	5,453,350	5,453,350	
		Non-Current	17	28,596,747	28,596,747	
	Time deposits	Current	17	126,858,783	126,858,783	
		Non-Current	17	46,883,852	46,883,852	
	Debt purchase Subsidiaries (Bretas—Prezunic and Johnson´s)	Current	17	27,452,688	27,452,688	
		Non-Current	17	71,907,667	71,907,667	
	Letters of credit	Non-Current	17	10,209,850	10,209,850	
	Other financial liabilities—other	Current	17	29,115,522	29,115,522	
	Trade payables,	Current	18	1,703,761,965	1,703,761,965	
		Non-Current	18	1,303,392	1,303,392	
	Withholding taxes	Current	18	197,295,354	197,295,354	
		Non-Current	18	6,107,410	6,107,410	
	Payables to related entities, current	Current	9	974,469	974,469	
	Tax liabilities	Current	16	46,798,474	46,798,474	
	Other financial liabilities	Cross currency swaps	17			7,624,595
		Put options				
Hedges	Hedging derivatives	Cash flow hedging Liabilities	17			11,819,843
		Cash flow hedging assets	6			40,154,935

(1) The fair value for disclosure purposes has been determined using discounted cash flow pricing models. Significant inputs include the discount rate used to reflect the credit risk associated with Cencosud S.A., these inputs are within level 2 of the fair value hierarchy.

(2) The fair value of current receivables is not notably different to its carrying amount, as the impact of discounting is not significant.

3.1.2. General characterization.

The Company maintains instruments classified at fair value through profit and loss for trading and risk management (derivate instruments not classified as cash flow or fair value hedges purposes). This category is comprised mainly of investments in mutual funds and derivatives.

The category "loans and Trade receivables net" includes bank balances, time deposits and receivables mainly from the credit card business, receivables from consumer credit loans of Banco Paris and notes receivable from customers when credit is extended using post-dated checks. As a result, this category of financial instruments combines the objectives of surplus optimization, liquidity management and financial planning to satisfy the Company's working capital needs.

Financial liabilities maintained by the Company include obligations with banks and financial institutions, bond issuances and payables, and certificate of deposit issued by Banco Paris and other liabilities.

Lastly, the Company has classified as hedges those derivative instruments determined to be highly effective in offsetting exposure to changes in the hedged item attributable to the hedged risk.

3.1.3. Accounting treatment of financial instruments (Note 2, accounting policies).

3.1.4. Valuation methodology (initially and subsequently).

Financial instruments that have been accounted for at fair value in the statement of financial position as of December 31, 2013 have been measured using the methodologies as set forth in IAS 39. These methodologies applied for each class of financial instruments are classified using the following hierarchy:

Level I: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

Level II: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level III: Inputs for assets or liabilities that are not based on observable market data.

The Group has established control framework with respect to the measurements of fair value. This includes a valuation team that has an overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the regional CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the fair value hierarchy in which such valuation should be classified.

Taking into account the nature and characteristics of the instruments maintained in its portfolio, the Company classifies its valuation methodologies in the three aforementioned levels. Currently, the valuation process considers internally developed valuation techniques, for which parameters and observable market inputs are used, mainly using the present value methodology.

The table below presents the percentage of financial instruments, valued under each method, compared to their total value.

In 2013, the Group has no financial instruments that have been valuated using inputs assessed as level III, however, the procedures above are in line with the Group policies regarding the estimation and review of the inputs used in fair-valuing financial asset and recurrent and non-recurrent non-financial assets, see note 4.

Table 1-4. Successive valuation methodologies.

December 2013

Classification	Group	Type	Note	Valuation method Value	Level I	Level II	Level III	Amortized cost
				ThCh$	%	%	%	%
At fair value through profit or loss	Mutual funds	Mutual fund shares	6	40,759,800	100			
	Shares	Shares	6	38,198	100			
	Other financial Instrument	Highly liquid financial instruments	6	8,785,942	100			
		Other financial investments	6	185,553	100			
Credit cards and trade Receivables, net	Cash and cash equivalents	Cash balances	5	47,627,336				100
		Bank balances	5	105,893,186				100
		Short-term deposits	5	18,191,103				100
	Receivables	Credit card and trade receivables, net	8	1,289,287,365				100
		Receivables due from Bretas	6	15,031,535				100
	Receivables from related entities	Receivables from related entities, current	9	432,303				100
	Tax assets	Tax assets, current	16	22,797,303				100
Financial liabilities and payables	Bank loans	Current	17	441,070,635				100
		Non-Current	17	420,811,688				100
	Bonds payable	Current	17	74,815,992				100
		Non-Current	17	1,676,045,068				100
	Other loans (lease)	Current	17	4,808,673				100
		Non-Current		27,779,079				100
	Deposits and savings Accounts	Current		151,918,114				100
		Non-Current	17	48,923,826				100
	Debt purchase Bretas	Current	17	53,727,111				100
		Non-Current	17	34,919,748				
	Letters of credit	Current	17	9,511,591				100
	Other financial liabilities	Current	17	12,450,378				100
	Trade payables	Current	17	1,737,920,899				100
		Non-Current	17	4,956,289				100
	Withholding taxes	Current	18	220,072,319				100
		Non-Current	18	3,998,528				100
	Payables to related entities	Current	18	556,494				100
	Tax liabilities	Current	9	63,131,459				100
Hedges	Hedging derivatives	Cash flow hedging liabilities	17	358,936		100		
		Cash flow hedging assets	6	77,188,270		100		

December 2012

Classification	Group	Type	Note	Valuation method				Amortized
				Value	Level I	Level II	Level III	cost
				ThCh$	%	%	%	%
At fair value through Profit and loss	Mutual funds	Mutual fund shares	6	65,183,729	100			
	Derivatives	Derivatives at fair value with changes in results	6	2,946,670		100		
		Call option (call)						
	Other financial Instrument	Shares	6	36,469	100			
		Other financial investments	6	852,289	100			
Credit cards and trade Receivables, net	Cash and cash equivalents	Cash balances	5	53,106,390				100
		Bank balances	5	164,801,594				100
		Short-term deposits	5	19,812,821				100
	Receivables	Credit card and trade receivables, net	8	1,200,932,966				100
	Receivables from related entities	Receivables from related entities, current	9	323,624				100
	Tax assets	Tax assets, current	16	31,269,885				100
Financial liabilities and payables	Bank loans	Current	17	954,868,162				100
		Non-Current	17	531,859,027				100
	Bonds payable	Current	17	25,513,254				100
		Non-Current	17	1,663,382,237				100
	Other loans (lease)	Current	17	5,453,350				100
		Non-Current	17	28,596,747				100
	Deposits and savings Accounts	Current	17	126,858,783				100
		Non-Current	17	46,883,852				100
	Debt purchase Bretas	Current	17	27,452,688				100
		Non-Current	17	71,907,667				
	Letters of credit	Current	17	10,209,850				100
	Other financial obligations	Current	17	29,115,522				
	Trade payables	Current	18	1,703,761,965				100
		Non-Current	18	1,303,392				100
	Withholding taxes	Current	18	197,295,354				100
		Non-Current	18	6,107,410				100
	Payables to related entities	Current	9	974,469				100
	Tax liabilities	Current	16	46,798,474				100
	Other financial liabilities	Cross currency swaps	17	7,624,595		100		
Hedges	Hedging derivatives	Cash flow hedging liabilities	17	11,819,843		100		
		Cash flow hedging assets	6	40,154,935		100		

Level I instruments are accounted from prices in an active market for directly observable and identical asset and liabilities.

Instruments classified as Level II correspond mainly to interest rate and cross currency swaps that have been valued by discounting the future cash flows stipulated in the contract for both the asset and liability component of each instrument. The structure of interest rates used to bring the future cash flows to present value is constructed based on the currency of each component and inferred from transactions involving risk-free instruments in the relevant market.

In order to estimate the fair value of debt instruments not accounted for at amortized cost, the Company has estimated the cash flows from variable interest obligations using relevant swap curves. The structure of interest rates used to bring the future cash flows to present value is constructed based on the currency of each obligation and corresponds to the risk-free curve in the relevant market plus a credit spread inferred from the initial contractual conditions of each obligation.

In addition, the fair value for informational purposes (Table 1-1) has been estimated for those instruments accounted for at amortized cost. For instruments maturing in less than one year, the Company has determined that the fair value does not differ significantly from the book value presented. The criteria adopted is applied to balances maintained in trade and other receivables, cash and cash equivalents, trade and other payables and the current portion of bank loans and bonds payable.

The Group recognizes transfers between levels of the fair value hierarchy at the end the reporting period during the change has occurred. As of December 31, 2013, there have been no transfers between level I and II, and transfers out of level III to another level of fair value.

3.1.5 Master netting or similar agreements

The Group does not have any hedged positions that qualify for netting mostly due to: (a) the hedge activities that the Group uses mostly relate to financial liabilities such as bank obligations and bonds, and (b) the position of the fair value of these derivatives contracts, hedging interest rate and exchange rates fluctuations, were favorable and thus presented as a assets as of December 31, 2013 and 2012.

3.1.6. Particular effects on equity accounts.

As of December 31, 2013, the Group presents in the statement of equity the effect relating to derivatives instruments for cash flow hedges deemed as effective, namely derivative contracts (cross currency swaps) with Banco Santander for UF 2,257,437 (equivalent to 280,000,000 soles) for Incabond Hedge which maturity date is in 2018, hedges of US$ 535,000,000 for the 144A bond issuance which maturity is in 2021, hedges of US$ 910,000,000 for the 144A bond issuance which maturity is in 2023, hedges of US$ 100,000,000 for the Scotiabank debt which maturity is in 2017, hedges of US$ 50,000,000 for the Rabobank debt which maturity is in 2018, and hedges of US$63,600,000 for bank loans of the subsidiary in Peru.

During the first quarter of 2013, the Company settled US$1,650,000,000 of forward derivatives hedging exchange rate fluctuations relating to the JP Morgan Bridge Loan.

As of December 31, 2012, the company obtained US$1,650,000,000 short term forwards derivatives to hedge the exposure to the fluctuation of the foreign exchange rates related to the outstanding balance of the bridge loan with JP Morgan. As for this short term operation, the company had a “Roll-over” strategy of automatic renewal which continued until the stockholders’ meeting approved the issuance of new shares, which occurred during the first semester of 2013. These hedge transactions allowed the company to hedge the foreign exchange income statement impact due to debt denominated in foreign exchange.

3.1.7. Reclassifications.

As of the end of this reporting period, the Company has not reclassified any entries in the aforementioned financial instrument categories.

3.1.8. Embedded derivatives.

As of the end of this reporting period, the Company has not identified any embedded derivatives that should be valued independently from the host contract.

3.1.9. Non-compliance.

As of the end of this reporting period, the Company has not identified any non-compliance with the conditions related to outstanding liabilities.

3.1.10. Hedges.

The Company has entered into derivative contracts to hedge risks of fluctuations in exchange rates and interest rates. These instruments have been designated as hedges of eligible items and have been valued and accounted for as defined in the accounting criteria described in note 2.13.

Although the Company holds positions in financial instruments as part of its overall financial risk management strategy, only the following derivative instruments have been classified as accounting hedges:

Table 1-10. Hedges.

2013

Hedge type	Risk	Hedge subject classification	Group	Type	Book value (ThCh$)	Hedging instrument Group	Hedging instrument Type	Fair value (ThCh$)	Note
Cash flow	Interest rate	Financial liability	Bank obligations	BBVA NY	—	Derivate	Cross currency swap	(111,456)	17
Cash flow	Interest rate	Financial liability	Bank obligations	IFC Credit	—	Derivate	Interest rate swap	(247,480)	17
						Sub—total derivative		(358,936)	
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	US bond	—	Derivate	Cross currency swap	47,842,494	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	Inacabond 1	—	Derivate	Cross currency swap	2,147,318	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Bank of Tokio	—	Derivate	Cross currency swap	2,048,904	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Rabobank Crédito	—	Derivate	Interest rate swap	614,017	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Rabobank Crédito	—	Derivate	Cross currency swap	484,974	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bank obligations	Scotiabank Credit	—	Derivate	Cross currency swap	657,802	6
Cash flow	Interest rate and exchange rate	Financial Asset	Bonds payable	US Bond - 2	—	Derivate	Cross currency swap	23,392,761	6
						Sub—total derivative		77,188,270	

2012

Hedge type	Risk	Hedge subject classification	Group	Type	Book value (ThCh$)	Hedging instrument Group	Hedging instrument Type	Fair value (ThCh$)	Note
Cash flow	Interest rate and exchange	Financial asset	Bonds payable	US bond	—	Derivate	Interest rate swap	16,419,834	6
Cash flow	Interest rate and exchange	Financial asset	Bonds payable	US bond	—	Derivate	Cross currency swap	15,452,679	6
Cash flow	Interest rate and exchange	Financial asset	Bonds payable	Inacabond 1	—	Derivate	Cross currency swap	8,282,422	6
						Sub—total Derivative		40,154,935	
Cash flow	Interest rate	Financial liability	Bank obligations	IFC Credit	—	Derivate	Interest rate swap	(426,558)	17
Cash flow	Interest rate and exchange	Financial liability	Bank obligations	Rabobank Credit	—	Derivate	Cross currency swap	(1,336,032)	17
Cash flow	Interest rate and exchange	Financial liability	Bank obligations	Scotiabank Credit	—	Derivate	Cross currency swap	(3,178,389)	17
Cash flow	Interest rate and exchange	Financial liability	Bonds payable	US bond	—	Derivate	Cross currency swap	(3,409,953)	17
Cash flow	Interest rate and exchange	Financial liability	Bank obligations	Banco BBVA NY	—	Derivate	Cross currency swap	(2,978,132)	17
Cash flow	Interest rate and exchange	Financial liability	Bank obligations	Bank of Tokio	—	Derivate	Cross currency swap	(490,779)	17
						Sub—total derivative		(11,819,843)	

The cash flow hedges have been evaluated as highly effective. A cash flow hedge is intended to hedge exposure to changes in the cash flows that (i) are attributed to a particular risk associated with an asset or liability recorded previously (as all or some of the future interest payments of debt at variable interest), or a highly probable forecasted transaction and that (ii) may affect profit for the year.

For the described hedge, the financial risk refers to the potential upward deviation of equivalent cash flows in the functional currency (Ch$) such as interest payments for bonds and debt. The hedge strategy adopted enables the Company to fix the cash outflow expressed in the functional currency for all coupon payments being hedged.

3.2. *Characteristics of financial risks*.

The Board of Directors understands that it is imperative for the Company to have an institutional framework that protects its financial stability and sustainability by effectively managing financial risks.

In general terms, the Company's efforts are aimed at maintaining a policy that is sustainable with the development of its business, which by nature incorporates an important number of associated risks. As a result, the Company's strategy is focused on maintaining strong financial solvency, placing emphasis on obtaining the cash flows necessary for its investments, ensuring proper management of working capital and taking necessary actions to minimize the financial risk from exposure of its loan commitments in different currencies and interest rates.

The Company identifies the following risks relevant to its operations:

3.2.1. Credit risk.

The concept of credit risk refers to financial uncertainty, at different time horizons, related to complying with obligations entered into with counterparties, when contractual rights are exercised to receive cash or other financial assets from the Company.

3.2.1.1. Exposure:

The following table presents, as of December 31, 2013 and 2012, the amount in the financial asset category that best represents maximum exposure to credit risk without considering guarantees or credit enhancements.

Table 2-1-1. Exposure to credit risk by financial asset category.

As of December 31, 2013

Classification	Group	Type	Note	Book value (ThCh$)
At fair value through profit or loss	Mutual funds	Mutual funds shares	6	40,759,800
	Other	Other financial investments	6	185,553
		Shares	6	38,198
		Other financial investment	6	8,785,942
Credit cards and trade receivables net	Cash and cash equivalents	Cash balances	5	47,627,336
		Bank balances	5	105,893,186
		Short-term deposits	5	18,191,103
	Receivables	Credit card and trade receivables, net	8	1,289,287,365
		Receivables due from Bretas	6	15,031,535

As of December 31, 2012

Classification	Group	Type	Note	Book value (ThCh$)
At fair value through profit or loss	Mutual funds	Mutual funds shares	6	65,183,729
	Derivatives	Derivatives at fair value with changes in results	6	2,946,670
	Other	Shares	6	36,469
		Other financial instruments	6	852,289
Credit cards and trade receivables net	Cash and cash equivalents	Cash balances	5	53,106,390
		Bank balances	5	164,801,594
		Short-term deposits	5	19,812,821
	Receivables	Credit card and trade receivables, net	8	1,200,932,966

Credit risk exposure is primarily concentrated in credit card and trade receivables, please note 8.

3.2.1.2. Effect of guarantees on exposure.

As of the end of this reporting period, the Company has not received any guarantees or other credit enhancements that impact its credit exposure detailed above. However, trade receivables are adequately covered from operating risks with life insurance policies that cover the risk of death.

3.2.1.3. Concentrations.

As of the end of this reporting period, the Company identifies its concentrations for credit risk based on the relevant counterparty for each category of financial assets.

Table 2-1-2. Diversification of counterparties.

As of December 31, 2013

Classification	Group	Type	Counterparty	Exposure by type of instrument
				%
At fair value through profit and loss	Mutual funds	Mutual funds	Domestic banks	0
			Foreign banks	100
Trade receivables and credit card	Cash and cash equivalents	Cash balances	Domestic banks	13.88
			Foreign banks	86.12
		Bank balances	Domestic banks	58.06
			Foreign banks	41.94
		Short- term deposits	Domestic banks	40.48
			Foreign banks	59.52
	Receivables	Trade receivables, gross	Non-financial institutions	100

As of December 31, 2012

Classification	Group	Type	Counterparty	Exposure by type of instrument
				%
At fair value through profit or loss	Mutual funds	Mutual funds	Domestic banks	67.92
			Foreign banks	32.08
Trade receivables and credit card	Cash and cash equivalents	Cash balances	Domestic banks	7.71
			Foreign banks	92.29
		Bank balances	Domestic banks	0.01
			Foreign banks	99.99
		Short- term deposits	Domestic banks	57.00
			Foreign banks	43.00
	Receivables	Trade receivables, gross	Non-financial institutions	100

Non-financial institutions are mainly composed of clients' credit cards and receivables from other companies. (see note 8)

As presented above, a considerable portion of the Company's credit risk exposure stems from trade receivables, which, given the high degree of fragmentation of the customer portfolio (in terms of geographic location, age, socioeconomic level, among others), has been segmented using internal credit scales.

3.2.1.4. Financial assets that are not in default or impaired.

As part of its credit risk management activities, the Company constantly monitors the credit quality of counterparties for financial assets that are not in default or impaired. The following table details the credit quality by financial entity of the Company's investments:

As of December 31, 2013

Type	Counterpart	Amount of exposure (ThCh$)	Credit quality	
			Solvency	Outlook
Mutual funds	Foreign banks	40,759,799	(*)	Stable
Financial instruments	Bonds - Central bank of Chile	8,785,942	AAA	Stable

(*) All mutual funds included under "Foreign banks" have international risk ratings greater than or equal to A- as required by the Company's investment policy. The assets that are due but not impaired are presented in Note 8.

As of December 31, 2012

Type	Counterpart	Amount of exposure (ThCh$)	Credit quality	
			Solvency	Outlook
Mutual funds	Itaú	6,000,000	AA-	Stable
	Bci	13,960,000	AA+	Stable
	Scotiabank	3,600,000	AA	Stable
	Foreing banks	37,615,606	(*)	
	BanChile	1,308,123	AA+	Stable
	BBVA	2,700,000	AA+	Stable

(*) All mutual funds included under "Foreign banks" have international risk ratings greater than or equal to A- as required by the Company's investment policy. The assets that are due but not impaired are presented in Note 8.

3.2.1.5. Credit Risk from operations other than credit card business.

Credit risk from operations other than the credit card and banking businesses is limited primarily to balances maintained in notes payable from customers for sales with post-dated checks and external credit cards, which are generally recoverable in 30, 60 and 90 days, and investments in time deposits, bank balances and mutual funds. The Company monitors the latter using the credit risk rating granted by risk rating agencies. In addition, it targets its investments in mutual funds toward portfolios with highly solvent underlying assets, properly diversified assets and consistent management by the fund manager.

3.2.1.6. Credit Risk from the credit card business.

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

3.2.1.6.1 Business definition.

The financial business is defined as one more element of Cencosud's value offering, which complements the comprehensive product and service offerings the Company provides through each of its retail business units and is aimed at building long-term relationships with our customers. The largest percentage of the financial retail business corresponds to the Más Credit Card in Chile, which has been operating for more than 20 years. The card's market penetration is less in other countries, such as Peru where it has been available for 2 years and 6 months with the name of Banco Cencosud Peru. In addition, the Company operates with Banco Bradesco in Brazil to develop the financial business in that country.

3.2.1.6.2. Risk Model

Foundations:

The Risk Management Model is tightly linked to the large-scale and fragmented nature of the retail cardholder portfolio with a very large volume of cardholders (more than 5,000,000 in the region) and average debt per cardholder of around US$ 500.

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

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

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

a. Key Risk Management Factors

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

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

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

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

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

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

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

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

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

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

3.2.1.7. Liquidity risk.

The concept of liquidity risk is used by the Company to refer to financial uncertainty, at different time horizons, related to its capacity to respond to cash needs to support its operations, under both normal and exceptional circumstances.

As of December 31, 2013 and 2012, the Company presents the following maturities for its financial instruments:

Table 2-2-1. Maturity analysis.

As of December 31, 2013

		Maturity						
Classification	**Instrument**	**0—6 months**	**6—12 months**	**1—2 years**	**2—3 years**	**3—5 years**	**More than 5 years**	**Total liabilities**
		ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
	Total liabilities	2,362,858,576	466,310,043	394,683,208	322,358,525	331,096,348	2,079,392,357	5,956,699,057
Other financial liabilities current and non-current	Bank loans	155,452,528	305,116,405	128,565,783	221,372,801	95,999,770	1,093,302	907,600,589
	Bond debt	81,530,434	53,079,659	100,598,032	95,090,347	226,213,963	2,048,171,974	2,604,684,409
	Other loans	1,516,099	3,894,247	2,998,336	2,902,844	6,874,108	18,987,723	37,173,357
	Other financial liabilities (CCS—IRS)	314,911	—	44,025	—	—	—	358,936
	Time deposits	100,672,466	50,492,621	53,069,680	—	—	—	204,234,767
	Term savings accounts	1,049,251	—	—	—	—	—	1,049,251
	Letters of credit	—	—	2,039,031	1,011,599	2,008,507	11,139,358	16,198,495
	Deposits and other demand deposits	3,513,936	—	—	—	—	—	3,513,936
	Debt purchase Bretas—Prezunic—Johnson	—	53,727,111	32,938,814	1,980,934	—	—	88,646,859
	Other financial liabilities—Other	12,450,378	—	—	—	—	—	12,450,378
Commercial loans	Trade payables and other payables and non-current liabilities	1,957,993,218	—	8,954,817	—	—	—	1,966,948,035
	Other non-financial liabilities current and non-current	47,808,861	—	65,474,690	—	—	—	113,283,551
	Payables to related entities	556,494	—	—	—	—	—	556,494

As of December 31, 2012

Classification	Instrument	Maturity						
		0—6 months ThCh$	6—12 months ThCh$	1—2 years ThCh$	2—3 years ThCh$	3—5 years ThCh$	More than 5 years ThCh$	Total liabilities ThCh$
	Total liabilities	3,011,674,429	238,514,740	400,459,960	390,289,879	437,582,514	2,131,734,327	6,610,255,849
Other financial liabilities current and non-current	Bank loans	869,704,636	107,034,015	113,182,577	256,307,537	211,831,775	10,151,277	1,568,211,817
	Bond debt	36,261,347	47,900,291	132,774,483	96,074,094	192,401,737	2,089,183,311	2,594,595,263
	Other loans	1,165,080	5,037,294	4,594,265	4,444,778	4,522,789	16,908,015	36,672,221
	Other financial liabilities (CCS—IRS)	7,624,595	2,245,262	—	2,382,506	2,839,709	4,352,366	19,444,438
	Time deposits	77,779,040	48,845,190	45,584,668	6,104,530	—	—	178,313,428
	Term savings accounts	1,022,988	—	—	—			1,022,988
	Letters of credit	—	—	2,039,031	1,011,599	2,008,507	11,139,358	16,198,495
	Deposits and other demand deposits	2,652,873	—	—	—	—	—	2,652,873
	Debt purchase Bretas—Prezunic—Johnson	—	27,452,688	23,964,835	23,964,835	23,977,997	—	99,360,355
	Other financial liabilities—Other	29,115,522	—	—	—	—	—	29,115,522
Commercial loans	Trade payables and other payables and non-current liabilities	1,901,057,319	—	7,410,802	—	—	—	1,908,468,121
	Other non-financial liabilities current and non-current	84,316,560	—	70,909,299	—	—	—	155,225,859
	Payables to related entities	974,469	—	—	—	—	—	974,469

As part of its comprehensive risk management framework, the Company has liquidity management policies aimed at ensuring timely compliance with its obligations based on the scale and risk of its operations, both under normal conditions and exceptional situations, which are defined as circumstances in which cash flows can be substantially greater than expected as a result of unforeseen changes in general market conditions or the particular situation of a certain institution. In this context, liquidity risk management tools have been designed to both ensure positioning of the statements of financial position that allows minimizing the probability of an internal liquidity crisis (prevention policies) as well as defining contingency plans to address a liquidity crisis scenario.

For such purposes, the liquidity management policies define the Company's management strategy, management's roles and responsibilities, internal limits for cash flow mismatches, sources of risk, contingency plans and internal control mechanisms.

One of the indicators used to monitor liquidity risk is the liquidity position, which is measured and controlled each day based on the difference between cash flows payable for liabilities and expense accounts and cash flows receivable from assets and income accounts for a given maturity period.

In the event of a cash deficit on a consolidated level, Cencosud S.A. has various short and long-term financing alternatives, including lines of credit with banks, access to international debt markets, liquidation of investment instruments, etc. In contrast, in the event of a cash surplus on a consolidated level, this money is invested in different investment instruments.

As of December 31, 2013, the Company has available unused lines of credit for approximately ThCh$ 325,564,823 (ThCh$ 301,068,423 as of December 31, 2012).

As of December 31, 2012, the company held unused line of credits as a result of Confirming operations by ThCh$ 113,001,775 (ThCh$ 107,352,517 as of December 31, 2012) which held the original maturities agreed with the supplier. Such operations are presented in the line trade accounts payables.

Confirming operations that consider larger payment with the bank that the original payment deadline set by the Company and its suppliers in the trade agreement amounted, in the portion corresponding to the longest period of payment to ThCh$7,612 (ThCh$ 7,992,721 as of December 31, 2012) in Chile and ThCh$ 12,422,766 (ThCh$ 21,122,801 as of December 31, 2012) in Peru, to December 31, 2013. These operations are presented under "Other financial liabilities."

These operations are monitored on a regular basis so that these exposures do not adversely affect the consolidated financial ratios according to corporate policies with the final purpose of ensuring that the liquidity ratio and short term debt are within the parameters set up by management.

3.2.1.8. Market risk.

The Company is exposed to market risk, which involves variations in interest and exchange rates that may affect its financial position, operating results and cash flows. The Company's hedge policy calls for a periodic review of its exposure to interest and exchange rate risk for its main assets and obligations.

3.2.1.8.1. Interest rate risk.

As of December 31, 2013, approximately 53% of the Company's financial debt, primarily its short-term debt and bonds, was at fixed interest rates. The remaining 47% was at variable interest rates including derivatives. Of the variable rate debt, approximately 99% is indexed to local interest rates (either as originally denominated or by re-denominating with derivatives).

The Company has identified as important its interest rate risk generated primarily from variable rate obligations, which are sensitized by measuring the impact on income of a reasonably possible variation in the observed interest rate. Following regulatory guidelines, the deviation in relevant interest rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated. The amount of the sensitized exposure corresponds to the total of the variable rate debt.

For variable rate debt, the financial risk refers to the potential upward deviation of cash flows related to interest payments on obligations from a specific target, attributable to the rise in interest rates that are important to the Company's indebtedness structure, namely: LIBOR, TAB nominal and the Chamber rate (CAM), Chile.

As of and for December 31, 2013

Classification	Currency	Exposure	Market variable	Change in risk factor %	Effect on income (ThCh$)
Net liability	BR$	408,216,971	CDI	(17.55)	355,709
				16.69	(338,364)
Net liability	Ch$	79,508,100,000	TAB NOM 90	(41.98)	429,687
				42.11	(431,018)
Net liability	Ch$	247.319.697.369	TAB NOM 180	(35.80)	1,241,252
				40.79	(1,414,333)
Net liability	Ch$	608,001,430,000	CAM	(51.19)	2,113,604
				47,06	(3,468,242)

As of and for December 31, 2012

Classification	Currency	Exposure	Market variable	Change in risk factor %	Effect on income (ThCh$)
Net liability	US$	1,500,000,000	LIBOR 1M	(37.73)	285,219
				32.90	(248,737)
Net liability	Ch$	79,508,100,000	TAB NOM 90	(43.86)	552,757
				43.61	549,525)
Net liability	Ch$	59,819,697,369	TAB NOM 180	(37.04)	1,484,275
				45.07	(1,806,216)
Net liability	Ch$	419,586,630,000	CAM	(53.93)	1,755,215
				49,12	(2,461,922)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for the interest payment and the amount that would have been recorded in a scenario of lower or higher interest rates).

The Company's risk management strategy is to hold its financial debt in variable rates in order to benefit from lower cost of funds and the remainder of its financial debt in fixed rates in order to reduce uncertainty stemming from variable interest payments, by denominating part of its variable interest rate liabilities into fixed rate liabilities using derivative financial instruments for these purposes, which allow the interest rate of the original obligation to be fixed.

3.2.1.8.2. Foreign exchange rate risk.

In the countries in which the Company operates, most expenses and income are in local currency. As a result, most of its debt (89%) is denominated in local currency. As of December 31, 2013, approximately 74% of the debt in U.S. dollars was hedged with cross currency swaps or other foreign currency hedges. The Company's policy is to hedge risks from variations in exchange rates on its net liability position in foreign currency using market instruments designed for that purpose.

The Company has identified as important the exchange rate risk generated from obligations in US dollars, Argentine pesos, Peruvian Nuevos Soles and Unidades de Fomento, which are sensitized by measuring the impact on income of a reasonably possible variation in observed exchange rates. Following regulatory guidelines, the deviation in relevant exchange rates is estimated using historical series with a daily frequency for each of the identified risk variables. The distribution of percentage changes occurring in three-month intervals is then analyzed and the extreme scenarios that fall outside a confidence interval of 95% are eliminated.

As of and for December 31, 2013

Classification	Currency	Exposure	Market variable	Closing value	Change in risk factor	Exchange rate value	Effect on income
					%		(ThCh$)
Net liability	USD	564,405,018	USD-CLP	524.61	(9.17)	476.51	27,150,492
					10.23	578.26	(30,279,096)
Net liability	ARS	580,926,715	ARS-CLP	80.59	(13.62)	69.61	6,377,540
					11.75	90.06	(5,501,147)
Net liability	UF	30,758,874	CLF-CLP	23,306.56	(0.50)	23,190.87	3,558,539
					2.55	23,900.74	(18,276,283)
Net liability	COP	339,991,902,733	COP-CLP	0.27	(10.24)	0.24	9,482,918
					10.23	0.30	(9,472,797)
Net liability	PEN	281,143,707	PEN-CLP	187.88	(8.61)	171.71	4,545,638
					9.83	206.35	(5,191,347)
Net liability	BRL	432,869,191	BRL-CLP	222.45	(11.19)	197.55	10,779,103
					11.74	248.57	(11,304,624)

As of and for December 31, 2012

Classification	Currency	Exposure	Market variable	Closing value	Change in risk factor	Exchange rate value	Effect on income
					%		(ThCh$)
Net liability	USD	953,071,777	USD-CLP	479.96	(9.3)	434.99	42,859,387
				—	10.41	529.92	(47,618,782)
Net liability	ARS	210,872,941	ARS-CLP	97.49	(13.9)	83.85	2,876,425
				—	12.41	109.59	(2,551,030)
Net liability	UF	27,708,338	CLF-CLP	22,840.75	(0.51)	22,722.86	3,266,460
				—	2.65	23,446.77	(16,791,804)
Net liability	COP	306,413,618,608	COP-CLP	0.27	(10.62)	0.24	8,829,821
					10.72	0.30	(8,908,770)
Net liability	PEN	473,855,927	PEN-CLP	187.81	(8.91)	171.08	7,930,579
				—	10.23	207.03	(9,106,529)
Net liability	BRL	473,509,151	BRL-CLP	233,59	(11.56)	206.56	12,795,265
				—	12.28	262.27	(13,584,143)

The effect on income obtained from a theoretical exercise shows the incremental effect generated from the reasonably possible estimated change (i.e. it corresponds to the difference between the amount that was effectively recorded for exchange differences and the amount that would have been recorded in a scenario of lower or higher exchange rates).

The Company's strategy is to hold most of its financial debt in local currencies to reduce uncertainty stemming from an increase in the value of its liabilities due to foreign currency fluctuations, using derivative financial instruments for these purposes, which allow the value of the obligation to be expressed in its functional currency.

Additionally, the exposure to exchange rates for conversion of the functional currency of the subsidiaries in Argentina, Colombia, Peru and Brazil, relating to the difference between monetary assets and liabilities (e.i., those denominated in a local currency and consequently exposed to the translation from their functional currencies into the presentation currency for the Group consolidated financial statements) is hedge only when it's predictable that adverse material differences could occur and the cost related to hedging is deemed reasonable by management. The Company currently does not have any net investment hedging contracts.

The Company assesses the fluctuation of the functional currencies compared to the presentation currency through a sensitivity analysis on equity and net assets in local currency using favorable and unfavorable scenarios, the amounts of exposure of all possible scenarios, including a general one, resulting from this analysis are as follows:

Currency	Rate of conversion	Scenarios	Flux on assets M$	Flux%	Flux on Equity M$	Flux %
ARG PESO	69.61	S1	(166,875,219)	-1.66	(74,357,968)	-1.75
	90.06	S2	146,782,709	1.46	64,452,636	1.51
COP PESO	0.24	S1	(193,798,308)	-1.93	(144,412,544)	-3.4
	0.30	S2	193,798,308	1.93	144,412,544	3.4
PER SOL	171.71	S1	(84,838,874)	-0.84	(56,282,763)	-1.32
	206.35	S2	101,398,046	1.01	67,268,247	1.58
BRL REAL	197.55	S1	(167,607,178)	-1.67	(93,182,737)	-2.19
	248.57	S2	172,270,336	1.71	95,775,263	2.25
All currencies		S1	(613,119,579)	-6.09	(368,236,012)	-8.64
		S2	614,249,399	6.10	371,908,690	8.73

S1: Scenario 1 represents the most unfavorable exchange rate to be used in converting into the presentation currency, and how that impacts to the net assets and equity of the Group

S2: Scenario 2 represents the most advantageous exchange rate to be used in converting into the presentation currency, and how that impacts to the net investment and equity of the Group

4 Estimates, judgment or criteria applied by management

The estimates and criteria used are continuously assessed and are based on prior experience and other factors, including the expectation of occurrence of future events that are considered reasonable according to the circumstances.

The Cencosud Group makes estimates and assumptions with respect to the future. Actual results could differ from those estimates. The estimates and assumptions that have a significant risk of generating material adjustments to the asset and liability balances in the next year are presented below.

4.1 Estimate of impairment of assets with indefinite useful lives

The Cencosud Group assesses annually, or when there is a triggering event, whether goodwill has experienced any impairment, according to the accounting policy described in Note 2.11. The recoverable balances of the cash generating units have been determined from the base of their value in use. The methodology of discounting cash flows at a real pre-tax discount rate calculated for each country is applied. The assets measured correspond mainly to trademarks and goodwill arising from past business combinations. The measurements are performed for each operating segment representing the cash generating unit determined to carry out the annual impairment test. The projected cash flows in each segment are allocated initially to identifiable tangible and intangible assets and the exceeding portion is allocated to goodwill. The valuation review of the trademarks incorporates among other factors the market analysis, financial projections and the determination of the role that brand has in the generation of sales.

4.2. Useful life of property, plant and equipment

The Company and its subsidiaries review the estimated useful lives, residual values and depreciation method of its property, plant and equipment at the end of each year. During this year the Company has established that there are no significant changes in the useful lives estimated during the period.

4.3 Estimate of impairment of property, plant and equipment

For property, plant and equipment, the company applies the methodology of discounting future cash flows using a pre-tax discount rate, differentiated by country (see note 13.2 discount rates). Cash flow projections are performed for each country and business segment. The functional currency of each country is used and the projection considers a 5 year outlook plus perpetuity. The projections are based on historical information from recent years and the main macroeconomic variables that affect markets. In addition, the projections consider moderate organic growth and the recurring investments necessary to maintain the cash flow generating capacity of each segment.

4.4. Impairment of accounts receivable

The Company assesses the impairment of the accounts receivable when there is objective evidence that it will not be able to collect all the amounts according to the original terms of the account receivable (Note 2.12.2).

4.5 Investment property

a) Fair value measurement for lands

The fair value for land was determined by external and independent property valuers, having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued.

The methodology used in determining the fair value of lands was the market approach, which consists of determining the fair value based on recent transactions occurred in the market.

b) Fair value measurements for investment properties other than land.

The Company's finance department is responsible for determining fair value measurements included in the financial statements, including Level 3 fair values of investment properties. The Company's finance department includes a valuations team that prepares a valuation for each investment property every quarter. The valuation team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC).Discussions of valuation processes, key inputs and results are held between the CFO, AC and the valuation team at least once every quarter, in line with the Company's quarterly reporting dates.

The fair value measurement for this type of investment has been categorized as a level III fair value based on the inputs used in the valuation technique. Investment properties are valued on a highest and best use basis. Changes in Level 3 fair values are analyzed at each reporting date during the quarterly valuation discussions between the CFO, AC and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

For all of the Company's investment properties, the current use is considered to be the highest and best use.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 fair value measurements for investment properties during the period, nor transfers between Level 1 and Level 2 of the fair value hierarchy.

For investment property the methodology of the discounted future cash flows uses a country-specific WACC post- tax rate, measured in real terms (7.82% in Chile, 20.08% in Argentina, 8.38% in Peru and 8.24% in Colombia). To this effect, a calculation is performed to obtain the net revenues that correspond to the lease income minus the direct costs and operating expenses. Additionally, the projected cash flows used the historical information of the recent years and the projected macroeconomic variables that will affect each country. The cash flows are calculated in a scenario of moderated growth for those investment properties that have reached the expected maturity level and the main variables used are:

1. Determination of the Discount Rate

The discount rate is reviewed quarterly for each country and consists of the following factors:

a) BETA: Because the American market presents a greater number of comparable companies within this industry, using betas of companies in that country.

b) Risk-free rate: It draws on the U.S. Treasury rate at 30 years (30yr T-Bond)

c) Risk premium: Estimated on long-term returns of the stock market and the country risk of each transaction, estimated by the Credit Default Swap to 10 years (10yr CDS). In the case of Argentina's country risk used is the average of the last three years.

d) Leverage Ratio: Estimated as of BETA referring them on 74% equity and 26% debt.

e) Tax rate: We use the tax rate in effect in each country

f) Spread: To estimate the return on debt using the international bond spread Cencosud which is similar to the Industry spread. With all these factors we estimate the discount rate (WACC) nominal and real, the latter being used as the flow is estimated at UF (Undead de Foment) in Chile, or adjusted for inflation in Peru and Argentina

2. Revenue growth:

The evolution of income depends on the property, but remains between 0.5% and 1.0% annual real growth, except those newly opened malls whose maturation does expect superior performance improved in the first years of operation. The revenue projection is reviewed quarterly so that it is aligned to the budget approved by the board in the short term and that their expectations of long-term trends are in line with the life cycle in which the asset is (Shopping).

3. Growth in costs and expenses:

As income, change in expenditure depends on the property but always reflects the standard structure resulting from the operation of such properties and operating agreements signed with tenants. These are also reviewed quarterly to be aligned with the budget and expected evolution for each Shopping.

4. Investment Plan:

For each shopping center, the Company reviews whether the investment plans is in line with the characteristics of each property and the life cycle in which they are placed.

Based on the points described above, the estimated available flow projection thirty-year term, after which it is estimated a perpetuity. The present value of these flows determines the fair value of the investment property.

5. Valuation technique and Inter-relationship between key unobservable inputs.

Valuation technique (Discounted cash flows): The valuation model considers the present value of the net cash flows to be generated from the property taking into account expected revenue growth, occupancy rates, other cost and expenses not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates (see above on "determination of discount rate"). Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit and lease terms.

Class	Country (*)	Unobservable input	Range
Retail	Chile	Discount rate (risk adjusted)	7.7% - 8.0%
		Expected revenue growth (real)	0.5% - 1%
		Occupancy rate	90% - 100%
	Argentina	Discount rate (risk adjusted)	19.5% - 20.1%
		Expected revenue growth (real)	0.5% - 1%
		Occupancy rate	90% - 100%
Office	Chile	Discount rate (risk adjusted)	7.7% - 8.0%
		Expected revenue growth (real)	0.5% - 1%
		Occupancy rate (1st through 5th year)	40% - 79%%
		Thereafter	80% - 98%

(*) The group concentrates 95% of the total of the investment properties in Chile and Argentina.

The estimated fair value of the investment properties would increase (decrease) if:

- Risk-adjusted discount rate were lower (higher)
- Expected revenue growth were higher (lower)
- The occupancy rate were higher (lower)

5 Cash and cash equivalents

The composition of this item as of December 31, 2013 and 2012 is the following:

Cash categories	As of December 31, 2013 ThCh$	2012 ThCh$
Cash in hand	47,627,336	53,106,390
Bank balances	105,893,186	164,801,594
Short-term deposits	18,191,103	19,812,821
Cash and cash equivalents	171,711,625	237,720,805

Cash and equivalents include cash, bank account balances and short term investments. Currency is as follows:

Currency	As of December 31, 2013	2012
	ThCh$	ThCh$
Chilean Peso	75,215,858	101,729,681
Argentine Peso	23,234,710	21,768,921
US dollars	449,997	305,374
Peruvian New Sol	38,247,113	39,771,877
Brazilian Real	13,803,720	22,637,088
Colombian Peso	20,760,227	51,507,864
Total cash and cash equivalents	171,711,625	237,720,805

6 Other financial assets, current and non-current

The composition of this item as of December 31, 2013 and 2012 includes the following:

Other financial assets, current	As of December 31, 2013	2012
	ThCh$	ThCh$
Shares	38,198	36,469
Mutual Funds Shares(*)	40,759,800	65,183,729
Derivatives at fair value through profit or loss	—	2,946,670
Highly liquid financial instruments	8,785,942	—
Total other financial assets, current	49,583,940	68,166,868

Other financial assets, non-current	As of December 31, 2013	2012
	ThCh$	ThCh$
Hedging derivatives	77,188,270	40,154,935
Financial investments Long term	185,553	852,289
Account receivable due from Bretas (see 6.1 below)	15,031,535	—
Total other financial assets, non-current	92,405,358	41,007,224

(*) Mutual Funds shares are mainly fixed rate investments.

6.1 Offsetting non-derivatives financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends to either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The following financial assets and liabilities are subject to offsetting in accordance with paragraph 42 of IAS 32:

a) As of December 31, 2013

Financial assets

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instrument	Cash collateral received	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Account receivable due from Bretas ,	26,099,794	(11,068,259)	15,031,535	—	—	15,031,535

Financial liabilities

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial asset set off in the balance sheet	Net amounts of financial liability presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instrument	Cash collateral received	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Debt purchase Bretas, current	57,342,195	(11,068,259)	46,273,935	(15,031,535)	—	31,242,401

b) As of December 31, 2012

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial asset set off in the balance sheet	Net amounts of financial liability presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instrument	Cash collateral received	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Debt purchase Bretas, Non-Current	69,027,204	(27,537,737)	41,489,467	—	—	41,489,467

The agreement between the Group and Bretas´ former shareholders established the net settlement of the abovementioned financial assets and liabilities.

The agreement mentioned above relates to the acquisition of Bretas in October 2010. As part of this acquisition, the Group assumed certain tax contingencies and accounted them for in accordance with IFRS 3, however, the former shareholders of Bretas agreed on assuming these tax contingencies when their settlement becomes effective, which entitled the Group to account for a receivable amount as a guarantee and presented it as an offset of the non-current financial liability that the Group accounted for as a result of the outstanding consideration from the acquisition. The amount due to the former shareholders of Bretas was reclassified as current in the statement of the financial position as of December 31, 2013 based on the change of the nature of this liability regarding its presentation and an amendment of the terms of the existing agreement.

The initial agreement included that such contingencies (receivable) offset the balance due to the former owner of Bretas for the outstanding consideration relating to the acquisition of Bretas. In 2013, the balance for the outstanding consideration changed its nature regarding the presentation as the Group had agreed the payment of this amount in 2014. As a result of this change in presentation of the financial liability and the expected realization of the contingencies in the long term, the parties agreed that (a) the contingencies which realization is expected in the short term offset the financial liability for the outstanding consideration, and (2) all the payments that the Group makes for the contingencies in the long-term are to be deducted from the future lease payments made to the former shareholders of Bretas. This change in the agreement resulted in the presentation of a separate long-term receivable account for the tax contingencies assessed as such. As of December 31, 2013, the amount of the related tax contingency is presented as a long-term provision in the consolidated statement of financial position of the Group.

7 Derivative financial instruments

7.1 Financial assets and liabilities held at fair value through profit or loss

The Company, following the financial risk management policy described in Note 3, enters into financial derivative contracts to hedge exchange rate and interest rate fluctuation risks.

This account as of December 31, 2012 includes cross currency swaps and interest rate swaps designed to hedge cash outflows related to debt payment in foreign currency (US dollars). As of December 31, 2013, there are no contracts relating to hedging activities (current asset of $ 2,946,670 and liabilities of ThCh$ 7,624,595 as of December 31, 2012).

Changes in the fair value of the assets and liabilities classified in this category (cross currency swaps and interest rate swaps) are recorded under “financial income” or “financial expenses”, except for the agreements that do not hedge direct liabilities, which are recorded as other gains (losses).

These financial instruments are recorded in the accounts other current and non-current financial assets and other current and non-current financial liabilities.

7.2 Hedging assets and liabilities

The Company has derivatives to hedge exposure to exchange rate variations, particularly instruments classified as cross currency swaps (CCS), used to hedge debts denominated in Peruvian Nuevo Soles and U.S. dollars from bond placements and bank debt in those currencies. These instruments are classified as cash flow and fair value hedges. The fair value of these contracts as of December 31, 2013 represent an asset of ThCh$ 77,188,270 (ThCh$ 40,154,935 as of December 31, 2012) and a liability of ThCh$ 358,936 (ThCh$ 11,819,843as of December 31, 2012).

These financial instruments are recorded in the accounts current and non-current financial assets and current and non-current financial liabilities. The liabilities are detailed in Note 17.4.

Changes in the fair value of the assets and liabilities classified in this category (cross currency swaps) are recorded under “financial income” or “financial expenses”.

These financial instruments are presented as “operating activities” in the statement of cash flows as part of the changes in working capital. This is based on the fact that Cencosud has entered into these assets and liabilities as derivative financial instruments to serve as economic and financial hedges for the risks associated with exchange rates and interest rates as described previously.

Instruments at fair value through profit or loss and hedge instruments are detailed in Note 3.

7.3 Assets and liabilities derivatives designated as cash flow hedges

The following table indicates the period in which the cash flows associated with cash hedges are expected to occur and the carrying amounts of the related hedging instruments.

December 31, 2013	Carrying amount	Expected cash flows	
		One year or less	More than one year
	ThCh$	ThCh$	ThCh$
Cross Currency Swap			
Assets	77,188,270	2,623,050	905,111,113
Liabilities	111,456	6,715,008	8,288,838
Interest Rate Swap			
Liabilities	7,480	—	—

December 31, 2012	Carrying amount	Expected cash flows	
		One year or less	More than one year
	ThCh$	ThCh$	ThCh$
Cross Currency Swap			
Assets	40,154,935	—	308,340,154
Liabilities	11,393,285	5,471,544	299,303,056
Interest Rate Swap			
Liabilities	426,558	—	—

8 Trade receivables and other receivables

Trade receivables and other receivables as of December 31, 2013 and 2012 are as follows:

Trade receivables and other receivables, net, current	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Trade receivables net, current	189,382,770	176,137,513
Credit card receivables net, current	573,299,096	515,978,920
Other receivables, net, current	319,894,783	322,976,030
Letters of credit loans	726,828	640,892
Consumer installment credit—(Banco Paris)	50,144,076	42,893,450
Total	1,133,447,553	1,058,626,805

Trade receivables and other receivables, net, non-current	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Trade receivables net, non-current	874,953	219,025
Credit card receivables net, non-current	54,857,341	50,229,846
Other receivables, net, non-current(1)	14,972,281	13,767,953
Letters of credit loans	11,079,842	11,936,654
Consumer installment credit—(Banco Paris)	74,055,395	66,152,683
Total	155,839,812	142,306,161

Trade receivables and other receivables, gross, current	As of December 31, 2013	2012
	ThCh$	ThCh$
Trade receivables gross, current	207,511,529	192,728,230
Credit card receivables gross, current	615,717,408	566,060,108
Other receivables gross, current	336,000,114	337,075,113
Letters of credit loans	951,689	872,438
Consumer installment credit—(Banco Paris)	64,867,696	55,500,755
Total	**1,225,048,436**	**1,152,236,644**

Trade receivables and other receivables, gross, non-current	As of December 31, 2013	2012
	ThCh$	ThCh$
Trade receivables gross, non-current	874,953	219,025
Credit card receivables gross, non-current	54,857,341	50,229,846
Other receivables gross, non-current	14,972,280	13,767,953
Letters of credit loans, non-current	11,079,844	11,936,654
Consumer installment credit, non-current	74,055,395	66,152,683
Total	**155,839,813**	**142,306,161**

Trade receivables and other receivables close to maturity	As of December 31, 2013	2012
	ThCh$	ThCh$
Less than three months	787,246,457	765,569,835
Between three and six months	108,689,500	78,732,326
Between six and twelve months	137,131,540	136,763,286
In more than twelve months	155,839,812	142,306,161
Total	1,188,907,309	1,123,371,608

Please refer to table 1-1 in Note 3 to see the trade receivables' and other receivables' fair value.

The maturity of past due trade receivables as of December 31, 2013 and 2012 is as follows:

Trade receivables past due but not impaired	As of December 31, 2013	2012
	ThCh$	ThCh$
Past due in less than three months	144,856,572	119,132,649
Past due between three and six months	27,167,160	31,800,108
Past due between six and twelve months	5,919,720	10,058,406
Past due in more than twelve months	14,037,491	10,180,034
Total	191,980,943	171,171,197

The movement of the bad debt allowance is as follows:

Change in bad debt allowance	As of December 31, 2013 ThCh$	2012 ThCh$
Initial balance	93,609,839	99,647,573
Increase in provision	116,169,507	123,866,930
Increase in business combination	—	3,878,630
Utilized provision	(89,822,273)	(94,865,255)
Decrease in provision	(28,356,186)	(38,918,039)
Total	91,600,887	93,609,839

The maximum exposure to credit risk at the date of the report is the book value in each category of the trade account. The Cencosud Group does not request collateral as a guarantee.

The information presented below is required by the Superintendence of Securities and Insurance through the rule number 23942 dated on September 14, 2011.

The financial business is defined as one more element of Cencosud's value offering, which complements the comprehensive product and service offerings the Company provides through each of its business units and is aimed at building long-term relationships with our customers. The largest percentage of the financial retail business corresponds to the Más Credit Card in Chile, which has been operating for more than 20 years. The card's market penetration is less in other countries, such as Peru where it has been available for less than 1 year. Its distribution with respect to the total portfolio is:

Receivables portfolio	As of December 31, 2013 ThCh$	%	2012 ThCh$	%
Current credit card receivables, gross	615,717,408		566,060,108	
Non—current credit card receivables, gross	54,857,341		50,229,846	
Total credit card receivables	670,574,749		616,289,954	
Chilean credit card	444,461,099	66	452,363,211	73
Credit card Más	443,887,523		447,400,665	
Credit card Johnson's	573,576		4,962,546	
Argentine credit card	169,088,073	25	129,198,584	21
Peruvian credit card	57,025,577	9	34,728,159	6
Total credit card receivables	670,574,749	100	616,289,954	100

Progress is being made to regionalize the financial business through an organizational structure where each risk area autonomously and independently manages risk, led by the Corporate Risk Management Division, which reports directly to Cencosud's Corporate CEO. In turn, the risk management areas in each country report (administratively and functionally) to the Corporate Risk Manager.

CHILE

1. Credit policies. Credit Card Más

a) Credit policies are led by the Risk Management Division through a risk committee in Chile and parameters are set in the Company's evaluation systems for the entire credit process. Among others, these policies include:

i. the commercial ethics of debtors or those eligible for credit;

ii. the cardholder risk profile, measured based on payment behavior and/or associated score models;

iii. the debtor's credit capacity, among others.

As mentioned, the main objective of the financial business is to grant customers access to financing for products offered by the Company´s retail stores (to complement Cencosud's value offering). Cash advances and financing at affiliated businesses are very limited as compared to total credit card sales. Financial products are targeted toward cardholders with better risk profiles and are complementary to the credit card itself. Minimum payment policies are segmented by risk profile and fluctuate between 10% and 20% of the value invoiced monthly.

b) The collections policy aims to secure 100% of debt payments while the cardholder is in the early stages of default so that the cardholder's account may remain open to continue making purchases. However, some cardholders cannot make their payments. For these cardholders, new payment plans can be structured. These agreements must consider at least:

i. The cardholder's expressed will.

ii. The intention to pay, manifested by an initial payment as a condition to restructure the debt.

iii. Account blockage for all cardholders who restructure debt that is more than 30 days in default. Only after having demonstrated favorable payment behavior does the company evaluate potentially opening the account so the cardholder may continue making purchases and reducing the credit limit, as appropriate.

Most renegotiation and refinancing are done for cardholders that are more than 30 days in default and require initial payments of an average of 15% of the total debt. The average term is around 23 months and a maximum of 2 restructurings per year is accepted.

c) Bad debt allowances are determined using a model that brings together banking industry best practices, in line with Basel criteria, in order to estimate the level of allowances necessary to cover the portfolio's potential risk. This model segments cardholders in different clusters to better estimate losses, classifying renegotiated cardholders, among others, in a special category. The validation and sufficiency of the allowance model is monitored on a monthly basis by the Risk Committee using defined back testing and sufficiency analyses. Beginning in December 31, the Board of Directors of Cencosud Group, through its Corporate Risk Committee, decided to begin establishing anti-cyclical provisions for a total of ThCh$ 3,533, which is increasingly being adopted as a best practice by the international and local banking industry. These provisions, which are established in economically favorable periods with low unemployment rates and high growth rates, allow the company to prepare for recessionary economic cycles and their impact on the cardholder portfolio.

d) The write-off policy establishes that 100% of all accounts with more than 6 invoices past due be written off and that such amounts be fully recognized as a loss in the statement of income. All cardholders that subsequently pay all or part of their written-off debt are recognized as recovered write-offs in the statement of income.

e) Credit terms (months)

	Average term	Range Minimum	Range Maximum
Purchases	3	1	36
Affiliated businesses	3	1	36
Cash advances	17	3	48
Renegotiated	22	4	24
Refinancing	7	4	12

2. Definition of portfolio types.

Considers 2 types of policies in restructuring debt in default:

a. Renegotiation Policy: establishes the conditions for restructuring 100% of the cardholder's debt in default.

b. Refinancing Policy: establishes the conditions for restructuring 100% of the cardholder's invoiced debt.

3. Portfolio stratification

As of December 31, 2013

Credit card Más Delinquency segments	**Non-refinanced customers (number)**	**Non-refinanced portfolio**	**Refinanced customers (number)**	**Refinanced portfolio**	**Total Gross portfolio**
	N°	**ThCh$**	**N°**	**ThCh$**	**ThCh$**
Payments up to date	1,232,001	346,218,316	34,947	15,740,292	361,958,608
01-30 days	91,698	37,659,571	14,681	6,620,467	44,280,038
31-60 days	28,309	9,012,903	8,351	3,967,265	12,980,168
61-90 days	16,190	4,800,557	5,744	2,761,775	7,562,332
91-120 days	12,425	3,837,416	4,721	2,321,809	6,159,225
121-150 days	10,248	3,464,801	3,878	1,938,661	5,403,462
150-180 days	10,686	3,647,565	3,600	1,896,125	5,543,690
>180 days	—	—	—	—	—
Total	1,401,557	408,641,129	75,922	35,246,394	443,887,523

As of December 31, 2013

	ThCh$	
Total allowance on non-refinanced portfolio	20,519,859	As of December 31, 2013
Total allowance on refinanced portfolio	8,473,679	As of December 31, 2013
Total write-offs for the period	57,018,013	Write-offs between January 1 and and December 31,2013
Total recovered for the period	18,201,984	Write-offs recovered between January 1 and December 31, 2013

	N°	
Number of cards issued (not additional cards)	2,930,288	Stock as of December 31, 2013
Number of cards with outstanding balances	1,477,479	Stock as of December 31, 2013
Average number of refinances	7,820	Average number of accounts refinanced monthly between January 1 and December 31,2013
Total refinanced receivables (ThCh$)	35,246,394	Stock of refinanced portfolio as of December 2013
% refinanced / non-refinanced portfolio	5.42%	Number of refinanced customers/non-refinanced customers

As of December 31, 2012

Credit card Más Delinquency segments	Non-refinanced customers (number)	Non-refinanced portfolio	Refinanced customers (number)	Refinanced portfolio	Total Gross portfolio
	N°	ThCh$	N°	ThCh$	ThCh$
Payments up to date	1,331,332	340,634,129	35,707	15,816,484	356,450,613
01-30 days	104,369	38,285,647	15,432	6,624,456	44,910,103
31-60 days	38,400	11,515,243	8,995	3,986,817	15,502,060
61-90 days	22,451	6,911,283	5,997	2,702,941	9,614,224
91-120 days	18,238	5,486,035	4,815	2,113,735	7,599,770
121-150 days	16,587	4,640,823	3,980	1,670,276	6,311,099
150-180 days	16,624	5,187,576	3,999	1,825,220	7,012,796
>180 days	—	—	—	—	—
Total	1,548,001	412,660,736	78,925	34,739,929	447,400,665

As of December 31, 2012

	ThCh$	
Total allowance on non-refinanced portfolio	23,944,291	As of December 2012
Total allowance on refinanced portfolio	6,980,027	As of December 2012
Total write-offs for the period	69,979,748	Write-offs between Jan and Dec 2012
Total recovered for the period	18,157,313	Write-offs recovered between Jan and Dec 2012

	N°	
Number of cards issued (not additional cards)	2,716,985	Stock as of December 2012
Number of cards with outstanding balances	1,626,926	Stock as of December 2012
Average number of refinances	8,273	Average number of accounts refinanced monthly between Jan and Dec 2012
Total refinanced receivables (ThCh$)	34,739,929	Stock of refinanced portfolio as of December 2012
% refinanced / non-refinanced portfolio	5.10%	Number of refinanced customers/non-refinanced customers

4. Portfolio allowance factors

As of December 31, 2013

Credit card Más Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1.9	16.9
01-30	7.1	20.8
31-60	24.7	17.0
61-90	43.1	31.7
91-120	57.4	40.2
121-150	68.8	50.9
151-180	69.4	50.9
>180 days	—	—
Total	5.0	24.0

As of December 31, 2012

Credit card Más Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1.4	7.4
01-30	7.4	15.7
31-60	27.0	25.9
61-90	44.5	33.9
91-120	57.8	43.3
121-150	70.0	54.5
151-180	70.4	54.4
>180 days	—	—
Total	5.8	20.1

5. Risk ratios. (% provision/portfolio)

As of December 31, 2013

Credit card Más risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	5.0	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	24.0	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	6.5	Stock of total allowances/ Stock of total portfolio
Write off ratio	9.4	

As of December 31, 2012

Credit card Más risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	5.8	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	20.1	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	6.9	Stock of total allowances/ Stock of total portfolio
Write off ratio	12.4	

Credit Card **Johnson´s—TMO**

As of March 2012, the Company's system began to migrate the portfolio management of Johnson's Multiopción Card (hereinafter TMO) to Cencosud Cards. This process involved that the client had to change its product by Cencosud card, which was conducted during 2012. For purposes of portfolio impacts, promotes the transfer of clients without problems of arrears and without renegotiation conditions.

1. Purchase of TMO´s portfolio.

In December 2012, the portfolio of TMO was included in the portfolio of Cencosud Administradora de Tarjeta. As of December 31, 2013, the carrying value of the portfolio amounts to M$573,576 (85% of this amount represents customers who renegotiated) and shows a bad debt provision of M$290,279.

As of December 31, 2012, the information relating to the TMO´s portfolio is as follows:

2. Portfolio stratification

As of December 31, 2012

Credit card Johnson's Delinquency segments	Non-refinanced customers (number)	Non-refinanced portfolio	Refinanced customers (number)	Refinanced portfolio	Total Gross portfolio
	N°	ThCh$	N°	ThCh$	ThCh$
Payments up to date	8,763	431,404	5,160	1,274,257	1,705,661
01-30 days	3,564	308,702	2,185	557,360	866,062
31-60 days	2,055	144,699	1,223	294,740	439,439
61-90 days	1,863	127,851	1,179	312,784	440,635
91-120 days	2,098	170,835	996	294,467	465,302
121-150 days	2,162	240,418	905	287,201	527,619
150-180 days	2,081	237,949	783	264,361	502,310
>180 days	147	12,785	9	2,733	15,518
Total	22,733	1,674,643	12,440	3,287,903	4,962,546

As of December 31, 2012

	ThCh$	
Total allowance on non—refinanced portfolio	607,715	Stock as of December 2012
Total allowance on refinanced portfolio	1,638,749	Stock as of December 2012
Total write—offs for the period	12,724,805	Write—offs between January and December 2012
Total recovered for the period	1,347,969	Write—offs recovered between January and December 2012

	N°	
Number of cards issued (not additional cards)	475,049	Stock as of December 2012
Number of cards with outstanding balances	35,173	Stock as of December 2012
Average number of refinances	978	Average number of accounts refinanced monthly between January and December 2012
Total refinanced receivables (ThCh$)	3,287,903	Stock of refinanced portfolio as of December 2012
% refinanced / non—refinanced portfolio customers	54.72	Number of refinanced customers / non—refinanced

As of December 31, 2012

Credit card Johnson's Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	11.6	46.0
01-30	10.2	46.2
31-60	23.0	48.3
61-90	31.2	49.2
91-120	52.8	56.3
121-150	65.5	58.5
151-180	81.2	61.5
>180 days	98.0	98.0
Total	36.3	49.8

As of December 31, 2012

Credit card Johnson´s risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	36.3	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	49.8	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	45.3	Stock of total allowances/Stock of total portfolio
Write off ratio (1)	63.1	

(1) The penalty rate corresponds to the annual penalties, net of recoveries/average stock of deposits from the period January to December 2012.

ARGENTINA

1. Credit policies.

a) Customers are selected using policies with parameters based on the credit assessment system. The approval decision and the credit limit are based on a combination of statistical models, payment history in the financial system and an estimate of the applicant's income level. The minimum payment is 25% of the invoiced amount. Affiliate businesses and financial products are complementary to offering the card itself and represent a very small percentage of total sales.

b) Collections policy: during the first 90 days of delay, the company aims to ensure that the cardholder pays its debt in default and recovers access to credit. Refinancing requires an initial payment of at least 50% of the unpaid minimum payment and are limited to a maximum of once every six months. For cardholders more than 90 days in default, the card is blocked indefinitely and a new payment plan is established based on their willingness and capacity to pay.

c) Allowances: allowances are calculated each month by applying statistical methodology that combines portfolio behavior over the last 12 months. The portfolio is also segmented into clusters based on the likelihood of non-payment calculated when the account is opened and also the cardholder's seniority. The company verifies that the calculated allowances charge the expected losses in the current period and also that they exceed the requirements of the local regulator (BCRA). Conservative allowances are added based on new factors that may not be taken into consideration by the statistical methodology.

d) Write-off policy: The local regulator requires allowances for 100% of delinquent debt once it is 360 days past due. However, Cencosud applies the conservative criteria of establishing allowances for 100% of accounts that are 180 days past due. Currently, because of a limitation with the card processing system in Argentina, accounts are not written-off in accounting at 360 days. However, the 100% allowance is maintained.

Average Terms for Credit Cards and Refinancing (months)

Range of terms	Portfolio %
Payment upon invoicing	18.1
Installments 0-3 M	26.6
Installments 3-6 M	26.6
Installments 6-12 M	12.0
Installments +12 M	19.7
Average term for portfolio	8.3

Range of terms for refinanced collections	Portfolio %
Installments 0-3 M	6.3
Installments 3-6 M	36.9
Installments 6-12 M	42.2
Installments +12 M	14.6
Average term for refinanced collections in months	11.6

2. Definition of portfolio types.

Cencosud Argentina segments its portfolio into three main groups based on risk of non-payment. This segmentation is determined when customers are approved for credit and is used primarily to properly allocate credit limits. Each month, the company monitors the mixture of characteristics of new cards issued versus the portfolio, and any important deviations are used to modify customer selection methods.

As of December 31, 2013

Delinquency segments	Non-refinanced customers (number) N°	Non-refinanced portfolio ThCh$	Refinanced customers (number) N°	Refinanced portfolio ThCh$	Total Gross portfolio ThCh$
Payments up to date	673,223	144,439,434	2,792	689,093	145,128,527
01-30 days	86,911	17,721,705	928	242,134	17,963,839
31-60 days	22,973	3,190,021	516	151,723	3,341,744
61-90 days	7,787	1,057,097	239	72,109	1,129,206
91-120 days	3,117	607,332	128	44,948	652,280
121-150 days	2,570	570,801	54	15,385	586,186
150-180 days	1,180	284,304	4	1,174	285,478
>180 days	17	813	—	—	813
Total	797,778	167,871,507	4,661	1,216,566	169,088,073

As of December 31, 2013

	M$	
Total allowance on non-refinanced portfolio	4,027,068	Stock as of December 2013
Total allowance on refinanced portfolio	555,750	Stock as of December 2013
Total write-offs for the period	7,225,842	Write-offs between Jan and Dec 2012
Total recovered for the period	2,494,930	Write-offs recovered between Jan and Dec 2013

	N°	
Number of cards issued (not additional cards)	1,171,323	Stock as of December 2013
Number of cards with outstanding balances	802,439	Stock as of December 2013
Average number of refinancing	943	Average number of accounts refinanced monthly between Jan and Dec 2013
Total refinanced receivables	1,216,566	Stock of refinanced portfolio as of December 2013
% refinanced / non-refinanced portfolio	0.58	Number of refinanced customers/non-refinanced customers

As of December 31, 2012

Delinquency segments	**Non-refinanced customers (number)**	**Non-refinanced portfolio**	**Refinanced customers (number)**	**Refinanced portfolio**	**Total Gross portfolio**
	N°	**ThCh$**	**N°**	**ThCh$**	**ThCh$**
Payments up to date	545,967	107,624,696	2,282	620,706	108,245,402
01-30 days	72,059	12,500,427	762	210,569	12,710,996
31-60 days	24,637	3,274,075	608	162,735	3,436,810
61-90 days	8,384	1,104,216	248	77,711	1,181,927
91-120 days	4,889	834,832	178	68,201	903,033
121-150 days	3,626	724,721	74	24,010	748,731
150-180 days	2,481	480,089	18	4,989	485,078
>180 days	7,112	1,486,607	0	0	1,486,607
Total	669,155	128,029,663	4,170	1,168,921	129,198,584

As of December 31, 2012

	M$	
Total allowance on non-refinanced portfolio	7,597,100	Stock as of December 2012
Total allowance on refinanced portfolio	571,389	Stock as of December 2012
Total write-offs for the period	7,251,331	Write-offs between Jan and Dec 2012
Total recovered for the period	911,892	Write-offs recovered between Jan and Dec 2012

	N°	
Number of cards issued (not additional cards)	1,010,132	Stock as of December 2012
Number of cards with outstanding balances	673,325	Stock as of December 2012
Average number of refinances	707	Average number of accounts refinanced monthly between Jan and Dec 2012
Total refinanced receivables	1,168,921	Stock of refinanced portfolio as of December 2012
% refinanced / non-refinanced portfolio	0.62	Number of refinanced customers/non-refinanced customers

3. Portfolio allowance factors.

As of December 31, 2013

Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1.5	33.6
01-30	2.1	33.6
31-60	10.7	72.0
61-90	27.9	100.0
91-120	44.6	100.0
121-150	60.3	100.0
151-180	85.6	100.0
>180 days	100.0	—
Total	2.4	45.7

As of December 31, 2012

Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	3.1	33.6
01-30	4.0	33.6
31-60	15.1	72.0
61-90	37.6	100.0
91-120	52.4	100.0
121-150	70.6	100.0
151-180	87.8	100.0
>180 days	100.0	100.0
Total	5.9	48.9

4. Risk ratios (% provision/portfolio).

As of December 31, 2013

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	2.4	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	45.7	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	2.7	Stock of total allowances /Stock of total portfolio
Write off ratio	3.3	

As of December 31, 2012

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	5.9	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	48.9	Stock of allowances on refinanced portfolio /Stock of refinanced portfolio
Total portfolio	6.3	Stock of total allowances /Stock of total portfolio
Write off ratio	5.4	

PERU

1. Credit policies.

Financial retail operations in Peru began July 21, 2010 with a pilot program in one store and later in October 2010 was rolled out in all formats of Metro Supermarkets. Prospective credit card holders are selected based on the cardholders' purchasing behavior in the Bonus customer loyalty program, combined with an analysis of behavior profiles by credit rating agencies available in the country.

Since operations began, they were structured as defined by the Group, following the requirements defined by Peruvian banking regulations (despite not being enforceable at that time). From June 2012, Cencosud Bank has been authorized by the Superintendency of Banks and Insurance (SBS) to establish itself as a bank.

Adhering to banking regulations involves diverse elements; including observing mandatory definitions for refinancing, as well as classifying debtors based on days in default which, in turn, translates into establishing allowances over the principal of the loans.

In addition, the standards require pro-cyclical provisions to be established that are linked to the economic cycle and that in practice translate into 1.5% additional allowances over current non-delinquent balances.

2. Definition of portfolio types.

The portfolio is divided into two groups:

- Non-refinanced portfolio.
- Refinanced portfolio, which includes cardholders that are at least one day delinquent. They must make a minimum payment and the debtor classification (and therefore the allowance) must be maintained or increased based on the regulations mentioned above.

3. Portfolio stratification

As of December 31, 2013

Delinquency segments	Non-refinanced customers (number)	Non-refinanced portfolio	Refinanced customers (number)	Refinanced portfolio	Total gross portfolio
	N°	ThCh$	N°	ThCh$	ThCh$
Payments up to date	226,953	50,424,409	327	72,013	50,496,422
01-30 days	10,344	2,606,274	64	17,102	2,623,376
31-60 days	5,281	1,268,826	15	4,116	1,272,942
61-90 days	3,479	764,649	15	3,210	767,859
91-120 days	3,931	888,699	29	11,355	900,054
121-150 days	872	222,351	20	5,091	227,442
150-180 days	226	31,789	31	13,708	45,497
>180 days	2,526	614,611	162	77,375	691,986
Total	253,612	56,821,608	663	203,970	57,025,578

As of December 31, 2013

	ThCh$	
Total allowance on non-refinanced portfolio	3,107,209	Stock as of December 2013
Total allowance on refinanced portfolio	155,844	Stock as of December 2013
Total write-offs for the period	9,056,228	Write-offs between Jan and Dec 2013
Total recovered for the period	717,359	Write-offs recovered between Jan and Dec 2013

	N°	
Number of cards issued (not additional cards)	541,570	Stock as of December 2013
Number of cards with outstanding balances	254,275	Stock as of December 2013
Average number of refinances	—	Average number of accounts refinanced monthly between Jan and Dec 2013
Total refinanced receivables	203,970	Stock of refinanced portfolio as of December 2013
% refinanced / non-refinanced portfolio	0.26	Number of refinanced customers/non- refinanced customers

As of December 31, 2012

Delinquency segments	Non-refinanced customers (number) N°	Non-refinanced portfolio ThCh$	Refinanced customers (number) N°	Refinanced portfolio ThCh$	Total gross portfolio ThCh$
Payments up to date	181,187	27,590,606	882	198,142	27,788,748
01-30 days	11,529	1,535,931	180	34,669	1,570,600
31-60 days	5,161	739,746	110	20,235	759,981
61-90 days	3,590	573,679	130	25,147	598,826
91-120 days	2,435	511,091	92	16,649	527,740
121-150 days	1,343	300,862	105	31,807	332,669
150-180 days	1,742	355,238	181	49,057	404,295
>180 days	8,702	2,125,102	2,125	620,199	2,745,301
Total	215,689	33,732,255	3,805	995,905	34,728,160

As of December 31, 2012

	ThCh$	
Total allowance on non-refinanced portfolio	3,978,674	Stock as of December 2012
Total allowance on refinanced portfolio	842,517	Stock as of December 2012
Total write-offs for the period	3,172,864	Write-offs between Jan and Dec 2012
Total recovered for the period	148,240	Write-offs recovered between Jan and Dec 2012

	N°	
Number of cards issued (not additional cards)	439,804	Stock as of December 2012
Number of cards with outstanding balances	219,494	Stock as of December 2012
Average number of refinances	201	Average number of accounts refinanced monthly between Jan and Dec 2012
Total refinanced receivables	995,904	Stock of refinanced portfolio as of December 2012
% refinanced / non-refinanced portfolio	1.76	Number of refinanced customers/non- refinanced customers

4. Portfolio allowance factors.

As of December 31, 2013

Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1,5	43,3
01-30	6,4	60
31-60	26,5	91,6
61-90	60,0	94,1
91-120	59,9	99,4
121-150	99,8	100,0
151-180	99,9	100,0
>180 days	100,0	100,0
Total	5.5	76.4

As of December 31, 2012

Delinquency segments	Non-refinanced portfolio as % of average losses	Refinanced portfolio as % of average losses
Payments up to date	1.0	34.9
01-30	5.1	59.2
31-60	25.0	70.2
61-90	60.0	85.8
91-120	60.0	96.6
121-150	100.0	100.0
151-180	100.0	100.0
>180 days	100.0	100.0
Total	11.8	84.6

5. Risk ratios (% provision/portfolio)

As of December 31, 2013

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	5.5	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	76.4	Stock of allowances on refinanced portfolio / Stock of refinanced portfolio
Total portfolio	5.7	Stock of total allowances / Stock of total portfolio
Write-off ratio	19.9	

Note:

Allowances and allowance ratios do not include Ch$ 388 million in anti-cyclical provisions that are included based on international and domestic banking industry best practices and in line with the Basel standards in order to be prepared for future changes in macroeconomic conditions.

As of December 31, 2012

Risk ratios (allowance / portfolio)	%	
Non-refinanced portfolio	11.8	Stock of allowances on non-refinanced portfolio /Stock of non-refinanced portfolio
Refinanced portfolio	84.6	Stock of allowances on refinanced portfolio / Stock of refinanced portfolio
Total portfolio	13.9	Stock of total allowances / Stock of total portfolio
Write-off ratio	12.1	

Note:

Allowances and allowance ratios do not include Ch$ 388 million in anti-cyclical provisions that are included based on international and domestic banking industry best practices and in line with the Basel standards in order to be prepared for future changes in macroeconomic conditions.

9 Transactions with related parties

Transactions with related companies are based on immediate payment or collection or with a term of up to 30 days, and are not subject to special conditions. These operations comply with what is established in articles 44 and 49 of Law N° 18,046 that regulates the Corporations.

It is noteworthy that the related party transactions are in accordance with IAS 24 (Revised) "Related Parties". The Company has a policy to disclose all transactions performed with related parties during the period.

9.1 Trade receivables from related entities

The composition of the item as of December 31, 2013 and December 31, 2012 is as follows:

		Receivables from related entities				Balance as of			
						Current		Non-current	
Tax ID Number	Company	Transaction description	Transaction term	Nature of relationship	Currency	12/31/2013 ThCh$	12/31/2012 ThCh$	12/31/2013 ThCh$	12/31/2012 ThCh$
96.863.570-0	Inmobiliaria Mall Viña del Mar S.A.	Dividends receivable	Current	Associate	Chilean Pesos	432,303	323,624	—	—
Total						432,303	323,624	—	—

9.2 Trade payables to related entities

The composition of the item as of December 31, 2013 and December 31, 2012 is as follows:

		Payables to related entities				Balance as of			
						Current		Non-current	
Tax ID number	Company	Transaction description	Transaction term	Nature of relationship	Currency	12/31/2013 ThCh$	12/31/2012 ThCh$	12/31/2013 ThCh$	12/31/2012 ThCh$
	Loyalti del Perú S.A.C.	Fund transfer	Current	Associate	Peruvian New Sol	556,494	974,469	—	—
Total						556,494	974,469	—	—

9.3 Transactions with related parties and impact on income

The operations and its impact on income are presented for the years ended December 31, 2013 and December 31, 2012, as follows:

			Transactions						
Tax ID Number	**Company**	**Nature of relationship**	**Transaction description**	**Currency**	**Country**	**12/31/2013**	**Impact to income (charge /credit)**	**12/31/2012**	**Impact to income (charge /credit)**
						ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
3.294.888-k	Horst Paulmann Kemna	Chairman	Dividends paid	Chilean pesos	Chile	2,011,560		1,317,423	—
4.580.001-6	Helga Koepfer Schoebitz	Shareholder	Dividends paid	Chilean pesos	Chile	88,771		75,482	—
77.913.630-2	ALPA Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	—		5,647	—
76.425.400-7	Inversiones Tano Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	13,094,931		5.579,052	—
86.193.900-6	Inversiones Quinchamali Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	16,637,640		13,684,845	—
96.802.510-4	Inversiones Latadia Ltda.	Shareholder	Dividends paid	Chilean pesos	Chile	15,753,026		12,957,229	—
7.012.865-9	Manfred Paulmann Koepfer	Shareholder	Dividends paid	Chilean pesos	Chile	358,033		327,118	—
8.953.509-3	Peter Paulmann Koepfer	Director	Dividends paid	Chilean pesos	Chile	355,959		331,087	—
8953510-7	Heike Paulmann Koepfer	Director	Dividends paid	Chilean pesos	Chile	351,490		327,411	—
0-E	Plaza Lima Norte	Company director relationship	Leases paid	Peruvian New Sol	Peru	614,638	(614,638)	315,357	(315,357)
0-E	Plaza Lima Norte	Company director relationship	Utilities paid	Peruvian New Sol	Peru	286,775	(286,775)	85,591	(85,591)
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Leases paid	Chilean pesos	Chile	2,990,827	(2,982,920)	2,902,584	(2,902,584)
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Utilities Paid	Chilean pesos	Chile	2,327,237	(2,327,237)	2,207,131	(2,207,131)
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Dividends collected	Chilean pesos	Chile	2,461,185	—	1,818,965	—
96.863.570-0	Inmobiliaria Mall Viña Del Mar S.A.	Associate	Sale of goods	Chilean pesos	Chile	8,901	8,901	5,519	5,519
77.209.070-6	Viña Cousiño Macul S.A.	Common director	Merchandise buying	Chilean pesos	Chile	707,765	(707,765)	698,660	(515,551)
92.434.000-0	Besalco S.A.	Common director	Services provided	Chilean pesos	Chile	307	(307)	—	—
92.147.000-2	Wenco S.A.	Common director	Merchandise buying	Chilean pesos	Chile	2,506,186	2,203,726	2,271,850	(2,271,850)
92.147.000-2	Wenco S.A.	Common director	Sale of goods	Chilean pesos	Chile	2,999	2,999	401,923	401,923
76.076.630-5	Maxi Kioskos Chile S.A.	Company's Director	Leases collected	Chilean pesos	Chile	478,364	478,364	149,971	149,971
76.076.630-5	Maxi Kioskos Chile S.A.	Company's Director	Utilities collected	Chilean pesos	Chile	231,157	231,157	71,277	71,277

			Transactions						
Tax ID Number	Company	Name of relationship	Transaction description	Currency	Country	12/31/2013	Impact to Income (charge /credit)	12/31/2012	Impact to income (charge /credit)
						ThCh$	ThCh$	ThCh$	ThCh$
76.076.630-5	Maxi Kioskos Chile S.A.	Company's Director	Utilities collected	Chilean pesos	Chile	828	828	139	139
78.410.320-K	Imp y Comercial Regen Ltda.	Company's Director	Merchandise buying	Chilean pesos	Chile	385,807	(385,807)	499,114	(297,279)
78.410.320-K	Imp Y Comercial Regen Ltda.	Company's Director	Leases collected	Chilean pesos	Chile	231,442	231,442	141,972	141,972
78.410.320-K	Imp Y Comercial Regen Ltda.	Company's Director	Common expenses collected	Chilean pesos	Chile	87,275	87,275	49,580	49,580
79.595.200-4	Adelco Santiago Ltda.	Company, director relationship	Merchandise buying	Chilean pesos	Chile			557	(557)
88.983.600-8	Teleductos S.A.	Common director	Services provided	Chilean pesos	Chile	939,346	(939,346)	1,315,418	(1,315,418)
92.491.000-3	Labsa Inversiones Ltda.	Company, director relationship	Leases paid	Chilean pesos	Chile	676,841	(676,841)	526,181	(526,181)
93.737.000-8	Manquehue Net S.A.	Common director	Services provided	Chilean pesos	Chile	8,499	(8,499)	512,381	(512,381)
77.978.800-8	Neuralis Ltda.	Company, director relationship	Services provided	Chilean pesos	Chile	5,769	(5,769)	13,879	(13,879)
96.566.940-K	Agencias Universales S.A.	Common director	Services provided	Chilean pesos	Chile	616,338	(616,338)	384,323	(384,323)
96.566.940-K	Agencias Universales S.A.	Common director	Sale of goods	Chilean pesos	Chile	22,206	22,206	19,039	19,039
92.580.000-7	Empresa Nacional de Telecomunicaciones S.A.	Common director	Services provided	Chilean pesos	Chile	738,464	(738,464)		
90.193.000-7	Empresa El Mercurio.S.A.P.	Common director	Sale of goods	Chilean pesos	Chile	5,365	(5,365)		
90.193.000-7	Empresa El Mercurio.S.A.P.	Common director	Services provided	Chilean pesos	Chile	2,064,849	1,490,509		
96.628.870-1	Entel Telefonia Local S.A.	Common director	Services provided	Chilean pesos	Chile	18,019	(18,019)		
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Common director	Services provided	Chilean pesos	Chile	12,888,058	(12,888,058))		
96.628.870-1	Industria Productos Alimenticios S.A.	Common director	Merchandise buying	Chilean pesos	Chile	1,245,503	(1,245,503)	1,138,386	(1,138,386)
79.675.370-5	Assets- Chile S.A	Common director	Sale of goods	Chilean pesos	Chile	906	(906)		
70.649.100-7	Centros de Estudios Pùblicos	Company, director relationship	Services provided	Chilean pesos	Chile	28,595	(28,595)		
77.783.200-K	Asesorías e Inversiones Vesta Ltda.	Company, director relationship	Services provided	Chilean pesos	Chile			40,939	(40,939)
O-3	JetAviation Flight Services Inc.	Company, director relationship	Services provided	Chilean pesos	Chile	1,144,040	(1,144,040)		
88.417.000-1	Sky Airline S.A.	Company, director	Leases collected	Chilean pesos	Chile	15,141	15,141	12,616	12,616

		relationship							
88.417.000-1	Sky Airline S.A.	Company, director relationship	Other expenses collected	Chilean pesos	Chile	5,632	5,632	4,319	4,319
96.566.940-K	Cia Nacional de Telefonos,Telefonica del Sur S.A.	Common director	Services provided	Chilean pesos	Chile	6,119	6,119	1,614	(384,323)

Addition information required by SVS (Superintendencia de Valores y Seguros) as per communication N°3592 dated January 31, 2014.

a) Transactions between the holding company Cencosud S.A and its direct and indirect subsidiaries.

Tax ID Number	Company	Nature of relationship	Transaction description	Currency	Country	12/31/2013 ThCh$	Impact to income (charge /credit) ThCh$	12/31/2012 ThCh$	Impact to income (charge /credit) ThCh$
93.834.000-5	Cencosud Chile S.A.	Common control	Admin and operational fees	Chilean peso	Chile	74,020,423	(74,020,423)	64,095,476	(64,095,476)
94.226.000-8	Cencosud Shopping Centers S.A.	Common control	Leases	Chilean peso	Chile	61,551,936	(61,551,936)	60,253,839	(60,253,839)
94.226.000-8	Cencosud Shopping Centers S.A.	Common control	Utilities	Chilean peso	Chile	17,799,619	(17,799,619)	17,269,504	(17,269,504)
78.410.990-8	Adm. del Centro Comercial Alto las Condes Ltda.	Common control	Utilities	Chilean peso	Chile	25,658,822	(25,658,822)	20,190,756	(20,190,756)
84.671.700-5	Cencosud Retail S.A.	Common control	Sales of inventory	Chilean peso	Chile	14,163,609	(14,163,609)	15,263,477	(15,263,477)
84.671.700-5	Cencosud Retail S.A.	Common control		Chilean peso	Chile	3,060,987	(3,060,987)	4,064,121	(4,064,121)
84.671.700-5	Cencosud Retail S.A.	Common control	Leases	Chilean peso	Chile	32,302	(32,302)	5,238	(5,238)
96.671.750-5	Easy S.A.	Common control	Sale of inventory	Chilean peso	Chile	1,845,056	(1,845,056)	2,049,678	(2,049,678)
78.410.310-2	Food & Fantasy Ltda.	Common control	Services rendered	Chilean peso	Chile	3,893	(3,893)	—	—
99.500.840-8	Cencosud Administradora de Tarjetas S.A.	Common control	Admin and operational fees	Chilean peso	Chile	533,173	(533,173)	1,122,327	(1,122,327)
96.732.790-5	Inmobiliaria Santa Isabel S.A.	Common control	Leases	Chilean peso	Chile	455,555	(455,555)	447,991	(447,991)
99.566.580-8	Jumbo Administradora S.A.	Common control	Admin and operational fees	Chilean peso	Chile	67,247,586	(67,247,586)	61,830,157	(61,830,157)
99.571.870-7	Jumbo Administradora Temuco S.A.	Common control	Admin and operational fees	Chilean peso	Chile	21,795,347	(21,795,347)	18,028,376	(18,028,376)
88.235.500-4	Sociedad Comercial de Tiendas S.A.	Common control	Leases	Chilean peso	Chile	4,728,446	(4,728,446)	5,476,663	(5,476,663)
77.313.160-0	Paris	Common control	Admin and	Chilean	Chile	31,447,203	(31,447,203)	27,611,230	(27,611,230)

	Administradora Centro Ltda.		operational fees	peso					
76.365.580-6	Jumbo Administradora Norte S.A.	Common control	Admin and operational fees	Chilean peso	Chile	26,976,444	(26,976,444)	25,432,886	(25,432,886)
76.365.590-3	Easy Administradora Norte S.A.	Common control	Admin and operational fees	Chilean peso	Chile	10,276,427	(10,276,427)	6,920,606	(6,920,606)
76.433.310-1	Costanera Center S.A.	Common control	Easement	Chilean peso	Chile	18,659,833	(18,659,833)	9,077,769	(9,077,769)
77.312.480-9	Administradora de Servicios Paris Ltda.	Common control	Commissions	Chilean peso	Chile	7,013	(7,013)	4,079	(4,079)
76.476.830-2	Circulo Mas S.A.	Common control	Services rendered	Chilean peso	Chile	23,252,183	(23,252,183)	21,890,291	(21,890,291)
76.568.660-1	Cencosud Administradora de Procesos S.A.	Common control	Admin and operational fees	Chilean peso	Chile	1,882,904	(1,882,904)	—	—
76.023.825-2	Cencosud Servicios Integrales S.A.	Common control	Commissions	Chilean peso	Chile	7,187,656	(7,187,656)	7,510,601	(7,510,601)
77.302.910-k	Logística y Distribución Paris Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	5,000,345	(5,000,345)	5,000,345	(5,000,345)
88.637.500-K	Paris Administradora Norte Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	17,636,729	(17,636,729)	16,605,711	(16,605,711)
78.448.780-6	Paris Administradora Sur Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	20,885,489	(20,885,489)	19,431,277	(19,431,277)
77.251.760-2	Jumbo Supermercados Administradora Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	4,462,799	(4,462,799)	1,741,919	(1,741,919)
77.779.000-5	Paris Administradora Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	7,271,901	(7,271,901)	7,208,945	(7,208,945)
76.819.580-3	Santa Isabel Administradora Norte Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	22,084,068	(22,084,068)	17,298,123	(17,298,123)
76.819.500-5	Santa Isabel Administradora Sur Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	19,589,136	(19,589,136)	17,845,454	(17,845,454)
79.829.500-4	Eurofashion Ltda.	Common control	Sale of inventory	Chilean peso	China	16,120,799	(16,120,799)	15,680,900	(15,680,900)
76.062.794-1	Santa Isabel Administradora	Common control	Admin and operational	Chilean peso	Chile	61,089,375	(61,089,375)	56,127,065	(56,127,065)

	S.A.		fees						
O-E	Cencosud (Shanghai) Trading Co., Ltd	Common control	Admin and operational fees	US dollar	Chile	1,637,824	(1,637,824)	849,828	(849,828)

Tax ID Number	Company	Nature of relationship	Transaction description	Currency	Country	12/31/2013 ThCh$	Impact to income (charge /credit) ThCh$	12/31/2012 ThCh$	Impact to income (charge /credit) ThCh$
96.988.700-2	MegaJohnson's Administradora S.A.	Common control	Admin and operational fees	Chilean peso	Chile	5,648,963	(5,648,963)	4,805,818	(4,805,818)
76.190.379-9	Cencosud Retail Administradora Ltda.	Common control	Admin and operational fees	Chilean peso	Chile	10,278,884	(10,278,884)	8,203,303	(8,203,303)
76.203.299-6	Comercializadora Costanera Center S.P.A.	Common control	Leases	Chilean peso	Chile	6,365,437	(6,365,437)	3,244,194	(3,244,194)
76.203.299-6	Comercializadora Costanera Center S.P.A.	Common control	Utilities	Chilean peso	Chile	2,578,189	(2,578,189)	2,128,129	(2,128,129)
O-E	Cencosud Argentina S.A.	Common control	Leases	Argentine peso	Argentina	7,407,554	(7,407,554)	6,731,947	(6,731,947)
	Cencosud Argentina S.A.	Common control	Utilities	Argentine peso	Argentina	8,260,750	(8,260,750)	7,454,095	(7,454,095)
	Cencosud Argentina S.A.	Common control	Commissions	Argentine peso	Argentina	4,892,716	(4,892,716)	3,690,710	(3,690,710)
	Cencosud Argentina S.A.	Common control	Admin and operational fees	Argentine peso	Argentina	13,874,286	(13,874,286)	8,488,091	(8,488,091)
	Jumbo Retail Argentina S.A.	Common control	Operational fee	Argentine peso	Argentina	528,900	(528,900)	—	—
	Jumbo Retail Argentina S.A.	Common control	Admin and operational fees	Argentine peso	Argentina	9,336,677	(9,336,677)	9,870,006	(9,870,006)
O-E	Invor S.A.	Common control	Leases	Argentine peso	Argentina	413,845	(413,845)	425,129	(425,129)

b) Financing activities between related parties and their conditions

As of December 31, 2013

Grantor	Tax ID	Country	Receiving entity	Country ThCh$	Instrument ThCh$	Currency	Rate	Loans granted in local currency	Settlements made in local currency ThCh$	Grant date ThCh$	Maturity date ThCh$
Cencosud S.A.	93.834.000-5	Chile	Administradora Centro Comercial Alto Las Condes Ltda.	Chile	Fund transfer	Chilean peso	—	61,689,955	58,334,182	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Administradora y Comercial Puente Alto Ltda.	Chile	Fund transfer	Chilean peso	—	6,347,949	5,277,783	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Administradora de Procesos S.A.	Chile	Fund transfer	Chilean peso	—	62,787,056	31,161,000	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Internacional Argentina Spa	Chile	Fund transfer	Chilean peso	—	813,696	—	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Internacional Ltda.	Chile	Fund transfer	Chilean peso	—	4,863,707	—	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Internacional Ltda.	Chile	Prepaid capital contributions	Chilean peso	—	188,124,489	—	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Retail Administradora S.A.	Chile	Fund transfer	Chilean peso	—	16,998,935	4,749,500	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Comercializadora Contanera Center SPA	Chile	Fund transfer	Chilean peso	—	43,714,700	41,216,535	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Costanera Centers S.A.	Chile	Fund transfer	Chilean peso	—	63,105,961	39,348,083	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Johnson's Mega San Bernardo S.A.	Chile	Fund transfer	Chilean peso	—	6,095,745	823,550	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Jumbo Administradora Norte Ltda.	Chile	Fund transfer	Chilean peso	—	30,226,873	29,264,689	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Administradora S.A.	Chile	Fund transfer	Chilean peso	—	15,596,684	651,020	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Maipú S.A.	Chile	Fund transfer	Chilean peso	—	12,171,515	850	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Puente Alto S.A.	Chile	Fund transfer	Chilean peso	—	6,323,867	1,015,600	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's	Chile	Fund	Chilean	—	12,112,472	350	Throughout	—

			Puente S.A.		transfer	peso				2013	
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Quilin S.A.	Chile	Fund transfer	Chilean peso	—	9,874,346	183,280	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's S.A.	Chile	Fund transfer	Chilean peso	—	13,717,937	6,000	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	MegaJohnson's Viña del Mar S.A.	Chile	Fund transfer	Chilean peso	—	7,272,583	129,300	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Sociedad Comercializadora de Vestuario FES Ltda.	Chile	Fund transfer	Chilean peso	—	7,189,612	342,230	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Administradora TMO S.A.	Chile	Fund transfer	Chilean peso	—	3,940,480	7,589,497	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Administradora de Tarjetas S.A.	Chile	Fund transfer	Chilean peso	—	868,319,402	957,134,889	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Retail S.A.	Chile	Fund transfer	Chilean peso	—	2,524,147,975	2,611,905,605	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Servicios Integrales S.A.	Chile	Fund transfer	Chilean peso	—	59,711,672	71,887,013	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Shopping Centers S.A.	Chile	Fund transfer	Chilean peso	—	121,075,752	169,121,888	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Circulo Mas S.A.	Chile	Fund transfer	Chilean peso	—	17,156,643	19,062,881	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Comercial Food And Fantasy Ltda.	Chile	Fund transfer	Chilean peso	—	2,144,701	2,506,543	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Easy Administradora Norte S.A.	Chile	Fund transfer	Chilean peso	—	10,785,249	11,754,143	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Easy S.A.	Chile	Fund transfer	Chilean peso	—	336,878,128	354,510,384	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Eurofashion Ltda.	Chile	Fund transfer	Chilean peso	—	42,930,631	60,275,960	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Jumbo Administradora S.A.	Chile	Fund transfer	Chilean peso	—	73,817,677	76,956,952	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Jumbo Administradora Temuco S.A.	Chile	Fund transfer	Chilean peso	—	22,514,943	25,255,108	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Logistica y Distribución Paris Ltda.	Chile	Fund transfer	Chilean peso	—	5,643,953	6,448,306	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora	Chile	Fund transfer	Chilean peso	—	30,081,104	37,008,107	Throughout 2013	—

			Centro Ltda.								
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Ltda.	Chile	Fund transfer	Chilean peso	—	6,692,984	8,803,465	Throughout 2013	—

Grantor	Tax ID	Country	Receiving entity	Country ThCh$	Instrument ThCh$	Currency	Rate	Loans granted in local currency	Settlements made in local currency ThCh$	Grant date ThCh$	Maturity date ThCh$
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Norte Ltda.	Chile	Fund transfer	Chilean peso	—	17,366,563	21,571,509	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Paris Administradora Sur Ltda.	Chile	Fund transfer	Chilean peso	—	21,773,616	25,810,785	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Santa Isabel Administradora Norte S.A.	Chile	Fund transfer	Chilean peso	—	23,053,819	24,677,550	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Santa Isabel Administradora S.A.	Chile	Fund transfer	Chilean peso	—	67,652,990	68,520,199	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Santa Isabel Administradora Sur S.A.	Chile	Fund transfer	Chilean peso	—	20,632,960	22,096,474	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Sociedad Comercial de Tiendas S.A.	Chile	Fund transfer	Chilean peso	—	4,261,479	8,022,049	Throughout 2013	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Perú S.A.	Peru	Loan	Chilean peso	fixed 3,80%	—	15,000	—	—
Cencosud S.A.	93.834.000-5	Chile	Cencosud Colombia S.A.	Colombia	Loan	Chilean peso	fixed 3,80%	156	—	07/27/12	03/21/14
Cencosud S.A.	93.834.000-5	Chile	Cencosud Colombia S.A.	Colombia	Loan	Chilean peso	fixed 3,80%	222	—	09/21/12	03/21/14
Anjulon	O-E	Argentina	Cavas y Viñas El Acequion S.A.	Argentina	Loan	Chilean peso	fixed 18,50%	103	—	09/10/13	03/09/14
Anjulon	O-E	Argentina	Cavas y Viñas El Acequion S.A.	Argentina	Loan	Chilean peso	fixed 18,50%	104	—	11/23/13	05/22/14
Cencosud Argentina S.A.	O-E	Argentina	Cencosud S.A.	Chile	Loan	Chilean peso	fixed Annual 3,80%	—	8,287	—	—
Jumbo Retail Argentina S.A.	O-E	Argentina	Cencosud Internacional Ltda.	Chile	Loan	Chilean peso	fixed Annual 2,90%	1,140	—	02/08/13	02/08/16
Jumbo Retail Argentina S.A.	O-E	Argentina	Cencosud Internacional Ltda.	Chile	Loan	Chilean peso	fixed Annual 2,90%	—	838	12/31/12	12/31/15
Cencosud Brasil Comercial Ltda.	O-E	Brazil	Mercantil Rodrigues Comercial Ltda.	Brazil	Fund transfer	Chilean peso	125% CDI	—	93,513	Throughout 2013	—
Cencosud Brasil Comercial	O-E	Brazil	Perini	Brazil	Fund	Chilean	125%	1,578	—	Throughout	—

Ltda.			Comercial de Alimentos Ltda.		transfer	peso	CDI			2013	
Cencosud Internacional Ltda.	O-E	Chile	Cencosud Perú S.A.	Peru	Loan	Chilean peso	fixed 7,20%	—	15,419	—	—
Cencosud Perú S.A.	O-E	Peru	E.Wong S.A.	Peru	Loan	Chilean peso	fixed 6,30%	—	5,918	11/17/10	11/16/15
Cencosud Perú S.A.	O-E	Peru	Hipermercados Metro S.A.	Peru	Loan	Chilean peso	fixed 6,30%	—	11,344	11/17/10	11/16/15
Cencosud Perú S.A.	O-E	Peru	Tres Palmeras S.A.	Peru	Loan	Chilean peso	fixed 6,30%	—	2,759	11/17/10	11/16/15
Cencosud Perú S.A.	O-E	Peru	Hipermercados Metro S.A.	Peru	Loan	Chilean peso	fixed 4,30%	10,000	—	02/26/13	03/10/16
Cencosud Perú S.A.	O-E	Peru	E.Wong S.A.	Peru	Loan	Chilean peso	fixed 3,85%	—	10,000	—	—
Cencosud Perú S.A.	O-E	Peru	Hipermercados Metro S.A.	Peru	Loan	Chilean peso	fixed 5,00%	—	—	03/28/12	03/27/17
Cencosud Perú S.A.	O-E	Peru	Tres Palmeras S.A.	Peru	Loan	Chilean peso	fixed 5,00%	—	14,000	10/30/12	12/24/13
Unicenter S.A.	O-E	Argentina	AgroJumbo S.A.	Argentina	Loan	Chilean peso	fixed 13,50%	1,507	—	09/12/13	03/11/14

9.4 *Board of Directors and key management of the Company*

The Board of Directors as of December 31, 2013 is comprised of the following people:

Board of directors	Role	Profession
Horst Paulmann Kemna	Chairman	Businessman
Heike Paulmann Koepfer	Director	Commercial Engineer
Peter Paulmann Koepfer	Director	Commercial Engineer
Roberto Oscar Philipps	Director	National Public Accountant
Cristian Eyzaguirre Johnston	Director	Economist
Richard Bûchi Buc	Director	Civil Engineer
Erasmo Wong Lu	Director	Civil Engineer
David Gallagher Patrickson	Director	Economist
Julio Moura Neto	Director	Engineer

Key management of the Company as of December 31, 2013 is composed of the following people:

Senior management	Position	Profession
Daniel Rodríguez	Chief Executive Officer	Forest Engineer
Carlos Mechetti	General Counsel	Attorney at law
Bronislao Jandzio	Audit Managing Director	Business Administrator
Pablo Castillo	Supermarket Managing Director	Commercial Engineer
Carlos Wulf	Home Improvement Stores Managing Director	Naval Engineer
Renato Fernández	Corporate Affairs Manager	Journalist
Jaime Soler	Department Stores Managing Director	Commercial Engineer
Marcelo Reyes	Corporate Risk Managing Director	Commercial Engineer
Patricio Rivas	Financial Retail Managing Director	Commercial Engineer
Pietro Illuminati	Procurement Director	Industrial Engineer
Rodrigo Hetz	Human Resources Director	Industrial Engineer
Andres Artigas	Chief Information Officer	Industrial Engineer
Juan Manuel Parada	Chief Financial Officer	Business Administrator
Stepan Krause	Projects Managing Director	Commercial Engineer
Rodrigo Larrain	Shopping Centers Managing Director	Industrial Engineer

9.5 *Board of Directors compensation*

In accordance with Article 33 of Law N° 18,046 in regards to Corporations, the Ordinary Shareholders' Meeting held on April 26, 2013, set the following amounts for the 2013 period:

- Fees paid for attending Board sessions: payment of UF 300 (equivalents to ThCh$ 6,993) each month for those holding the position of Director of the Board and twice this amount for the President of the Board, if and only if they attend a minimum of 10 ordinary sessions each year.
- Fees paid for attending the Directors' Committee: payment to each Director of UF 100(equivalents to ThCh$ 1,530) for each session they attend.

The details of the amount paid to Directors for the years ended December 31, 2013, 2012 and 2011, are as follows:

Name	Role	For the year ended December 31,		
		2013	2012	2011
		ThCh$	ThCh$	ThCh$
Horst Paulmann Kemna	Chairman	147,291	104,146	87,730
Heike Paulmann Koepfer	Director	73,646	57,292	58,193
Peter Paulmann Koepfer	Director	73,646	52,072	43,854
Cristián Eyzaguirre Johnston	Director	79,771	69,453	57,483
Roberto Oscar Philipps	Director	98,225	69,453	50,739
Sven von Appen Behmann	Director	18,283	52,072	43,936
Erasmo Wong Lu Vega	Director	73,646	52,072	44,673
David Gallagher Patrickson	Director	98,225	69,453	43,973
Julio Moura	Director	73,646	52,072	—
Bruno Philippi Irarrázaval	Director(*)	—	—	21,774
Richard Bûchi Buc	Director	73,816	—	—
Total		810,195	578,085	452,355

(*) On December 30, 2011 and August 2012, the Company communicated a material event, reporting that Vice-Chairman and Director Manfred Paulmann Koepfer and Director Bruno Philippi Irarrázaval, respectively, submitted their resignation. On each occasion, the Company also informed that in accordance with article 32 of the Corporations Law No. 18,046, renewal of the entire Board of Directors must be voted on at the next ordinary general shareholders' meeting to be held by the Company.

9.6 Compensation paid to senior management

Key management compensation	For the year ended December 31,		
	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Salary and other short term employee benefits	6,255,270	5,715,000	4,533,000
Shares—based payments	983,730	445,717	412,530
Total	7,239,000	6,160,717	4,945,530

The Cencosud Group has established an incentive plan, which rewards management for the achievement of individual objectives in the achievement of the company's results. These incentives are structured as a minimum and a maximum of gross compensation and are paid once a year.

10 Inventory

The composition of this item as of December 31, 2013 and 2012 is as follows:

Inventory category	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Raw materials	5,948,240	5,591,904
Goods	1,121,705,748	989,445,147
Finished Goods	793,111	284,640
Provisions	(83,540,472)	(85,091,705)
Total	1,044,906,627	910,229,986

The composition of inventories by business line as of December 31, 2013 and 2012 is as follows:

Inventory category	As of December 31, 2013 Department stores	Supermarkets	Home improvement	Total
	ThCh$	ThCh$	ThCh$	ThCh$
Raw material	1,856,890	4,091,350	—	5,948,240
Goods	168,991,329	660,801,771	208,372,176	1,038,165,276
Finished Goods	—	793,111	—	793,111
Total	170,848,219	665,686,232	208,372,176	1,044,906,627

Inventory category	As of December 31, 2012 Department stores	Supermarkets	Home improvement	Total
	ThCh$	ThCh$	ThCh$	ThCh$
Raw material	2,498,464	3,093,440	—	5,591,904
Goods	122,116,048	586,803,418	195,433,976	904,353,442
Finished Goods	24,893	259,747	—	284,640
Total	124,639,405	590,156,605	195,433,976	910,229,986

The Company periodically assesses its inventories at their net realizable value, by separating the inventory for each line of business and verifying the age, inventory turnover, sales prices and seasonality. Any adjustments are carried against income of the period.

The goods included in inventory are valued between the purchase price or production cost, net of allowance for obsolescence and net realizable value.

The carrying amount of inventories carried at December 31, 2013 and December 31, 2012 to its net realizable value less selling costs, provides for:

Current Inventories:

Inventories at net realizable value	Inventories at net realizable as of December 31, 2013	2012
	ThCh$	ThCh$
Inventory	46,104,966	43,659,617
Total	46,104,966	43,659,617

Net realizable value movements	Balance as of December 31, 2012	2011
	ThCh$	ThCh$
Beginning Balance	43,659,617	30,835,953
Increase of Inventory to NRV (Net Realizable Value)	8,619,110	9,171,318
Decrease of Inventory to NRV (Net Realizable Value)	(6,173,761)	(7,797,237)
Acquisitions through Business combinations	.	11,449,583
Total	46,104,966	43,659,617

Other information relevant to inventory:

Additional information inventory	For the periods between 01/01/2013 12/31/2013 ThCh$	01/01/2012 12/31/2012 ThCh$	01/01/2011 12/31/2011 ThCh$
Cost of inventories recognized as expenses during the year	7,148,156,441	6,318,469,948	5,242,789,902

Provision movements:

Provisions	Balance as of December 31, 2013 ThCh$	2012 ThCh$
Beginning Balance	85,091,705	54,176,854
Amount of sales of inventory	10,004,613	5,866,261
Amount of reversals of inventory reductions	(11,555,846)	(1,588,938)
Acquisitions through Business combinations	—	26,637,528
Total	83,540,472	85,091,705

The circumstances or events that led to the reversal of any write-down of inventories at December 31, 2013 and 2012, relate mainly to liquidations and auctions to recover more value from the estimated net realizable value for inventories.

The Company has not given inventories as collaterals at the end of the year.

11 Investments in associates recorded following the equity method

11.1. Breakdown of investments in associates

The composition of the item as of December 31, 2013 and 2012, as well as other related information is as follows:

Investments in associates	Country Of origin	Functional currency	Ownership percentage	Voting power percentage	Balance as of December 31, 2012	Participation in profit or loss of equity method	Translation difference	Other increase (decrease)(*)	Balance as of December 31, 2013
			%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	Peru	Peruvian Nuevo Sol	42.50	42.50	717,843	142.475	497	—	860.815
Carnes Huinca S.A.	Argentina	Argentine Pesos	50.00	50.00	207,360	23.037	(38.318)	—	192.079
Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean Pesos	3.33	33.33	41,335,198	10.123.927	—	(2.569.865)	48.889.260
Total					42.260.401	10.289.439	(37.821)	(2.569.865)	49.942.154

The composition of the item as of December 31, 2012 and 2011, as well as other related information is as follows:

Investments in associates	Country Of origin	Functional currency	Ownership percentage	Voting power percentage	Balance as of December 31, 2011	Participation in profit or loss of equity method	Translation difference	Other increase (decrease)	Balance as of December 31, 2012
			%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	Peru	Peruvian Nuevo Sol	42.50	42.50	935,477	97,533	(315,167)	—	717,843
Carnes Huinca S.A.	Argentina	Argentine Pesos	50.00	50.00	(14,578)	801	(27,234)	248,371	207,360
Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean Pesos	33.33	33.33	37,897,834	5,544,077	—	(2,106,713)	41,335,198
Total					38,818,733	5,642,411	(342,401)	(1,858,342)	42,260,401

(*) Decreases represent dividends received from associates.

The composition of the item as of December 31, 2011 and 2010, as well as other related information is as follows:

Investments in associates	Country of origin	Functional currency	Ownership percentage	Voting power percentage	Balance as of December 31, 2010	Participation in profit or loss of equity method	Translation difference	Other increase (decrease)	Balance as of December 31, 2011
			%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	Peru	Peruvian Nuevo Sol	42.50	42.50	977,607	115,830	(157,960)	—	935,477
Carnes Huinca S.A.	Argentina	Argentine Pesos	50.00	50.00	57,548	(72,540)	414	—	(14,578)
Inmobiliaria Mall Viña del Mar S.A.	Chile	Chilean Pesos	33.33	33.33	33,301,709	5,735,270	—	(1,139,145)	37,897,834
Total					34,336,864	5,778,560	(157,546)	(1,139,145)	38,818,733

Set out above are the associates of the Group as at 31 December 2013, which, in the opinion of the directors, are material to the Group. The associates as listed above have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

There are no contingent liabilities relating to the group's interest in the associates

The associates listed above are private companies and there is no quoted market price available for their shares.

11.2 Relevant summarized information with regards to associates

The information below reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the group and the associates.

The information regarding investments in associates as of December 31, 2013 is as follows:

	At December 31, 2013							
Investments in associates	**Interest**	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Ordinary income**	**Ordinary expense**	**Net gain (loss)**
	%	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Loyalti del Perú S.A.C.	42.5	4,003,056	258,207	834,033	1,401,782	8,516,202	8,180,967	335,235
Carnes Huinca S.A.	50.00	335,846	190,382	142,070	—	2,016,399	1,970,325	46,074
Inmobiliaria Mall Viña del Mar S.A.	33.33	13,095,417	216,495,332	13,619,985	69,288,315	22,338,980	(8,035,837)	30,374,817
Total		17,434,319	216,943,921	14,596,088	70,690,097	32,871,581	2,115,455	30,756,126

The information regarding investments in associates as of December 31, 2012 is as follows:

	At December 31, 2012							
Investments in associates	**Interest**	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Ordinary income**	**Ordinary expense**	**Net gain (loss)**
	%	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Loyalti del Perú S.A.C.	42.5	4,183,697	204,230	829,610	1,869,275	6,203,947	5,974,455	229,492
Carnes Huinca S.A.	50.00	254,780	263,165	103,225		1,882,828	1,881,226	1,602
Inmobiliaria Mall Viña del Mar S.A.	33.33	5,681,797	190,702,140	11,181,517	61,184,425	21,313,956	4,680,062	16,633,894
Total		10,120,274	191,169,535	12,114,352	63,053,700	29,400,731	12,535,743	16,864,988

The information regarding investments in associates as of December 31, 2011 is as follows:

Investments in associates	Interest	At December 31, 2011 Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Ordinary expense	Net gain (loss)
	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Loyalti del Perú S.A.C.	42.50	4,620,075	192,299	681,724	1,929,528	5,559,731	5,276,719	283,012
Carnes Huinca S.A.	50.00	268,177	347,064	171,908	472,489	1,136,462	1,281,542	(145,080)
Inmobiliaria Mall Viña del Mar S.A.	33.33	5,355,450	168,055,721	14,647,110	45,059,189	18,916,588	1,709,056	17,207,532
Total		10,243,702	168,595,084	15,500,742	47,461,206	25,612,781	8,267,317	17,345,464

12 Intangible assets other than goodwill

Intangible assets are mainly composed of software and brands acquired in business combinations. The detail as of December 31, 2013 and 2012 is as follows:

Intangibles assets other than goodwill net	As of December 31, 2013	2012
	ThCh$	ThCh$
Finite life intangible assets, net	101,181,642	82,664,968
Indefinite life intangible assets, net	470,439,865	472,618,978
Intangible assets, net	571,621,507	555,283,946
Patents, Trade Marks and Other Rights, Net	470,439,865	472,618,978
Software (IT)	61,048,198	38,122,191
Other Identifiable Intangible Assets, net	40,133,444	44,542,777
Identifiable Intangible Assets, Net	571,621,507	555,283,946

Intangibles assets other than goodwill gross	As of December 31, 2013	2012
	ThCh$	ThCh$
Finite life intangible assets, Gross	175,222,015	141,318,057
Indefinite life intangible assets, Gross	470,439,865	472,618,978
Intangible Assets, Gross	645,661,880	613,937,035
Patents, Trade Marks and Other Rights, Gross	470,439,865	472,618,978
Software (IT)	118,664,961	84,185,576
Other Identifiable Intangible Assets, Gross	56,557,054	57,132,481
Identifiable Intangible Assets, Gross	645,661,880	613,937,035

Accumulated amortization and value impairment	As of December 31, 2012 ThCh$	2011 ThCh$
Finite life intangible assets	(74,040,373)	(58,653,089)
Indefinite life intangible assets	—	—
Intangible Assets, Gross	(74,040,373)	(58,653,089)
Software (IT)	(57,616,763)	(46,063,385)
Other Identifiable Intangible Assets	(16,423,610)	(12,589,704)
Accumulated amortization and value impairment	(74,040,373)	(58,653,089)

Other identifiable intangible assets mainly correspond to customer's data base.

The Group performs an annual recoverability analysis, according to the criteria described in note 2.11 under "Impairment loss of non financial assets" and IAS 36 "impairment of assets.".

The detail of the useful lives applied to intangible assets as of December 31, 2013 and 2012 is as follows:

Estimated useful lives or amortization rates used	Minimum life	Maximum life
Patents, Trade Marks and Other Rights	Indefinite	Indefinite
Software (IT)	1	7
Other identifiable Intangible Assets	1	5

The movement of intangible assets as of and for the year ended December 31, 2013 is the following:

Intangible movements	Patents, trademarks and other rights ThCh$	Applications (IT) ThCh$	Other identifiable intangible assets ThCh$	Intangible assets, net ThCh$
Initial balance as of January 1, 2013	472,618,978	38,122,191	44,542,777	555,283,946
Additions	—	35,929,237	666,005	36,595,242
Acquisitions through business combination	—	—	—	—
Amortization	—	(11,553,378)	(3,833,906)	(15,387,284)
Increase (decrease) in foreign exchange	(2,179,113)	(1,449,852)	(1,241,432)	(4,870,397)
Balance at December 31, 2013	470,439,865	61,048,198	40,133,444	571,621,507

The movement of intangible assets as of and for the year ended December 31, 2012 is the following:

Intangible movements	Patents, trademarks and other rights	Applications (IT)	Other identifiable intangible assets	Intangible assets, net
	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance as of January 1, 2012	465,607,881	24,008,338	37,071,574	526,687,793
Additions	—	18,241,706	326,711	18,568,417
Acquisitions through business combination	15,849,182	8,634,196	10,771,981	35,255,359
Amortization	—	(6,169,921)	(3,810,457)	(9,980,378)
Increase (decrease) in foreign exchange	(8,838,085)	(2,374,887)	(4,034,273)	(15,247,245)
Balance at December 31, 2012	472,618,978	42,339,432	40,325,536	555,283,946

The details of the amounts of identifiable intangible assets that are individually significant as of December 31, 2013 and 2012 is as follows:

Individually significant identifiable Intangible assets	Book Value 2013	Book Value 2012	Remaining amortization period	Country of origin	Segment
	ThCh$	ThCh$			
Paris Brand	326,363,010	326,363,010	Indefinite	Chile	Department stores / Fin. Services
Johnson's Brand	15,501,628	15,501,628	Indefinite	Chile	Department stores
Pierre Cardin License	171,584	171,584	Defined	Chile	Department stores
Wong Brand	30,224,513	30,351,417	Indefinite	Peru	Supermarkets
Metro Brand	65,944,390	66,221,274	Indefinite	Peru	Supermarkets
Bretas Brand	18,671,783	19,700,488	Indefinite	Brazil	Supermarkets
Perini Brand	836,053	882,115	Indefinite	Brazil	Supermarkets
Prezunic Brand	12,726,904	13,427,462	Indefinite	Brazil	Supermarkets
Total	470,439,865	472,618,978			

The factors for considering the brands with indefinite useful lives over time are the following:

- Verifiable history and expected use of the asset by the Company: This is the most important factor to consider in the definition of the useful life of the brand. The brands mentioned have a history of more than 80 years of successful existence in the market. The use that has been and is being given to these brands shows an intention to keep them and consolidate them further in the long term.
- Legal, regulatory or contractual limits to the useful life of the intangible asset: There are no legal, regulatory or contractual limits linked to the brands. The brands are duly protected and the pertinent registrations remain current.
- Effects of obsolescence, demand, competition and other economic factors: The brands have a rating linked to strong national brands according to their history. This implies a low risk of obsolescence.
- Maintenance of the necessary investment levels to produce the projected future cash flows: historic and projected cash flows for the brands are duly sustained with investments in marketing, publicity, technology, renovations and improvements to the retail infrastructure. They are efficient as a result of synergies and scale of operations, but are compatible and realistic for the industry. An increase in the other general administration expenses and necessary sales is also contemplated to sustain the projected increase in sales.
- Relationship of the useful life of an asset or group of assets with the useful life of an intangible asset: The brands do not depend on the useful life of any asset or group of assets as they existed independently for a substantial time prior to the acquisitions, and they are not related to sectors subject to technological obsolescence or other causes.

The charge to income for amortization of intangibles for the years ended December 31, 2013, 2012 and 2011, are detailed below:

Item line in statement of income which includes amortization of identifiable Intangible assets	As of December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Administrative expenses (see note 25.1)	15,387,284	9,980,378	11,349,627
Total	15,387,284	9,980,378	11,349,627

As of December 31, 2013 and 2012, there are no relevant intangible assets encumbered. There are also no restrictions on ownership of them.

As of December 31, 2013 and 2012, there are no commitments to acquire intangible assets.

No significant intangible assets that have been fully depreciated are in use as of December 31, 2013.

13 Goodwill

The detail of goodwill as of December 31, 2013 and 2012 is as follows:

ID (Unique tax number)	Company	Country	December 31, 2011	Increase (decrease) adjustments for business combinations	Increase (decrease) foreign exchange	December 31, 2012	Increase (decrease) adjustments for business combinations	Increase (decrease) foreign exchange	December 31, 2013
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
—	Constructora Reineta S.A.	Argentina	255,783		(48,810)	206,973		(36,458)	170,515
—	Blaisten S.A.	Argentina	5,358,698		(1,022,534)	4,336,164		(689,817)	3,646,347
—	E Wong S.A.	Peru	2,871,490		(76,070)	2,795,420		(9,806)	2,785,614
—	Metro Inmobiliaria S.A.	Peru	1,572,955		(41,670)	1,531,285		(5,371)	1,525,914
—	Mercantil Pizarro	Peru	3,070,295		(81,336)	2,988,959		(10,485)	2,978,474
—	Supermercados El Centro	Peru	3,939,136		(104,354)	3,834,782		(13,452)	3,821,330
—	Inmobiliaria Los Alamos S.A.C.	Peru	226,239		(5,993)	220,246		(773)	219,473
—	GSW S.A.	Peru	244,176,508		(6,468,587)	237,707,921		(833,841)	236,874,080
—	Gbarbosa Holding LLC	Brazil	186,076,300		(29,032,219)	157,044,081		(8,206,003)	148,838,078
—	Mercantil Rodríguez Comercial Ltda.	Brazil	9,372,242		(1,456,886)	7,915,356		(413,318)	7,502,038
—	Super Família Comercial de Alimentos Ltda.	Brazil	12,160,417		(1,890,300)	10,270,117		(536,276)	9,733,841
—	Perini Comercial de Alimentos Ltda.	Brazil	7,050,928		(1,096,045)	5,954,883		(310,947)	5,643,936
—	Irmaos Bretas Filhos e Cia. Ltda.	Brazil	290,799,233		(45,113,287)	245,685,946		(12,829,035)	232,856,911
—	Prezunic Comercial Ltda.	Brazil	—	187,995,546	(28,534,883)	159,460,663		(8,326,656)	151,134,007
—	Grandes Superficies de Colombia S.A.	Colombia	—	618,156,017	23,775,231	641,931,248			641,931,248
76.193.360-4	Umbrale S.A.	Chile	1,442,588			1,442,588			1,442,588
76.203.080-2	Mega Supermercado Infante Ltda.	Chile	3,598,780			3,598,780			3,598,780
78.072.360-2	Distribución y Administraciones Ltda.	Chile	5,900,758			5,900,758			5,900,758
78.509.620-7	Preaservice Ltda.	Chile	809,682			809,682			809,682
79.829.500-4	Comercializadora Foster Ltda.	Chile	4,536,210			4,536,210			4,536,210
83.274.300-3	Empresas Almacenes Paris S.A.	Chile	120,650,073			120,650,073			120,650,073
83.336.200-3	Montrone Pla S.A.	Chile	33,253,496			33,253,496			33,253,496
83.681.900-4	Supermercado								

	Montecarlo S.A.	Chile	45,250,207			45,250,207			45,250,207
84.671.700-5	Santa Isabel S.A.	Chile	18,179,034			18,179,034			18,179,034
96.671.750-5	Easy S.A.	Chile	224,445			224,445			224,445
96.805.390-6	Proterra S.A.	Chile	1,003,013			1,003,013			1,003,013
78.183.534-3	Retail .S.A.	Chile	11,530,592			11,530,592			11,530,592
Total			1,013,309,102	806,151,563	(91,197,743)	1,728,262,922	—	(32,222,238)	1,696,040,684

13.1 Impairment test on Cash Generating Units including Goodwill.

Goodwill is allocated to each store or group of stores, as appropriate, in each country and operating segment (cash generating units). The following table details goodwill by operating segment and country as of December 31, 2013 and 2012:

Goodwill per operating segment and country	As of December 31, 2013 ThCh$	2012 ThCh$
Real Estate & Shopping—Argentina	170,515	206,973
Supermarkets—Chile	106,991,957	106,991,957
Supermarkets—Brazil	555,708,811	586,331,046
Supermarkets—Peru	248,204,885	249,078,613
Supermarkets—Colombia	641,931,248	641,931,248
Home Improvement—Argentina	3,646,347	4,336,164
Home Improvement—Chile	1,227,458	1,227,458
Department stores—Chile	62,149,917	62,149,917
Financial services—Chile	76,009,546	76,009,546
Total	1,696,040,684	1,728,262,922

The basis of the amount recoverable from the cash generating units is the value in use, which determined by the net present value of the cash flows that the cash generating units will produce, discounted based on a rate of average cost of market capital in line with the business of each country.

13.2 Key assumptions

a) Discount rate

Cash generating units	Discount rate 2013	2012
Supermarkets—Chile	**9.16**	**7.6**
Financial Services — Chile	**8.83**	**7.6**
Supermarkets—Brazil	**10.54**	**8.0**
Supermarkets—Peru	**10.69**	**8.2**
Supermarkets—Colombia	**9.33**	**7.8**
Department stores– Chile	**8.83**	**7.6**
Home Improvement—Argentina	**28.78**	**19.2**
Home Improvement—Chile	**9.19**	**7.60**
Real Estate & Shopping—Argentina	**28.78**	**19.2**

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital, with a debt leveraging of 23% taking into account the main competitors in the market in each country where the Company operates.

b) Other key assumptions

The financial projections to determine the net present value of future cash flows are modeled considering the principal variables that determine the historic flows of each CGU and the budgets approved by the Board. Conservative growth rates are used for this purpose, which fluctuate from 0% to 3% for the first five year of the projections and the terminal growth rates are between 0.5 % and 1%. The most sensitive variables used in these projections are the discount rates, operating costs, store occupation factors, terminal growth rates, and the market prices of the goods and services traded.

For the financial services segment, management did not factor in any assumption regarding a potential increase of free cash flows for the first five years, and used the free cash flows determined as of the date of the impairment test, adjusted based on historical data.

A differentiated discount rate is used to determine the value in use of each operating segment/country where the Company operates. For the impairment test performed in 2013, management carried out a reasonableness analysis on the key assumptions such as rate of discount and terminal growth rate, this analysis consisted of a sensibility analysis on these two assumptions. Management assessed a change of 5% and 10% on the discount rate and terminal growth rate respectively. Based on the results of the sensibility analysis performed, if the proposed changes occurred on the assessed key assumptions, there would not be an impairment loss in 2013.

The recoverable amount exceeded the CGU's carrying amounts of each CGU based on a sensibility analysis performed, management did not identify a reasonably possible change in the two assumptions tested that could cause the carrying value exceeds the recoverable amount.

Acquisition of Colombia Holdings Alpha BV, Colombia Holdings Thalie BV, Colombia Holdings Calliope BV, Colombia Holdings Uranie BV, and Colombia Holdings Coledim BV, each organized under the laws of the Kingdom of the "Netherlands", as well as the acquisition of 100% of the capital stock of Grandes Superficies de Colombia S.A. and Atacadao de Colombia S.A.S (Carrefour)

On November 30, 2012, Cencosud S.A. filed an official notice of an essential event, or "*Hecho Esencial*", with the Chilean Superintendency of Securities and Insurance, "*Superintendencia de Valores y Seguros*" ("SVS"), pursuant to article 9 and second paragraph of article 10 of Act number 18.045 of the Republic of Chile, and Section II of the General Rule No. 30 of the SVS, announcing that:

Pursuant to the stock purchase agreement executed between the Company and Carrefour Nederlans B.V., a company organized under the laws of the Kingdom of the Netherlands and an affiliate of Carrefour S.A., a company organized under the laws of France, the Company completed the acquisition of 100% of the capital stock of Colombia Holdings Alpha BV, Colombia Holdings Thalie BV, Colombia Holdings Calliope BV, Colombia Holdings Uranie BV, and Colombia Holdings Coledim BV, each organized under the laws of the Kingdom of the Netherlands, as well as the acquisition of 100% of the capital stock of Grandes Superficies de Colombia S.A. and Atacadao de Colombia S.A.S., each organized under the laws of Colombia (collectively, the "Acquired Companies"). The Acquired Companies operate supermarkets under the Carrefour brand name in Colombia.

The total purchase price operation was EUR 1,905,005,000 (ThCh$1,171,090,394). All the expenses related to this transaction have been recorded in the income statements of the Company. The expenses amounted to ThCH$3,359,720 (professional fees).

Net sales and profit of the chain in the last twelve months of 2012 totaled about US$ 2.1 billion and US$1.2 million, respectively. In one month to December 31, 2012, the acquired Company contributed revenue and profit of US$244 million and US$9.7 million, respectively.

The Company operates 72 hypermarkets, 16 convenience stores, four local cash & carry format, as well as gas stations. It also acquired the premises are located in nine of the ten largest cities in Colombia, becoming the second supermarket operator. In relation to the attributable synergies to this acquisition, Cencosud is a strong retail operator in the South America Pacific shore and the entry into the Colombian market creates synergy opportunities not only for its Colombian operations but also for its Chilean and Peruvian operations by increasing the scale of its purchases from Asia and by providing a better cost of goods to Colombia and to its operations in Chile and Peru. Furthermore, given that Cencosud is a multi-format retail operator, it believes is well suited to create value out of the real estate portfolio acquired by developing new formats into the existing properties. Cencosud can further develop the sites by opening home improvement stores next to existing supermarkets, or start department store or shopping center operations in the future, further developing its business footprint in Colombia and generating operational efficiencies in that market. Finally, the Group's core business is supermarket operations, which is also the case for the Company's Colombian Operations. Supermarkets are worth more than the value of their assets. Procedures, logistics, trained people, points of sales, etc., are all part of the added value of a supermarket operation. The goodwill recognized is basically attributable to the aforementioned facts and synergies expected to be achieved from integrating the acquired business into the Group's existing structure.

The Company concluded the process of determining the fair value measurement of assets and liabilities of the Sociedad Grandes Superficies de Colombia S.A. y Atacadao de Colombia S.A.S in 2013. All adjustments determined as part of the process have been accounted for as adjusting entries to the amounts recognized as of December 31, 2012.

The balance of the company at the date of purchase provided the following:

Assets	Measurement Period Adjustments	Final allocation of consideration transferred restated	Preliminary allocation as of December 01, 2012
		ThCh$	ThCh$
Current Assets			
Cash and cash equivalents	—	7,137,486	7,137,486
Other financial assets, current	463,921	3,124,415	2,660,494
Trade debtors and other accounts receivables	(2,963,220)	34,085,549	37,048,769
Intercompany receivables, current		74,099	74,099
Inventories	(15,919,318)	94,035,892	109,955,210
Current tax assets	—	8,016,441	8,016,441
Total current assets	(18,418,617)	146,473,882	164,892,499
Non-current assets			
Trade debtors and other accounts receivable, non-current	—	7,280	7,280
Intangible assets other than goodwill	10,373,018	17,669,695	7,296,677
Goodwill	(26,618,046)	—	26,618,046
Property, plant and equipment	224,997,165	715,416,527	490,419,362
Investment property	—	23,495,425	23,495,425
Deferred income tax assets	17,911,453	50,165,320	32,253,867
Total non-current assets	226,663,590	806,754,247	580,090,657
Total assets	208,244,973	953,228,129	744,983,156

Net Equity and liabilities	Measurement Period Adjustments	Final allocation of consideration transferred	Preliminary allocation as of December 01, 2012
		ThCh$	ThCh$
Current liabilities			
Other financial liabilities, current	—	80,314,269	80,314,269
Trade creditors and other Accounts payables	1,509,214	182,131,348	180,622,134
Intercompany Accounts payable, current	—	5,220,634	5,220,634
Other short-term provisions	10,162,303	12,965,888	2,803,585
Employee benefit provisions, current	—	2,788,075	2,788,075
Other non-financial liabilities, current	—	867,040	867,040
Total current liabilities	11,671,517	284,287,254	272,615,737
Non-current Liabilities			
Other financial liabilities, non-current	2,805,517	11,855,081	9,049,564
Non-current liabilities	—	14,538,258	14,538,258
Other Non-current provisions	9,374,893	9,374,893	—
Deferred income tax liabilities	71,980,675	79,525,006	7,544,331
Other long term provisions	—	713,260	713,260
Total non-current liabilities	84,161,085	116,006,498	31,845,413
Total liabilities	95,832,602	400,293,752	304,461,150

Net Equity and liabilities	Final allocation of consideration transferred restated	Preliminary allocation of consideration transferred
		ThCh$
Paid in Capital		323,596,000
Retained Earnings		78,632,494
Other Reserves		38,293,512
Equity attributable to equity instrument holders:		
Not controlling interest		440,522,006
Equity and liabilities		744,983,156
Net Assets	552,934,377	
Consideration Paid	1,171,090,394	
Goodwill	618,156,017	
Accumulated exchange difference	23,775,231	
Goodwill as of December 31, 2013	641,931,248	

As for the allocation of Goodwill, this was determined by taking into account the expected benefits from the related synergies arising from business model of the Company in Colombia, the allocation is as follows:

a) Supermarket – carries 84% of total goodwill

b) Financial services – carries 10% of total goodwill

c) Shopping centers – carries 6% of total goodwill

The goodwill recognized is expected to be deductible for tax purposes.

Fair value measurements

The valuation techniques used in determining the fair value of the significant assets and assumed liabilities were as follows:

Property Plan and Equipment: The Company used the "Replacement Cost new method" to determine the fair value of PPE. This method consists of identifying the replacement cost of new property with similar capacity, adjusted for depreciable factors such as functional or technological obsolescence, remaining useful life, and physical condition. For lands and buildings, the Company used the "Sales Comparison method." This method identifies prices of recent transactions between market participants (purchasers/sellers) for comparable properties.

Intangible assets: The Company identified and assessed for recognition the following intangibles assets:

- Customer relationship: The Company used the multi-period excess earnings method to estimate the fair value based on a residual cash flow notion.

- Customer lists (databases): The Company used a market approach to determine the fair value of this asset

The hierarchy for the fair value of the assets measured from the business combination, specifically intangible assets, has been assessed as level III.

The trade receivables comprise of gross contractual amounts of ThCh$34,399,870, of which ThCh$3,878,630 was expected to be uncollectible as of the date of acquisition.

Acquisition of Sociedad Retail S.A. (Johnson´s Group)

On December 20, 2011, Cencosud S.A., through the subsidiary in Chile Cencosud Tiendas S.A. acquired 85.58% of Johnson's Group.

Johnson's operates 39 department stores and 11 stores under the Sociedad Comercializadora de vestuario FES ltda. brand, with 118,578 square meters of selling space.

As of December 31, 2012, the Company determined the fair value measurement of acquired assets and assumed liabilities for Sociedad Retail S.A. (holding of Johnson's group). All the expenses related to this transaction have been recorded in the income statements of the Company, and amounted to ThCh$420,000.

Net sales and loss of Johnson´s Group for 2011 totaled ThCh$104,630,662 and ThCh$595,930 respectively. In one month from the date acquisition to December 31, 2011, the acquired Company contributed revenue and loss of ThCh$6,220,013 and ThCh$18,499, respectively.

Allocation of Consideration Transferred to Net Assets Acquired.

A preliminary allocation of the consideration transferred to the net assets of Johnson's Group was made as of the date of the acquisition. Subsequent to December 31, 2011 the Company adjusted the preliminary values assigned to certain assets and liabilities in order to reflect additional information obtained since the preliminary allocation was made that pertained to facts and circumstances that existed as of the acquisition date. These measurement period adjustments have been reflected in the opening statements of financial position, the statements of profit and loss and other comprehensive income and of changes in net equity for the year ended December 31, 2011. As of December 31, 2012 the company has concluded the fair value measurement of assets and assumed liabilities. The Company recorded a goodwill amounting to ThCh$ 11,530,592 that is presented in the line goodwill. Goodwill recognized is expected to be deducted for tax purposes. The goodwill is attributable mainly to the synergies expected to be achieved when integrating the company to the Group´s existing standard for retail business.

The Company acquisition price included ThCh$ 32,606,000 in cash and ThCh$ 7,036,000 recognized as deferred payment to ensure the right to purchase the remaining 14.42% for said amount. As a result of this operation risks and benefits are transferred as of the date of acquisition. In 2013, the option has been exercised and partially paid, see note 2.4.1 for further information, the liability for the purchase of the 14.42% interest amounts to ThCh$5,052,315 as of December 31,2013.

The trade receivables comprise of gross contractual amounts of ThCh$34,399,870 of which ThCh$13,434,193was expected to be uncollectible as of the date of acquisition.

Assets	Measurement Period Adjustments	Final allocation of consideration transferred restated ThCh$	Preliminary allocation as of December 20, 2011 ThCh$
Current Assets			
Cash and cash equivalents	(253,893)	14,577,181	14,831,074
Other financial assets, current	—	790,995	790,995
Trade debtors and other accounts receivables	(511,916)	20,965,677	21,477,593
Inventories	—	19,313,441	19,313,441
Current tax assets	—	610	610
Total current assets	(765,809)	55,647,904	56,413,713
Non-current Assets			
Trade debtors and other accounts receivable, non-current	—	7,672,388	7,672,388
Intangible assets other than goodwill	25,040,861	25,501,079	460,218
Property, plant and equipment	(31,760,389)	29,130,444	60,890,833
Deferred income tax assets	10,314,647	28,860,753	18,546,106
Total non-current assets	3,595,119	91,164,664	87,569,545
Total assets	2,829,310	146,812,568	143,983,258

Net Equity and liabilities	Measurement Period Adjustments	Final allocation of consideration transferred restated	Preliminary allocation as of December 20, 2011
		ThCh$	ThCh$
Current liabilities			
Other financial liabilities, current	487,252	6,662,264	6,175,012
Trade creditors and other Accounts payables	1,530,840	62,163,393	60,632,553
Intercompany Accounts payable, current	—	2,439,604	2,439,604
Other short-term provisions	2,259,097	3,221,577	962,480
Tax liabilities, current	—	22,680	22,680
Employee benefit provisions, current	—	1,008,751	1,008,751
Other non financial liabilities, current	—	41,007	41,007
Total current liabilities	4,277,189	75,559,276	71,282,087
Non-current Liabilities	(4,365,431)	12,256,790	16,622,221
Other financial liabilities, non-current	—	274,862	274,862
Non-current liabilities	—	—	—
Other long term provisions	21,431,929	25,301,420	3,869,491
Deferred income tax liabilities	5,008,172	5,308,812	300,640
Total non-current liabilities	22,074,670	43,141,884	21,067,214
Total liabilities	26,351,859	118,701,160	92,349,301

Net Equity and liabilities	Measurement Period Adjustments	Final allocation of consideration transferred	Preliminary allocation as of December 20, 2011
		ThCh$	ThCh$
Paid in Capital	—	—	82,335,911
Retained Earnings (Accumulated losses)	—	—	(33,470,026)
Other Reserves	—	—	2,768,072
Net equity attributable to equity instrument holders:			
Net of controlling entity	—	—	51,633,957
Net equity and liabilities	—	—	143,983,258
Net Assets		28,111,408	
Consideration transferred		39,642,000	
Goodwill as of December 31, 2012		11,530,592	

Prezunic Comercial Ltda

On January 2, 2012 the Company's subsidiary Cencosud Brasil Comercial Ltda. acquired 100% share ownership of the Prezunic Comercial Ltda. pursuant to an acquisition agreement between the Company and Andrea Dias de Cunha and Marcio Dias da Cunha.

The total consideration of the shares was R$875,000,000 (ThCh$242,690,000) which was adjusted based on the variances in debt and working capital of R$216,513,232 (ThCh$60,052,110), accordingly, the total acquisition consideration net of adjustments was R$658,486,768 (ThCh$182,637,890). All the expenses related to this transaction have been recorded in the income statements of the Company, and amounted to ThCh$83,000.

The above mentioned price was paid in installments, including a down payment of R$390,723,722 (ThCh$108,371,132) at the time of execution of the contract with the remaining amount to be paid in four annual installments.

Net sales and profit of the acquired company in the last twelve months of 2012 totaled about R$2,016,648,795 and R$37,543,877 million respectively. Goodwill recognized of ChTh$159,460,663 is expected to be deducted for tax purposes. The goodwill is attributable mainly to the synergies expected to be achieved when integrating the company to the Group´s existing standard for retail business.

The acquired company operates 31 supermarkets stores, one distribution center and has more than 7,300 employees. As a result, the acquired company represents one of the market-leading supermarkets in the Rio de Janeiro state.

The trade receivables comprise of gross contractual amounts of ThCh$35,333,276 of which no provision for bad debt was required an adjustment due to un-collectability. The adjustments posted to the this account represent an indemnification asset related to a contingent liability that arose subsequent to the business combination, and have not been settled as of December 31, 2013. This receivable has not been adjusted for collectability.

As of December 31, 2012, the Company concluded the process of determining the fair value measurement of assets and liabilities.

Assets	Measurement Period Adjustments	Final allocation of consideration transferred restated	Preliminary allocation as of January 2, 2012
		ThCh$	ThCh$
Current Assets			
Cash and cash equivalents	—	6,220,882	6,220,882
Trade accounts receivables	18,681,711	54,014,987	35,333,276
Inventories	—	33,648,544	33,648,544
Current tax assets	—	999,408	999,408
Total current assets	18,681,711	94,883,821	76,202,110
Non-current Assets			
Intangible assets other than goodwill	15,849,182	15,849,946	764
Property, plant and equipment	7,146,279	47,635,536	40,489,257
Deferred income tax assets	1,404,178	2,076,866	672,688
Total non-current assets	24,399,639	65,562,348	41,162,709
Total assets	43,081,350	160,446,169	117,364,819

Net Equity and liabilities	Measurement Period Adjustments	Final allocation of consideration transferred restated	Preliminary allocation as of January 2, 2012
		ThCh$	ThCh$
Current liabilities			
Other financial liabilities, current	—	57,953,720	57,953,720
Trade creditors and other Accounts payables	2,876,017	69,353,032	66,477,015
Other short-term provisions	16,703,215	18,681,710	1,978,495
Intercompany Accounts payable, current	—	7,535,255	7,535,255
Other non-financial liabilities, current	—	4,217,781	4,217,781
Total current liabilities	19,579,232	157,741,498	138,162,266
Deferred income tax liabilities	8,287,096	8,287,096	—
Total non-current liabilities	8,287,096	8,287,096	—
Total liabilities	27,866,328	166,028,594	138,162,266

Net Equity and liabilities	Measurement Period Adjustments	Final allocation of consideration transferred restated	Preliminary allocation as of January 2, 2012
		ThCh$	ThCh$
Paid in Capital			25,192,609
Retained Earnings (Accumulated losses)			(45,990,056)
Net equity attributable to equity instrument holders:			
Net of controlling entity			(20,797,447)
Net equity and liabilities			117,364,819
Net Assets		(5,582,425)	
Consideration transferred		182,637,890	
Goodwill as of January 2, 2012		188,220,315	
Accumulated exchange difference		(28,759,652)	
Goodwill as of December 31, 2012		159,460,663	

Intangible assets other than Goodwill	ThCh$	Remaining useful life (years)
		ThCh$
Prezunic Brand	15,849,182	Indefinite
Exchange rate difference	(2,421,720)	Indefinite
Total intangible assets other than Goodwill	13,427,462	

14 Property, plant and equipment

14.1 The composition of this item as of December 31, 2013 and 2012 is as follows:

	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Construction in progress	196,653,736	277,245,095
Land	755,456,534	786,367,971
Buildings	1,159,045,283	1,121,151,675
Plant and equipment	270,153,069	275,363,368
Information technology equipment	35,962,383	32,063,673
Fixed installations and accessories	389,903,950	393,271,556
Motor vehicles	1,192,222	1,854,965
Leasehold improvements	230,830,919	195,341,364
Other property plant and equipment	62,685,772	51,868,443
Totals	3,101,883,868	3,134,528,110

Property, plant and equipment categories, gross	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Construction in progress	196,653,736	277,245,095
Land	755,456,534	786,367,971
Buildings	1,350,194,798	1,392,811,097
Plant and equipment	564,330,049	597,766,731
Information technology equipment	134,041,857	133,869,544
Fixed installations and accessories	679,969,395	702,447,955
Motor vehicles	5,493,456	6,853,839
Leasehold improvements	276,531,887	232,715,802
Other property plant and equipment	73,410,377	77,351,951
Totals	4,036,082,089	4,207,429,985

Accumulated depreciation and impairment of property, plant and equipment	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Buildings	(191,149,515)	(271,659,422)
Plant and equipment	(294,176,980)	(322,403,363)
Information technology equipment	(98,079,474)	(101,805,871)
Fixed installations and accessories	(290,065,445)	(309,176,399)
Motor vehicles	(4,301,234)	(4,998,874)
Leasehold improvements	(45,700,968)	(37,374,438)
Other property plant and equipment	(10,724,605)	(25,483,508)
Totals	(934,198,221)	(1,072,901,875)

14.2 The following table shows the technical useful lives for the assets.

Method used for the depreciation of property, plant and equipment (life)	Rate explanation	Minimum life	Maximum life
Buildings	Useful Life (years)	25	60
Plant and equipment	Useful Life (years)	7	20
Information technology equipment	Useful Life (years)	3	7
Fixed installations and accessories	Useful Life (years)	7	15
Motor vehicles	Useful Life (years)	1	5
Leasehold improvements (*)	Useful Life (years)	5	35
Other property plant and equipment	Useful Life (years)	3	15

(*) Leasehold improvement will be depreciated using the shorter useful life between of the length of the lease contract and the useful life per the table above.

14.3 Reconciliation of changes in property, plant and equipment

The following chart shows a detailed roll-forward of changes in property, plant and equipment; by class between January 1, 2013 and December 31, 2013:

Movement year 2013	Construction In progress	Land	Building, net	Plant and equipment net	Information technology equipment, net	Fixed installations and accessories, net	Motor vehicles, net	Lease improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance January 1, 2013	277,245,095	786,367,971	1,121,151,675	275,363,368	32,063,673	393,271,556	1,854,965	195,341,364	51,868,443	3,134,528,110
Charge										
Additions	87,527,955	15,341,731	29,421,393	23,910,995	8,908,011	30,801,595	26,999	41,061,452	7,585,256	244,585,387
Acquisitions through business combination (See note 13)	—	—	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	(1,827)	(201,455)	—	—	(203,282)
Transfer to (from) non—current assets and disposal groups held for sale	—	—	—	—	—	—	—	—	—	—
Transfers to (from) investment properties	(11,695,675)	37,592	(575,206)	—	—	655,702	—	—	(18,593)	(11,596,180)
Disposals through business divestiture	—	—	—	—	—	—	—	—	—	—
Removal	(6,532)	(33,944)	(614,499)	(864,775)	(108,519)	(642,688)	(242)	(346,263)	(720)	(2,618,182)
Depreciation expenses			(29,006,983)	(50,637,568)	(11,832,075)	(61,364,962)	(686,065)	(14,201,074)	(5,921,663)	(173,650,390)
Increase (decrease) in foreign exchange	(7,764,143)	(26,713,784)	(21,491,905)	(11,910,988)	566,083	(13,360,842)	(43,916)	(11,246,577)	2,804,477	(89,161,595)
Transfer from construction in progress	(148,652,964)	(19,543,032)	60,160,808	34,292,037	6,365,210	40,545,416	241,936	20,222,017	6,368,572	—
Total changes	(80,591,359)	(30,911,437)	37,893,608	(5,210,299)	3,898,710	(3,367,606)	(662,743)	35,489,555	10,817,329	(32,644,242)
Final balance as of December 31, 2013	196,653,736	755,456,534	1,159,045,283	270,153,069	35,962,383	389,903,950	1,192,222	230,830,919	62,685,772	3,101,883,868

The following chart shows a detailed roll-forward of changes in property, plant and equipment; by class between January 1, 2012 and December 31, 2012:

Movement year 2012	Construction In progress	Land	Building, net	Plant and equipment, net	Information Technology equipment, net	Fixed Installations And accessories, net	Engine vehicles, net	Lease improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Openning balance January 1, 2012	350,254,325	593,589,931	608,920,291	214,613,734	22,501,400	264,943,521	1,101,256	134,218,413	38,385,930	2,228,528,801
Charge										
Additions	199,439,068	29,558,199	16,356,250	51,499,623	9,289,164	53,502,893	292,850	44,026,508	15,425,831	419,390,386
Acquisitions through business combination (See note 13)	26,475,367	205,337,111	425,100,918	22,636,848	1,682,377	35,560,264	1,055,677	33,077,924	20,779,314	771,705,800
Disposals	—	(13,413,500)	—	—	—	—	(125,471)	—	—	(13,538,971)
Transfer to (from) non—current assets and disposal groups held for sale	—	—	—	—	—	—	—	—	—	—
Transfers to (from) investment properties	9,102,922	(9,116,117)	4,195,542	(119,851)	(74,635)	(107,278)	—	—	(6,375,415)	(2,494,832)
Disposals through business divestiture	—	—	—	—	—	—	—	—	—	—
Removal	(2,026,193)	(2,347,124)	(4,430,792)	(4,829,501)	(355,432)	(739,975)		(150,265)	(522,448)	(15,401,730)
Depreciation expenses			(22,060,242)	(37,751,367)	(7,339,250)	(53,029,585)	(352,937)	(9,750,470)	(1,186,169)	(131,470,020)
Increase (decrease) in foreign exchange	(4,810,026)	(32,237,454)	(27,380,220)	(16,245,504)	(2,191,010)	(14,729,318)	(116,439)	(18,835,643)	(5,645,710)	(122,191,324)
Transfer from construction in progress	(301,190,368)	14,996,925	120,449,928	45,559,386	8,551,059	107,871,034	29	12,754,897	(8,992,890)	—
Total changes	(73,009,230)	192,778,040	512,231,384	60,749,634	9,562,273	128,328,035	753,709	61,122,951	13,482,513	905,999,309
Final balance as of December 31, 2012	277,245,095	786,367,971	1,121,151,675	275,363,368	32,063,673	393,271,556	1,854,965	195,341,364	51,868,443	3,134,528,110

14.4 The Company has traditionally maintained the policy to carry out all the necessary work in response to the opportunities and changes experienced in domestic and regional markets where the Company operates, to capture the best opportunities and results for each of its business units.

The main property, plants and equipment were revalued in its initial measurement at December 31, 2008. The valuations were performed based on the market value or depreciated technical appraisal value accordingly. The remaining fixed assets were valued using the cost method.

The cost includes disbursements directly attributable to the acquisition or construction of an asset, as well as interests from related financing in the case of qualifying assets.

From January 1, 2009, all property, plants and equipment are valued at acquisition cost. Refer to note 2.7.

14.5 Costs arising from interest expense:

The company incorporates costs for general and specific interest directly attributable to the acquisition, construction or production of an asset which necessarily takes time to get ready for intended use.

Detail	As of December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Balance of costs of capitalized interest in Property, Plant and Equipment	295,405	14,158,806	21,589,141
Capitalization rate of capitalized interests in Property, Plant and Equipment	4.5%	4.5%	4.5%

14.6 Assets subject to finance lease

The financial lease operations are shown in note 30.

14.7 Assets granted

As of December 31, 2013 and 2012, properties, plant and equipment have been granted as security for the total amount of ThCh$ 3,186,327and ThCh$ 3,622,226, respectively, whose details are shown in Note 31.1 Guarantees Granted. Nevertheless, there are no restrictions on ownership of assets.

14.8 Commitments to acquire assets

As of December 31, 2013, there are commitments to acquire property, plant and equipment of ThCh$ 67,592,660. (As of December 31, 2012 there are commitments to acquire property, plant or equipment of ThCh$ 70,006,644.)

14.9 Assets out of service

As of December 31, 2013 and 2012, there are no essential elements or assets that are temporarily out of service. The property, plant and equipment mainly relate to stores and operating fixed assets to enable the performance of the retail business every day of the year, except when there are restrictions for public holidays established in each country.

14.10 Assets fully depreciated

In view of the nature of the retail business, the Company has no significant assets that are fully depreciated and that are in use as of December 31, 2013 and 2012. These assets relate mainly to minor equipment such as scales, furniture, computers, cameras, lighting and others. The retail business assets are depreciated based on the term of the lease agreement.

14.11 Impairment losses

Assets subject to amortization are tested for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be recovered. It recognizes an impairment loss when the carrying amount is greater than its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which identifiable cash flows exist separately. The Company has not recognized losses or reversals of impairment affecting profit and loss as of December 31, 2013 and December 31, 2012.

14.12 Property Plant and Equipment components:

The main items that compose each asset class are:

Plant and equipment: presented in this asset class are primarily properties used in the operation of retail business such as mixers, sausages portioning machines, system ready meals, frozen island, cold containers, and refrigerated display cases, forming bread ovens, blender, among others.

Equipment for information technology: correspond to items such as computers, printers, notebook, labeling, scanner, clock control, price inquiries and servers, among others.

Fixtures and fittings: presented in this asset class are expenditures to enable operations of stores, such, ceilings, floors, wall finishes, lighting the sky, smoke detectors, sprinklers, air ducts and heating, communications networks, escalators, elevators, hoists, electrical substation and central air conditioning among others.

Leasehold improvements: presented in this asset class are disbursements associated with enabling or leased store improvements such as remodeling of facades, finishes, floors, ceilings and walls among others. Other property, plant and equipment: mainly corresponds to fixed assets in transit and assets acquired under finance lease.

15 Investment properties

The investment properties are assets held to generate rental income and include lands, buildings, malls in Chile, Argentina, Peru and Colombia and other real estate projects in progress that are held either to obtain rental income or for a future goodwill. The factors considered in the valuation methodology of the investment properties are described in note 4.5 "Estimates, judgment or criteria applied by management".

15.1 The roll-forward of investment properties at December 31, 2013 and 2012 is the following:

Roll-forward of investment properties, net, fair value method	As of December 31, 2013 ThCh$	2012 ThCh$
Investment properties, net, initial value	1,471,343,789	1,310,143,075
Change in unrealized gains (losses) (*)	95,110,013	98,633,366
Additions, Investment Properties, Fair Value Method	37,900,602	95,302,864
Acquisition from a business combination	—	23,495,425
Transfer to (from) owner-occupied property, investment property, cost model	11,596,180	2,494,832
Retirement, investment properties, Fair Value Method	(4,749)	(3,502,154)
Increase (decrease) in foreign exchange rate, Investment Properties, Fair Value Method	(47,513,777)	(55,223,619)
Changes in Investment Properties, Fair Value Method, Total	97,088,269	161,200,714
Investment Properties, Fair Value Method, Final Balance	1,568,432,058	1,471,343,789

The value of land measure through a market approach amounts to ThCh$ 268,286,953 and ThCh$215,528,590 as of December 31, 2013 and 2012, respectively

(*) Unrealized gain (losses) has been included in the line item “other income by function” of the statement of comprehensive income and note 25.5

15.2 Income and expense from investment properties

Roll-forward of investment properties, net fair value method	As of December 31, 2013 ThCh$	2012 ThCh$	2011 ThCh$
Revenue from Investment Property Leases	205,331,757	166,280,480	129,727,271
Direct Expense of Operation of Investment Properties which generate lease revenue	60,413,606	54,075,826	41,503,630
Direct Expense of Operation of Investment Properties which do not generate lease revenue	—	—	89,903

15.3 As of December 31, 2013, investment properties are not encumbered.

15.4 As of December 31, 2013, there are commitments to acquire investment properties by ThCh$ 35,247,915. (ThCh$ 22,923,474 as of December 31,2012).

15.5 There are no restrictions on ownership of assets.

15.6 Investment Properties

The Costanera Center project corresponds to assets that have been classified as investment property. At December 31, 2013, these assets are valued using the fair value model. The methodology used in the valuation of these assets and significant assumptions used are described in note 4.5. At the end of the year the shopping mall is in operation and the offices and hotel are under construction.

16 Deferred income taxes and current tax

The source of the deferred income taxes recorded as of December 31, 2013 and 2012 is the following:

16.1 Deferred income tax assets

Deferred income tax assets	As of December 31, 2013 ThCh$	2012 ThCh$
Fixed assets	24,577,902	26,870,096
Accumulations or accruals	2,898,063	10,479,039
Inventory	19,071,557	21,587,277
Bad-debt reserve	26,738,963	25,227,789
Accruals and provisions	58,954,431	60,657,224
Vacation / annual leave	4,683,348	3,138,530
Tax carry forward losses	165,670,965	120,720,440
Total	302,595,229	268,680,395

The recovery of the deferred tax asset balances requires that the business achieves a sufficient level of taxable income in the future. The Company estimates that the estimated projected future income will cover the recovery of the assets.

16.2 Deferred income tax liabilities

Deferred income tax liabilities	**As of December 31,**	
	2013	**2012**
	ThCh$	**ThCh$**
Fixed assets	335,327,877	382,903,042
Intangibles	110,695,030	39,717,566
Accumulations or accruals	7,987,656	14,266,291
Foreign currency translation	17,472,121	10,070,773
Total	471,482,684	446,957,672

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred income tax assets	**As of December 31,**	
	2013	**2012**
	ThCh$	**ThCh$**
Deferred tax assets to be recovered after more than 12 months	284,963,431	264,094,024
Deferred tax assets to be recovered within 12 months	17,631,798	4,586,372
Deferred tax assets	302,595,229	268,680,396

Deferred income tax liabilities	**As of December 31,**	
	2013	**2012**
	ThCh$	**ThCh$**
Deferred tax liabilities to be recovered after more than 12 months	(463,844,751)	(440,948,509)
Deferred tax liabilities to be recovered within 12 months	(7,637,933)	(6,009,163)
Deferred tax liabilities	(471,482,684)	(446,957,672)
Deferred tax liability (net)	(168,887,455)	(178,277,276)

The gross movement on the deferred income tax account is as follows:

	As of December 31,	
	2013	**2012**
	ThCh$	**ThCh$**
As of January 1	(178,277,276)	(153,492,862)
Debit to the statement of income	(25,367,189)	(9,477,594)
Business combinations and exchange differences	35,454,381	(18,679,286)
Tax debited (credited) directly to equity	(697,371)	3,372,466
At December 31	(168,887,455)	(178,277,276)

16.3 The deferred income tax roll-forward is as follows:

Movements in deferred income tax asset	**As of December 31, 2013**	**2012**
	ThCh$	**ThCh$**
Deferred income tax assets Initial balance	268,680,396	164,466,812
Increase (decrease) in deferred income tax assets	46,775,285	104,686,491
Increase (decrease) for change in income tax rate	—	3,760,307
Increase (decrease) in foreign exchange rate	(12,860,452)	(4,233,214)
Deferred income tax assets, final balance	302,595,229	268,680,396

Movements in deferred income tax liability	**As of December 31, 2013**	**2012**
	ThCh$	**ThCh$**
Deferred income tax liabilities, Initial balance	(446,957,672)	(317,959,674)
Increase (decrease) in deferred income tax liabilities	(72,839,845)	(131,492,025)
Increase (decrease) in income tax rate	—	7,881,016
Increase (decrease) in foreign exchange rate	48,314,833	(5,386,989)
Deferred income tax liabilities, final balance	(471,482,684)	(446,957,672)

The changes in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities	**Fixed assets**	**Intangibles**	**Capitalized expenses**	**Other**	**Total**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
As of January 1, 2012	(287,409,424)	(23,222,924)	(4,405,237)	(2,922,089)	(317,959,674)
Charged (credit to the Statement of income	(46,059,628)	(65,928,632)	(9,861,054)	(7,148,684)	(128,997,998)
Charged directly to equity					
At December 31, 2012	(333,469,052)	(89,151,556)	(14,266,291)	(10,070,773)	(446,957,672)
Charged (credit) to the statement of income	(1,858,825)	(21,543,474)	6,278,635	(7,401,348)	(24,525,012)
At December 31, 2013	(335,327,877)	(110,695,030)	(7,987,656)	(17,472,121)	(471,482,684)

Deferred tax assets	**Tax losses carry forward**	**Bad debt provision**	**Provisions**	**Other**	**Total**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
As of January 1, 2012	73,999,575	18,570,658	41,080,093	30,816,486	164,466,812
Charged (credit) to the Statement of Income	46,720,865	6,657,131	19,577,131	27,885,991	100,841,118
Charged directly to equity	—	—	—	3,372,466	3,372,466
At December 31, 2012	120,720,440	25,227,789	60,657,224	62,074,943	268,680,396
Charged (credit) to the Statement of Income	44,950,525	1,511,174	(1,702,793)	(10,146,702)	34,612,204
Charged directly to equity	—	—	—	(697,371)	(697,371)
At December 31, 2013	165,670,965	26,738,963	58,954,431	51,230,870	302,595,229

16.4 Compensation of deferred income tax assets and liabilities

The deferred tax assets and liabilities are offset when there is a legal right to compensate the current tax assets against the current tax liabilities and when the deferred income tax assets and liabilities are related to the income tax levied on the same tax authority and the same entity.

The compensated amounts are detailed below:

Concept	Gross assets/ liabilities	Compensated values	Compensated values
Deferred income tax assets	268,680,396		268,680,396
Deferred income tax liabilities	(446,957,672)		(446,957,672)
Final balance at December 31, 2012	(178,277,276)	—	(178,277,276)
Deferred income tax assets	302,595,229	(1,677)	302,593,552
Deferred income tax liabilities	(471,482,684)	1,677	(471,481,007)
Final balance at December 31, 2013	(168,887,455)	—	(168,887,455)

16.5 Current income tax assets and current income tax liabilities

The composition of this item as of December 31, 2013 and 2012 is the following:

Current tax assets	12/31/2013 ThCh$	12/31/2012 ThCh$
Current tax assets, total	22,797,303	32,804,242
Compensated values	—	(1,534,357)
Current tax assets	22,797,303	31,269,885

Current income tax liabilities	12/31/2013 ThCh$	12/31/2012 ThCh$
Current income tax liabilities, total	63,131,459	48,332,831
Compensated values	—	(1,534,357)
Current income tax liabilities	63,131,459	46,798,474

Non-current tax assets	12/31/2013 ThCh$	12/31/2012 ThCh$
Minimum presume tax asset	10,763,386	1,453,326
Tax receivable long term	42,963,653	3,372,208
Non-current tax assets	53,727,039	4,825,534

17 Other financial liabilities, current and non-current

The composition of this item as of December 31, 2013 and 2012 is the following:

17.1 Types of interest bearing (accruing) loans

Loans	Balance as of 12/31/2013		Balance as of 12/31/2012	
	Current	Non-current	Current	Non-current
	ThCh$	ThCh$	ThCh$	ThCh$
Bank loans (1)	441,070,635	420,811,688	954,868,162	531,859,027
Bond debt (2)	74,815,992	1,676,045,068	25,513,254	1,663,382,237
Other loans—leases	4,808,673	27,779,079	5,453,350	28,596,747
Other financial liabilities (CCS)	—	—	7,624,595	—
Other financial liabilities (hedge activities)	314,911	44,025	2,245,262	9,574,581
Time deposits (3)	147,454,456	48,923,826	123,248,846	46,883,852
Term savings accounts	1,049,251	—	1,022,988	—
Letters of credit	—	9,511,591	—	10,209,850
Deposits and other demand deposits	3,414,407	—	2,586,949	—
Debt purchase Bretas (4)	46,273,935	—	—	41,189,467
Debt purchase Prezunic	2,400,861	32,938,814	20,236,478	30,718,200
Debt purchase Johnson (see 13)	5,052,315	—	7,216,210	—
Debt M. Rodriguez	—	1,980,934	—	—
Other Financial liabilities—other	12,450,378	—	29,115,522	—
Totals Loans	739,105,814	2,218,035,025	1,179,131,616	2,362,413,961

Financial liabilities at fair value through profit or loss	Balance as of 12/31/2013		Balance as of 12/31/2012	
	Current	Non-current	Current	Non-current
	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities (Non Hedging derivatives)	—	—	7,624,595	—
Other financial liabilities (Hedging derivatives)	314,911	44,025	2,245,262	9,574,581
Total Other Financial Liabilities	314,911	44,025	9,869,857	9,574,581
Total	739,420,725	2,218,079,050	1,189,001,473	2,371,988,542

(1) Bank loans correspond to loans taken out with banks and financial institutions.
(2) Bond debt corresponds to bonds placed in public securities markets or issued to the public in general.
(3) Time deposits are the main funding source of the subsidiary, Banco Paris in Chile. Deposits taken by Chilean clients of Banco Paris are mainly money market deposits, which are 2,120 persons, 35 institutions, and 9 companies. The average maturity of these deposits is 233 days (2012: 257 days) and an average interest rate of 0.54% (2012: 0.58%) as of December 31, 2013
(4) See Note 6.1.

Description of transaction and accounting recognition

The Santander Short-Term Loan matures on December 28, 2012, and has an annual interest rate equal to the Tasa Bancaria (the Banking Interest Rate, or "TAB"), established by the Asociación de Bancos e Instituciones Financieras (the Association of Banks and Financial Institutions, or "ABIF"), plus 0.4%. On August 2, 2012, the company repaid the total of this facility.

On March 13, 2012, the Company entered into a short-term facility for approximately U.S.$200 million (ThCh$ 96,942) with an affiliate of Banco Bilbao Vizcaya Argentaria, S.A., as lender, to finance its investing activities, including capital expenditures, and to refinance certain short-term liabilities, including repayment of overdraft lines ("BBVA Short-Term Loan"). The BBVA Short-Term Loan bears interest at an annual rate of the Tasa Cámara, an indexed interest rate established by ABIF, plus 1.86%, and has a maturity date of March 13, 2013. On July 27, 2012 the Company paid U.S.$200 million (ThCh$ 99,852) of this short term facility.

On April 27, 2012, the Company entered into a U.S.$750 million (ThCh$ 362,558) committed credit facility with J.P. Morgan Chase National Association, an affiliate of J.P. Morgan Securities LLC ("J.P. Morgan"), Morgan Stanley Bank, N.A., an affiliate of Morgan Stanley & Co. LLC ("Morgan Stanley"), The Bank of Tokyo—Mitsubishi UFJ, Ltd. and Mizuho Corporate Bank Ltd., as lenders, (the "J.P. Morgan Credit Facility") in order to finance the Company´s short-term funding requirements, including capital expenditures, interest expense and tax obligations. As of May 7, 2012, amounts drawn under the J.P. Morgan Credit Facility totaled U.S.$250 million (ThCh$ 120,860). The J.P. Morgan Credit Facility bears an interest rate of LIBOR, as adjusted for statutory reserve requirements for euro currency liabilities, plus a margin of 1.25% for the first six months, 1.50% for the following three months, and 1.75% thereafter. The J.P. Morgan Credit Facility matures on March 13, 2013. On August 2, 2012, the company repaid US$250 million (ThCh$ 121,150).

On December 27, 2012, the Company repaid US$ 150 million (ThCh$ 71,994,000) corresponding to the loan agreement signed between Cencosud S.A. and BBVA Bancomer S.A., as Managing Agent, on February 11, 2008.

On October 17, 2012, Cencosud S.A. and JPMorgan Chase Bank, National Association as administrative agent, JPMorgan securities LLC, acting as global coordinator and J.P. Morgan Securities LLC as Book runner and Lead Arranger entered into a Credit Agreement, under New York Law, of US$2,500 million (ThCh$1,199,900,000). On December 6, 2012, the Company repaid US$1,000 million. (See 17.2)

On December 6, 2012 the Company issued bonds pursuant to Rule 144A under the Securities Act of US$1,200 million (ThCh$575,952,000) (see 17.3.1).

17.2 *Bank loans—breakdown of currency and maturity dates*

At December 31, 2013

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate	Nominal rate	Current Expiration Up to 90 days	Current Expiration 90 days to 1 year	Total Current at 12/31/2013	Non-current Expiration 1 to 3 year	Non-current Expiration 3 to 5 years	Non-current Expiration 5 or more years	Total non-current at 12/31/2013
					%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Chile	97.004.000-5	BANCO DE CHILE S.A.	USD	Monthly	1.25%	1.25%	5,208,647	—	5,208,647	—	—	—	—
	97.004.000-5	BANCO DE CHILE S.A.	Ch$	At maturity	7.40%	7.03%	637,290	—	637,290	48,311,138	—	—	48,311,138
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	1.80%	1.80%	7,093	—	7,093	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	0.75%	0.75%	3,594,199	—	3,594,199	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch$	Monthly	0.40%	0.40%	31,341,511	—	31,341,511	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	0.71%	0.49%	297,431	—	297,431	—	—	—	—
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch$	At maturity	7.29%	6.85%	637,199	—	637,199	32,684,335	—	—	32,684,335
	97.006.000-6	BANCO DE CREDITO E INVERSIONES S.A.	Ch$	Annual	6.47%	6.09%	329,875	12,500,000	12,829,875	12,445,145	—	—	12,445,145
	76.645.030-K	BANCO ITAU CHILE S.A.	Ch$	At maturity	0.00%	6.31%	—	25,360,125	25,360,125	—	—	—	—
	76.645.030-K	BANCO ITAU CHILE S.A.	Ch$	At maturity	6.52%	6.03%	314,608	25,000,000	25,314,608	—	—	—	—
	97.080.000-K	BANCO BICE S.A	Ch$	At maturity	7.00%	6.63%	326,610	—	326,610	18,915,908	—	—	18,915,908
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch$	Semiannual	6.87%	6.45%	1,285,667	—	1,285,667	34,775,521	34,775,521	—	69,551,042
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch$	At maturity	0.00%	6.05%	883,598	8,704,924	9,588,522	25,970,631	—	—	25,970,631
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch$	Annual	0.65%	0.65%	1,314,274	—	1,314,274	—	—	—	—
		BANCO BILBAO											

97.032.000-8	VIZCAYA ARGENTARIA CHILE S.A.	Ch$	Monthly	0.40%	0.40%	5,171,090	—	5,171,090	—	—	—	—
97.030.000-6	BANCO DEL ESTADO DE CHILE S.A.	Ch$	Annual	5.99%	5.49%	26,193	39,754,050	39,780,243	39,513,970	—	—	39,513,970
97.030.000-6	BANCO DEL ESTADO DE CHILE S.A.	Ch$	Monthly	0.40%	0.40%	23,490,221	—	23,490,221	—	—	—	—
97.053.000-2	BANCO SECURITY S.A.	Ch$	Monthly	1.02%	0.81%	1,851,487	—	1,851,487	—	—	—	—
97.053.000-2	BANCO SECURITY S.A.	USD	Monthly	1.21%	1.21%	12,443	—	12,443	—	—	—	—

At December 31, 2013

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate	Nominal rate	Current Expiration Up to 90 days	Current Expiration 90 days to 1 year	Total Current at 12/31/2013	Non-current Expiration 1 to 3 year	Non-current Expiration 3 to 5 years	Non-current Expiration 5 or more years	Total non-current at 12/31/2013
					%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
	O-E	BANCO SCOTIABANK	USD	Semiannual	2.35%	2.06%	192,382	—	192,382	34,759,364	17,377,074	—	52,136,438
	O-E	BANCO RABOBANK CURACAO N.V.	USD	Annual	4.16%	3.86%	—	2,855,924	2,855,924	8,049,815	15,912,033	—	23,961,848
Argentina	O-E	BANCO FRANCES	ARS	Monthly	30.00%	30.00%	4,330,362	—	4,330,362	—	—	—	—
	O-E	BANCO GALICIA	ARS	Quarterly	15.01%	15.01%	—	537,420	537,420	543,308	—	—	543,308
	O-E	STANDARD BANK	ARS	Quarterly	15.01%	15.01%	—	537,420	537,420	543,308	—	—	543,308
	O-E	BANCO MACRO	ARS	Monthly	26.25%	26.25%	4,024,500	—	4,024,500	—	—	—	—
	O-E	BANCO FRANCES	ARS	Monthly	21.50%	21.50%	5,231,850	—	5,231,850	—	—	—	—
	O-E	BANCO GALICIA	ARS	Monthly	33.00%	33.00%	1,781,860	—	1,781,860	—	—	—	—
	O-E	BANCO GALICIA	ARS	Monthly	12.50%	12.50%	229,988	—	229,988	—	—	—	—
	O-E	BANCO IFC	USD	Monthly	1.95%	1.95%	—	4,091,006	4,091,006	8,009,547	—	—	8,009,547
	O-E	BANCO FRANCES	ARS	Monthly	33.00%	33.00%	458,793	—	458,793	—	—	—	—
	O-E	BANCO GALICIA	ARS	Monthly	30.00%	30.00%	1,297,713	—	1,297,713	—	—	—	—
	O-E	BANCO FRANCES	ARS	Monthly	30.00%	30.00%	13,742,811	—	13,742,811	715,467	—	—	715,467
	O-E	BANCO GALICIA	ARS	Quarterly	15.01%	15.01%	—	768,584	768,584	—	—	—	—
	O-E	BANCO FRANCES	ARS	Monthly	26.00%	26.00%	8,049,000	—	8,049,000	—	—	—	—
	O-E	BANCO MACRO	ARS	Monthly	18.50%	18.50%	4,024,500	—	4,024,500	—	—	—	—
Colombia	O-E	BANCO DAVIVIENDA	COP	Monthly	5.98%	5.98%	949,691	—	949,691	—	—	—	—
	O-E	BANCO DAVIVIENDA	COP	Monthly	5.88%	5.88%	948,221	—	948,221	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.89%	5.89%	—	958,934	958,934	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.56%	5.56%	—	273,343	273,343	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.56%	5.56%	—	819,969	819,969	—	—	—	—
	O-E	BANCO AVVILLAS	COP	Monthly	5.61%	5.61%	—	948,981	948,981	—	—	—	—
	O-E	BANCO DAVIVIENDA	COP	Monthly	6,69%	6,69%	—	949,415	949,415	—	—	—	—
	O-E	BANCO CITIBANK	COP	Monthly	6,64%	6,64%	—	948,968	948,968	—	—	—	—
	O-E	BANCO CITIBANK	COP	Monthly	6,64%	6,64%	—	947,728	947,728	—	—	—	—
	O-E	BANCO HELM BANK	COP	Monthly	6,69%	6,69%	—	947,749	947,749	—	—	—	—
		BANCO											

	O-E	HELM BANK	COP	Semiannual	6,69%	6,69%	1,461,558	—	1,461,558	—	—	—	—
	O-E	BANCO COLPATRIA	COP	At maturity	6,40%	6,22%	888,249	—	888,249	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5,58%	5,44%	—	15,828,105	15,828,105	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5,58%	5,44%	—	3,771,445	3,771,445	—	—	—	—

At December 31, 2013

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate	Nominal rate	Current Expiration Up to 90 days	Current Expiration 90 days to 1 year	Total Current at 12/31/2013	Non-current Expiration 1 to 3 year	Non-current Expiration 3 to 5 years	Non-current Expiration 5 or more years	Total non-current at 12/31/2013
					%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5.58%	5.44%	—	1,960,646	1,960,646	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	6.01	5.85	—	635,788	635,788	—	—	—	—
	O-E	BANCO CORPBANCA	COP	At maturity	5.54	5.40	—	28,587,503	28,587,503	—	—	—	—
	O-E	BANCO BBVA	COP	At maturity	5.69	5.55	—	18,560,403	18,560,403	—	—	—	—
	O-E	BANCO POPULAR	COP	At maturity	5.15	5.03	—	5,272,805	5,272,805	—	—	—	—
	O-E	BANCO DE BOGOTÁ	COP	At maturity	5.15	5.03	—	6,920,228	6,920,228	—	—	—	—
Brazil	O-E	BANCO BNDES	Real	Monthly	7.15	7.15	314,168	942,761	1,256,929	—	—	—	—
	O-E	BANCO BNDES	Real	Monthly	7.94	7.94	344,399	1,033,198	1,377,597	—	—	—	—
	O-E	BANCO BNDES	Real	Monthly	7.41	7.41	96,290	288,870	385,160	—	—	—	—
	O-E	BANCO BRADESCO	Real	At maturity	12.88	12.88	8,628	25,884	34,512	7,238,075	—	—	7,238,075
	O-E	BANCO HSBC	Real	At maturity	11.30	11.30	13,909,523	41,728,570	55,638,093	—	—	—	—
	O-E	BANCO TOKYO - MITSUBHISHI	Real	At maturity	11.45	11.45	4,812,436	14,437,307	19,249,743	—	—	—	—
	O-E	BANCO DO BRASIL	Real	At maturity	11.04	11.04	—	—	—	9,394,201	—	—	9,394,201
	O-E	BANCO DO NORDESTE	Real	Monthly	8.50	8.50	82,169	246,506	328,675	1,041,737	347,246	—	1,388,983
Peru	O-E	BANCO DE CREDITO	Soles	Quarterly	7.34	7.34	8,231	832,540	840,771	2,468,025	1,737,667	—	4,205,692
	O-E	BANK OF TOKIO	USD	Quarterly	2.85	2.85	3,251	—	3,251	14,579,758	3,666,917	—	18,246,675
	O-E	BANCO DE CREDITO	Soles	Quarterly	7.71	7.71	221,248	—	221,248	3,234,862	8,733,936	1,093,302	13,062,100
	O-E	BANCO CONTINENTAL	USD	Semiannual	5.15	5.15	1,938,199	1,582,976	3,521,175	9,464,597	8,394,101	—	17,858,698
	O-E	BANCO BILBAO VIZCAYA	USD	Quarterly	2.26	2.26	1,713,884	5,011,198	6,725,082	8,270,117	—	—	8,270,117
	O-E	BANCO SCOTIABANK	Soles	Semiannual	7.50	7.50	8,224	—	8,224	5,223,387	2,621,675	—	7,845,062
	O-E	BANCO SCOTIABANK	Soles	At maturity	4.90	4.90	96,637	6,877,883	6,974,520	—	—	—	—
	O-E	BANCO CONTINENTAL	Soles	At maturity	4.85	4.85	160,826	11,562,452	11,723,278	—	—	—	—
		TOTAL					148,059,027	293,011,608	441,070,635	326,152,216	93,566,170	1,093,302	420,811,688

At December 31, 2012

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate	Nominal rate	Current – Expiration – Up to 90 days	Current – Expiration – 90 days to 1 year	Total Current at 12/31/2012	Non-current – Expiration – 1 to 3 year	Non-current – Expiration – 3 to 5 years	Non-current – Expiration – 5 or more years	Total non-current at 12/31/2012
					%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Chile	97.004.000-5	BANCO DE CHILE S.A.	USD	Monthly	1.71	1.71	1,824,068		1,824,068				
	97.004.000-5	BANCO DE CHILE S.A.	Ch$	At maturity 1	7.40	7.03		767,149	767,149	48,317,173			48,317,173
	97.015.000-5	BANCO SANTANDER CHILE S.A.	Ch$	At maturity	7.13	6.70	630,312		630,312		32,630,509		32,630,509
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	1.80	1.80	7,093		7,093				
	97.015.000-5	BANCO SANTANDER CHILE S.A.	USD	Monthly	1.04	1.04	3,274,931		3,274,931				
	97.006.000-6	BANCO SANTANDER CHILE S.A.	USD	Monthly	1.06	1.06	16,280		16,280				
	76.645.030-K	BANCO DE CREDITO E INVERSIONES S.A.	Ch$	Annual	7.12	7.26	383,146		383,146	24,882,987			24,882,987
—	76.645.030-K	BANCO ITAU CHILE S.A.	Ch$	At maturity	7.09	7.02	419,250		419,250	24,843,291			24,843,291
	97.080.000-K	BANCO ITAU CHILE S.A.	Ch$	At maturity	7.57	7.02		419,250	419,250	25,000,000			25,000,000
	97.080.000-K	BANCO BICE S.A	UF	Semiannual	6.54	6.54		342,365	342,365	611,245	203,748		814,993
	97.032.000-8	BANCO BICE S.A	Ch$	At maturity	7.11	7.09	404,130		404,130		18,873,780		18,873,780
	97.032.000-8	BANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A.	Ch$	Monthly	7.19	6.75	1,509,375		1,509,375	6,943,341	62,490,072		69,433,413
	97.030.000-6	BBANCO BILBAO VIZCAYA ARGENTARIA CHILE S.A	Ch$	At maturity	6.87	6.44	940,557		940,557	34,545,798			34,545,798
	97.053.000-2	BANCO DEL ESTADO DE CHILE S.A.	Ch$	Annual	7.27	6.69	1,384,148		1,384,148	79,072,244			79,072,244
	97.053.000-2	BANCO SECURITY S.A.	USD	Monthly	1.02	1.02	3,220,209		3,220,209				
	97.053.000-2	BANCP SECURITY S.A	USD	Monthly	1.31	1.31	194,371		194,371				
	O-E	BANCO SECURITY S.A	USD	Monthly	1.31	1.31	495,902		495,902				
	O-E	BANCO RABOBANK CURACAO N.V.	USD	Annual	4.16	3.86	226,581		226,581	4,852,671	9,705,342	9,705,343	24,263,356
	O-E	BANCO SCOTIABANK	USD	Semiannual	2.35	2.06	191,868		191,868	15,865,479	31,721,439		47,586,918
	O-E	BANCO JPMORGAN	USD	At maturity	1.71	1.71	710,989,135		710,989,135				
Argentina	O-E	BBVA BANCO FRANCES	ARS	Monthly	16.50	16.50		5,698,171	5,698,171				
	O-E	BANCO GALICIA	ARS	Monthly	15.01	15.01		189,924	189,924	1,304,295			1,304,295
	O-E	OTROS BANCOS	$ Argentina	Monthly	15.01	15.01		189,924	189,924	1,304,295			1,304,295
	O-E	BANCO GALICIA	ARS	Monthly	10.25	10.25	141,795		141,795				
	O-E	BANCO FRANCES	ARS	Monthly	13.50	13.50	1,231,750		1,231,750				
	O-E	BANCO IFC	USD	Monthly	2.83	2.83	10,697,420	11,255,396	21,952,816	10,992,883			10,992,883
	O-E	BANCO FRANCES	ARS	Monthly	16.50	16.50		8,468,971	8,468,971	1,736,889			1,736,889
	O-E	BANCO GALICIA	ARS	Monthly	15.01	15.01		287,991	287,991				
	O-E	BANCO GALICIA	ARS	Monthly	10.25	10.25	3,998		3,998				
Colombia	O-E	BANCO HELM BANK	COP	Semiannual	.250	2.50		1,131,402	1,131,402				
	O-E	BANCO DE BOGOTA	COP	At maturity	6.70	6.50	15,521,553		15,521,553				
	O-E	BANCO DE BOGOTA	COP	At maturity	6.70	6.50	3,698,401		3,698,401				
	O-E	BANCO DE BOGOTA	COP	At maturity	6.70	6.50	1,922,673		1,922,673				
	O-E	BANCO CORPBANCA	COP	At maturity	7.23	7.00	27,991,450		27,991,450				
	O-E	BANCO BBVA	COP	At maturity	7.02	6.80	18,196,648		18,196,648				
	O-E	BANCO CITIBANK	COP	At maturity	6.86	6.65	5,147,358		5,147,358				
	O-E	BANCO POPULAR	COP	At maturity	6.47	6.29	6,755,813		6,755,813				
	O-E	BANCO DE BOGOTA	COP	At maturity	10.23	9.78	1,645,998		1,645,998				
	O-E	BANCO CORPBANCA	COP	At maturity	7.23	7.00	1,088,078		1,088,078				
Brazil	O-E	BRADESCO	Real	At maturity	7.27	7.27	6,303	18,908	25,211	4,582,110	3,054,740		7,636,850
	O-E	BRADESCO	Real	At maturity	7.01	7.01	11,830,902		11,830,902				
	O-E	HSBC	USD	Semiannual	10.43	8.80	881,724	2,645,172	3,526,896				
	O-E	HSBC	USD	Semiannual	7.80	7.80	17,791,228	35,582,456	53,373,684				
	O-E	HSBC	USD	Semiannual	7.87	7.87	3,443,994	6,887,988	10,331,982				
	O-E	BNDES	Real	Monthly	10.30	10.30	439,803	879,606	1,319,409				

	O-E	BNDES	Real	Monthly	7.80	7.80	1,275,650	3,826,949	5,102,599	662,289			662,289
	O-E	BNDES	Real	Monthly	7.30	7.30	267,584	802,753	1,070,337	274,249			274,249
	O-E	BNDES	Real	Monthly	1.89	1.89	501,617	1,504,850	2,006,467	171,764			171,764
	O-E	BANCO DO NORESTE	Real	Monthly	10.50	10.50	299,101	897,303	1,196,404	99,700			99,700
	O-E	BANCO DO BRASIL	Real	At maturity	11.51	11.51	2,454,742	7,364,227	9,818,969				
	O-E	BANCO DO NORESTE	Real	Monthly	10.00	10.00	88,133	264,397	352,530	768,017	512,010	512,010	1,792,037
Peru	O-E	BANCO DE CREDITO	Soles	Quarterly	7.34	7.34	1,030		1,030	3,297,974	1,743,784		5,041,758
	O-E	BANCO CONTINENTAL	Soles	Monthly	5.15	5.15	334,171	9,577	343,748	11,557,566	7,685,526		19,243,092
	O-E	BANCO BILBAO VIZCAYA	Soles	Quarterly	2.31	2.31	59,239	5,442,470	5,501,709	13,695,946			13,695,946

At December 31, 2012

Segment	ID	Creditor name	Currency	Amortization type	Effective interest rate %	Nominal rate %	Current: Expiration: Up to 90 days ThCh$	Current: Expiration: 90 days to 1 year ThCh$	Total Current at 12/31/2012 ThCh$	Non-current: Expiration: 1 to 3 year ThCh$	Non-current: Expiration: 3 to 5 years ThCh$	Non-current: Expiration: 5 or more years ThCh$	Total non-current at 12/31/2012 ThCh$
	O-E	BANCO OF TOKIO	Soles	Quarterly	2.91	2.91	5,891		5,891	13,323,971	3,357,547		16,681,518
	O-E	BANCO BCI	Soles	Quarterly	7.71	7.71	147,320		147,320		13,094,373		13,094,373
		BANCO SCOTIABANK	Soles	Monthly	7.50	7.50	8,240		8,240	5,231,723	2,630,904		7,862,627
	TOTAL						859,990,963	94,877,199	954,868,162	333,937,900	187,703,774	10,217,353	531,859,027

17.3 Bond debt

Long Terms Bonds—Short term portion

Inscription number or ID	Note	Series	Current nominal amount placed	Restatement unit of the bond	Interest rate %	Effective interest rate %	Maturity	Periodicity: Principal installment	Periodicity: Amortization type	Accounting value: 12/31/2013 ThCh$	Accounting value: 12/31/2012 ThCh$	Placement in Chile or abroad
268	17.6.1	BJUMB—B1	361,041	UF	65	6.90	9-1-2026	Semiannual	Semiannual	510,723	476,752	Domestic
268	17.6.1	BJUMB—B2	1,805,204	UF	6.5	6.90	9-1-2026	Semiannual	Semiannual	2,585,830	2,405,687	Domestic
443	17.6.2	BCENC—A	4,000,000	UF	4.3	4.75	3-15-2027	Semiannual	Semiannual	1,229,562	1,189,404	Domestic
530	17.6.3	BCENC—E	2,000,000	UF	3.5	4.14	5-7-2018	Semiannual	At maturity	275,137	268,209	Domestic
530	17.6.3	BCENC—F	4,500,000	UF	4.0	4.31	5-7-2028	Semiannual	At maturity	640,258	626,344	Domestic
551	17.6.5	BCENC—J	3,000,000	UF	5.7	5.70	10-15-2029	Semiannual	Semiannual	829,160	812,486	Domestic
551	17.6.5	BCENC—K	30,000,000	Ch $	7.0	7.15	3-1-2014	Semiannual	At maturity	30,685,910	697,496	Domestic
551	17.6.5	BCENC—L	1,000,000	UF	4.1	3.86	5-28-2015	Semiannual	Semiannual	11,715,387	5,789,499	Domestic
551	17.6.5	BCENC—N	4,500,000	UF	4.7	4.95	5-28-2030	Semiannual	Semiannual	452,575	442,919	Domestic
551	17.6.5	BCENC—O	54,000,000	Ch $	7.0	7.68	6-1-2031	Semiannual	At maturity	313,303	312,742	Domestic
N/A	17.6.4	ÚNICA—A	280,000,000	S	7.2	7.49	5-5-2018	Semiannual	At maturity	588,574	590,025	Foreign
N/A	17.6.4	ÚNICA—A	130,000,000	S	7.6	7.76	8-12-2017	Semiannual	At maturity	717,113	714,665	Foreign
N/A	17.6.14	ÚNICA—A	750,000,000	USD	5.5	5.80	1-20-2021	Semiannual	At maturity	9,948,508	9,195,693	Foreign
N/A	17.6.24	UNICA-A	1,200,000,000	USD	4.9	5.17	20-01-2023	Quarterly	Quarterly	14,323,952	1,631,837	Foreign
N/A		2E SERIE					12-14-					

17.6.20	2	6,745,363	S	6.5	6.50	2016	Quarterly	Quarterly	—	359,496	Foreign
	Total short—term portion								74,815,992	25,513,254	

On December 6, 2012, Cencosud S.A. (Chile) issued bonds in the international market of a total amount of 1,200 million US Dollars (ThCh$ 572,928,000) under rule "144A" (*Rule 144A*) and under Regulation S (*Regulation S*), both under the United States Securities Act. (*US Securities Act of 1933*). According to applicable law, the instruments above mentioned do not need to be filled in the local SVS (Superintendencia de Valores y Seguros de Chile) and neither should be registered in the Securities and Exchange Commission of United States of America. The annual interest rate of this bond is 4.9%, payable semi annually with a maturity date of the principal on January 20, 2023. The cash from this issuance was received on December 7, 2012.

17.3.1 Bond long term

Inscription number or ID	Series	Current nominal amount placed	Restatement unit of the bond	Interest rate	Effective interest rate	Maturity	Periodicity		Accounting value		Placement in Chile or abroad
							Principal installment	Amortization type	12/31/2013	12/31/2012	
				%	%				ThCh$	ThCh$	
268	BJUMB—B1	361,041	UF	6.5%	6.90%	01-09-2026	Semiannual	Semiannual	7,923,293	8,093,233	Domestic
268	BJUMB—B2	1,805,204	UF	6.5%	6.90%	01-09-2026	Semiannual	Semiannual	38,488,858	39,258,725	Domestic
443	BCENC—A	4,000,000	UF	4.3%	4.75%	15-03-2027	Semiannual	Semiannual	90,232,986	88,134,115	Domestic
443	BCENC—C	4,500,000	UF	4.1%	4.61%	01-07-2027	Semiannual	Semiannual	100,563,384	98,232,678	Domestic
443	BCENC—D	1,500,000	UF	4.0%	4.38%	01-07-2028	Semiannual	Semiannual	33,794,100	33,039,439	Domestic
530	BCENC—E	2,000,000	UF	3.5%	4.14%	07-05-2018	Semiannual	At maturity	45,437,538	44,293,492	Domestic
530	BCENC—F	4,500,000	UF	4.0%	4.31%	07-05-2028	Semiannual	At maturity	101,404,739	99,200,929	Domestic
551	BCENC—J	3,000,000	UF	5.7%	5.70%	15-10-2029	Semiannual	Semiannual	69,898,124	68,492,552	Domestic
551	BCENC—K	30,000,000	$	7.0%	7.15%	01-03-2014	Semiannual	At maturity	—	29,947,243	Domestic
551	BCENC—L	1,000,000	UF	4.1%	3.86%	28-05-2015	Semiannual	Semiannual	5,868,694	17,221,350	Domestic
551	BCENC—N	4,500,000	UF	4.7%	4.95%	28-05-2030	Semiannual	Semiannual	102,290,315	100,107,864	Domestic
551	BCENC—O	54,000,000	$	7.0%	7.68%	01-06-2031	Semiannual	At maturity	50,546,943	50,456,310	Domestic
N/A	ÚNICA—A	280,000,000	S	7.2%	7.49%	05-05-2018	Semiannual	At maturity	52,148,859	52,272,165	Foreign
N/A	ÚNICA—A	130,000,000	S	7.6%	7.76%	12-08-2017	Semiannual	At maturity	24,367,325	24,460,137	Foreign
N/A	ÚNICA—A	750,000,000	USD	5.5%	5.80%	20-01-2021	Semiannual	At maturity	390,512,983	360,591,850	Foreign
N/A	ÚNICA—A	1,200,000,000	USD	4.9%	5.17%	21/01/2023	Semiannual	At maturity	562,566,927	548,451,255	Foreign
N/A	2E SERIE 2	6,745,363	S	6.5%	6.50%	14-12-2016	Quarterly	Quarterly	—	1,128,900	Foreign
	Total Long—Term portion								1,676,045,068	1,663,382,237	

17.4 Other Financial Liabilities—Derivatives—Options

The detail as of December 31, 2013 and December 31, 2012 is as follows:

								Periodicity			Total Current and Non-Current		
ID	Institution Name	Asset Position (In Thousands)	currency	Assets Interest rate	Liability Position (In Thousands)	Currency	Liability Interest Rate	Due date	Interest payment	Principal Installment	December 31, 2013 (ThCh$)	December 31, 2012 (ThCh$)	Placement in Chile or abroad
97.015.000-5	Banco Santander	40,052	USD	0.96%	24,839,230	Ch$	4.80%	11/02/2013	Quarterly	Annual	—	5,626,390	Domestic
97.015.000-5	Banco Santander	60,079	USD	0.96%	29,735,209	Ch$	4.80%	11/02/2013	Quarterly	Annual	—	907,921	Domestic
97.032.000-8	Banco BBVA	50,066	USD	0.96%	25,113,462	Ch$	5.23%	10/01/2013	Quarterly	Annual	—	1,090,284	Domestic
97.004.000-5	Banco de Chile S.A.	50,000	USD	3.86%	26,212,757	Ch$	6.62%	04/10/2018	Semiannual	Semiannual	—	1,336,032	Domestic
97.008.000-7	Banco Scotiabank	50,000	USD	1.93%	26,198,208	Ch$	5.60%	20/10/2017	Semiannual	Semiannual	—	1,522,074	Domestic
O-E	Banco JP Morgan	50,000	USD	1.93%	26,424,662	Ch$	5.48%	20/10/2017	Semiannual	Semiannual	—	1,656,315	Domestic
97.015.000-5	Banco Santander	161,517	USD	4.88%	77,897,914	Ch$	7.95%	20/01/2023	Semiannual	At maturity	—	1,808,295	Domestic
O-E	Banco JP Morgan	50,474	USD	4.88%	24,175,740	Ch$	7.85%	20/01/2023	Semiannual	At maturity	—	169,119	Domestic
O-E	Banco JP Morgan	50,474	USD	4.88%	24,097,519	Ch$	7.86%	20/01/2023	Semiannual	At maturity	—	92,550	Domestic
O-E	Banco JP Morgan	50,474	USD	4.88%	24,148,528	Ch$	8.03%	20/01/2023	Semiannual	At maturity	—	463,339	Domestic
97.004.000-5	Banco de Chile S.A.	50,474	USD	4.88%	24,192,849	Ch$	8.05%	20/01/2023	Semiannual	At maturity	—	563,111	Domestic
O-E	Deutsche Bank	50,474	USD	4.88%	24,137,445	Ch$	7.95%	20/01/2023	Semiannual	At maturity	—	313,538	Domestic
O-E	Banco BBVA	894	USD	2.02%	1,462	USD	3.49%	15/08/2013	Semiannual	—	—	31,620	Foreign
O-E	Banco BBVA	1,014	USD	1.95%	1,676	USD	3.49%	15/08/2016	Semiannual	—	147,176	216,616	Foreign
O-E	Banco Santander	894	USD	2.02%	1,436	USD	3.41%	15/08/2013	Semiannual	—	—	23,691	Foreign
O-E	Banco Santander	1,014	USD	1.95%	1,646	USD	3.41%	15/08/2016	Semiannual	—	100,304	154,631	Foreign
O-E	Banco BBVA	29,362	USD	2.24%	86,389	Soles	6.30%	16/11/2015	Quarterly	Quarterly	111,456	2,978,133	Foreign
O-E	Citibank N.A.	37,810	USD	2.88%	103,706	Soles	5.16%	28/03/2017	Quarterly	Semiannual	—	490,779	Foreign
										TOTAL	358,936	19,444,438	

17.5 Other loans—leases

The detail of the leasing agreement as of December 31, 2013 and 2012 is as follows;

					Current Expiration			Non-Current Expiration			
	ID	Creditor Name	Currency	Amortization type	Up to 90 days ThCh$	Between 90 days and one year ThCh$	TOTAL Current as of December 31, 2013 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 or more years ThCh$	Total non-Current as of December 31, 2013 ThCh$
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A .	Ch$	Monthly	51,480	154,440	205,920	880,407	2,201,018	1,430,668	4,512,093
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A .	Ch$	Monthly	28,859	86,575	115,434	493,535	1,233,837	801,998	2,529,370
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A .	Ch$	Monthly	5,657	16,970	22,627	96,737	241,843	157,199	495,779
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A .	Ch$	Monthly	12,531	37,593	50,124	214,304	535,759	348,245	1,098,308
Cencosud Shopping Centers S.A.	94226000-8	CIA. DE SEG.DE VIDA CONS. NAC. DE SEG. S.A .	Ch$	Monthly	14,767	44,300	59,067	252,542	631,355	410,382	1,294,279
Cencosud Retail S.A.	81201000-K	INMOBILIARIA EDIFICIO PANORÁMICO LIMITADA	Ch$	Monthly	22,250	66,752	89,002	121,300	121,300	550,906	793,506
Cencosud Retail S.A.	81201000-K	CENTRO ESPAÑOL DE TEMUCO	UF	Monthly	11,801	35,402	47,203	62,199	62,199	217,698	342,096
Cencosud Retail S.A.	81201000-K	SOCIEDAD DE RENTA HISPANO CHILENA SA	UF	Monthly	12,500	37,500	50,000	68,642	68,642	134,424	271,708
Cencosud Retail S.A.	81201000-K	BANCO CHILE – LEASING	UF	Semiannual	208,034	624,109	832,143	1,103,798	—	—	1,103,798
Cencosud Retail S.A.	81201000-K	BANCO BICE – LEASING	UF	Semiannual	17,200	51,600	68,800	92,445	92,445	—	184,890
Cencosud Retail S.A.	81201000-K	INVERSIONES OLYMPUS LTDA.	UF	Monthly	—	—	—	—	—	340,320	340,320
Cencosud Retail S.A.	81201000-K	INMOBILIARIA RECOLETA LTDA.	UF	Monthly	—	—	—	—	—	532,623	532,623
Cencosud Retail S.A.	81201000-K	INVERSIONES PUNTA BLANCA LTDA.	UF	Monthly	—	—	—	—	—	358,734	358,734
Cencosud Retail S.A.	81201000-K	EMPRESAS PROULX CHILE II S.A.	UF	Monthly	—	—	—	—	—	565,956	565,956
Cencosud Retail S.A.	81201000-K	INERSA S.A.	UF	Monthly	—	—	—	—	—	466,191	466,191
Cencosud Retail S.A.	81201000-K	RVC RENTAS S.A.	UF	Monthly	—	—	—	—	—	350,809	350,809
Cencosud Retail S.A.	81201000-K	SEGUROS DE VIDA CRUZ DEL SUR S.A.	UF	Monthly	—	—	—	—	—	377,382	377,382
Cencosud Retail S.A.	81201000-K	INMOBILIARIA MALL VIÑA DEL MAR S.A.	UF	Monthly	—	—	—	—	—	329,364	329,364
Cencosud Retail S.A.	81201000-K	EMPRESAS PROULX CHILE II S.A.	UF	Monthly	—	—	—	—	—	511,645	511,645
Cencosud Retail S.A.	81201000-K	INMOBILIARIA TIERRA SANTA	UF	Monthly	—	—	—	—	—	254,773	254,773
Grandes Superficies de Colombia S.A.	830025638	BANCO DE BOGOTÁ	COL	Monthly	83,581	250,743	334,324	150,550	—	—	150,550
Grandes Superficies de	830025638	IBM	COL	Monthly	72,478	92,481	164,959	—	—	—	—

Colombia S.A.											
Grandes Superficies de Colombia S.A.	830025638	CENTRO COMERCIAL BULEVAR NIZA	COL	Monthly	15,835	48,935	64,770	174,772	196,708	1,680,814	2,052,294
Grandes Superficies de Colombia S.A.	830025638	FCP INVERLINK	COL	Monthly	28,028	86,612	114,640	309,338	348,163	2,311,121	2,968,622
Grandes Superficies de Colombia S.A.	830025638	COMERCIALIZADORA DE COLECCIONES S.A.	COL	Monthly	9,626	29,747	39,373	106,244	119,579	5,263,878	5,489,701
Grandes Superficies de Colombia S.A.	830025638	SOISAN S.A.	COL	Monthly	223	669	892	1,480	4,486	26,469	32,435
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	210,296	—	210,296	—	—	—	—
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	224,220	—	224,220	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	597	175,803	176,400	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	561	165,205	165,766	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	11	97,340	97,351	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	68,818	67,776	136,594	—	—	—	—
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	1,897	227,517	229,414	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	47,701	112,701	160,402	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	80,148	242,618	322,766	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	67,953	204,853	272,806	70,266	—	—	70,266
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	78,374	235,075	313,449	162,427	—	—	162,427
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	140,673	99,258	239,931	139,160	—	—	139,160
				Total	1,516,099	3,292,574	4,808,673	4,500,146	5,857,334	17,421,599	27,779,079

					Current Expiration			Non-Current Expiration			
	ID	Creditor Name	Currency	Amortization type	Up to 90 days ThCh$	Between 90 days and one year ThCh$	TOTAL Current as of December 31, 2012 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 or more years ThCh$	Total non-Current as of December 31, 2012 ThCh$
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	50,445	151,334	201,779	838,336	838,336	3,038,971	4,715,643
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	28,278	84,834	113,112	469,951	469,951	1,703,573	2,643,475
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	5,543	16,628	22,171	92,115	92,115	333,916	518,146
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	12,279	36,837	49,116	204,063	204,063	739,729	1,147,855
Cencosud Shopping Centers S.A	94226000-8	CIA. DE SEG. DE VIDA CONS. NAC. DE SEG. S.A.	Ch$	Monthly	14,470	43,410	57,880	240,474	240,474	871,719	1,352,667
Cencosud Retail S.A.	81201000-K	INMOBILIARIA EDIFICIO PANORAMICO LTDA.	UF	Monthly	536	1,609	2,145	—	—	—	—
Cencosud Retail S.A.	81201000-K	INMOBILIARIA EDIFICIO PANORAMICO LTDA.	Ch$	Monthly	7,360	22,080	29,440	66,135	77,140	626,654	769,929
Cencosud Retail S.A.	81201000-K	CENTRO ESPAÑOL DE TEMUCO	UF	Monthly	4,247	12,740	16,987	38,159	44,509	265,481	348,149
Cencosud Retail S.A.	81201000-K	SOCIEDAD DE RENTA HISPANO CHILENA S.A.	UF	Monthly	5,282	15,846	21,128	47,462	55,359	182,121	284,942
Cencosud Retail S.A.	81201000-K	BANCO CHILE-LEASING	UF	Semiannual	109,036	327,109	436,145	979,757	549,418	—	1,529,175
Cencosud Retail S.A.	81201000-K	BANCO BICE-LEASING	UF	Semiannual	8,466	25,398	33,864	76,073	88,732	49,758	214,563
Grandes Superficies de Colombia S.A.	830025638	BANCO DE BOGOTA	COL	Monthly	41,952	110,855	152,807	590,843	—	—	590,843
Grandes Superficies de Colombia S.A.	830025638	IBM	COL	Monthly	21,140	73,421	94,561	254,295	—	—	254,295
Grandes Superficies de Colombia S.A.	830025638	FIDUCIARIA BOGOTA S.A	COL	Monthly	8,813	28,136	36,949	218,243	208,491	1,906,363	2,333,097
Grandes Superficies de Colombia S.A.	830025638	ES DEL ESTADO E S A	COL	Monthly	9,746	26,514	36,260	347,781	350,155	2,496,112	3,194,048
Grandes Superficies de Colombia S.A.	830025638	FIDUCIARIA ALIANZA S.A.	COL	Monthly	6,436	25,341	31,777	152,275	120,111	5,588,117	5,860,503
Grandes Superficies de Colombia S.A.	830025638	ALIANZA FIDUCIARIA S.A.	COL	Monthly	195	584	779	1,557	4,671	27,594	33,822
Hipermercados Metro	20109072177	CONTINENTAL	Soles	Monthly	212,537	446,051	658,588	—	—	—	—

		LEASING									
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	274	75,444	75,718	—	—	—	—
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	177,635	111,980	289,615	207,974	—	—	207,974
E. Wong	20100106915	CONTINENTAL LEASING	Soles	Semiannual	6,995	431,238	438,233	222,602	—	—	222,602
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	1,937	357,021	358,958	176,422	—	—	176,422
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	2,033	393,911	395,944	165,787	—	—	165,787
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	—	189,236	189,236	97,682	—	—	97,682
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	68,614	65,267	133,881	134,566	—	—	134,566
Hipermercados Metro	20109072177	CONTINENTAL LEASING	Soles	Semiannual	3,675	218,802	222,477	228,318	—	—	228,318
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	46,221	137,971	184,192	160,421	—	—	160,421
E. Wong	20100106915	BIF LEASING	Soles	Monthly	76,192	160,540	236,732	—	—	—	—
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	77,266	229,907	307,173	322,331	—	—	322,331
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	65,589	194,121	259,710	342,671	—	—	342,671
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	61,424	180,046	241,470	475,306	—	—	475,306
Hipermercados Metro	20109072177	BIF LEASING	Soles	Monthly	30,464	94,059	124,523	271,515	—	—	271,515
				Total	1,165,080	4,288,270	5,453,350	7,423,114	3,343,525	17,830,108	28,596,747

17.6 Restrictions.

1. As established in the agreement to issue bonds of Cencosud S.A. dated July 5, 2011 and by virtue of which two series (Series A and Series B) were issued, of which only Series B (tranche B1 and B2) remains in effect, the Company, hereinafter the Issuer, has the following indebtedness limits or management restrictions, among others:

a) Comply with the laws, regulations and other legal provisions applicable to it;

b) Establish and maintain adequate accounting systems based on generally accepted accounting principles in Chile, as well as hire and maintain an independent external auditing firm of recognized local or international prestige to examine and analyze the Financial Statements and issue an opinion on the statements as of December 31 of each year. Likewise, in accordance with current standards and as long as they are in effect, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS for the life of the bond issuance. These risk rating agencies may be replaced to the extent that the Issuer complies with the obligation of maintaining two of them, continuously and without interruption, for the life of the bond issuance. Nevertheless, it is expressly agreed that: (i) in the event that by SVS provision the currently valid accounting standards were modified, replacing IFRS, and that change were to affect one or more of the restrictions contained in the Ninth clause and/or the definitions in the First clause related to the aforementioned Ninth clause of the Agreement, or (ii) if the valuation criteria established for the accounting entries in the current Financial Statements were modified by the competent entity authorized to issue accounting standards, the Issuer shall, within fifteen Working Days of the new provisions having been reflected for the first time in its Financial Statements, present these changes to the Bondholders' Representative. The Issuer, within twenty Working Days of the new provisions having been reflected for the first time in its Financial Statements, shall request that its external auditors proceed to adapt the obligations indicated in the Ninth clause and/or the definitions contained in the First clause that are related to the aforementioned Ninth clause of the Agreement based on the new accounting situation within twenty Working Days after the date of request. The Issuer and the Bondholders' Representative shall modify the Agreement in order to adjust it as determined by the auditors within ten Working Days of the auditors having issued their report, and the Issuer shall file with the SVS the request for this modification of the Agreement, together with the respective documentation. The aforementioned procedure shall be considered prior to the date on which the Financial Statements must be filed with the SVS by the Issuer, for the reporting period following that in which the new provisions have been reflected for the first time in its Financial Statements. For this, prior consent from the bondholders' association shall not be necessary. Notwithstanding, the Bondholders' Representative shall inform the Bondholders of the modifications to the Agreement by publishing a notice in the newspaper *La Nacion* (print or digital version) and in the event this publication is suspended or no longer exists, in the Official Gazette, which shall take place within twenty Working Days following the date the respective deed modifying the Agreement is granted. In the cases mentioned above, and until the Agreement has been modified in accordance with the aforementioned procedure, the Issuer shall not be considered to have breached the Agreement when as a result exclusively of these modifications, the Issuer fails to comply with one or more restrictions contained in the Ninth clause of the Agreement and/or the definitions contained in the First clause that are related to the aforementioned Ninth clause. Once the Agreement has been modified as stated above, the Issuer shall comply with the agreed-upon modifications to reflect its new accounting situation. Record is left that the procedure contained in this provision is intended to protect the changes produced exclusively by provisions on accounting matters and in no case those produced by variations in market conditions that affect the Issuer. All expenses resulting from the above shall be borne by the Issuer. Likewise, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS for the life of the bonds;

c) Send a copy of its quarterly and annual Financial Statements to the Bondholders' Representative within the same period of time in which it must be filed with the SVS;

d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;

e) Notify the Bondholders' Representative of all material events that are not considered reserved or any infraction of the Issuer's obligations under the agreement as soon as the event or infraction occurs or comes to its knowledge, within the same period of time in which it must notify the SVS. The document that fulfills this obligation must be signed by the Issuer's Chief Executive Officer or by his replacement and must be sent with a return receipt or by certified mail;

e) Maintain, during the life of this Agreement, its assets free of Restricted Encumbrances that are equivalent, at least, to one point two times the unpaid balance of the principal owed on the Bonds. This obligation shall be verified and measured as of the reporting dates of the Financial Statements. The Issuer shall send information to verify the ratio referred to in this clause to the Bondholders' Representative upon request. In the event that the Issuer fails to comply with this obligation, it may equally and within a maximum of sixty days from the date of violation, establish guarantees in favor of the Bondholders that are proportionally equal to those granted to third parties other than the Bondholders. For these purposes, assets and debt will be valued at book value. The following shall not be considered for these purposes: encumbrances established for any authority for taxes that are still not owed by the Issuer and are being duly challenged by it; those established in the ordinary course of business of the Issuer that are being duly challenged by it; preferences established by law such as, for example, those mentioned in article two thousand four hundred seventy-two of the Civil Code and articles one hundred five and one hundred six of the Securities Market Law; and all encumbrances to which the Issuer has not consented and that are being duly challenged by it;

f) Not sell or transfer essential assets that represent more than 30% of its total assets and that place in danger the continuity of its business, unless that sale, cession or transfer is to a subsidiary and to the extent that it jointly and severally undertakes to pay the Bonds;

g) Maintain an indebtedness ratio no greater than one point three;

h) Maintain minimum equity of eleven million, five hundred thousand UF at all times during the life of the bonds;

i) Not make investments in debt instruments issued by related persons or engage in transactions with related persons under conditions that are less favorable than market conditions for the Issuer;

j) Contract and maintain insurance that reasonably protects its operating assets;

k) Send information on any reduction in its interest in Subsidiaries that results in losing control and stems from a sale, exchange or merger of its interest in them to the Bondholders' Representative within 30 working days of the event having occurred; and

l) Record in its accounting books the provisions that arise from adverse contingencies that, in management's opinion, should be reflected in the Financial Statements of the Issuer in accordance with IFRS or the standards that replace them and those established by the SVS, as appropriate.

2. As established in the agreement to issue bonds of Cencosud S.A., dated October 5, 2005 and modified on November 10, 2005, and by virtue of which three series (Series A, Series C and Series D) were issued, the Company, hereinafter the Issuer, has the following obligations or management restrictions:

a) Comply with the laws, regulations and other legal provisions applicable to it, particularly to comply with the timely and correct payment of taxes, duties and charges that affect the Issuer itself or its real estate or chattel property, except those that it challenges in good faith and in accordance with pertinent judicial or administrative procedures, and as long as, in this case, it maintains adequate reserves to cover such contingency when necessary in conformity with IFRS or those standards that replace IFRS;

b) Establish and maintain adequate accounting systems based on IFRS or those standards that replace IFRS, as well as hire and maintain an independent external auditing firm of recognized local or international prestige to examine and analyze the Issuer's Financial Statements and issue an opinion on the statements as of December 31 of each year. Likewise, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS for the life of the Bonds;

c) Send a copy of all information that the Issuer must send the SVS to the Bondholders' Representative, as long as it is not considered reserved information, including a copy of its quarterly and annual individual and consolidated Financial Statements, within the period of time in which it should file such information with the SVS. The Issuer shall also inform the Bondholders' Representative of compliance with the obligations undertaken by virtue of the Agreement within the period of time in which it should file its Financial Statements with the SVS. To do so, the Issuer shall use the format included as Appendix One in this deed, which was notarized on the tenth day of November of the year two thousand five, under number eight thousand one hundred forty-three and for all legal purposes is understood to be an integral part of the Issuance Agreement. Likewise, the Issuer shall send the Bondholders' Representative copies of the risk rating reports on the issuance no later than five Working Days after receipt of these reports from its private risk rating agencies. Finally, the Issuer undertakes to send the Bondholders' Representative all information regarding any violation of its obligations undertaken by virtue of this Agreement, particularly the provisions of this Clause, and any other relevant information requested by the SVS regarding the Issuer, as soon as the event occurs or comes to its knowledge and within the period of time in which it should notify the SVS, as long as it should be reported to its creditors;

d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;

e) Send the Bondholders' Representative, along with the quarterly information, information on any reduction of its interest in the capital of its subsidiaries that are greater than 10% of the capital, as well as any reduction that means losing control of the company once the transaction has taken place. This shall apply to subsidiaries that represent more than 15% of the Issuer's Total Assets;

f) Not engage in, with related persons, transactions under conditions that are less favorable for the Issuer than prevailing market conditions, as set forth in article eighty-nine of the Corporations Law;

g) Maintain the following ratios based on the Quarterly Financial Statements filed as and when stipulated in SVS Ruling 1,879 of April 25, 2008 and Ruling 1,924 of April 24, 2009, and their modifications or the standard that replaces them: (i) An indebtedness level based on the Financial Statements of a ratio of Liabilities less cash and cash equivalents, less other current financial assets, over total equity no greater than one point five. Liabilities shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties; ii) Maintain Total Assets free of all pledges, mortgages or other encumbrances for an amount at least equal to one point two times the Issuer's unguaranteed Liabilities in conformity with the Financial Statements; and iii) Maintain minimum equity attributable to owners of parent company of twenty-two million UF. Nevertheless, it is expressly agreed that: /i/ in the event that by SVS provision the currently valid accounting standards were modified, replacing IFRS, and that change were to affect one or more of the restrictions contained in the Fifteenth clause and/or the definitions in the First clause related to the aforementioned Fifteenth clause of the Agreement, or /ii/ if the valuation criteria established for the accounting entries in the current Financial Statements were modified by the competent entity authorized to issue accounting standards, the Issuer shall, within fifteen Working Days of the new provisions being reflected for the first time in its Financial Statements, present these changes to the Bondholders' Representative. The Issuer, within twenty Working Days of the new provisions having been reflected for the first time in its Financial Statements, shall request that its external auditors proceed to adapt the obligations indicated in the Fifteenth clause and/or the definitions contained in the First clause that are related to the aforementioned Fifteenth clause of the Agreement based on the new accounting situation within twenty Working Days of the date of the request. The Issuer and the Bondholders' Representative shall modify the Agreement in order to adjust it as determined by the auditors within ten Working Days of the auditors having issued their report, and the Issuer shall file with the SVS the request for this modification of the Agreement, together with the respective documentation. The aforementioned procedure shall be considered prior to the date on which the Financial Statements must be filed with the SVS by the Issuer, for the reporting period following that in which the new provisions have been reflected for the first time in its Financial Statements. For this, prior consent from the bondholders' association shall not be necessary. Notwithstanding, the Bondholders' Representative shall inform the Bondholders of the modifications to the Agreement by publishing a notice in the newspaper Diario Financiero, and in the event this publication is suspended or no longer exists, in the Official Gazette, which shall take place within twenty Working Days following the date the respective deed modifying the Agreement is granted. In the cases mentioned above, and until the Agreement has been modified in accordance with the aforementioned procedure, the Issuer shall not be considered to have breached the Agreement when as a result exclusively of these modifications, the Issuer fails to comply with one or more restrictions contained in the Fifteenth clause of the Agreement and/or the definitions contained in the First clause that are related to the aforementioned Fifteenth clause of the Agreement. Once the Agreement has been modified as stated above, the Issuer shall comply with the agreed-upon modifications to reflect its new accounting situation. Record is left that the procedure contained in this provision is intended to protect the changes produced exclusively by provisions on accounting matters and in no case those produced by variations in market conditions that affect the Issuer. All expenses resulting from the above shall be borne by the Issuer. Likewise, the Issuer shall hire and maintain, continuously and without interruption, two risk rating agencies registered with the SVS as long as the Line remains valid;

h) Except by express statement of the Bondholders' Representative, authorized at an extraordinary meeting of the Bondholders, with votes that represent at least fifty-one percent of the Bonds in circulation, that releases the Issuer from the obligation indicated below, it shall maintain ownership of the brands (i) "Jumbo" and (ii) "París" directly or through its subsidiaries;

i) Record in its accounting books the provisions that arise from adverse contingencies that, in the Issuer's opinion, should be reflected in the Issuer's financial statements;

j) Maintain insurance that reasonably protects its operating assets, which are comprised of its main offices, buildings, inventory, furniture, office equipment and vehicles. The Issuer shall ensure that its subsidiaries meet that condition;

k) Not grant endorsements or guarantees, or establish itself as joint and several co-signer in favor of third parties, except subsidiaries of the Issuer;

l) Maintain in the Quarterly Financial Statements direct or indirect ownership of at least 51% in “Cencosud Supermercados S.A.” and “Cencosud Administradora de Tarjetas S.A.”;

m) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least two thirds of the Issuer’s ordinary revenue, based on the Quarterly Financial Statements; and

n) Inform the Bondholders’ Representative of the effective use of the funds stemming from the Bond placement corresponding to the Line.

3. As established in the agreement to issue bonds of Cencosud S.A., dated March 13, 2008, and by virtue of which two series (Series E and Series F) were issued, the Company, hereinafter the Issuer, has the following obligations and management restrictions, among others:

a) Comply with applicable laws, regulations and other legal provisions, particularly those related to the timely and correct payment of taxes, duties and charges;

b) Establish and maintain adequate accounting systems based on IFRS or those standards that replace IFRS; an independent external auditing firm of recognized prestige to issue an opinion on the financial statements as of December 31 of each year; two risk rating agencies registered with the SVS for the life of the Bonds;

c) Send to the Bondholders’ Representative (i) a copy of all information that the Issuer must send the SVS, as long as it is not considered reserved information, including a copy of its quarterly and annual Financial Statements, within the period of time in which it should file such information with the SVS; (ii) information on compliance with the obligations undertaken by virtue of the Agreement within the period of time in which it should file its Financial Statements with the SVS; (iii) copies of the risk rating reports on the issuance no later than five Working Days after receipt of these reports from its private risk rating agencies; (iv) all information regarding any violation of its obligations undertaken by virtue of the Issuance Agreement and any other relevant information requested by the SVS, as soon as the event occurs or comes to its knowledge;

d) Notify the Bondholders’ Representative of notices for ordinary and extraordinary shareholders’ meetings no later than the day of publication of the last notice for shareholders;

e) Send the Bondholders’ Representative information on any reduction of its interest in the capital of its Relevant Subsidiaries that are greater than 10% of the capital, as well as any reduction that means losing control of the company once the transaction has taken place;

f) Not engage in, with related persons, transactions under conditions that are less favorable for the Issuer than prevailing market conditions;

g) Maintain the following financial ratios based on the Quarterly Financial Statements: (i) An indebtedness level based on the Financial Statements of a ratio of other current financial liabilities and other non-current financial liabilities, less cash and cash equivalents, less other current financial assets, over total equity attributable to the owners of the parent company, no greater than one point two. Liabilities shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties; and ii) Maintain Total Assets free of all pledges, mortgages or other encumbrances for an amount at least equal to one point two times the Issuer’s Liabilities in conformity with the Financial Statements;

h) Except by express statement of the Bondholders’ Representative, authorized at an extraordinary meeting of the Bondholders, with votes that represent at least fifty-one percent of the Bonds in circulation, that releases the Issuer from the obligation indicated below, it shall maintain ownership of the brands (i) “Jumbo” and (ii) “París” directly or through its subsidiaries;

i) Record in its accounting books the provisions that arise from adverse contingencies that, in the Issuer’s opinion, should be reflected in the Issuer’s financial statements;

j) Maintain insurance that reasonably protects its operating assets and ensure that its subsidiaries meet this condition;

k) Not grant endorsements or guarantees or establish itself as joint and several co-signer in favor of third parties, except subsidiaries of the Issuer;

l) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Supermercados S.A. and Cencosud Administradora de Tarjetas S.A., as well as the Companies that eventually control the business areas currently developed by these Companies;

m) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least sixty-seven percent of the Issuer's ordinary revenue, based on the Quarterly Financial Statements; and

n) Inform the Bondholders' Representative of the effective use of the funds stemming from the Bond placement corresponding to the Line.

4. As established in the Master Issuance Agreement for the Private Offering Program for Corporate Bonds of Cencosud S.A., dated April 24, 2008, hereinafter "the Program", entered into in Lima, Peru, and by virtue of which two issuances of the same series (Series A) were carried out, the Company, hereinafter the Issuer, has the following obligations and management restrictions, among others:

a) Preserve its corporate existence and duly maintain and develop its corporate objective;

b) Be in full compliance with all tax obligations, whether formalities or payment obligations, except those that have been challenged using procedures set forth by the laws of the applicable jurisdiction;

c) Maintain on at least a pari passu basis with Bonds issued with respect to payment obligations of other debts or obligations without specific guarantees;

d) Not make substantial changes in the line of business or its corporate objective that produce a material adverse effect on the Issuer's financial condition, understanding as such any change that reduces the Program's risk rating by two (2) or more risk categories below the rating in effect at that time;

e) A change in control that reduces the Program's risk rating by two (2) or more risk categories below the rating in effect at that time may not occur;

f) Not transfer fully or partially, its obligations under the Program Documents;

g) Maintain indebtedness, based on the consolidated Financial Statements, or the individual financial statements if the Issuer does not consolidate, of a ratio of consolidated financial liabilities, or individual if the Issuer does not consolidate, less Cash, less Time Deposits, less Marketable Securities, less repo agreements and forward contracts classified as other current assets in the Issuer's consolidated Financial Statements, or the individual financial statements if the Issuer does not consolidate, to Total Equity that does not exceed 1.20. Consolidated financial liabilities, or individual if the Issuer does not consolidate, shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties. Nevertheless, the liabilities of Banco París shall not be considered for the purpose of calculating this indebtedness; and

h) The Issuer shall issue each quarter: (i) a report that is a sworn statement indicating that no violation of the obligations established in this clause has occurred; (ii) a report containing the calculation of the ratios referred to in the preceding letter.

5. As established in the agreement to issue bonds of Cencosud S.A., dated September 5, 2008 and modified on October 2, 2008, and by virtue of which the Series J, K, L, N and O were issued, the Company, hereinafter the Issuer, has the following obligations or management restrictions:

a) Comply with applicable laws, regulations and other legal provisions, particularly those related to the timely and correct payment of taxes, duties and charges;

b) Establish and maintain adequate accounting systems based on IFRS or those standards that replace IFRS; an independent external auditing firm of recognized prestige to issue an opinion on the financial statements as of December 31 of each year; two risk rating agencies registered with the SVS for the life of the Bonds;

c) Send to the Bondholders' Representative (i) a copy of all information that the Issuer must send the SVS, as long as it is not considered reserved information, including a copy of its quarterly and annual Financial Statements, within the period of time in which it should file such information with the SVS; (ii) information regarding compliance with the obligations undertaken by virtue of the Agreement within the period of time in which it should file its Financial Statements with the SVS; (iii) copies of the risk rating reports on the issuance no later than five Working Days after receipt of these reports from its private risk rating agencies; (iv) all information regarding any violation of its obligations undertaken by virtue of the Agreement and any other relevant information requested by the SVS, as soon as the event occurs or comes to its knowledge;

d) Notify the Bondholders' Representative of notices for ordinary and extraordinary shareholders' meetings no later than the day of publication of the last notice for shareholders;

e) Send the Bondholders' Representative information on any reduction of its interest in the capital of its Relevant Subsidiaries that are greater than 10% of the capital, as well as any reduction that means losing control of the company once the transaction has taken place;

f) Not engage in, with related persons, transactions under conditions that are less favorable for the Issuer than prevailing market conditions;

g) Maintain the following financial ratios based on the Quarterly Financial Statements: (i) An indebtedness level based on the Financial Statements of a ratio of other current financial liabilities and other non-current financial liabilities, less cash and cash equivalents, less other current financial assets, over total equity attributable to the owners of the parent company, no greater than one point two. Liabilities shall include the obligations that the Issuer undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties; and ii) Maintain Total Assets free of all pledges, mortgages or other encumbrances for an amount at least equal to one point two times the Issuer's Liabilities in conformity with the Financial Statements;

h) Except by express statement of the Bondholders' Representative, authorized at an extraordinary meeting of the Bondholders, with votes that represent at least fifty-one percent of the Bonds in circulation, that releases the Issuer from the obligation indicated below, it shall maintain ownership of the brands (i) "Jumbo" and (ii) "París" directly or through its subsidiaries;

i) Record in its accounting books the provisions that arise from adverse contingencies that, in the Issuer's opinion, should be reflected in the Issuer's financial statements;

j) Maintain insurance that reasonably protects its operating assets and ensure that its subsidiaries meet this condition;

k) Not grant endorsements or guarantees or establish itself as joint and several co-signer in favor of third parties, except subsidiaries of the Issuer.

l) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Supermercados S.A. and Cencosud Administradora de Tarjetas S.A., as well as the Companies that eventually control the business areas currently developed by these Companies;

m) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least sixty-seven percent of the Issuer's ordinary revenue, based on the Quarterly Financial Statements; and

n) Inform the Bondholders' Representative of the effective use of the funds stemming from the Bond placement corresponding to the Line.

6. As a result of the loan granted by the International Finance Corporation to the subsidiary Cencosud S.A. (Argentina), an agreement was signed between these entities on September 24, 2008. The Minutes of the Board of Directors of the subsidiary Cencosud S.A. (Argentina) dated September 5, 2008, makes mention of having entered into a Share Retention Agreement, which was signed by the subsidiary Cencosud S.A. (Argentina) and its controller, Cencosud S.A. (Chile), in favor of the "International Finance Corporation" by virtue of which Cencosud S.A. (Chile) undertakes to:

a) Maintain its shareholdings in the subsidiaries Cencosud S.A., Cencosud Shopping Centers S.A. (Chile) and Cencosud Retail S.A. (Chile); and

b) Maintain its shareholding in Blaisten S.A. and Unicenter S.A.

7. In accordance with the surety and joint debt agreements dated September 30, 2008 and May, 2010, entered into by Cencosud as guarantor and joint debtor and Banco Itaú BBA S.A. as guaranteed creditor, regarding the obligations that the subsidiary G Barbosa could have with this Bank as a result of the guarantee that it granted to Banco Nacional de Desenvolvimento Económico y Social, BNDES, for the loans granted to the subsidiary G Barbosa, Cencosud S.A. shall comply with the following obligations and financial and management restrictions:

a) Cencosud S.A. as guarantor and joint co-debtor may not have a Financial Expense Coverage Ratio of less than 3.0 to 1.0 at any quarter end (for the most recent period of four consecutive quarters ending as of the end of that quarter);

b) Cencosud S.A. may not have a Ratio of Consolidated Net Financial Debt to EBITDA greater than 5.25 to 1.0 at any quarter end (for the most recent period of four consecutive quarters ending as of the end of that quarter); and

c) Cencosud S.A. shall maintain direct or indirect ownership of one hundred percent and control of G Barbosa Comercial Ltda., where control is defined by Law eighteen thousand forty-five of the Republic of Chile. The "Main Shareholders" of Cencosud S.A. shall maintain the current shareholding and control that Cencosud S.A. currently has, directly or indirectly.

This should all be calculated using the IFRS Financial Statements, excluding the line items related to Banco París, which are duly listed individually in those Financial Statements.

8. As established in the debt consolidation agreement signed June 30, 2010 between Cencosud Retail S.A. as Debtor and Banco del Estado de Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Maintain income from retail sales, mall management, real estate investment and credit assessments, granting and management equivalent to at least sixty-seven percent of the Consolidated Operating Income, based on the Consolidated Quarterly Financial Statements;

b) Not merge with any company, except those cases in which the merger meets all of the following requirements: (i) that the Company resulting from the merger is a Corporation established and governed by the laws of the Republic of Chile, and (ii) that the Company resulting from the merger maintains Cencosud's current line of business;

c) Maintain at all times a ratio of Net Financial Debt to Own Funds of no more than one point two;

d) Maintain minimum equity equivalent to 28,000,000 UF;

e) Maintain assets free of all pledges, mortgages and other encumbrances for an amount at least equivalent to one point two times its unguaranteed consolidated liabilities. The obligations established in this letter and in letters (a),(c) and (d) above shall be measured every quarter based on the Financial Statements of Cencosud S.A;

f) Do not establish personal guarantees in favor of other creditors to secure obligations of third parties that do not belong to Cencosud S.A. and its subsidiaries without prior authorization from the Bank;

g) Send to the Bank, signed by duly authorized persons, its annual report and annual Financial Statements, duly audited, and the quarterly Financial Statements, in the same format in which they were filed with the SVS, within 5 days following the date on which the information must be filed with the SVS. This obligation shall only be demandable in the event, for any reason, that the information is not available on the SVS's website; and

h) Each quarter, submit to the Bank a certificate of compliance of the affirmative and negative obligations established in the agreement, including a detail of the calculation of the financial covenants entered into by the Finance Manager.

9. As established in the debt recognition and restructuring agreement signed September 1, 2010 between Cencosud Administradora de Tarjetas S.A. as Debtor and Banco Bilbao Vizcaya Argentaria Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-compliance or Non-Compliance, as defined in the agreement, have occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined in the agreement, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Important Adverse Effect on the businesses, activities, operations or financial situation of Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site and provided that that information is not considered "reserved" in conformity with the law;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of Cencosud, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, Cencosud shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;

o) Possess, directly or indirectly, shares that represent at least fifty-one percent of the capital of the following Companies: Cencosud Retail S.A. and Cencosud Shopping Centers S.A., and their respective successor companies and transferees, as well as the Companies that eventually control the business areas currently developed by these Companies;

p) Maintain a ratio of net financial liabilities to equity of less than one point two;

q) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of liabilities;

r) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A.; and

s) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, that the Debtor and/or the Guarantor lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

10. As established in the line of credit agreement signed October 1, 2010 between Cencosud Administradora de Tarjetas S.A. as Debtor and Banco Itaú Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no grounds for non-compliance or violation, as defined hereinafter, have occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined hereinafter, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and/or Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's and/or the Guarantor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on its financial, tax, accounting, economic and/or legal situation, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, it shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;

o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. and Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;

p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;

q) Maintain a ratio of total liabilities to equity of less than one point five;

r) Maintain minimum equity of twenty-eight million UF.

s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A.; and

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

11. As established in the line of credit agreement signed October 1, 2010 between Cencosud Retail S.A. as Debtor and Banco Itaú Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no grounds for non-compliance or violation, as defined hereinafter, have occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined hereinafter, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and/or Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's and/or the Guarantor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on its financial, tax, accounting, economic and/or legal situation, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, it shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;

o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. and Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;

p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;

q) Maintain a ratio of total liabilities to equity of less than one point five;

r) Maintain minimum equity of twenty-eight million UF.

s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A.; and

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

12. As established in the line of credit agreement signed October 12, 2010 between Cencosud S.A. as Debtor and Banco de Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If the Debtor were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. If the Debtor were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Debtor's Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-Compliance has occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive of the Debtor has knowledge of: (i) the occurrence of any Grounds for Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and that results in the inability to pay of the Debtor; (iv) any relevant event referring to the Debtor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of the Debtor, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, the Debtor shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding. However, the Debtor or any of its Subsidiaries may surrender these rights, licenses, permits, brands, franchises, concessions or patents to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the Debtor's business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged by the Debtor or a Relevant Subsidiary, through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. The Debtor shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time the obligation listed in the first clause shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case considered Permitted Encumbrances by the agreement;

o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. and Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;

p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;

q) Maintain minimum equity of twenty-eight million UF;

r) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of current, unguaranteed liabilities;

s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, “Essential Assets” shall be defined as the brands “Jumbo” and “París” and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A.; and

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it causes or may cause the Debtor, directly or indirectly, to lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

13. As established in the line of credit agreement signed October 12, 2010 between Cencosud Retail S.A. as Debtor and Banco de Crédito e Inversiones as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of its individual and consolidated Financial Statements for each quarter as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS’s website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be prepared in accordance with IFRS;

b) Submit to the Bank a copy of its individual and consolidated Financial Statements for each year end as soon as possible and in any event within thirty days of filing them with the SVS, to the extent that this information is not available on the SVS’s website or another publicly accessible website. If it were not obligated to file this information with the SVS, it must still submit it to the Bank as soon as it is available. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no grounds for non-compliance or violation, as defined hereinafter, have occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than five banking days after the date on which any executive has knowledge of: (i) the occurrence of any Grounds for Non-Compliance, as defined hereinafter, or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding this instrument; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and/or Cencosud and that results in the inability to pay of the Debtor and/or Cencosud; (iv) any relevant event referring to Cencosud's and/or the Guarantor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site;

e) Submit to the Bank, when requested in writing or for justified reasons, additional information on its financial, tax, accounting, economic and/or legal situation, in which case it shall be provided within thirty banking days of the date on which the request is made in writing. Notwithstanding, and at the Bank's request, it shall inform the Bank of the modifications made to the Company within thirty banking days of the event, submitting all pertinent information, and shall also inform the Bank of all new powers of attorney or the revocation of current powers of attorney, providing a copy of the corresponding public deeds;

f) Submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

g) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and IFRS;

h) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that these rights, licenses, permits, brands, franchises, concessions or patents may be surrendered to the extent that they do not involve an Important Adverse Effect. In particular, it shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

i) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

j) Comply with and ensure that each Relevant Subsidiary complies with current law and standards applicable to the development of its business and ownership of its assets;

k) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the business, operations, financial or other conditions, projections, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS;

l) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. It shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

m) Ensure that all operations with related persons, as defined in law number eighteen thousand forty-five, either directly or through related persons, are carried out under prevailing market conditions;

n) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors. These restrictions shall not be applied to any case where the agreement considers them Permitted Encumbrances;

o) Maintain direct or indirect ownership of at least fifty-one percent of Cencosud Retail S.A. y Cencosud Shopping Centers S.A., as well as its successor companies and transferees and the Companies that eventually control the business areas currently developed by these Companies;

p) Maintain a ratio of net financial liabilities to equity of less than one point two. For these purposes, net financial liabilities shall be defined as all consolidated current financial debt of Cencosud S.A. less the sum of the items Cash, Time Deposits, Marketable Securities and repo agreements and forward contracts accounted for in Other Assets. Net Financial Debt shall also include the obligations that the company undertakes as endorser or simple or joint guarantor and all obligations where it responds directly or indirectly for obligations of unrelated third parties. In no case shall net Financial Debt include the liabilities owed by Banco París;

q) Maintain a ratio of total liabilities to equity of less than one point five;

r) Maintain minimum equity of twenty-eight million UF.

s) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined hereinafter. For the purposes of this agreement, "Essential Assets" shall be defined as the brands "Jumbo" and "París" and the shares that represent at least fifty-one percent of the capital of the companies Cencosud Retail S.A. and Cencosud Shopping Centers S.A. and;

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

14. As established in the Indenture dated January 20, 2011, entered into under the laws of the state of New York, United States, and by virtue of which Rule 144/A bonds were placed in the U.S. market, the Company, hereinafter the Issuer, has the following obligations and management restrictions, among others:

a) Prohibition from granting encumbrances;

b) Prohibition from entering into leaseback agreements;

c) Prohibition from merging or selling all or a substantial part of its assets;

d) Reporting obligations established in Rule 144/A and;

e) Obligation to submit annual and quarterly financial statements to the trustee and bondholders.

15. As established in the loan agreement signed September 7, 2011 between Cencosud S.A. as Debtor and Banco Bilbao Vizcaya Argentaria Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of the Debtor's consolidated Financial Statements for each quarter as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be prepared in accordance with IFRS or applicable standards in Chile;

b) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each year end as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Debtor's Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-Compliance has occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than 5 banking days after the date on which any one of the indicated executives of the Debtor has knowledge of: (i) the occurrence of any Grounds for Non-Compliance or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding the agreement; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and that results in the inability to pay of the Debtor; (iv) any relevant event referring to the Debtor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site and provided that that information is not considered "reserved" in conformity with the law; (v) submit to the Bank, when requested in writing and for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of the Debtor, in which case it shall be provided within 30 banking days of the date on which the request is made in writing; (vi) submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

e) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and/or IFRS;

f) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that the Debtor or any of its Subsidiaries may surrender these rights, licenses, permits, brands, franchises, concessions or patents to the extent that they do not involve an Important Adverse Effect. In particular, the Debtor shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

g) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

h) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

i) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the Debtor's business, operations, financial or other conditions, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged by the Debtor or a Relevant Subsidiary, through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS or the current standards in Chile;

j) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. The Debtor shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

k) Ensure that all operations with related persons, as defined in law number 18,045, either directly or through related persons, are carried out under prevailing market conditions;

l) Ensure that at any time the Debtor's obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors, a restriction which is not applicable in cases the agreement defines as Permitted Encumbrances;

m) Possess, directly or indirectly, shares that represent at least 51% of the capital of the following companies: Cencosud Retail S.A., Cencosud Shopping Centers S.A. and Cencosud Administradora de Tarjetas S.A. and their respective successor companies and transferees, as well as the companies that may eventually control the business areas currently developed by these companies.

n) Maintain a ratio of net financial liabilities to equity of less than one point two;

o) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of liabilities;

p) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined in the agreement; and

q) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it causes or may cause the Debtor, directly or indirectly, to lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

16. As established in the loan agreement signed September 14, 2011 between Cencosud S.A. as Debtor and Banco Bice, Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank a copy of the Debtor's consolidated Financial Statements for each quarter as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be prepared in accordance with IFRS or applicable standards in Chile;

b) Submit to the Bank a copy of the Debtor's individual and consolidated Financial Statements for each year end as soon as possible and in any event within 30 days of filing them with the SVS, to the extent that this information is not available on the SVS's website or another publicly accessible website. These Financial Statements shall be certified by an independent auditor of recognized international prestige that is registered with the SVS;

c) Along with the Financial Statements referred to in the preceding letters, submit to the Bank a certificate issued by the Debtor's Chief Executive Officer and/or Chief Financial Officer, or their replacement, that certifies that, to the best of their knowledge and understanding, no Grounds for Non-Compliance has occurred or detailing the nature and extent of such events if they have occurred;

d) Notify the Bank as soon as possible but no later than 5 banking days after the date on which any one of the indicated executives of the Debtor has knowledge of: (i) the occurrence of any Grounds for Non-Compliance or any Non-Compliance; (ii) any action, lawsuit or judicial or administrative proceedings regarding the agreement; (iii) any circumstance or event that affects or could result in an Adverse Important Effect on the businesses, activities, operations or financial situation of the Debtor and that results in the inability to pay of the Debtor; (iv) any relevant event referring to the Debtor's operations that, in conformity with articles nine and ten of Law eighteen thousand forty-five on Securities Markets and the instructions provided by the SVS in General Character Ruling number thirty, may be interpreted as a material event, to the extent that that information is not available on the SVS's website or another publicly accessible site and provided that that information is not considered "reserved" in conformity with the law; (v) submit to the Bank, when requested in writing and for justified reasons, additional information on the financial, tax, accounting, economic and/or legal situation of the Debtor, in which case it shall be provided within 30 banking days of the date on which the request is made in writing; (vi) submit to the Bank, at its request, information necessary to correctly apply the provisions on individual credit limits;

e) Maintain and ensure that each Subsidiary maintains its books, records and accounting notes in which it makes complete, timely and reliable notes in conformity with current standards and/or IFRS;

f) Maintain all relevant rights, licenses, permits, brands, franchises, concessions or patents fully valid, with the understanding, however, that the Debtor or any of its Subsidiaries may surrender these rights, licenses, permits, brands, franchises, concessions or patents to the extent that they do not involve an Important Adverse Effect. In particular, the Debtor shall maintain ownership of the following brands directly or through its subsidiaries: (i) "Jumbo" and (ii) "París";

g) Comply with and ensure that each Subsidiary complies with each and every one of its obligations by virtue of any act, contract or convention, whose failure to comply produces or could produce, individually or collectively, an Important Adverse Effect;

h) Comply with and ensure that each Relevant Subsidiary complies with current laws and standards applicable to the development of its business and ownership of its assets;

i) Pay and ensure that each Subsidiary pays, fully and opportunely, all important obligations, which are understood for the purposes of this instrument as those obligations that are important for the Debtor's business, operations, financial or other conditions, including but not limited to all taxes, charges or property taxes it must pay, as well as all obligations that, for taxes, charges, property taxes, labor matters or obligations with its suppliers or others, may result in an Encumbrance, except when compliance of these obligations is challenged by the Debtor or a Relevant Subsidiary, through proper legal proceedings initiated in good faith and adequate accounting provisions have been established in accordance with IFRS or the current standards in Chile;

j) Maintain and ensure that each Relevant Subsidiary maintains all assets necessary to keep its businesses and operations in proper working order and maintenance, except for wear resulting from legitimate use. The Debtor shall also maintain and ensure that each Relevant Subsidiary maintains proper insurance coverage for these assets in conformity with industry practice;

k) Ensure that all operations with related persons, as defined in law number 18,045, either directly or through related persons, are carried out under prevailing market conditions;

l) Ensure that at any time the Debtor's obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors, a restriction which is not applicable in cases the agreement defines as Permitted Encumbrances;

m) Possess, directly or indirectly, shares that represent at least 51% of the capital of the following companies: Cencosud Retail S.A., Cencosud Shopping Centers S.A. and Cencosud Administradora de Tarjetas S.A. and their respective successor companies and transferees, as well as the companies that may eventually control the business areas currently developed by these companies;

n) Maintain a ratio of net financial liabilities to equity of less than one point two;

o) Maintain assets free of pledges or Encumbrances or at least one hundred twenty percent of the value of its liabilities;

p) Not dispose of or transfer, and ensure that the Relevant Subsidiaries do not dispose of or transfer, either directly or indirectly, their Essential Assets, as defined in the agreement; and

q) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it causes or may cause the Debtor, directly or indirectly, to lose control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect, except when such acts are for an amount less than or equal to two percent of the consolidated assets of Cencosud S.A.

17. As established in the line of credit agreement signed September 20, 2011 between Cencosud S.A. as Debtor and Banco Santander-Chile as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Submit to the Bank its quarterly and annual individual Financial Statements, together with the quarterly consolidated Financial Statements of Cencosud to the extent that these documents have not been published on a publicly accessible website. These Financial Statements shall be submitted to the Bank within sixty days of the corresponding quarter end. The year-end Financial Statements shall be submitted to the Bank within one hundred twenty days of the respective year end. The year-end individual Financial Statements of Cencosud shall be audited and submitted with their notes and the opinion of the Independent Auditors;

b) Supply opportunely, accurately and sufficiently, and to the extent available all financial and accounting information and all other information that the Bank reasonably requests and that is necessary for evaluating and controlling faithful and exact compliance with the Agreement;

c) Comply fully and opportunely with the payment of all relevant obligations considered first-class loans, especially labor, social security, tax and other obligations with such preference. For these purposes, relevant obligations “Relevant Obligations” are those whose cumulative amount exceeds one million United States dollars or their equivalent in domestic currency. A delay of less than thirty days in the payment of the aforementioned obligations shall not be considered non-compliance for the purposes of this clause;

d) Maintain an “Indebtedness Level” based on the Financial Statements of Cencosud of a ratio of Other Current Financial Liabilities and Other Non-Current Financial Liabilities, less Cash and Cash Equivalents, less Other Current Financial Assets, over Cencosud’s Total Equity no greater than one point two. Liabilities shall include the obligations that Cencosud undertakes as endorser, simple and/or joint guarantor and those in which it responds directly or indirectly for obligations of third parties, all in conformity with accounting principles generally accepted in Chile GAAP or IFRS, as appropriate;

e) Maintain a ratio of Assets Free of Pledges and/or Encumbrances and Liabilities equal to or greater than one point two. For these purposes, “Assets” is defined as all real estate or chattel property and assets, tangible or intangible and securities; and “Liabilities” is defined as all obligations of the debtor, financial or not, contingent or not, less the Equity of Cencosud; and

f) Submit to the Bank a copy of its audited annual report within thirty days of its approval at the General Shareholders’ Meeting as set forth in its by-laws—or in the absence of by-laws, by the law—to the extent that these documents have not been published on a publicly accessible website.

18. As established in the line of credit agreement signed October 04, 2011 between Cencosud S.A. as Debtor and Rabobank Curacao N.V as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Maintain with the rest of the lenders at least the same conditions, guarantees or preferences under this agreement, according to the Chilean law, except for the preferences in favor of the fiscal authority, employees, labor obligations and any other obligation imposed by applicable laws;

b) Not encumber or give guarantee over Assets of Cencosud, except for the mentioned in this agreement;

c) Send the Audited Financial Statements under IFRS and its corresponding notes, as soon as they are available, even if they are not in the S.V.S web site;

d) Send, amongst with the Financial Information, a letter signed off by the attorneys properly authorized by the debtor, a letter informing comply or not any of the obligations included in this contract;

e) The debtor will inform any relevant or essential event that could be adversely affect within ten bank business days after the event occurs, except for legal exceptions;

f) As soon as take knowledge, and within thirty business bank days, the company should inform the following: i) any potential force major that could affect this contract; ii) any fails to comply to the terms of this agreement, litigation or relevant claims against the debtor or any event that could adversely affect the obligations included in this contract, iii) inform to the bank any deviation in the budget under this contract iv) Any event that could adversely affect and could reasonably occurs, mentioned before;

g) Give to the bank any copy of the documents or notice relevant that could result in any material adversely effect to the bank;

h) Inform any modifications to the by-laws within fifteen business bank days;

i) Inform to the bank, within ten bank business days, any claim, action or demand initiated against the company by any court or other public or private entity that could cause any material adverse effect;

j) Keep updated the contingencies plans to keep the business on going and make the best effort to accomplish with the main obligations related to licenses, permits, software;

k) Inform to the bank, within ten bank business days the acquisition over or equal to fifty millions of US dollars, of any ownership in companies that give to the debtor the control over that company;

l) To pay on time taxes, labor or other obligations;

m) To keep accurate accounting records according to the generally accounting principles accepted in Chile;

n) Keep the main asset to the business in good shape, giving proper maintenance, keeping insurance over the asset. Specially the debtor will keep the property of the following bands a) Jumbo and b) Paris;

o) Keep its actual business operations and activities;

p) To keep the actual number of shares in its main subsidiaries;

q) Comply with the laws, regulations and other legal provisions applicable to its subsidiaries;

r) Maintain the following financial ratios: (i) Leverage Ratio of no more than 1.2; (ii) Consolidated Equity greater than UF 28,000,000; (iii) assets pledges or encumbrances over consolidated liabilities under 1.2;

s) Not sell or transfer any essential consolidated asset. Essential asset under this contract are the brands a) Jumbo and Paris, b) the shares that represent at least fifty percent of the companies “Cencosud Retail S.A.” and Cencosud Shopping Centers S.A.; and

t) Not enter into or execute, and not allow Relevant Subsidiaries to enter into or execute any act or agreement to liquidate or dissolve its operations or businesses, nor to agree on, enter into or execute any act to split or merge, when it involves or may involve, directly or indirectly, losing control or ownership of its current businesses, as well as the assets necessary for execution and that it produces or may produce an Important Adverse Effect.

19. As established in the credit agreement signed October 19, 2011 between Cencosud S.A. as Debtor and Scotiabank & Trust (Cayman) LDT as Creditor, Cencosud S.A., shall comply with the following obligations and financial and management restrictions:

a) Send the Audited Financial Statements under IFRS and its corresponding notes , as soon as they are available, even if they are not in the S.V.S web site;

b) Send copy of the general information reported by the debtor to the S.V.S to accomplish with any rule;

c) Send the taxes or stamp tax payments to which this contract is affected and inform any action on this taxes;

d) Send, amongst with the Financial Information, a letter signed off by the attorneys properly authorized by the debtor, a letter informing comply or not any of the obligations included in this contract. Additionally to that the company should send a certificate signed off by the external auditors;

e) Give to the bank any change in relevant events that could result in any material adversely effect to the bank;

f) Ensure that at any time its obligations under this agreement shall have the same payment preference (pari passu) as its other debts with third party creditors;

g) Not sell, transfer or give guarantees over any essential consolidated asset of the company or any subsidiary;

h) The debtor and the guarantors cannot incur in other indebtedness, except for those consider as part of the normal business and that cannot adversely affect the Company;

i) Keep the main asset to the business in good shape, giving proper maintenance, keeping insurance over the asset;

j) Prohibition to the debtor or guarantor, merging or selling its assets, except for the exceptions consider in this agreement;

k) To keep accurate accounting records according to the generally accounting principles accepted in Chile;

l) To keep actual main business operations;

m) Maintain the following financial ratios: (i) Leverage Ratio of no more than 1.2; (ii) Consolidated Equity greater than UF 28,000,000; (iii) Maintain a financial expense ratio of at least 3.0 to 1.0 and assets pledges or encumbrances over consolidated liabilities under 1.2; and

n) Not engage in, with related persons, transactions under conditions that are more that those transactions which could have agree with third parties.

20. According to the stated in the “Indenture”, dated December 6, 2012 under the bond issuance pursuant to Rule 144[a] under the Securities Act, the Company as “issuer” shall comply with the following:

a) The Company shall not, nor shall it permit any Subsidiary to, issue, assume or suffer to exist any Indebtedness, if such Indebtedness is secured by a Lien upon any property or assets of the Company or any Subsidiary, unless, concurrently therewith, the Securities shall be secured equally and ratably with (or prior to) such Indebtedness; provided, except for the mentioned in the agreement;

b) The Company shall not, nor shall it permit any Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any of their property or assets, unless (a) the Company or such Subsidiary would be entitled pursuant to Section 5.02 of the agreement to issue or assume Indebtedness (in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction) secured by a Lien on such property or assets without equally and ratably securing the Securities, (b) the Company or such Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value (as determined in good faith by the Board of Directors) of the property or assets so leased, (i) to the retirement, within 360 days after the effective date of such Sale and Leaseback Transaction, of (A) Indebtedness of the Company ranking at least pari passu with the Securities or (B) Indebtedness of any Subsidiary, in each case owing to a Person other than the Company or any Affiliate of the Company, or (ii) to the acquisition, purchase, construction, development, extension or improvement of any property or assets of the Company or any Subsidiary used or to be used by or for the benefit of the Company or any Subsidiary in the ordinary course of business or (c) the Company or such Subsidiary equally and ratably secures the Securities. Except for transactions providing for a lease for a term, including any renewal, of not more than three years or to arrangements between the Company and a Subsidiary or between Subsidiaries;

c) Submit or make accessible electronically with notice to the trustee as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Company (currently ending December 31), copies of its audited financial statements on a consolidated basis) in respect of such fiscal year (including a profit and loss account, statements of financial position and cash flow statement), in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants. As soon as they are available, but in any event within 90 calendar days after the end of each of the first three fiscal quarters of each fiscal year of the Company, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, statements of financial position and cash flow statement), in English, prepared on a basis consistent with the audited financial statements of the Company and in accordance with IFRS, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period in the event the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, timely file with the Commission such annual and other reports as may be required by the rules and regulations of the Commission in effect at the relevant time and in the form required thereunder;

d) The Company shall take all action necessary to provide information to permit resale of the Securities pursuant to Rule 144A under the Securities Act, including furnishing to any Holder of a Security or beneficial interest in a Global Security, or to any prospective purchaser designated by such Holder, upon written request of such Holder, financial and other information required to be delivered under Rule 144A(d)(4) (as amended from time to time and including any successor provision) unless, at the time of such request, the Company is subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act or is exempt from such requirements pursuant to Rule 12g3-2(b) under the Exchange Act (as amended from time to time and including any successor provision); and

e) Protect its existence as a corporation, and, in the case of the Company, the corporate, partnership, limited liability company or other existence of each Subsidiary, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company, the Guarantor or any such Subsidiary;

f) Neither the Company nor the Guarantor shall consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person except for the mentioned in the agreement.

18 Trade accounts payable and other payables

The composition of the area detail of this item as of December 31, 2013 and 2012 is as follows:

	As of December 31,			
	Current		Non-current	
Account	2013	2012	2013	2012
	ThCh$	ThCh$	ThCh$	ThCh$
Trade payable	1,737,920,899	1,703,761,965	4,956,289	1,303,392
Withholdings	220,072,319	197,295,354	3,998,528	6,107,410
Total	1,957,993,218	1,901,057,319	8,954,817	7,410,802

The main suppliers of Cencosud S.A. are as follows: Agrosuper Com.de Alimentos Ltda., Nestlé, Unilever Chile S.A., Unilever Argentina S.A., Samsung Electronics Chile, Mastellone Hnos. S.A., Comercial Santa Elena S.A., Empresas Carozzi S.A., Sancor Cooperativas Unidas Ltda., CMPC Tissue S.A., Organización Terpel S.A., Cervec y Malteria Quilmes SAI, Watts S.A.,Molinos Rio de la Plata S.A., BRF Brasil Foods S.A., Danone Argentina S.A., Compañía de Bebidas Das Americas Ambev, LG Electronics Colombia Ltda., Cooperativa Agrícola y Lechera de la Unión Ltda, LG Electronics Chile.

The detail of the aging for trade payables as of December 31, 2013 is as follows:

Trade payables balances that have not become due as of the reporting date.

	Days							
Suppliers	Up to 30 Days	31 – 60	61 – 90	91 – 120	121 – 365	366 and more	TOTAL ThCh$	Payment average (days)
Goods	728,742,590	350,229,885	96,854,833	16,106,956	1,990,001	194,622	1,194,118,887	45
Services	154,714,458	29,392,769	5,676,522	1,018,135	829,365	1,526,522	193,157,771	41
Other	51,373,720	3,945,211	484,504	197	14,799	168	55,818,599	33
TotalThCh$	934,830,768	383,567,865	103,015,859	17,125,288	2,834,165	1,721,312	1,443,095,257	45

Trade payables balance overdue, from the date the balance became due through the reporting date

	Days						
Suppliers	Up to 30 days	31 - 60	61 - 90	91 - 120	121 - 180	181 and more	Total ThCh$
Goods	83,608,628	18,342,811	15,379,581	10,916,332	11,420,586	39,726,142	179,394,080
Services	31,074,424	12,273,448	6,550,904	1,972,583	4,271,802	34,164,256	90,307,417
Other	6,049,256	2,381,211	3,369,169	2,509,227	3,908,403	11,863,168	30,080,434
Total	120,732,308	32,997,470	25,299,654	15,398,142	19,600,791	85,753,566	299,781,931

The detail of the aging for trade payables as of December 31, 2012 is as following:

Trade payables balances that have not become due as of the reporting date:

Suppliers	Days: Up to 30 days	31 - 60	61 - 90	91 - 120	121 - 365	366 and more	TOTAL ThCh$	Payment average (days)
Goods	745,860,901	282,576,325	77,341,870	9,944,320	1,222,807	314,858	1,117,261,081	43
Services	154,950,482	73,035,679	27,518,150	6,109,381	2,303,668	3,389	263,920,749	50
Other	52,232,630	14,847,272	5,497,022	2,407,390	77,477	—	75,061,791	44
Total	953,044,013	370,459,276	110,357,042	18,461,091	3,603,952	318,247	1,456,243,621	44

Trade payables balance overdue, from the date the balance became due through the reporting date

Suppliers	Days: Up to 30 days	31 - 60	61 - 90	91 - 120	121 - 180	181 and more	Total ThCh$
Goods	83,838,488	16,941,831	12,960,401	5,468,672	9,885,305	46,298,002	175,392,699
Services	25,619,493	6,264,058	2,076,942	9,087,591	3,416,927	17,597,712	64,062,723
Other	3,189,442	2,231,870	7,721	1,115,137	1,572,161	1,249,983	9,366,314
Total	112,647,423	25,437,759	15,045,064	15,671,400	14,874,393	65,145,697	248,821,736

(*) The average payment period is calculated based on the following:

- The items classified as “Trade payables and other payables outstanding” considering the existing term between December 31, 2013 and 2012 and the maturity date of the item.
- The average payment period is calculated by multiplying the total by type of supplier, by a weighted average of the payment days, considering for each segment the maximum term defined in accordance to the maturity ranges included in “Trade payables and other payables outstanding”.

19 Provisions and other liabilities

19.1 Provisions

19.1.1 The composition of this item as of December 31, 2013 and 2012 is as follows:

Accruals and provision	As of December 31, Current 2013 ThCh$	Current 2012 ThCh$	Non-current 2013 ThCh$	Non-current 2012 ThCh$
Legal claims provision(1)	41,702,611	46,960,372	67,478,191	87,514,712
Onerous contracts provision(2)	4,703,672	4,591,191	20,744,395	33,541,792
Total	46,406,283	51,551,563	88,222,586	121,056,504

The following table shows the civil, labor and tax proceedings faced by the Company and its subsidiaries (by country). The proceedings comprising each category are those presenting a probable occurrence likelihood and the amount of loss can be quantified or estimated.

	Provision Legal Claims			Exposure		
	Civil	Labor	Tax	Total	Current	Non-current
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Total as of December 31, 2013	32,828,662	22,863,865	53,488,275	109,180,802	41,702,611	67,478,191
Total as of December 31, 2012	43,091,359	28,132,559	63,251,166	134,475,084	46,960,372	87,514,712

Provision By Country	December 31, 2013 ThCh$	December 31,2012 ThCh$
Chile	8,803,142	22,892,859
Argentina	30,310,516	32,791,224
Brazil	61,400,392	69,441,835
Peru	1,218,767	1,183,692
Colombia	7,447,985	8,165,474
Total Provision	**109,180,802**	**134,475,084**

The nature of these obligations is as follows:

Civil provision: This primarily corresponds to civil and commercial trials that mainly deal with claims from customers, defects in products, accidents of customers in the stores and law suits related with customer service.

The short-term provision includes ThCh$20,000,000 related to the class action lawsuit against the company “Cencosud Administradora de Tarjetas SA”, whose non-appealable final judgment was notified by the First Chamber of the Supreme Court of Chile, dated April 24, 2013.

Labor provision: This primarily corresponds to staff severance indemnities and salary disputes from former employees.

Tax provision: This primarily corresponds to tax claims in the countries in which the Company operates.

(2) Provisions for onerous contracts

The provisions recorded under this concept correspond mainly to the excess over the fair value payable related to onerous lease contracts recorded in business combinations of the period.

19.2 Movement of provisions:

Provision type	Legal claims ThCh$	Onerous contracts ThCh$	Total ThCh$
Initial Balance January 1, 2013	134,475,084	38,132,983	172,608,067
Movements in Provisions:			
Additional provisions	21,877,548	—	21,877,548
Increase (decrease) in existing provisions	(24,671,255)	(12,684,916)	(37,356,171)
Acquisitions through business combinations (See note 13)	—	—	—
Provision used during the year	(11,624,382)	—	(11,624,382)
Reversal of used provision	(1,615,445)	—	(1,615,445)
Increase (decrease) in foreign exchange rate	(9,260,747)	—	(9,260,747)
Changes in provisions, total	(25,294,281)	(12,684,916)	(37,979,197)
Total provision, closing balance as of December 31, 2013	109,180,803	25,448,067	134,628,870

Provision type	Legal claims	Onerous contracts	Total
	ThCh$	ThCh$	ThCh$
Initial Balance January 1, 2012	70,474,920	29,278,002	99,752,922
Movements in Provisions:			
Additional provisions	47,863,876	—	47,863,876
Increase (decrease) in existing provisions	20,771,008	(3,918,789)	16,852,219
Acquisitions through business combinations	24,571,206	12,773,770	37,344,976
Provision used during the year	(6,397,675)	—	(6,397,675)
Reversal of used provision	(8,938,185)	—	(8,938,185)
Increase (decrease) in foreign exchange rate	(13,870,066)	—	(13,870,066)
Changes in provisions, total	64,000,164	8,854,981	72,855,145
Total provision, closing balance as of December 31, 2012	134,475,084	38,132,983	172,608,067

20 Other non-financial liabilities

The composition of this item as of December 31, 2013 and 2012 is as follows:

	As of December 31, 2013	As of December 31, 2012
	ThCh$	ThCh$
Customer loyalty program	10,697,957	11,461,190
Guarantees deposits	9,895,969	9,737,005
Minimum accrual dividend	24,042,737	51,749,049
Other	3,172,198	5,369,316
Total Other non-financial Liabilities, current	47,808,861	78,316,560
Guarantees deposits	12,996,253	13,363,961
Prepaid Commissions	46,853,181	52,538,040
Other	5,625,256	5,007,298
Total Other non-financial Liabilities, non-current	65,474,690	70,909,299

21 Current provisions for employee benefits

21.1 Vacations and bonuses

The composition of this item as of December 31, 2013 and 2012 is as follows:

	As of December 31, 2013	As of December 31, 2012
	ThCh$	ThCh$
Employees' vacation	56,440,586	49,808,855
Income sharing and bonuses	40,256,284	28,991,005
Total current provisions for employee benefits	96,696,870	78,799,860

The amount of accumulated liabilities for vacations is calculated in accordance with current Chilean legislation on an accrual basis. The bonuses relate to the amount that is paid the following year with respect to compliance with annual targets, which can be estimated reliably.

21.2 Other employee benefits

a) Description and conditions

The Group contributes to a post-employment and retirement benefit plans in Brazil, which are accounted for as defined benefit plan. These plans entitle the employees to receive certain benefits and pension payments after the respective vesting periods are fulfilled. The benefits on which the Group contributes are as follows:

Benefits	**Conditions**
Retirement pension	Retirement at age 60 and 5 years of service.
Pension due to an early retirement	Retirement at age 55 and 5 years of service.
Pension due to disability	1 year of service
Death benefits	1 year of service
Other benefits	Retirement at age 55 and 5 years of service.
Death pension	1 year of enrollment in the benefit plan

The defined benefit plan expose the Group to actual risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

b) Funding

The Group has two types of benefit plans in Brazil; a) benefit plan in which employees contribute, and b) benefits in which employees don’t make any contributions:

For plans in which the employees contribute: the contribution is conditioned to the formal adherence to the plan, the employees contribute with a 6% limit of their monthly salary, receiving in exchange an equal contribution from the employer (Cencosud Brazil). Furthermore, the employee receives a return from the plan asset.

Plan assets:

	December 31, 2013				December 31, 2012		
Suppliers	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**
Investment funds – fixed income	1,484,828		—	1,484,828	2,010,480	—	—
Investments funds - Equity	445,777		—	445,777	645,510	—	—

c) Movement in net defined benefit (asset) liability

Movements	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	ChTh$ 2013	ChTh$ 2012	ChTh$ 2013	ChTh$ 2012	ChTh$ 2013	ChTh$ 2012
Balance at January 1	3,035,810	—	(2,692,991)	—	342,819	—
Service cost	1,250,854	81,432	—	—	1,728,022	81,432
Past service credit			—	—	—	—
Interest cost (Income)	263,488	—	(245,459)	(206,217)	18,029	(206,217)
Included in profit of loss	**1,514,342**	**81,432**	**(245,459)**	**(206,217)**	**1,746,051**	**(124,785)**
Re-measurement loss (gain):						
Actuarial loss (gain)						
Demographic assumptions	(44,223)	—	—	—	(44,223)	—
Financial assumptions	(779,221)	—	—	—	(779,221)	—
Experience adjustment	(1,844,365)	2,954,378	—	—	(1,844,365)	2,954,378
Return on plan assets	—	—	1,767,333	(2,161,523)	1,265,089	(2,161,523)
Exchange rates	(25,076)				—	—
Included in OCI	**(2,692,885)**	**2,954,378**	**1,767,333**	**(2,161,523)**	**(1,402,720)**	**792,855**
Contributions paid by employer	6,808	—	(759,489)	(325,250)	(752,681)	(325,250)
Benefits paid	—	—	—	—	—	—
Other	6,808	—	(759,489)	(325,250)	(752,681)	(325,250)
Balance at December 31	**1,864,075**	**3,035,810**	**(1,930,606)**	**(2,692,990)**	**(66,531)**	**342,820**

d) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

Assumptions	31/12/2013	31/12/2012
Discount rate	12.10%	8.53%

e) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

December 31, 2013	Defined benefit obligation	
	Increase ThCh$	Decrease ThCh$
Discount rate (0.5% movement)	(125,583)	139,265

22 Other current and non-current non-financial assets

The composition of the item as of December 31, 2013 and 2012 is as follows:

Other non-financial assets, current	As of December 31, 2013	2012
	ThCh$	ThCh$
Lease guarantees	4,142,481	3,405,540
Pre-paid rent	2,537,929	3,780,197
Pre-paid insurance	4,888,501	3,205,079
Other	36,582	82,739
Total	11,605,493	10,473,555

Other non-financial assets, non-current	As of December 31, 2013	2012
	ThCh$	ThCh$
Lease guarantees	7,504,543	7,362,011
Pre-paid rent	29,882,006	29,245,588
Other	876,788	1,672,233
Total	38,263,337	38,279,832

The fair value for the non-financial assets equals their carrying value as of December 31, 2013 and 2012. As of December 31, 2013 and 2012, no significant differences exists between the carrying value of non-financial assets and their fair value.

23 Net equity

The objectives of the Cencosud Group regarding capital management are to safeguard its capacity to continue as a going concern, ensuring appropriate returns for its shareholders and benefits for other stakeholders, and maintaining an optimum capital structure while reducing capital costs.

Capital management

The Group's objective regarding capital management is to safeguard the capacity to continue ensuring appropriate returns for the shareholders and benefits for other stakeholders, and maintaining an optimum capital structure while reducing capital costs.

In line with the industry, the Cencosud Group monitors its capital using the leverage ratio. This ratio is calculated by dividing net financial debt by total capital. Net financial debt corresponds to total indebtedness (including current and non-current debt) less cash and cash equivalents. Total capital corresponds to total equity as shown in the consolidated statement of financial position plus net debt.

Other non-financial assets, non-current	**As of December 31,**	
	2013	**2012**
	ThCh$	**ThCh$**
Total borrowings (note 17)	2,957,140,839	3,538,632,155
Less: Cash and cash equivalents (Note 5)	(171,711,625)	(237,720,805)
Less: Other financial assets	(141,989,298)	(109,174,092)
Cash and cash equivalents- Banco Paris (Note 28.10)	15,352,349	12,229,589
Less: Other financial assets – Banco Paris (Note 28.10)	(201,667,118)	(174,286,546)
Net debt	2,457,125,147	3,029,680,301
Total equity	4,261,367,089	3,412,211,744
Leverage ratio	0.58	0.89

In accordance with the above, the Cencosud Group has combined different financing sources, such as: capital increases, operating cash flows, bank loans and bonds.

As part of the finance strategy, the Group will continue seeking to extend the payments terms and shift focus to the operations through the refinancing of liabilities in the forthcoming periods with the ultimately purpose of deleveraging the Group.

23.1 Paid-in capital

As of December 31, 2013, the authorized, subscribed and paid-in capital amounts were ThCh$ 2,321,380,936 (ThCh$1,551,811,762 as of December 31, 2012).

23.2 Subscribed and paid shares

As of June 22, 2012, the Company proceeded to increase the authorized Capital through the issuance of 270,000,000 shares, without a par value and in a unique series, as agreed at the shareholders meeting held on April 29, 2011 which complemented and modified preliminary agreements made at extraordinary shareholders meetings on March 1 and May 15 of 2012. 27,000,000 shares out of the capital increase were set aside to offer them in a stock option plan for the Company's upper management.

The referential share price reported to the SVS (Superintendencia de Valores y Seguros) was ThCh$ 3,555.56. The final issue share price was ThCh$2,600 per share.

In connection with share issuance, 59,493,000 shares were issued in the United States of America in the form of American Depositary Shares (ADSs) and 183,507,000 shares were issued in the local market in Chile.

At the extraordinary shareholders meeting held on November 20, 2012, the shareholders agreed to increase capital by ThCh$835,000,000 through the issuance of 332,987,717 shares in one series and without a par value. 10% out of the total issuance was set aside to offer them in a stock option plan for employees. The remaining of the shares was offered to the Company's shareholders.

The following tables show the movement of the authorized and the issued and fully paid shares described above between January 1, 2012 and December 31, 2013

Movement of authorized shares	No of shares
Authorized shares as of January 1, 2012	2,304,015,016
Capital increase as of June 22, 2012	92,309,978
Capital increase as of July 25, 2012	145,642,584
Capital increase as of September 14, 2012	3,028,463
Capital increase as of September 26, 2012	2,018,975
Increase pursuant to stock option plan	27,000,000
Authorized shares as of December 31, 2012	2,574,015,016
Capital increase as of February 28, 2013	5,661,074
Capital increase as of March 13, 2013	290,741,796
Capital increase as of March 25, 2013	3,286,076
Increase pursuant to stock option plan	33,298,771
Decrease due to unsubscribed Capital in 2013	(17,979,999)
Authorized shares as of December 31, 2012	2,889,022,734
Movement in issued and fully paid shares	
Paid shares as of January 1, 2012	2,264,103,215
Capital increase as of June 22, 2012	92,309,978
Capital increase as of July 25, 2012	145,642,584
Capital increase as of September 14, 2012	3,028,463
Capital increase as of September 26, 2012	2,018,975
Paid shares as of December 31, 2012	2,507,103,215
Capital increase as of February 28, 2013	5,661,074
Capital increase as of March 13, 2013	290,741,796
Capital increase as of March 25, 2013	3,286,076
Exercise of stock option	21,931,802
Paid shares as of December 31, 2013	2,828,723,963

As of December 31, 2013, 60,298,771 issued shares were pending of subscription and payment, of which 27,000,000 and 33,298,771 will expire on April 29th and November 20th of 2017, respectively.

As of December 31, 2012, 69,911,801 issued shares were pending of subscription and payment, of which 39,911,801 expired on April 25, 2012 and 27,000,000 will expire on April 29, 2017.

23.3 Dividends

The dividend distribution policy adopted by Cencosud S.A. establishes the payment of dividends of 30% of the distributable net profits.

In relation to SVS Ruling No. 1945, on October 29, 2010, the Company's Board of Directors agreed that the net distributable profits for the year 2010 and following years will be the figure reflected in the financial statements as "profit for the year attributable controlling shareholders", excluding the unrealized result for fair value appraisal of investment properties, net of deferred taxes.

The shareholders' meeting held on April 26, 2013 approved to pay a minimum dividend amounting to ThCh$ 58,269,234 (Ch$20.59906). This dividend was paid in May 15, 2013.

The shareholders' meeting held on April 2, 2012 approved to pay a minimum dividend amounting to ThCh$ 53,259,383 (Ch$23.52339). This dividend was paid in May 4, 2012.

On September 15th, 2013, the Board of Directors agreed on distributing a interim dividend of Ch$8 per share in relation to the profits of 2013. This dividend was paid on December 10, 2013

The company recorded a minimum dividend by ThCh$ 24,042,737 at December 31, 2013 (ThCh$ 57,749,049 at December 31, 2012) (see note 20). The total charge to equity as of December 31, 2013 was ThCh$ 53,192,713 (ThCh$ 57,645,821as of December 31, 2012).

23.4 Reserves

The initial Balance is mainly due to the inflation adjustment reversal recorded under IFRS first adoption (transition date to IFRS on January 1, 2009). The ThCh$ 92,991,292 indudes the effects of the purchase option (call) and put option (put) termination between Cencosud S.A. and UBS A.G. London Branch.

The movements of other Reserves and Changes in ownership interest were as follows:

Movements of reserves between January 1, 2013 and December 31, 2013 are as follows:

Reserve movement	Translation	Hedging reserves	Actuarial gain (loss) reserves	Shared based payments reserves	Other reserves	Total reserves
Initial balance current period January 1, 2013	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)
Change in equity						
Other comprehensive income	(153,341,863)	(2,789,482)	925,796	—	—	(155,205,549)
Transfer to (from) retained earnings	—	—	—	3,743,479	—	3,743,479
Increase (decrease) from changes in ownership interest in subsidiaries that do not result in loss of control	—	—	—	—	(404,131)	(404,131)
Total changes in equity	(153,341,863)	(2,789,482)	925,796	3,743,479	(404,131)	(151,866,201)
Closing balance of current year, December 31, 2013	(615,316,151)	20,525,986	402,512	10,636,164	(52,479,121)	(636,230,610)

In 2013, the Group acquired the remaining interest of Cencosud Argentina S.A., for a consideration higher than the book value of the investment accounted for under the equity method. As a result, the Group presented this adjustment as a movement of other reserve in the statement of equity amounting to ThCh$ 404,131.

Movements of reserves between January 1, 2012 and December 31, 2012 are as follows:

Reserve movement	Currency translation	Hedging reserves	Actuarial gain (loss) reserves	Shared based payments reserves	Other reserves	Total reserves
Initial balance current period January 1, 2012	(233,050,928)	9,825,606	—	4,595,125	15,907,719	(202,722,478)
Change in equity						
Other Comprehensive income	(228,923,360)	13,489,862	(523,284)	—	—	(215,956,782)
Increase (decrease) due to transfers and other changes in equity					92,991,291	92,991,291
Transfer to (from) retained earnings.	—	—	—	2,297,560	—	2,297,560
Increase (decrease) from changes in ownership interest in subsidiaries that do not result in loss of control	—	—	—	—	(160,974,000)	(160,974,000)
Total changes in equity	(228,923,360)	13,489,862	(523,284)	2,297,560	(67,982,709)	(281,641,931)
Closing balance of current year, December 31, 2012	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)

a) Currency translation reserve: This item includes the exchange rate differences resulting from the conversion of the financial statement of all subsidiaries from their functional currency into the presentation currency of the Group.

b) Hedging reserves: This reserve includes the effect of the changes in the fair value of certain financial instruments used as cash flow hedges and deemed as effective. These reserves are transferred to income in the period at the end of the life of the instruments' contracts when the hedged cash flow was realized.

c) Other reserves: The initial balance shows the effect of the elimination of price-level restatement of book-basis capital under IFRS for the transition year. In 2013, no significant changes were observed.

d) Actuarial gain (loss) reserve: This reserve is composed of the actuarial gains (losses) and the effect from the return on the pension plan asset that have been recognized over the past two years in relation to the Company's pension plan in Brazil.

e) Other reserves: This reserve has not shown any transactions during 2013 year.

On June 29, 2012, in connection with the purchase by the Company of the remaining 38.6062% interest in Jumbo Retail Argentina S.A. from UBS A.G. London Branch, the Company and UBS A.G. London Branch agreed to terminate the purchase option (call) and put option (put) and associated rights and obligations between the parties. As a result of the termination of these contracts and the exercise of the call option, the Company paid ThCh$ 242,681,460 for the 38.6062% interest in Jumbo Retail Argentina. The accounting effects of this decision are recognized in equity under "other reserves", as follows:

	ThCh$
Purchase price	242,681,460
Non-controlling interests acquired	(81,707,460)
Total due to non-controlling interest acquired	**160,974,000**
Call option asset	(147,470,592)
Put option liability	240,461,884
Total due to options	**92,991,292**

23.5 Non-controlling interest

Details of the non-controlling shares as of December 31, 2013 and 2012 are as follows:

Company	Non-controlling Interest Dec 31, 2013 %	Non-controlling Interest Dec 31, 2012 %	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Cencosud Shoppings Centers S.A.	0.00010	0.00010	355	229
Cencosud Internacional Ltda.	0.00433	0.00433	52,288	57,892
Costanera Center S.A.	0.00004	0.00004	5	6
Mercado Mayorista P y P Ltda.	10.00000	10.00000	93,871	93,589
Easy S.A.	0.42500	0.42500	421,966	205,874
Comercial Food and Fantasy Ltda.	10.00000	10.00000	(60,110)	(78,606)
Administradora del Centro Comercial Alto Las Condes Ltda.	55.00000	55.00000	(686,033)	(395,225)
Cencosud Retail S.A.	0.00039	0.00039	228,840	236,856
Jumbo Retail Argentina S.A.	0.07700	0.07700	48,904	147,419
Cencosud Argentina S.A.(*)	0.00000	0.08302	—	409,565
Total			100,086	677,599

(*) During the 2013 year, the Group acquired the remaining interest of this subsidiary.

Details of the non-controlling interests are as follows, for the years ended December 31, are as follows:

Company	Non-controlling Interest 2013 %	Non-controlling interest 2012 %	Non-controlling interest 2011 %	Results 2013 ThCh$	Results 2012 ThCh$	Results 2011 ThCh$
Cencosud Shoppings Centers S.A.	0.00010	0.00010	0.00010	51	35	21
Cencosud Internacional Ltda.	0.00433	0.00433	0.00433	2,346	3,372	5,853
Costanera Center S.A.	0.00004	0.00004	0.00004	(1)	(2)	(4)
Mercado Mayorista P y P Ltda.	10.00000	10.00000	10.00000	282		(1,476)
Easy S.A.	0.42500	0.42500	0.42500	71,558	43,190	30,214
Comercial Food and Fantasy Ltda.	10.00000	10.00000	10.00000	17,801	43,694	(24,608)
Administradora del Centro Comercial Alto Las Condes Ltda.	55.00000	55.00000	55.00000	(290,808)	(340,401)	(174,794)
Cencosud Retail S.A.	0.00039	0.00039	0.04435	33,845	39,914	46,229
Jumbo Retail Argentina S.A.	0.07700	0.07700	38.68320	(627)	3,002,758	10,613,039
Cencosud Argentina S.A.	0.00000	0.08302	0.08302	—	57,955	64,782
Total				(165,553)	2,850,515	10,559,256

On June 29 2012, Cencosud S.A., acquired 38.6062% of Jumbo Retail S.A. shares from UBS, which resulted in a non-controlling interest of 0.077%.

24 Income

The breakdown of ordinary income is as follows:

Income by nature	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Sale of goods	9,829,313,975	8,682,771,449	7,195,684,554
Services rendered (**)	301,842,147	268,154,751	220,226,796
Commission(*)	32,325,103	26,647,499	26,447,796
Interests income	177,558,602	171,503,408	162,447,227
Income from discontinued operation	(206,881,617)	(223,726,231)	(222,560,370)
Total	10,134,158,210	8,925,350,876	7,382,246,003

(*) Includes revenues from insurance brokerage, travel agencies, family entertainment centers and customer loyalty program.
(**) Includes lease revenues from Shopping Centers

100% of the sales made in each country where the Group operates are received in local currency.

25 Breakdown of significant results

The items by function from the Statements of Income are described as follows in 25.1, 25.2 and 25.3.

Expenses by nature of integral income by function	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Cost of sales	7,311,731,926	6,464,234,047	5,363,312,803
Distribution cost	23,931,088	20,233,594	15,016,898
Administrative expenses	2,194,028,054	1,866,131,501	1,461,714,388
Other expenses by function (*)	152,142,053	162,024,745	126,150,205
Total	9,681,833,121	8,512,623,887	6,966,194,294

(*) Mainly includes marketing expenses.

25.1 *Expenses by nature*

The following is a breakdown of the main operating and management costs and expenses of the Cencosud Group for the following periods:

Expenses by nature	For the year ended December 31								
	2013	2013	2013	2012	2012	2012	2011	2011	2011
	ThCh$	Discontinued operation ThCh$	Continued Operation ThCh$	ThCh$	Discontinued operation ThCh$	Continued Operation ThCh$	ThCh$	Discontinued operation ThCh$	Continued Operation ThCh$
Cost of goods sold	7,148,156,441	(339)	7,148,156,102	6,318,469,948	(7,397)	6,318,462,551	5,242,789,902	107	5,242,790,009
Other cost of sales	223,392,156	(59,816,332)	163,575,824	229,361,825	(83,590,329)	145,771,496	192,126,736	(71,603,942)	120,522,794
Personnel expenses	1,340,881,800	(36,865,744)	1,304,016,056	1,157,677,464	(36,533,768)	1,121,143,696	903,313,471	(33,608,808)	869,704,663
Depreciation and amortization	189,037,674	(2,461,658)	186,576,016	141,450,398	(2,509,579)	138,940,819	120,174,307	(2,676,187)	117,498,120
Distribution cost	23,931,088	—	23,931,088	20,233,594	—	20,233,594	15,017,899	(1,001)	15,016,898
Other expenses by function	182,307,997	(30,165,944)	152,142,053	176,173,759	(14,149,014)	162,024,745	140,400,227	(14,250,022)	126,150,205
Utilities and other store related expenses	114,344,589	(222,353)	114,122,236	100,303,114	(318,917)	99,984,197	82,692,345	(241,887)	82,450,458
Cleaning	68,896,478	(82,157)	68,814,321	53,155,225	(78,592)	53,076,633	43,266,099	(69,871)	43,196,228
Safety and security	62,504,253	(69,719)	62,434,534	53,810,657	(65,736)	53,744,921	42,915,213	(50,924)	42,864,289
Maintenance	79,075,709	(1,504,859)	77,570,850	66,987,807	(797,014)	66,190,793	52,649,260	(820,258)	51,829,002
Professional fees	81,475,579	(3,865,736)	77,609,843	77,198,032	(2,398,781)	74,799,251	34,812,393	(1,694,189)	33,118,204
Bags for Customers	31,457,921	—	31,457,921	30,774,898	—	30,774,898	27,299,462	—	27,299,462
Credit card commission	81,305,782	—	81,305,782	77,472,181	(1,042,041)	76,430,140	63,895,227	(341,289)	63,553,938
lease	168,801,648	(1,361,988)	167,439,660	153,089,337	(2,343,848)	150,745,489	121,693,558	(1,551,123)	120,142,435
Other	36,420,431	(13,739,596)	22,680,835	13,494,998	(13,194,334)	300,664	21,244,043	(11,186,454)	10,057,589
Total	9,831,989,546	(150,156,425)	9,681,833,121	8,669,653,237	(157,029,350)	8,512,623,887	7,104,290,142	(138,095,848)	6,966,194,294

25.2 *Personnel expenses*

The following is a breakdown of personnel expenses for the following periods:

	For the year ended December 31								
Personal Expenses	**2013**	**2013**	**2013**	**2012**	**2012**	**2012**	**2011**	**2011**	**2011**
		Discontinued operation	**Continued Operation**		**Discontinued operation**	**Continued Operation**		**Discontinued operation**	**Continued Operation**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Salaries	1,047,414,483	(25,415,529)	1,021,998,954	916,346,146	(27,065,394)	889,280,752	711,107,739	(24,038,629)	687,069,110
Short-term employee benefits	254,831,463	(9,629,166)	245,202,297	218,779,750	(8,194,898)	210,584,852	172,828,409	(8,404,261)	164,424,148
Termination benefits	38,635,854	(1,821,049)	36,814,805	22,551,568	(1,273,476)	21,278,092	19,377,323	(1,165,918)	18,211,405
	1,340,881,800	(36,865,744)	1,304,016,056	1,157,677,464	(36,533,768)	1,121,143,696	903,313,471	(33,608,808)	869,704,663

25.3 *Depreciation and amortization*

The following is a breakdown of depreciation and amortization for the following periods:

	For the year ended December 31								
Depreciation and amortization	**2013**	**2013**	**2013**	**2012**	**2012**	**2012**	**2011**	**2011**	**2011**
		Discontinued operation	**Continued Operation**		**Discontinued operation**	**Continued Operation**		**Discontinued operation**	**Continued Operation**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Depreciation	173,650,390	(1,175,626)	172,474,764	131,470,020	(1,252,233)	130,217,787	108,824,680	(2,139,408)	106,685,272
Amortization	15,387,284	(1,286,032)	14,101,252	9,980,378	(1,257,346)	8,723,032	11,349,627	(536,779)	10,812,848
Total	189,037,674	(2,461,658)	186,576,016	141,450,398	(2,509,579)	138,940,819	120,174,307	(2,676,187)	117,498,120

25.4 Other gains (losses)

	For the year ended December 31								
Other gains (losses)	**2013**	**2013 Discontinued operation**	**2013 Continued Operation**	**2012**	**2012 Discontinued operation**	**2012 Continued Operation**	**2011**	**2011 Discontinued operation**	**2011 Continued Operation**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Sales of Property, plant and equipment	—	—	—	7,184,649	—	7,184,649	—	—	—
UBS Call Option	—	—	—	(16,258,777)	—	(16,258,777)	(18,768,191)	—	(18,768,191)
Insurance claims (*)	2,203,829	—	2,203,829	—	—	—	—	—	—
Fair value derivatives	29,531,125	(16,000)	29,515,125	4,308,000	(33,663)	4,274,337	—	32,089	32,089
Commission under operational agreement	—	—	—	—	—	—	4,223,587	—	4,223,587
Other Net Gains and Losses	(5,353,082)	—	(5,353,082)	(2,603,227)	—	(2,603,227)	1,886,016	—	1,886,016
Total	26,381,872	(16,000)	26,365,872	(7,369,355)	(33,663)	(7,403,018)	(12,658,588)	32,089	(12,626,499)

(*) These insurance recoveries relate to the earthquake affecting the operations in Talcahuano, Chile in 2010, and damages of certain stores in Santiago, Chile due to a fire in 2012.

25.5 *Other operating income*

Other operating income	2013 ThCh$	2013 Discontinued operation ThCh$	2013 Continued Operation ThCh$	2012 ThCh$	2012 Discontinued operation ThCh$	2012 Continued Operation ThCh$	2011 ThCh$	2011 Discontinued operation ThCh$	2011 Continued Operation ThCh$
	For the year ended December 31								
Sell Carton & Wraps	3,178,983	—	3,178,983	2,983,358	—	2,983,358	5,664,678	—	5,664,678
Recovery of fees	1,271,807	—	1,271,807	956,947	—	956,947	862,165	—	862,165
Increase on revaluation of investment properties	95,110,013	—	95,110,013	98,633,366	—	98,633,366	72,797,791	—	72,797,791
Other Income	9,153,179	(422,737)	8,730,442	4,536,399	(99,278)	4,437,121	5,803,243	(20,949)	5,782,294
Total	108,713,982	(422,737)	108,291,245	107,110,070	(99,278)	107,010,792	85,127,877	(20,949)	85,106,928

25.6 *Financial results*

The following is the financial income detailed for the periods ended:

Other gains (losses)	2013 ThCh$	2013 Discontinued operation ThCh$	2013 Continued Operation ThCh$	2012 ThCh$	2012 Discontinued operation ThCh$	2012 Continued Operation ThCh$	2011 ThCh$	2011 Discontinued operation ThCh$	2011 Continued Operation ThCh$
	For the year ended December 31								
Financial income from cash flow hedging	25,010	—	25,010	267,370	—	267,370	948,151	—	948,151
Other finance income	5,829,603	144,562	5,974,165	7,843,098	120,992	7,964,090	10,035,950	(271,119)	9,764,831
Financial income	5,854,613	144,562	5,999,175	8,110,468	120,992	8,231,460	10,984,101	(271,119)	10,712,982
Bank loan expenses	(137,975,837)	13,100,402	(124,875,435)	(120,611,344)	11,245,751	(109,365,593)	(68,858,210)	9,288,774	(59,569,436)
Bond debt expenses	(90,072,133)	21,728,421	(68,343,712)	(61,010,164)	21,145,658	(39,864,506)	(57,053,521)	19,079,545	(37,973,976)
Interest on bank loans	(13,389,526)		(13,389,526)	(11,487,735)		(11,487,735)	(7,407,777)		(7,407,777)
Valuation of financial derivatives expenses	(17,247,078)		(17,247,078)	(17,912,867)		(17,912,867)	(10,816,223)		(10,816,223)
Financial Expenses	(258,684,574)	34,828,823	(223,855,751)	(211,022,110)	32,391,409	(178,630,701)	(144,135,731)	28,368,319	(115,767,412)
Results from UF indexed bonds in Chile	(13,879,380)	2,074,458	(11,804,922)	(16,126,911)	2,377,697	(13,749,214)	(24,867,764)	3,647,690	(21,220,074)
Results from UF indexed Brazil	(6,957,024)		(6,957,024)	(9,391,256)		(9,391,256)	(6,420,766)		(6,420,766)
Results from UF indexed Other	(123,183)		(123,183)	(397,282)		(397,282)			—
(Losses) gains from indexation	(20,959,587)	2,074,458	(18,885,129)	(25,915,449)	2,377,697	(23,537,752)	(31,288,530)	3,647,690	(27,640,840)
Financial debt IFC-ABN Argentina	(4,821,735)	—	(4,821,735)	(5,468,763)		(5,468,763)	(5,466,649)		(5,466,649)
Bond debt USA and Peru	(26,103,769)	9,274,498	(16,829,271)	(2,276,453)	(8,928,180)	(11,204,633)	(6,159,487)	11,639,364	5,479,877

Financial debt Peru	(3,830,530)	395,038	(3,435,492)	1,121,237	(444,564)	676,673	1,750,021	(186,156)	1,563,865
Financial assets and Financial debt—Colombia	32,577	—	32,577	3,944,181	—	3,944,181	—	—	—
Exchange difference	(34,723,457)	9,669,536	(25,053,921)	(2,679,798)	(9,372,744)	(12,052,542)	(9,876,115)	11,453,208	1,577,093
Financial results total	(308,513,005)	46,717,379	(261,795,626)	(231,506,889)	25,517,354	(205,989,535)	(174,316,275)	43,198,098	(131,118,177)

26 Corporate income tax

The corporate income tax expense on continuing operations amounts to ThCh$ 94,068,463 ThCh$ 92,225,788 and ThCh$ 111,304,551, for the periods according to the following detail:

Expenses (income) due to income tax, current and deferred portions (presentation)	For the year ended December 31,		
	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Current tax expense	68,701,274	82,748,194	82,386,901
Adjustments to income tax of the prior period		—	—
Total current tax expenses, Net	68,701,274	82,748,194	82,386,901
Deferred tax income (expense) due to taxes arising from the creation and reversal of temporary differences	18,714,831	21,118,918	25,757,361
Deferred expenses (income) due to taxes arising from the changes in tax rates or new rates	6,652,358	(11,641,324)	3,160,289
Total deferred tax expenses, net	25,367,189	9,477,594	28,917,650
Tax expense on continuing operations	94,068,463	92,225,788	111,304,551

Expenses (income) due to income tax, by source (national, foreign) (presentation)	For the year ended December 31,		
	2013	2012	2011
	ThCh$	ThCh$	ThCh$
Current income tax expense, Net, Foreign	52,504,750	70,950,015	59,211,226
Current income tax expense, Net, Local	44,920,056	11,798,179	23,175,675
Current income tax expense, Net, Total	97,424,806	82,748,194	82,386,901
Deferred income tax expense, Net, Foreign	(9,836,201)	(15,214,306)	22,814,635
Deferred income tax expense, Net, Local	6,479,858	24,691,900	6,103,015
Deferred income tax expense, Net, Total	(3,356,343)	9,477,594	28,917,650
Tax Expense on continuing operations	94,068,463	92,225,788	111,304,551

The tax expense on continuing operations excludes the tax expense from the discontinued operation of ChTh$2,089,310 for the year ended December 31, 2013 (Dec 2012: 8,262,494 and Dec 2011: 8,251,057), see note 34.

The following chart shows the reconciliation between the corporate income tax calculations resulting from the application of the legal and effective rates for the periods:

Reconciliation of income tax expense using the statutory rate to income tax expense using the effective rate	For the periods 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Income tax expense using the legal rate	65,140,066	59,435,560	75,890,221
Tax effect of rates in other territories	19,661,979	24,183,407	33,575,867
Non-taxable expenses	6,180,072	15,447,183	9,327,074
Non-taxable income	—	8,103,282	—
Tax Effect of changes in tax rates	6,652,358	(11,641,323)	3,160,289
Effect of share of profit of equity-accounted investee.	(2,024,785)	(1,108,276)	(5,783,010)
Price level restatement under tax law	(4,703,865)	(3,853,610)	(4,593,569)
Changes in estimates related to prior years	3,162,638	1,659,565	(272,321)
Adjustments to tax expenses using the legal rate, total	28,928,397	32,790,228	35,414,330
Income tax expense using the effective rate	94,068,463	92,225,788	111,304,551

a) Tax losses:
The Company has deferred assets for tax losses arising from the different countries where it has investments. These arise mainly in the retail and real estate areas, both in Chile and abroad. For the tax losses carry-forward, there are no limits regarding their usage in all jurisdictions where the Group operates, the realization of tax losses is estimated based on the Group future projections.

These losses are in countries where they have no time limit and their reversal is estimated as projected future revenues as increasing.

b) Reversal of asset and liability timing differences:
The reversal of asset and liability timing differences is directly related to the nature of the asset and liability accounts generating these differences. There is no set term for the reversal of timing differences, due to the reversal of some and the origin of others.

c) Rate of income tax.
The current income tax rate in Chile that affects the company is 20% for the year 2013, modified in 2012 from 18,5% to 20% as a result of a modification of the existing tax laws. The rates that affect its foreign subsidiaries are: 35% in Argentina, 33% in Colombia, 30% in Peru and 34% in Brazil. For Colombia, this current rate was modified from 33% to 34% and enacted in 2013.

d) Deferred taxes not recognized.
The Company has no unrecognized deferred taxes as of the date of these financial statements.

27 Earnings per share

The basic earnings per share is calculated dividing the profits attributable to the Company shareholders among the weighted average of the common shares circulating during the year, excluding any common shares acquired by the Company and held as treasury shares.

Basic Earnings per Share	For the year ended December 31, 2013	2012	2011
Profit from continuing operations attributable to controlling shareholders	241,573,109	216,911,336	241,328,714
Profit from discontinued operations attributable to controlling shareholders	8,357,240	33,047,279	33,004,227
Available income for common shareholders, basic	249,930,349	249,958,615	274,332,941
Weighted average of share number, basic	2,762,910,986	2,327,518,639	2,264,103,215
Earnings per share from continued operations, basic	87.4	93.2	106.6
Earnings per share from discontinued operations, basic	3.0	14.2	14.6

The diluted earnings per share are calculated dividing the profits attributable to the Company's shareholders by the weighted-average of common shares that would be issued if all common shares were converted with diluting effects.

Basic Earnings per Share, diluted	For the year ended December 31, 2013	2012	2011
Profit from continuing operations attributable to controlling shareholders	241,573,109	216,911,336	241,328,714
Profit from discontinued operations attributable to controlling shareholders	8,357,240	33,047,279	33,004,227
Available income for common shareholders, diluted	249,930,349	249,958,615	274,332,941
Weighted average of share number, diluted	2,783,287,215	2,350,018,639	2,286,603,215
Earnings per share from continued operations, diluted	86.8	92.3	105.5
Earnings per share from discontinued operations, diluted	3.0	14.1	14.4

The diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average of common shares that would be issued on the conversion of all dilutive potential ordinary shares are dilutive.

Reconciliation of basic and diluted shares	For the year ended December 31, 2013	2012	2011
	ThCh$	ThCh$	ThCh$
Weighted average number of shares, basic	2,762,910,986	2,327,518,639	2,264,103,215
Increase in shares from share-based compensation plans	20,376,229	22,500,000	22,500,000
Weighted average number of shares, diluted	2,783,287,215	2,350,018,639	2,286,603,215

28 Information by segment

The Company reports the information by segment according to what is set forth in IFRS 8 “Operating Segments.” An operating segment is defined as a component of an entity over which separated financial information is available and is regularly reviewed.

In the information by segments, all transactions between the different operating segments have been eliminated.

Amended presentation for discontinued operations:

As discussed in Note 2.1, these consolidated financial statements have been re-presented to retroactively present the Subject Companies as discontinued operations. As such, the following segment information has also been re-presented to exclude the Subject Companies from the Financial services segment and to present them as discontinued operations remaining forty-nine percent (49%) owned by Cencosud as indicated in the Framework Agreement further explained in noted 2.1.

28.1 Segmentation criteria

For management purposes, the Company is organized in five operative divisions: Supermarkets, Shopping Centers, Home Improvement stores, Department stores and Financial Services. These segments are the basic on which the Company makes decisions with respect to its operations and resource allocation.

The operative segments are disclosed in a similar way with the presentation of the internal reports used by Management in the control and decision making process, considering the segments from a point of view according to the type of business and geographical area.

The operating segments that are reported derive their revenues mainly from the sale of products and rendering of services to final consumers of retail. There are no customers whose purchases represent more than 10% of the consolidated revenue, nor a specific business segment.

The rest of the minor activities, mainly including the travel agency and family-entertainment centers businesses, plus certain consolidation adjustments and corporate expenses administered centrally, are included in the segment “Support services, financing, adjustments and other”.

28.2 *Regional information by segment*

The segment information which is delivered to the chief operating decision maker (“Board of Directors”) of the reportable segments for the years ended December 31, 2013, 2012 and 2011 in thousands of Chilean pesos, is the following:

Regional information, by segment

Consolidated statement of income	Supermarkets	Shopping Centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Continuing operations total	Discontinued Operation financial services
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
For the year ended December 31, 2013								
Revenues from ordinary activities	7,682,064,417	205,331,757	1,176,889,876	970,359,682	81,651,184	17,861,294	10,134,158,210	206,881,617
Cost of sales	(5,770,070,404)	(23,340,760)	(787,402,395)	(701,529,624)	(25,937,848)	(3,450,895)	(7,311,731,926)	(59,816,671)
Gross Margin	1,911,994,013	181,990,997	389,487,481	268,830,058	55,713,336	14,410,399	2,822,426,284	147,064,946
Other revenues by function	12,112,591	95,201,988	238,535	225,651		512,480	108,291,245	422,737
Sales, general and administrative expenses	(1,636,018,294)	(38,231,161)	(309,684,052)	(245,331,298)	(15,666,959)	(125,169,431)	(2,370,101,195)	(90,339,754)
Financial expenses and income, net	—	—	—	—	—	(217,856,576)	(217,856,576)	(34,973,385)
Participation in profit or loss of equity method associates	165,512	10,123,927	—	—	—	—	10,289,439	—
Exchange differences	—	—	—	—	—	(25,053,921)	(25,053,921)	(9,669,536)
(Losses) from Indexation	—	—	—	—	—	(18,885,129)	(18,885,129)	(2,074,458)
Other earnings (Losses), net	—	—	—	1,029,785	—	25,336,087	26,365,872	16,000
Income tax charge	—	—	—	—	—	(94,068,463)	(94,068,463)	(2,089,310)
Profit (loss)	288,253,822	249,085,751	80,041,964	24,754,196	40,046,377	(440,774,554)	241,407,556	8,357,240
Profit (loss) from continuing operations	288,253,822	249,085,751	80,041,964	24,754,196	40,046,377	(440,774,554)	241,407,556	—
Profit (loss) from discontinued operations attributable to owners of the Company	—	—	—	—	—	—	—	8,357,240
Profit (loss) of attributable to non-controlling interest	—	—	—	—	—	165,553	165,553	—
Profit for the year attributable to controlling shareholders, Total	288,253,822	249,085,751	80,041,964	24,754,196	40,046,377	(440,609,001)	241,573,109	8,357,240
Depreciation and amortization	130,205,423	3,949,574	19,481,127	24,609,973	1,776,078	6,553,841	186,576,016	2,461,658

Consolidated statement of income	Supermarkets	Shopping Centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Continuing operations total	Discontinued operation financial services
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
For the year ended December 31, 2012								
Revenues from ordinary activities	6,733,610,368	172,103,636	1,063,086,246	886,074,835	58,453,967	12,021,824	8,925,350,876	223,726,231
Cost of sales	(5,057,477,386)	(27,212,848)	(711,500,077)	(644,667,874)	(21,081,862)	(2,294,000)	(6,464,234,047)	(83,597,726)
Gross Margin	1,676,132,982	144,890,788	351,586,169	241,406,961	37,372,105	9,727,824	2,461,116,829	140,128,505
Other revenues by function	7,095,688	98,906,148	102,797	315,626	0	590,533	107,010,792	99,278
Sales, general and administrative expenses	(1,368,788,836)	(26,739,071)	(278,043,349)	(221,491,769)	(46,803,305)	(106,523,510)	(2,048,389,840)	(73,431,624)
Financial expenses and income, net	—	—	—	—	—	(170,399,241)	(170,399,241)	(32,512,401)
Participation in profit or loss of equity method associates	98,335	5,643,512	—	—	0	(99,436)	5,642,411	(2,695)
Exchange differences	—	—	—	—	—	(12,052,542)	(12,052,542)	9,372,744
(Losses) from Indexation	—	—	—	—	—	(23,537,752)	(23,537,752)	(2,377,697)
Other earnings (Losses), net	—	—	—	—	—	(7,403,018)	(7,403,018)	33,663
Income tax charge	—	—	—	—	—	(92,225,788)	(92,225,788)	(8,262,494)
Profit (loss)	**314,538,169**	**222,701,377**	**73,645,617**	**20,230,818**	**(9,431,200)**	**(401,922,930)**	**219,761,851**	**33,047,279**
Profit (loss) from continuing operations	314,538,169	222,701,377	73,645,617	20,230,818	(9,431,200)	(401,922,930)	219,761,851	
Profit (loss) from discontinued operations attributable to owners of the Company								33,047,279
Profit (loss) of attributable to non-controlling interest						(2,850,515)	(2,850,515)	
Profit for the year attributable to controlling shareholders, Total	**314,538,169**	**222,701,377**	**73,645,617**	**20,230,818**	**(9,431,200)**	**(404,773,445)**	**216,911,336**	33,047,279
Depreciation and amortization	89,454,327	2,605,979	17,740,121	22,895,958	954,777	5,289,657	138,940,819	2,509,579

Consolidated statement of income	Supermarkets	Shopping Centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Continuing operations total	Discontinued operation financial services
For the year ended December 31, 2011								
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Revenues from ordinary activities	5,556,271,353	129,727,271	948,640,802	690,772,399	45,313,867	11,520,311	7,382,246,003	222,560,370
Cost of sales	(4,177,664,040)	(19,448,911)	(647,337,459)	(499,413,266)	(14,027,932)	(5,421,195)	(5,363,312,803)	(71,603,835)
Gross Margin	1,378,607,313	110,278,360	301,303,343	191,359,133	31,285,935	6,099,116	2,018,933,200	150,956,535
Other revenues by function	7,519,999	76,522,049	184,669	830,854	31,167	18,190	85,106,928	20,949
Sales, general and administrative expenses	(1,086,570,417)	(22,144,624)	(234,196,587)	(162,492,264)	(24,352,750)	(73,092,760)	(1,602,849,402)	(66,524,102)
Financial expenses and income, net	—	—	—	—	—	(105,054,430)	(105,054,430)	(28,097,200)
Participation in profit or loss of equity method associates	48,108	5,735,280	—	—	—	(4,828)	5,778,560	
Exchange differences	—	—	—	—	—	1,577,093	1,577,093	(11,453,208)
(Losses) from Indexation	—	—	—	—	—	(27,640,840)	(27,640,840)	(3,647,690)
Other earnings, net	—	—	—	—	—	(12,658,588)	(12,658,588)	
Income tax charge	—	—	—	—	—	(111,304,551)	(111,304,551)	(8,251,057)
Profit (loss)	**299,605,003**	**170,391,065**	**67,291,425**	**29,697,723**	**6,964,352**	**(322,061,598)**	**251,887,970**	**33,004,227**
Profit loss from continuing operations	299,605,003	170,391,065	67,291,425	29,697,723	6,964,352	(322,061,598)	**251,887,970**	
Profit loss from discontinued operations attributable to owners of the Company								33,004,227
Non-controlling interest	—	—	—	—		(10,559,256)	(10,559,256)	
Profit for the year attributable to controlling shareholders, Total	**299,605,003**	**170,391,065**	**67,291,425**	**29,697,723**	**6,964,352**	**(332,620,854)**	**241,328,714**	**33,004,227**
Depreciation and amortization	76,559,436	2,344,118	16,500,774	17,292,116	261,127	4,540,549	117,498,120	2,676,187

The Company controls the results of each of the operating segments, at the level of revenues, costs and management expenses. The support services, exchange rates, readjustments, taxes and non-recurring income and expense, or financial income, are not allocated, as they are centrally managed.

The financing policy of the Group has been historically being financed and managing these resources through the Company Holding Cencosud S.A. The funds are subsequently transferred to other countries as required to finance the local investments. This policy aims to reduce the financial cost of the Group.

28.3 *Gross margin by country and segment, in thousands of Chilean pesos:*

Gross margin by country and segment

For the year ended December 31, 2013	Supermarkets	Shopping Centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Continuing operations total	Discontinued operation financial services
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Chile								
Ordinary income, total	2,227,303,379	112,838,221	448,703,025	955,776,720	0	(1,199,580)	3,743,421,765	206,881,617
Cost of sales	(1,667,850,383)	(6,819,735)	(319,188,084)	(689,359,574)	0	(568,775)	(2,683,786,551)	(59,816,671)
Gross margin	559,452,996	106,018,486	129,514,941	266,417,146	0	(1,768,355)	1,059,635,214	147,064,946
Argentina								
Ordinary income, total	1,786,933,136	69,296,509	682,009,977	—	44,739,642	18,871,615	2,601,850,879	—
Cost of sales	(1,245,360,758)	(13,833,170)	(434,482,148)	—	(11,406,064)	(2,742,129)	(1,707,824,269)	—
Gross margin	541,572,378	55,463,339	247,527,829	—	33,333,578	16,129,486	894,026,610	—
Brazil								
Ordinary income, total	2,003,897,962	—	—	—	3,983,225	—	2,007,881,187	—
Cost of sales	(1,550,663,330)	—	—	—	—	—	(1,550,663,330)	—
Gross margin	453,234,632				3,983,225	—	457,217,857	
Peru								
Ordinary income, total	745,469,519	14,555,001	—	14,582,962	25,347,365	189,260	800,144,107	
Cost of sales	(565,442,936)	(2,337,166)	—	(12,170,050)	(14,531,784)	(139,991)	(594,621,927)	
Gross margin	180,026,583	12,217,835	—	2,412,912	10,815,581	49,269	205,522,180	
Colombia								
Ordinary income, total	918,460,421	8,642,026	46,176,874	—	7,580,951	—	980,860,272	
Cost of sales	(740,752,997)	(350,689)	(33,732,163)	—	—	—	(774,835,849)	
Gross margin	177,707,424	8,291,337	12,444,711		7,580,951		206,024,423	
Total								
Ordinary income, total	7,682,064,417	205,331,757	1,176,889,876	970,359,682	81,651,184	17,861,294	10,134,158,210	206,881,617
Cost of sales	(5,770,070,404)	(23,340,760)	(787,402,395)	(701,529,624)	(25,937,848)	(3,450,895)	(7,311,731,926)	(59,816,671)
Gross margin	1,911,994,013	181,990,997	389,487,481	268,830,058	55,713,336	14,410,399	2,822,426,284	147,064,946

Gross margin by country and segment

For the year ended December 31, 2012	Supermarkets ThCh$	Shopping Centers ThCh$	Home improvement ThCh$	Department stores ThCh$	Financial services ThCh$	Support services, financing, adjustments and other ThCh$	Continuing operations total ThCh$	Discontinued operation financial services ThCh$
Chile								
Ordinary income, total	2,057,975,971	93,090,583	400,374,671	886,074,835	0	1,125,243	3,438,641,303	223,726,231
Cost of sales	(1,560,271,586)	(8,201,277)	(285,324,555)	(644,667,874)	0	(535,983)	(2,499,001,275)	(83,597,726)
Gross margin	497,704,385	84,889,306	115,050,116	241,406,961	0	589,260	939,640,028	140,128,505
Argentina								
Ordinary income, total	1,751,868,719	65,468,487	619,984,596	—	41,237,795	10,588,737	2,489,148,334	—
Cost of sales	(1,235,669,100)	(14,498,868)	(394,867,272)	—	(10,786,532)	(1,697,425)	(1,657,519,197)	—
Gross margin	516,199,619	50,969,619	225,117,324	—	30,451,263	8,891,312	831,629,137	—
Brazil								
Ordinary income, total	2,095,104,021	—	—	—	3,675,547	—	2,098,779,568	—
Cost of sales	(1,639,791,932)	—	—	—	—	—	(1,639,791,932)	—
Gross margin	455,312,089	—	—	—	3,675,547	—	458,987,636	—
Peru								
Ordinary income, total	713,307,958	12,725,632	—	—	13,115,177	307,844	739,456,611	
Cost of sales	(535,329,816)	(4,482,928)	—	—	(10,295,330)	(60,592)	(550,168,666)	
Gross margin	177,978,142	8,242,704	—	—	2,819,847	247,252	189,287,945	—
Colombia								
Ordinary income, total	115,353,699	818,934	42,726,979	—	425,448	—	159,325,060	—
Cost of sales	(86,414,952)	(29,775)	(31,308,250)	—	—	—	(117,752,977)	—
Gross margin	28,938,747	789,159	11,418,729	—	425,448	—	41,572,083	—
Total								
Ordinary income, total	6,733,610,368	172,103,636	1,063,086,246	886,074,835	58,453,967	12,021,824	8,925,350,876	223,726,231
Cost of sales	(5,057,477,386)	(27,212,848)	(711,500,077)	(644,667,874)	(21,081,862)	(2,294,000)	(6,464,234,047)	-83,597,726
Gross margin	1,676,132,982	144,890,788	351,586,169	241,406,961	37,372,105	9,727,824	2,461,116,829	140,128,505

Gross margin by country and segment

For the year ended December 31, 2011	Supermarkets	Shopping Centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Continuing operations total	Discomtinued operation finacial services
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Chile								
Ordinary income, total	1,826,056,074	64,500,943	367,482,607	690,772,399	0	(340,328)	2,948,471,695	222,560,370
Cost of sales	(1,392,974,430)	(5,097,011)	(265,945,202)	(499,413,266)	0	(1,679,794)	(2,165,109,703)	(71,603,835)
Gross margin	433,081,644	59,403,932	101,537,405	191,359,133	0	(2,020,122)	783,361,992	150,956,535
Argentina								
Ordinary income, total	1,553,663,443	59,661,271	541,777,988	—	31,915,370	8,909,899	2,195,927,971	
Cost of sales	(1,107,112,515)	(13,577,531)	(352,609,965)	—	(9,346,562)	(2,677,355)	(1,485,323,928)	
Gross margin	446,550,928	46,083,740	189,168,023	—	22,568,808	6,232,544	710,604,043	
Brazil								
Ordinary income, total	1,552,064,331	—	—	—	4,657,306	—	1,556,721,637	—
Cost of sales	(1,204,385,968)	—	—	—	—	—	(1,204,385,968)	—
Gross margin	347,678,363	—	—	—	4,657,306	—	352,335,669	—
Peru								
Ordinary income, total	624,487,505	5,565,057	—	—	8,741,190	2,950,742	641,744,494	
Cost of sales	(473,191,128)	(774,370)	—	—	(4,681,369)	(1,064,044)	(479,710,911)	
Gross margin	151,296,377	4,790,687	—	—	4,059,821	1,886,698	162,033,583	
Colombia								
Ordinary income, total	—	—	39,380,206	—	—	—	39,380,206	
Cost of sales	—	—	(28,782,293)	—	—	—	(28,782,293)	
Gross margin	—	—	10,597,913	—	—	—	10,597,913	
Total								
Ordinary income, total	5,556,271,353	129,727,271	948,640,802	690,772,399	45,313,867	11,520,311	7,382,246,003	222,560,370
Cost of sales	(4,177,664,040)	(19,448,911)	(647,337,459)	(499,413,266)	(14,027,932)	(5,421,195)	(5,363,312,803)	(71,603,835)
Gross margin	1,378,607,313	110,278,360	301,303,343	191,359,133	31,285,935	6,099,116	2,018,933,200	150,956,535

28.4 Regional information by segment: Total assets

At December 31, 2013	Supermarkets ThCh$	Shopping Centers ThCh$	Home improvement ThCh$	Department stores ThCh$	Financial services ThCh$	Support services, financing, adjustments and other ThCh$	Consolidated total ThCh$
Current Assets							
Cash and cash equivalent	126,285,963	3,943,872	10,264,959	13,349,794	16,384,469	1,482,568	171,711,625
Other financial assets, current	—	—	—	—	—	49,583,940	49,583,940
Other non-financial assets, current	7,138,420	665,031	2,067,224	400,880	400,137	933,801	11,605,493
Trade receivables and other receivables, current	395,781,748	23,946,877	65,976,199	35,618,564	605,228,748	6,895,417	1,133,447,553
Trade receivables due from related parties, current	—	432,303	—	—	—	—	432,303
Inventory, current	665,686,232	—	208,372,176	170,848,219	—	—	1,044,906,627
Income tax receivable, current	10,011,982	2,738,250	1,436,634	2,344,763	822,592	5,443,082	22,797,303
Total current assets	1,204,904,345	31,726,333	288,117,192	222,562,220	622,835,946	64,338,808	2,434,484,844
Non-Current Assets							
Other financial assets, non-current	—	—	—	—	—	92,405,358	92,405,358
Other non-financial assets, non-current	—	—	—	—	—	38,263,337	38,263,337
Trade receivables and other receivables, non-current	13,923,011	—	—	—	139,992,578	1,924,223	155,839,812
Equity method investments	1,052,894	48,889,260	—	—	—	—	49,942,154
Intangible assets other than goodwill	128,403,643	—	—	136,427,526	205,608,697	101,181,641	571,621,507
Goodwill	—	—	—	—	—	1,696,040,684	1,696,040,684
Property, plant and equipment	2,342,823,658	160,353,883	332,811,904	252,986,187	6,145,009	6,763,227	3,101,883,868
Investment property	—	1,568,432,058	—	—	—	—	1,568,432,058
Income tax assets, non-current	—	—	—	—	—	53,727,039	53,727,039
Deferred income tax assets	—	—	—	—	—	302,593,552	302,593,552
Total non-current assets	2,486,203,206	1,777,675,201	332,811,904	389,413,713	351,746,284	2,292,899,061	7,630,749,369
Total Assets	3,691,107,551	1,809,401,534	620,929,096	611,975,933	974,582,230	2,357,237,869	10,065,234,213

At December 31, 2012	Supermarkets ThCh$	Shopping centers ThCh$	Home improvement ThCh$	Department stores ThCh$	Financial services ThCh$	Support services, financing, adjustments and other ThCh$	Consolidated total ThCh$
Current assets							
Cash and cash equivalent	159,679,777	6,598,824	15,714,286	28,605,221	26,119,818	1,002,879	237,720,805
Other financial assets, current	—	—	—	—	—	68,166,868	68,166,868
Other non-financial assets, current	6,549,755	922,765	1,637,436	515,597	128,210	719,792	10,473,555
Trade receivables and other receivables, current	358,810,511	33,329,057	66,128,123	28,921,744	571,164,524	272,846	1,058,626,805
Trade receivables due from related parties, current	—	323,624	—	—	—	—	323,624
Inventory, current	573,625,006	—	195,433,976	141,171,004	—	—	910,229,986
Income tax receivable, current	19,366,170	3,431,897	211,075	2,041,795	983,132	5,235,816	31,269,885
Total current assets	1,118,031,219	44,606,167	279,124,896	201,255,361	598,395,684	75,398,201	2,316,811,528
Non-Current Assets							
Other non-financial assets, non-current	—	—	—	—	—	41,007,224	41,007,224
Trade receivables and other receivables, non-current	—	—	—	—	—	38,279,832	38,279,832
Equity method investments	12,035,470	—	—	—	128,319,182	1,951,509	142,306,161
Intangible assets other than goodwill	925,203	41,335,198	—	—	—	—	42,260,401
Goodwill	149,549,363	—	—	136,427,526	205,608,697	63,698,360	555,283,946
Property, plant and equipment	—	—	—	—	—	1,728,262,922	1,728,262,922
Investment property	2,273,548,239	171,683,777	360,605,164	270,923,216	8,188,321	49,579,393	3,134,528,110
Income tax assets, non-current	—	1,471,343,789	—	—	—	—	1,471,343,789
Deferred income tax assets	—	—	—	—	—	4,825,534	4,825,534
	—	—	—	—	—	268,680,396	268,680,396
Total non-current assets	2,436,058,275	1,684,362,764	360,605,164	407,350,742	342,116,200	2,196,285,170	7,426,778,315
Total Assets	3,554,089,494	1,728,968,931	639,730,060	608,606,103	940,511,884	2,271,683,371	9,743,589,843

28.5 Current Asset and liabilities by segment

Regional information by segment Current assets and liabilities at December 31, 2013	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Trade accounts payable and other payables	1,378,948,724	43,113,236	247,192,916	204,007,494	65,970,607	18,760,241	1,957,993,218

Regional information by segment Current assets and liabilities at December 31, 2012	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Trade accounts payable and other payables	1,310,325,495	57,574,132	228,748,697	230,855,777	59,734,593	13,818,625	1,901,057,319

28.6 Information by country, assets and liabilities

In thousands of Chilean pesos:

Assets and liabilities by country

At December 31, 2013	Chile ThCh$	Argentina ThCh$	Brazil ThCh$	Peru ThCh$	Colombia ThCh$	Consolidated total ThCh$
Total assets	4,594,880,919	1,234,539,186	1,483,616,643	1,008,012,702	1,744,184,763	10,065,234,213
Total liabilities	3,609,794,420	696,788,617	658,786,450	394,025,753	444,471,884	5,803,867,124
Net investment	985,086,499	537,750,569	824,830,193	613,986,949	1,299,712,879	4,261,367,089
Percentage of equity	23.1	12.6	19.4	14.4	30.5	100.00
At December 31, 2012						
Total assets	4,454,315,307	1,266,718,615	1,397,406,576	895,260,292	1,729,889,053	9,743,589,843
Total liabilities	4,184,663,160	704,020,139	664,303,965	355,619,741	422,771,094	6,331,378,099
Net investment	269,652,147	562,698,476	733,102,611	539,640,551	1,307,117,959	3,412,211,744
Percentage of equity	7.9	16.5	21.5	15.8	38.3	100.00

28.7 *Regional information, including intersegments is as follows:*

Regional information, by segment	For the year ended December 31, 2013		
	Total segment revenue	Intersegment revenue	Revenue from external customer
	ThCh$	ThCh$	ThCh$
Supermarkets	7,682,064,417	—	7,682,064,417
Shopping	321,500,128	116,168,371	205,331,757
Home Improvement	1,187,795,422	10,905,546	1,176,889,876
Department stores	970,359,682	—	970,359,682
Financial Services	288,532,801	—	288,532,801
Financial Services (discontinued operations)	(206,881,617)		(206,881,617)
Others	17,861,294	—	17,861,294
TOTAL	10,261,232,127	127,073,917	10,134,158,210

Regional information, by segment	For the year ended December 31, 2012		
	Total segment revenue	Intersegment revenue	Revenue from external customer
	ThCh$	ThCh$	ThCh$
Supermarkets	6,733,610,368	—	6,733,610,368
Shopping	274,386,329	102,282,693	172,103,636
Home Improvement	1,071,180,346	8,094,100	1,063,086,246
Department stores	886,074,835	—	886,074,835
Financial Services	282,180,198	—	282,180,198
Financial Services (discontinued operations)	(223,726,231)		(223,726,231)
Others	12,021,824	—	12,021,824
TOTAL	9,035,727,669	110,376,793	8,925,350,876

Regional information, by segment	For the year ended December 31, 2011		
	Total segment revenue	Intersegment revenue	Revenue from external customer
	ThCh$	ThCh$	ThCh$
Supermarkets	5,556,271,353	—	5,556,271,353
Shopping	227,979,409	98,252,138	129,727,271
Home Improvement	958,067,011	9,426,209	948,640,802
Department stores	690,772,399	—	690,772,399
Financial Services	267,874,237	—	267,874,237
Financial Services (discontinued operations)	(222,560,370)		(222,560,370)
Others	11,520,311	—	11,520,311
TOTAL	7,489,924,350	107,678,347	7,382,246,003

28.8 Non-current assets by country

At December 31, 2013	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other non-financial assets	30,922,885	5,928,669	—	1,404,223	7,560	38,263,337
Trade receivables and other receivables	128,147,510	13,997,371	13,694,931	—	—	155,839,812
Equity Method investments	48,889,260	192,079	—	860,815	—	49,942,154
Intangible assets other than goodwill	372,172,379	10,830,938	74,926,954	100,080,155	13,611,081	571,621,507
Goodwill	246,271,648	3,816,863	555,816,040	248,204,885	641,931,248	1,696,040,684
Property Plant and Equipment	1,216,059,698	377,125,449	389,333,433	330,734,647	788,630,641	3,101,883,868
Investment Property	1,204,788,484	198,805,718	—	134,354,573	30,483,283	1,568,432,058
Income tax assets, non-current	42,963,654	756,141	—	—	10,007,244	53,727,039
Non -current assets—Total	3,290,215,518	611,453,228	1,033,771,358	815,639,298	1,484,671,057	7,235,750,459

At December 31, 2012	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other non-financial assets	31,814,006	6,458,266	—	—	7,560	38,279,832
Trade receivables and other receivables	118,852,275	11,518,280	9,894,674	2,040,932	—	142,306,161
Equity Method investments	41,335,198	207,360	—	717,843	—	42,260,401
Intangible assets other than goodwill	375,119,049	2,710,169	68,122,032	101,138,070	8,194,626	555,283,946
Goodwill	183,263,734	4,543,137	586,438,275	249,078,613	704,939,163	1,728,262,922
Property Plant and Equipment	1,344,756,731	461,852,383	327,480,746	311,768,451	688,669,799	3,134,528,110
Investment Property	1,076,383,068	233,206,607	—	129,920,885	31,833,229	1,471,343,789
Income tax assets, non-current	3,372,209	749,322	—	—	704,003	4,825,534
Non-current assets—Total	3,174,896,270	721,245,524	991,935,727	794,664,794	1,434,348,380	7,117,090,695

The amounts for non-current assets by country shown in this note exclude other non-current financial assets, deferred tax assets as per IFRS 8.

28.9 *Consolidated Cash Flow by segment:*

Regional information by segment Consolidated Segment Flows at December 31, 2013	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$	Discontinued Operation financial services ThCh$
Net cash flows from (used in) operating activities	297,980,105	116,800,693	(11,153,014)	29,766,009	1,250,328	(102,441,199)	332,202,922	62,716,526
Net cash flows from (used in) investing activities	(250,966,957)	(56,305,223)	(27,988,274)	(14,195,064)	(86,090)	40,174,729	(309,366,879)	(11,140,591)
Net cash flows from (used in) financing activities	(50,396,245)	(63,007,924)	34,736,268	(30,826,372)	7,857,712	62,406,390	(39,230,171)	(67,799,205)

Regional information by segment Consolidated Segment Flows at December 31, 2012	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$	Discontinued operation financial services ThCh$
Net cash flows from (used in) operating activities	511,615,028	138,682,474	59,899,058	37,800,248	10,336,932	(90,060,644)	668,273,096	50,441,523
Net cash flows from (used in) investing activities	(1,597,987,512)	(169,430,593)	(30,630,553)	(35,053,881)	1,969	(42,990,865)	(1,876,091,435)	2,523,768
Net cash flows from (used in) financing activities	1,144,256,989	35,772,502	(21,716,322)	11,406,894	21,119,891	133,326,730	1,324,166,684	(78,089,268)

Regional information by segment Consolidated Segment Flows at December 31, 2011	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$	Discontinued operation financial services ThCh$
Net cash flows from (used in) operating activities	374,509,930	109,943,585	68,826,418	43,296,869	12,576,844	-71,539,692	537,613,954	30.124.663
Net cash flows from (used in) investing activities	(250,966,957)	(56,305,223)	(27,988,274)	(14,195,064)	(86,090)	40,174,729	(309,366,879)	
Net cash flows from (used in) financing activities	-244,972,415	-224,084,865	-25,845,735	-131,118,878	-8,674,739	12,048,266	-622,648,366	(1.104.514)

28.10 *Additions to non-current assets:*

As of December 31, 2013		**Supermarkets**	**Shopping Center**	**Home Improvement**	**Department Stores**	**Financial Services (Insurance + cards + bank)**	**Support Services, Financing, and Other Settings**	**Total Consolidated**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**		**ThCh$**
Property plant and equipment	185,955,442	13,119,685	15,953,772	21,905,020	726,912	6,924,556		244,585,387
Intangible asset, other that goodwill	16,598,139	17,128	968,004	1,923,291	3,057,342	14,031,338		36,595,242
Goodwill	—	—	—	—	—	—		—
Investment properties	—	37,900,602	—	—	—	—		37,900,602
Total additions	202,553,581	51,037,415	16,921,776	23,828,311	3,784,254	20,955,894		319,081,231

As of December 31, 2012	**Supermarkets**	**Shopping Center**	**Home Improvement**	**Department Stores**	**Financial Services (Insurance + cards + bank)**	**Support Services, Financing, and Other Settings**	**Total Consolidated**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Property plant and equipment	316,780,246	40,112,736	17,947,342	25,922,027	2,092,519	16,535,516	419,390,386
Property plant and equipment, acquired through a business combination	724,218,712	47,487,088	—	—	—	—	771,705,800
Intangible asset, other that goodwill	12,444,256	221,261	84,799	206,460	2,325,881	3,285,760	18,568,417
Intangible asset, other that goodwill, acquired through a business combination	35,255,359	—	—	—	—	—	35,255,359
Goodwill	806,376,332	—	—	—	—	—	806,376,332
Investment properties	—	95,302,864	—	—	—	—	95,302,864
Total additions	1,895,074,905	183,123,949	18,032,141	26,128,487	4,418,400	19,821,276	2,146,599,158

28.11 Bank statements Paris:

Below is classified financial information of Banco Paris, used in the consolidation of Cencosud S.A. at December 31, 2013 and December 31, 2012.

Assets	**As of December 31, 2013 ThCh$**	**As of December 31, 2012 ThCh$**
Current assets		
Cash and cash equivalents	15,352,349	23,896,165
Other financial assets, current	8,785,942	—
Trade receivables and other receivables	129,922,520	101,261,110
Current tax assets	460,086	585,892
Total current assets	154,520,897	125,743,167
Non-current assets		
Trade receivable and other receivables, non-current	102,904,388	94,451,338
Receivables from related entities	38,010	566,484
Equity method investment	11,707	11,707
Intangible assets other than goodwill	3,175,651	2,667,657
Property, plant and equipment	1,284,878	1,269,846
Deferred income tax assets	2,451,102	3,463,815
Total non-current assets	109,865,736	102,430,847
Total assets	264,386,633	228,174,014

Below is classified financial information of Banco Paris, used in the consolidation of Cencosud S.A. at December 31, 2013 and December 31, 2012.

Net equity and liabilities	As of December 31, 2013 ThCh$	As of December 31, 2012 ThCh$
Current liabilities		
Other financial liabilities, current	152,017,643	126,924,707
Trade payables and other payables	9,367,366	4,193,313
Current income tax liabilities	543,641	98,070
Current provision for employee benefits	539,068	539,753
Total current liabilities	162,467,718	131,755,843
Non-current liabilities		
Other financial liabilities,	58,435,417	57,093,700
Trade accounts payables	1,334,706	631,197
Deferred income tax liabilities	1,292,601	1,623,259
Total non-current liabilities	61,062,724	59,348,156
Total liabilities	223,530,442	191,103,999
Net equity		
Paid-in capital	39,579,421	39,579,421
Retained earnings (accumulated losses)	5,398,170	(2,324,000)
Other reserves	(4,121,400)	(185,406)
Net equity attributable to controlling shareholders	40,856,191	37,070,015
Non-controlling interest	—	—
Total net equity	40,856,191	37,070,015
Total net equity and liabilities	264,386,633	228,174,014

Below is classified financial information of Banco Paris, used in the consolidation of Cencosud S.A. at December 31, 2013 and December 31, 2012.

Statement of integral income	For the year ended December 31, 2013 ThCh$	For the year ended December 31, 2012 ThCh$
Revenues from ordinary activities	48,375,633	36,388,016
Cost of Sales	(458,483)	(4,913,680)
Gross Margin	47,917,150	31,474,336
Administrative expenses	(28,108,339)	(27,328,182)
Financial income	144,562	120,992
Financial expenses	(13,389,526)	(11,487,735)
Exchange differences	(594)	(9,048)
Profit before tax	6,563,253	(7,229,637)
Income tax charge	(1,159,782)	1,580,324
Profit from ongoing operations	5,403,471	(5,649,313)
Net income	5,403,471	(5,649,313)

29 Restrictions, contingencies, legal proceedings and other matters

- The subsidiary Cencosud S.A. (Argentina) has counter guaranteed with fixed assets certain guarantee deposits received from concessionaires. The pledged assets are mortgaged real estate with guarantee deposits received for 2013 and 2012 of ThCh$ 3,186,327 and ThCh$ 3,622,226, respectively. (See note 31.2 and 31.3)
- The subsidiaries of Cencosud S.A. in Chile are involved in lawsuits and litigation that are pending as of year-end. The amounts of these claims are covered by a civil liability insurance policy.
- A civil lawsuit was filed against the indirectly controlled affiliate GBarbosa Comercial (Brazil) by the Public Employees Union in supermarkets in the State of Sergipe, which is awaiting the first instance ruling. The union is seeking compensation for overtime hours for all employees of the subsidiary for the period after May 2007. The petition was filed and supported by the ruling, albeit still not judicial, that was issued through another public civil claim, which annulled a bank of hours from May 2007 to April 2009.

  Based on the opinion of a legal advisor, we cannot estimate the value of the case given the complexity of the calculations related to the process, as well as the absence of sufficient evidence in the file in order to quantify.

  The contingencies and legal proceedings disclosed above are deemed to be of a possible outcome.

30 Leases

The Company leases installations, land, equipment and other assets under operating lease agreements.

The agreements have diverse durations and expiration periods, renewal rights and indexation clauses, which are mainly related to the inflation rate in the countries where the contracts are held.

30.1 Operating leases.

The Minimum Future Payments of leases, as a Lessee as of December 31, 2013 and 2012 are detailed below:

	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Up to one year	132,974,984	124,354,758
Between two and up to five years	492,226,414	470,134,378
Over five years	1,328,213,321	1,155,042,379
Total	1,953,414,719	1,749,531,515

Lease payments and subleases recognized in the statement of income:

	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Minimum payments from operational leases	155,286,694	125,765,684
Contingent leases from operational leases	13,514,956	16,479,307
Total	168,801,650	142,244,991

The Minimum Future payments of leases, as a Lessor as of December 31, 2013 and 2012 are detailed below:

	As of December 31,	
	2013	2012
	ThCh$	ThCh$
Up to one year	132,839,245	113,114,028
Between two and five years	326,247,569	257,755,799
Over five years	95,137,675	68,874,974
Total	554,224,489	439,744,801

The contingent income recognized in the statement of income amounts to ThCh$ 27.642.623 (ThCh$ 23,996,512 as of December 31, 2012).

The Company has no individually significant operating leases, nor are there restrictions on the distribution of dividends or on incurring other leasing contracts or debt. All the contracts are at market values.

30.2 Financial leases

In Other property, plant and equipment are assets acquired under finance leases.

	Balance as of,	
Property, plant and equipment, net	31/12/2013 ThCh$	31/12/2012 ThCh$
Land	8,026,326	8,804,193
Buildings	18,188,677	15,322,744
Information technology equipment	10,716,244	845,667
fixed installations and accessories	—	2,630,647
Equipment	151,656	8,178,650
Vehicles	394,144	960,694
Total	37,477,047	36,742,595

The values of the future payments under these leases are as follows:

	31/12/2013		
Reconciliation of minimum lease payments	Present Value ThCh$	Interest ThCh$	Gross ThCh$
Less than one year	4,808,673	601,673	5,410,346
Between one and five years	10,357,480	2,417,808	12,775,288
More than five years	17,421,599	1,566,124	18,987,723
Total	32,587,752	4,585,605	37,173,357

Reconciliation of minimum lease payments	31/12/2012 Present Value ThCh$	Interest ThCh$	Gross ThCh$
Less than one year	5,453,350	749,024	6,202,374
Between one and five years	10,766,639	2,795,194	13,561,833
More than five years	17,830,108	(922,093)	16,908,015
Total	34,050,097	2,622,125	36,672,222

31 Guarantees with third parties

The detail of the guarantees obtained is the following:

31.1 Guarantees received by project.

The amounts detailed below are related to off statements of financial position arrangement.

Grantor of the guarantee	As of December 31, 2013 ThCh$	2012 ThCh$
Constructora INALCO S.A.	378,304	167,147
Constructora Trebol Ltda.	—	105,136
Salfa Construcción S.A.	422,382	318,932
Ascensores OTIS Chile Ltda.	—	50,308
Constructora Cruzat S.A.	—	66,030
Traancura Ing. Constr. Ltda.	—	98,829
Constructora Cuevas y Purcell S.A.	335,449	1,094,558
Inmobiliaria y Constructora Class Ltda.	48,868	—
Empresa Constructora D L P Ltda.	58,024	—
Other Guarantees obtained for work completion	7,337	206,080
Total guarantees obtained for work completion	1,250,364	2,107,020
Guarantees received for store leases	8,403,703	8,214,781
Total guarantees obtained	9,654,067	10,321,801

31.2 Direct guarantees

Guarantee creditor	Debtor Name	Debtor Relation	Guarantee type	Committed Assets Type	Book value 2013 ThCh$	Book value 2012 ThCh$
Other	Cencosud S.A Argentina	Subsidiary	Mortgage	Property, plant and equipment	3,186,327	3,622,226
Total property, plant and equipment					3,186,327	3,622,226

31.3 Debt Balance from Direct Guarantees

Guarantee creditor	Debtor Name	Debtor Relation	Guarantee type	Book value 2013 ThCh$	Book value 2012 ThCh$
Other	Cencosud S.A Argentina	Subsidiary	Mortgage	3,186,327	3,622,226
Total property, plant and equipment				3,186,327	3,622,226

32 Personnel distribution

The distribution of personnel of the Company is the following:

Company	As of December 31, 2013				
	Managers and main executives	Professionals and technicians	Workers and other	Total	Average
Cencosud S.A.	15	767	396	1,178	1,170
Subsidiaries in Chile—Argentina Brazil—Peru—Colombia	1,454	12,794	138,212	152,460	153,254
Total	1,469	13,561	138,608	153,638	154,424

Company	As of December 31, 2012				
	Managers and main executives	Professionals and technicians	Workers and other	Total	Average
Cencosud S.A.	16	681	415	1,112	1,038
Subsidiaries in Chile—Argentina—Brazil—Peru—Colombia	1,068	14,574	141,213	156,855	141,637
Total	1,084	15,255	141,628	157,967	142,675

33 Stock options

As of December 31, 2013, the Company has a share-based compensation plan for executives of Cencosud S.A. and Affiliates. The details of the arrangements are described below:

Agreement	Stock options granted to key executives
Nature of the arrangement	2014 retention plan for executives
Date of grant	September 2013
Number of instruments granted	22,640,254 shares
Exercise price	Ch$ 2,600
Share price at granted date	Ch$ 2,071
Vesting	0.9; 1.9; 2.9; 3.9 years
Condition	a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in their employment relationship. b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of their employment duties, at the Company's sole discretion.

Settlement	Shares
Data used in the options pricing model:	
Weighted average price of shares used	Ch$ 2,071
Exercise price	Ch$ 2,600
Expected volatility	23.4%
Expected term at grant day (in years)	0.9; 1.9; 2.9; 3.9 years
Risk free interest rate	5.0%
Expected dividends (dividends yield)	1%
Anticipated % of executives leaving the plan (at grant date)	10%
Fair value of the option at the grant date	Ch$ 157.49

As of December 31, 2012, the Company has the following compensation plans for executives, which during the month of April 2013 on the rights-based compensation plan for executives options were exercised Cencosud SA and subsidiaries that held the company. Details of the plans are described below:

Agreement	Stock options granted to key executives	Stock options granted to key executives
Nature of the arrangement	Years of service plan	Performance incentive
Date of grant	1/1/2010	1/1/2010
Number of instruments granted	8,392,143 shares	16,607,857 shares
Exercise price	Ch$ 1,750	Ch$ 1,750
Share price at granted date	Ch$ 1,766.8	Ch$ 1,766.8
Vesting	3.3	3.3
Condition	a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in their employment relationship. b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of their employment duties, at the Company's sole discretion.	The investing condition requires that EBITDA for the year ended December 31, 2012 (meaning the Consolidated net income of Cencosud S.A. plus financial interest, depreciation, amortization and income taxes and excluding the variation of adjustment unit and change by revaluation of investment properties) increase 100% or more based on the EBITDA for the year ended December 31, 2009 (amounting to ThCh$ 403,210,000. EBITDA is calculated based only on the businesses that the Company has or operates as of signing date of the stock options contract and excludes any acquisition (such as purchase, merger, or other similar transaction) made by the Company. The Board has approved a change to the performance incentive plan, as is described below.

Settlement	Shares	Shares
Data used in the options pricing model:		
Weighted average price of shanes used	Ch$ 1,766.8	Ch$ 1,766.8
Exercise price	Ch$ 1,750	Ch$ 1,750
Expected volatility	16.0%	16.0%
Expected term at grant day (in years)	3.3	3.3
Risk free interest rate	4.7%	4.7%
Expected dividends (dividends yield)	0%	0%
Anticipated % of executives leaving the plan (at grant date)	10%	10%
Fair value of the option at the grant date	Ch$ 331.87	Ch$ 331.87

Stock options granted to key executives	Numbers of shares 2013	2012
Outstanding as of the beginning of the period	18,443,792	22,717,830
Granted during the period	26,374,148	303,250
Forfeited during the period	(875,474)	(4,577,288)
Exercised during the period	21,931,802	—
Expired at the end of the period	—	—
Outstanding at the end of the period	22,010,664	18,443,792
Vested and expected to vest at the end of the period	22,010,664	18,443,792
Eligible for exercise at the end of the period	370	250

Stock options—Impact in P&L	2013 ThCh$	2012 ThCh$	2011 ThCh$
Impact in the income statement	3,743,479	2,297,559	2,297,562

The Board has approved a change to the performance incentive plan, changing the condition of exercise in accordance with the EBITDA increase percentage actually achieved. It was also agreed to postpone the deadline for exercising the stock option plans until April 22, 2013.

Additionally, the Board delegated to its Chairman the possibility of providing additional options to the aforementioned performance incentive plan to certain key executives under the condition that they not exceed the limit of number of shares approved by the Shareholders dated April 25, 2008 for this purpose.

At the end of each reporting period, the Company revises its estimates of the number of options that can be exercised. The estimated number of options to be exercised is 22,010,664 and 18,443,792 shares at December 31, 2013 and December 31, 2012, respectively.

In relation to the 2014 Retention Plan, the outstanding options as of December 31, 2013 had a weighted-average contractual life of 1.92 years. Incentive plans for retention and incentive, both had a weighted average contractual life of 0.31 year, as of December 31, 2012.

The Company utilizes a valuation model that is based in a constant volatility assumption to value its employee share options. The fair value of each option grant has been estimated, as of the grant date, using the Black Scholes option pricing model.

34 Discontinued operations

As discussed in Note 2.1, these consolidated financial statements have been re-presented to retroactively present the Subject Companies as discontinued operations.

a) Results of discontinued operation

In thousands of Chilean pesos For the quarter ended Dec 31, 2012	31/12/2013 ThCh$	31/12/2012 ThCh$	31/12/2011 ThCh$
Revenues from ordinary activities	206,881,617	223,726,231	222,560,370
Cost of sales	(59,816,671)	(83,597,726)	(71,603,835)
Gross Margin	**147,064,946**	**140,128,505**	**150,956,535**
Other revenues by function	422,737	99,278	20,949
Distribution cost	0	0	(1,001)
Sales, general and administrative expenses	(60,173,810)	(59,282,610)	(52,240,990)
Other expenses by function	(30,165,944)	(14,149,014)	(14,250,022)
Other gain (losses),net	16,000	33,663	(32,089)
Results from operating activities	**57,163,929**	**66,829,822**	**84,453,382**
Finance income	(144,562)	(120,992)	271,119
Finance expenses	(34,828,823)	(32,391,409)	(28,368,319)
Participation in profit or loss of equity method associates	—	(2,695)	—
Exchange differences	(9,669,536)	9,372,744	(11,453,208)
(Losses) from indexation	(2,074,458)	(2,377,697)	(3,647,690)
Results from operating activities before income tax	10,446,550	41,309,773	41,255,284
Income Tax	(2,089,310)	(8,262,494)	(8,251,057)
Profit from discontinued operations	8,357,240	33,047,279	33,004,227
Depreciation and amortization	2,461,658	2,509,579	2,676,187
Earnings per share from discontinued operations, basic	3.0	14.2	14.6
Earnings per share from discontinued operations, diluted	3.0	14.2	14.6

Cash flows from (used in) discontinued operations

In thousands of Chilean pesos	31/12/2013	31/12/2012	31/12/2011
	ThCh$	ThCh$	ThCh$
Net cash from (used in) operating activities	62,716,526	50,441,523	30,124,663
Net cash from (used in) investing activities	(11,140,591)	2,523,768	(1,104,514)
Net cash from (used in) financing activities	8,888,132	(9,349,273)	(19,052,860)

35 Environmental matters

As of December 31, 2013 and 2012, the Company has not made disbursements related to the protection of the environment, and there are no future commitments with regards to this matter.

36 Sanctions

At December 31, 2013 and December 31, 2012 the Superintendence of Securities and Insurance and other administrative authorities have not applied sanctions to the Company or its Directors

37 Subsequent events

On April 1, 2014 the Group announced the successful refinancing of its liabilities to the amount of approximately USD 770 million, thus, reducing its debt payments for 2014 to USD 650 million and to USD 120 million for 2015 and reducing its liquidity requirements for the next 24 months. This successful refinancing is in line with the Group's financial strategy which is to seek to extend payment terms for our debts in order to shift focus to the operations and ultimately deleverage the Group.

Between the date of issuance of these consolidated financial statements and the filing date of this report, management is not aware of any other subsequent events that could significantly affect the consolidated financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cencosud S.A.

By: /s/ Sebastián Rivera Martínez
Name: Sebastián Rivera Martínez
Title: Legal Manager

Date: January 29, 2015

ANNEX III

REPORT ON FORM 6-K, DATED JANUARY 29, 2015, INCLUDING UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2014 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the month of January, 2015

Commission File Number 001-35575

Cencosud S.A.

(Translation of registrant's name into English)

Av. Kennedy 9001, Piso 6
Las Condes, Santiago
Chile
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40 F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

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UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014

This report on Form 6-K consists of a management's discussion and analysis of financial condition and results of operations and unaudited condensed consolidated interim financial statements for the registrant as of and for the nine month period ended September 30, 2014 (the "Consolidated Financial Statements"). The Consolidated Financial Statements are presented in Chilean pesos and prepared in accordance with International Financial Reporting Standards.

This report contains forward-looking statements. The registrant desires to qualify for the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995, and consequently is hereby filing cautionary statements identifying important factors that could cause the registrant's actual results to differ materially from those set forth in such forward-looking statements.

The registrant's forward-looking statements are based on the registrant's current expectations, assumptions, estimates and projections about the registrant and its industry. These forward-looking statements can be identified by words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "is/are likely to," "may," "plan," "should," "would," or other similar expressions.

The forward-looking statements included in this report involve various risks and uncertainties, including, among others: (i) changes in general economic, business or political or other conditions in Chile, Argentina, Brazil, Peru, Colombia or elsewhere in Latin America or global markets; (ii) changes in capital markets in general that may affect policies or attitudes towards investing in Chile, Argentina, Brazil, Peru, Colombia or securities issued by companies in such countries; (iii) the monetary and interest rate policies of the Central Banks of Chile, Argentina, Brazil, Peru and Colombia; (iv) high levels of inflation or deflation; (v) unanticipated increases in financing and other costs or our inability to obtain additional debt or equity financing on attractive terms; (vi) movements in interest and/or foreign exchange rates, and movements in equity prices or other rates or prices; (vii) changes in, or failure to comply with, applicable regulations or changes in taxes; (viii) loss of market share or changes in competition and pricing environments in the industries in which the Company operates; (ix) difficulties in successfully integrating recent and future acquisitions into the Company's operations; (x) the Company's inability to hedge certain risks economically; (xi) changes in consumer spending and saving habits; (xii) implementation of new technologies; (xiii) limitations on the Company's ability to open new stores and operate them profitably; (xiv) difficulties in completing proposed store openings, expansions or remodeling; (xv) difficulties in acquiring and developing land in Chile, Argentina, Brazil, Peru or Colombia, and restrictions on opening new large stores in any such countries; and (xvi) the factors discussed under the heading "Risk Factors" as well as risks included in the Company's other filings and submissions with the United States Securities and Exchange Commission.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References to the terms "Cencosud S.A.," "we," "us," "our" and "our company" refer to the registrant, Cencosud S.A., a corporation organized under the form of a *sociedad anónima* under the laws of Chile, and its consolidated subsidiaries, unless otherwise indicated.

Operating and Financial Review and Prospects

We believe we are one of the leading multi-brand retailers in South America, based on revenues, selling space, number of stores and gross leasable area in the sectors and countries in which we operate. We operate through a number of formats, including supermarkets, home improvement stores, shopping centers and department stores. We seek to increase operations through organic growth and acquisitions in Brazil, Peru and Colombia, which the Company believes are high growth and underpenetrated markets due to their favorable demographics, sustainable household consumption growth, low formal retail penetration, and strong macroeconomic environments. As a complement to our core retailing business, we are actively involved across the region in the commercial real estate development business, particularly in Chile, Argentina and Peru, with 48 shopping malls representing 726,730 square meters of gross leasable area as of September 30, 2014, and we also offer private label credit cards, consumer loans and limited financial services to our retail customers.

A. OPERATING RESULTS

Trends and Factors Affecting Our Results of Operations

Our results of operations have been influenced and will continue to be influenced by the following factors:

Developments in the Chilean economy

Our operations in Chile accounted for 35.9% of our consolidated revenues from ordinary activities for the nine months ended September 30, 2014. Consequently, our financial condition and results of operations are substantially dependent on economic conditions prevailing in Chile. In 2010, the Chilean economy began to recover following the 2009 recession. As reported by the Central Bank of Chile, GDP contracted 1.0% in 2009, but increased by 6.1% in 2010, 6.0% in 2011, 5.5% in 2012 and is estimated to have grown 4.2% in 2013 as reported by the Central Bank of Chile. According to ILACAD World Retail ("ILACAD"), an international consulting company which monitors the retail industry, the Chilean formal retail sector, which consists of business that are taxed and that employ formal labor, accounts for 63% of the retail sector, a relatively high number in comparison to the other countries in which we operate, but low in comparison to the United States, where the formal sector accounts for 92% of the retail sector, according to the U.S. Census Bureau, as of 2013.

The recovery of the Chilean economy in 2010 was led in part by a recovery of the prices of Chile's exports, which accounted for 60% of GDP in 2012, according to Global Insight, a consulting company for country and industry forecasting. As a result of the economic recovery, the Consumer Price Index ("CPI") inflation increased 3.0% in 2013 and 1.5% in 2012, compared with an increase of 4.4% in 2011, an increase of 3.0% in 2010 and a decrease of 1.4% in 2009, according to the Central Bank of Chile. Inflation began to accelerate during 2014 following less favorable copper prices and increased international oil prices that resulted in a higher exchange rate. Chilean CPI was at 5.1% in 2014, within the upper range of the institution´s target.

During 2014, the Chilean Central bank began a process of loosening monetary policy in response to weaker economic activity with the aim of boosting growth. Local output, demand and employment indicators continued to show softer dynamics in the economy during this period. These factors, in conjunction with timid global growth prospects, led the bank to cut its benchmark rate for the fourth consecutive time to 3% during its October 16, 2014 meeting. The unemployment rate increased to 6.7% as of September 30, 2014, as internal demand cooled and output decreased, from 5.6% in December 2013, and was 6.1% in December 2012, 6.6% in December 2011, 7.1% in December 2010 and 10.0% in December 2009, according to the Central Bank of Chile.

Chile maintains one of the highest foreign currency credit ratings in Latin America, currently rated AA- by Standard & Poor's Financial Services LLC, ("S&P"), Aa3 by Moody's Investors Service, Inc. ("Moody's") and A+

by Fitch, Inc. ("Fitch"), as of September 30, 2014. The future economic, social and political developments in Chile, over which we have no control, could have a material adverse effect on us, including impairing our business, financial condition or results of operations. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future.

On September 29, 2014, Chile enacted Law No. 20,780 (the "Tax Reform Act"). The Tax Reform Act introduced changes to the corporate tax rate, mandating a gradual increase of the rate from 20% to 25% or 27% in certain cases, the rules regarding minimum capitalization, and the taxation of Chilean investments abroad (the controlled-foreign-corporation rules), among others. The new rules are set to come into effect gradually, with the implementation process having commenced on October 1, 2014 and set to be completed by January 1, 2018. The effects of this tax reform may increase our operating and compliance costs, which could negatively affect our financial results and our ability to grow our business.

Developments in the Argentine economy

Our operations in Argentina accounted for 24% of our consolidated revenues from ordinary activities for the nine months ended September 30, 2014. Accordingly, the Company is sensitive to macroeconomic conditions in Argentina.

From late 1998 to 2002, the Argentine economy went through an economic recession marked by reduced levels of consumption and investment and an elevated unemployment rate. As reported by the INDEC (Statistics and Census National Bureau), Argentina's GDP decreased by 0.8% in 2000, 4.4% in 2001 and 10.9% in 2002. In December 2001, a deep economic and political crisis forced Argentina to declare a suspension on payment of its foreign debt. In early 2002, the government released the Argentine peso from its one-to-one peg to the U.S. dollar and allowed the exchange rate to float, resulting in a 49.6% devaluation of the Argentine peso from January 1, 2002 to December 31, 2002, according to the Central Bank of Argentina. From 2003 to 2010, economic indicators showed signs of recovery, guided by a competitive exchange rate, a healthier international context, higher commodity prices and expansionary fiscal and monetary policies. In 2005, Argentina completed the restructuring of most of its 2001 defaulted public debt, which in turn reduced significantly the risk premium on its outstanding bonds. The government recently completed negotiations to serve the remaining debt owed to the Paris Club. As a consequence, Argentina was able to decrease its public-to-GDP ratio from 139% in 2003 to around 45% in 2014, as reported by the Ministry of Economy.

According to the INDEC, the Argentine economy grew by 9.2% in 2005, 8.5% in 2006, 8.7% in 2007 and 6.8% in 2008. Due to the global financial crisis, Argentina's GDP according to the World Bank, expanded by only 0.1% in 2009, while it showed strong signs of recovery in 2010 and 2011, growing by 9.1%, and 8.6%, respectively. During 2012 and 2013 Argentina's GDP grew by 0.9%, and 3.0%, respectively, also according to the World Bank. Unemployment levels also improved, from 8.6% and 7.7% in the fourth quarter of 2009 and 2010, respectively, to 7.2% and 6.8% in the fourth quarter of 2011 and 2012, respectively, as reported by the World Bank. According to INDEC unemployment for 2013 stood at 7.2%. As of September 30, 2014, the unemployment rate was 7.5%. Both public and private consumption and investment were among the leading contributors to the economic growth. As reported by the Ministry of Economy, consumption and investment increased 9.1% and 21.2% in real terms in 2010, respectively. Consumption was supported by local conditions as well as wider access to consumer credit, as represented in the retail or automobile sector. Argentina's retail market is an underpenetrated sector, as the formal retail sector accounts for 42% of the retail sector, according to ILACAD, as of 2012. As reported by INDEC, supermarkets sales increased 29% in 2010, 28% in 2011, 26% in 2012 and 27% in 2013. As an effect of high consumption, however, the country has experienced inflation of 11% in 2010, 10% in 2011, 11% in 2012 and 10.5% in 2013, as reported by INDEC, exceeding that of other countries in South America, according to publicly available information. In response to demands from international investors and the International Monetary Fund, the government of Argentina introduced a new methodology for the calculation of price variations in the domestic economy. The new index revealed a price increase of 18.4% for the month of September 2014. As per the Central Bank of Argentina, international reserves reached a record-high of over U.S.$52 billion in 2010, U.S.$46 billion in 2011 and U.S.$43 billion in 2012 before falling to U.S.$30 billion by the end of 2013. International reserves held by the Central Bank of Argentina stood as U.S.$28 billion as of September 30, 2014.

After several years of price stability, the devaluation of the Argentine peso in January 2002 created pressures on the domestic price system that generated high inflation in 2002 before substantially stabilizing in 2003. The local interest rate, the BAIBAR, was 9.45%, 10.11%, 9.08%, 12.10% and 30.14% on December 31, 2009, December 31, 2010, December 31, 2011, December 31, 2012 and December 31, 2013, respectively, as reported by the Central Bank. The BAIBAR stood at 10.21% on September 30, 2014.

Argentina is rated SD by S&P, Caa1 by Moody's with negative outlook and RD by Fitch, as of September 30, 2014. The future economic, social and political developments in Argentina, over which we have no control, could impair business, financial condition or results of operations. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future.

Developments in the Brazilian economy

Our operations in Brazil accounted for 21% of our consolidated revenues from ordinary activities for the nine months ended September 30, 2014. Accordingly, the Company is sensitive to macroeconomic conditions in Brazil.

In recent years, we have benefited from Brazil's reasonably stable economic environment. In 2009, the Brazilian economy stagnated in the wake of the global economic and financial crisis; however, by the second quarter of 2009 the Brazilian economy had emerged from recession and started to regain its growth momentum. To mitigate the impact of the global economic and financial crisis, the Central Bank of Brazil responded in 2009 with a number of measures. Besides reducing the SELIC rate, the Central Bank of Brazil deployed part of its international reserves to replace international credit lines impacted by the Lehman bankruptcy and reduced reserve requirements with the specific purpose of acquiring assets from small banks and increasing the insurance limit for small banks' time deposits. These initiatives, along with fiscal measures, contributed to keeping the recession relatively brief (mostly concentrated between the fourth quarter of 2008 and the first quarter of 2009) and ensured a strong recovery in the second half of 2009, as reported by the Central Bank of Brazil.

The unemployment rate in Brazil has decreased significantly in the past decade from 10.5% at December 2002 to 4.9% as of September 30, 2014, as reported by the Central Bank of Brazil, a record low for the month in the face of weak economic expansion. At the same time, private consumption has followed a similar positive trend. As reported by the IBGE, private consumption in Brazil grew by 4.4%, 6.9% and 4.1% in 2009, 2010, 2011, respectively, and 0.9% in 2012 and 2.7% in 2013 according to Global Insight. The decrease in unemployment and increase in private consumption have driven the growth of the retail sector as illustrated by the growth of 14.7% in 2012, according to Global Insight. The Brazilian retail market is an underpenetrated sector as 48% of the sector is informal according to Credit Suisse Research estimates, as of 2013.

As a result of the recovery of the economy, GDP growth was 7.5% for 2010, as compared to 2009 when it contracted 0.3% as reported by the Central Bank of Brazil. Nonetheless, the growth of the Brazilian economy slowed down leading to a GDP growth of 2.7% for 2011 and 0.9% in 2012, according to the Central Bank of Brazil, reflecting past policy tightening to contain inflation risks and, more recently, the weaker external environment. Brazil, a member of the Group of Twenty leading advanced and emerging economies, has undergone a remarkable social and economic transformation over the past decade. Income inequality has decreased and the government has adopted a strong policy framework—most notably, fiscal responsibility laws, inflation targeting, and a flexible exchange rate. Growth during 2013 stood at 1.9%, below consensus for the year. Sluggish growth continued throughout most of 2014, with the Brazilian government cutting its expected growth for the year to 0.9%, which is above the market consensus of 0.3% for the year. The Brazilian government maintained its primary surplus goal of 1.9% of GDP for the year and its inflation forecast of 6.2% for 2014.

The Brazilian Central Bank began interest rate hikes in order to protect the Brazilian Real against capital outflows and to reign in inflation, taking its reference rate on the SELIC to 11.0% by September 30, 2014. In early 2011, the Central Bank of Brazil, through its Monetary Policy Committee, had raised the SELIC from 10.75% at December 31, 2010 up to 12.50% by July 20, 2011 in order to control inflation. Later that year, as the European debt crisis worsened, the Monetary Policy Committee changed its monetary policy focusing on economic growth rather than inflation control. As a consequence, since mid-2011, the SELIC rate was reduced several times by that Committee reaching 7.5% on December 31, 2012, as reported by the Central Bank of Brazil. Annual inflation rates are measured in Brazil through the Brazilian Extended Consumer Price Index (*Índice de Preços ao Consumidor Amplo*), or IPCA, as calculated by the IBGE. The IPCA inflation rate was 4.3% in 2009, 5.9% in 2010, 6.5% in 2011, 5.8% in 2012 and 5.9% in 2013, as measured by the IPCA. According to "Boletim focus do Banco Central," the IPCA is estimated to be around 6.7% in 2014.

On September 9, 2014, Moody's changed its outlook on Brazil´s credit rating to negative from stable; while affirming it at Baa2 as a result of reduced economic growth, negative investor sentiment affecting the generation of fixed capital in the country and the fiscal challenges that could arise from the aforementioned. S&P downgraded Brazil on March 24, 2014 citing deteriorating government accounts, rising debt levels and weakening growth. The nation currently holds a BBB- rating from S&P. Fitch currently rates Brazil at BBB, with stable outlook. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. The future economic, social and political developments in Brazil, over which we have no control, could impair our business, financial condition or results of operations.

Developments in the Peruvian economy

Our operations in Peru accounted for 8.8% of our consolidated revenues from ordinary activities for the nine months ended September 30, 2014. Accordingly, the Company is sensitive to macroeconomic conditions in Peru.

According to the Central Bank of Peru, Peruvian GDP grew 5.8% 6.0%, 6.9% and 8.8% in 2013, 2012, 2011 and 2010, respectively. For the third quarter of 2014, GDP for Peru had expanded 1.8%. The Peruvian government adopted fiscal and monetary stimulus to mitigate the global financial and economic crisis and, as a result, growth recovered in the fourth quarter of 2009, as reported by the Central Bank of Peru. Internal demand grew 7.4% with public and private investment leading the recovery with growth rates of 20.9% and 13.6% according to the Central Bank of Peru. Production of non-primary and labor intensive sectors like construction and manufacturing helped to boost employment and private consumption. Urban unemployment rates have remained at stable and low levels during recent years. According to the INEI, in 2009, 2010, 2011, 2012 and 2013 the unemployment rate was 5.3%, 5.9%, 7.0%, 5.6% and 5.7%, respectively. As of September 30, 2014, the unemployment rate in the Lima metropolitan area stood at 5.6%. At its October 2014 meeting, the Central Bank of Peru kept its reference rate at the September 2014 rate of 3.5% in light of the monetary authority's inflation expectation of 2.0% for 2015. The CPI index increased from 2.1% in 2010 to 4.7% in 2011 and decreased to 2.8% in 2012 and 2.8% in 2013, as reported by INEI. The central bank estimates accumulated 12 month inflation for the twelve months ended in September 30, 2014 to have been at 2.8%. The formal sector represents only 32% of the retail sector in Peru according to ILACAD, as of 2012.

The main drivers of Peru's economic performance have been strong domestic demand and private investment. As reported by the Central Bank of Peru, private fixed investment increased 3.9% in 2013.

The Peruvian government's commitment to the current economic, fiscal and monetary policies supported economic growth in 2014. S&P upgraded Peru's credit rating from BBB to BBB+ in August 2013. In October 2013, Fitch upgraded Peru's credit rating from BBB to BBB+. In July 2014, Moody's upgraded Peru's credit rating from Baa2 to A3. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. Peru is currently rated BBB+, A3 and BBB+ by S&P, Moody´s and Fitch, respectively.

According to the World Bank, following a decade of record-high growth, Peru's economy has remained strong and resilient despite the persistent global uncertainty, thanks to strong fundamentals, supportive terms of trade and sound policy management. Over the 2010-2014 period, the Peruvian economy experienced GDP growth at an average annual rate of 6.7%, and the average annual inflation rate fell to 2.9% in the same period. For 2015 the Peruvian Central Bank expects real GDP growth to stand at around 5.2%.

On the downside, the economy is most vulnerable in the short term to a global growth shock that permeates through lower commodity prices. A prolonged period of low growth in the U.S. economy could also hamper Peru's economy over the medium term.

On the upside, upward momentum to growth and inflation could come from large capital inflows and strong credit dynamics in the context of ample global liquidity and continued low growth in advanced economies.

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

The future economic, social and political developments in Peru, over which we have no control, could have a material adverse effect on us.

Developments in the Colombian economy

Beginning in 2007 Colombia grew rapidly, attracting a record U.S.$10.6 billion in foreign direct investment in 2008 according to the World Bank. However, Colombia's credit rating was not raised to investment grade by Moody's and S&P until 2011, when economic growth accelerated and the threat posed by guerrilla groups and organized crime receded. Moody's upgraded Colombia from Baa3 to Baa2, two notches above junk grade, with a stable outlook on July 28, 2014. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future.

The credit upgrade put Colombia's rating on par with Brazil, Latin America's largest economy, based on strong growth dynamics supported by government infrastructure programs encompassed in the "4G" plan, while noting moderate fiscal deficits. Security concerns, historically a major issue for Colombia, have not disappeared, but have been waning after several major government wins against domestic guerrilla groups. Colombia has cut its intentional homicide rate by almost half since 2002, when former President Alvaro Uribe took office, according to the World Bank, and increased investor confidence by sustaining moderate fiscal deficits, maintaining inflation stable and increasing economic growth according to Moody's.

In October 2012 the US granted congressional approval to the implementation of the United States-Colombia Trade Promotion Agreement under which over 80% of U.S. exports of consumer and industrial products to Colombia will become duty free immediately, with remaining tariffs phased out over 10 years. The U.S.–Colombia Trade Promotion Agreement (TPA) should have beneficial effects over both the U.S. and Colombian economies. Both economies are highly complementary according to the signatories. Between June 2012 and February 2013, compared to the previous year, two-way trade accounted for U.S.$28.5 billion, an increase of five percent. During that period of time, U.S. exports to Colombia increased 20%, including significant increases in oil and derivatives, aircraft and parts, electric machinery, iron and steel products, cereals, soybean products and pharmaceutical products – accounting for U.S.$11.4 billion. U.S. agricultural exports alone increased by 68% during that period.

We believe Colombia will be able to respond with both fiscal and monetary countercyclical policies if the international outlook further deteriorates. The most severe risks to the Colombian economy continue to be external; the consequences on the real economy of the sovereign debt crisis in Europe coupled with moderate growth in the United States may affect commodity prices and foreign investment inflows to emerging markets. Domestically, the most significant risk is the failure to execute important public works that are part of the set of infrastructure projects the country desperately needs and for which resources are available.

GDP is expected to grow 4.7% in 2014, and has grown 4.5% in 2013 and 4.0% in 2012, and retail sales are estimated to have increased 4.7% in 2012, 4.1% in 2013 and 5.2% as of the third quarter of 2014 according to DANE. In addition, the labor market has continued to improve, taking the national unemployment figure to 8.9% as of September 30, 2014. The retail sector in Colombia is underpenetrated with 51% of the retail sector being informal according to Credit Suisse Research, as of 2013.

Unemployment has gradually decreased in the last few years. According to the Central Bank of Colombia, the unemployment rate was 11.3%, 11.1%, 10.8%, 10.4% and 8.4% in 2009, 2010, 2011, 2012 and 2013, respectively. The unemployment rate was 8.9% as of September 30, 2014. Private consumption has recovered since 2009 as illustrated by the real growth rates of 0.9% and 5.0% in 2009 and 2010, respectively, and estimated growth rates of 4.3%, 4.0% and 4.0% for 2011, 2012 and 2013, according to DANE. We believe this increase in real growth rate has been a key driver in retail growth in Colombia.

One factor which differentiates the Colombian recovery from its Latin American peers we believe has been the favorable behavior of inflation, which has been well within the inflation target band of 2-4% set up by the Central Bank of Colombia. Headline inflation ended at 3.7% for 2011, 2.4% for 2012 and 1.9% for 2013.

On the fiscal front, 2013 finished with a fiscal deficit of 2.4%, in line with government estimates and beating the end of year result of 2012 which stood at a deficit of 2.5%. This lower deficit is expected to have improved government debt to GDP ratios which stood at 32.3% in 2013. Government estimates currently place the 2014 government deficit at 2.3%.

The future economic, social and political developments in Colombia, over which we have no control, could impair our business, financial condition or results of operations.

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

Expansion activities

A significant proportion of our expected revenue growth is based on our expansion activities, which have mainly consisted of organic growth. We forecast that our revenue for 2014 will be between U.S.$20.4 billion and U.S.$21.3 billion based on the company's expected revenue growth, due primarily to our expansion activities and growing same store sales. We expect organic growth to amount to an increase of 3.2% in total selling space with 51 new stores opening in 2014. Our organic expansion is described in greater detail in "—Liquidity and Capital Resources—Capital Expenditures and Permanent Investments" below. Information regarding our acquisitions and organic growth is presented below.

Impact of acquisitions

Since January 1, 2014 no significant acquisitions were made.

Joint Venture

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

Cencosud prepares and reports its financial statements under International Financial Reporting Standards ("IFRS"). Under IFRS Standard N 5 ("IFRS 5"), "Disposal of subsidiaries, business and non-current assets", the Subject Companies are considered as from June 20, 2014, as "Assets held for sale" as a result of Cencosud's commitment to sell a controlling interest to an unrelated party under the Joint Venture Framework Agreement and the occurrence of such transaction is deemed highly probable by management.

IFRS 5 requires that (a) assets that meet the criteria to be classified as held for sale be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets shall cease; and (b) assets that meet the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations, net of tax, and be presented separately in the statement of comprehensive income. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are required to be disclosed either in the notes to the financial statements or in the financial statements themselves.

Accordingly, our consolidated financial information for the three years ended December 31, 2013, 2012 and 2011 has been revised to present the result of operations of the financial services segment in Chile as discontinued operations. Our consolidated balance sheet as of September 30, 2014 reflects the disposal of our financial services segment in Chile (the Subject Companies) as "Assets held for sale," and our statements of comprehensive income for the three and nine month periods ended September 30, 2014 and 2013 reflect the disposal of the financial services segment in Chile as discontinued operations. Net cash flows from operating, investing and financing activities of discontinued operations have been separately presented in the consolidated statement of cash flows for the nine month periods ended September 30, 2014 and 2013.

Impact of organic expansion

During the nine months ended September 2014, we opened one supermarket in Argentina, five in Chile, one in Peru, one in Colombia and two in Brazil. We opened two home improvement stores in Argentina and one department store in Chile. During the same period, we also opened one shopping center in Argentina.

As a general matter, we believe that a period of several years is frequently required after opening or inauguration for a store or shopping center to mature and achieve its full potential to generate sales. As a result, the increasing maturation of a newly opened store may need to be taken into account when comparing period-to-period store sales.

The following tables present a breakdown of our store and shopping center expansion activities for the periods indicated:

	Nine months ended September 30, 2014 vs. year ended December 31, 2013				
	Total 2013	**Openings**	**Closings**	**Acquisitions**	**Total Through September 30, 2014**
Chile					
Supermarkets	224	5	1	—	228
Home Improvement Stores	32	—	—	—	32
Department Stores	77	1	—	—	78
Shopping Centers	25	—	—	—	25
Total Chile	358	6	1	—	363
Argentina				—	
Supermarkets	290	1	1	—	290
Home Improvement Stores	48	2	—	—	50
Shopping Centers	18	—	—	—	18
Total Argentina	356	3	1	—	358
Brazil				—	
Supermarkets	221	2	3	—	220
Total Brazil	221	2	3	—	220
Peru				—	
Supermarkets	87	1	1	—	87
Department Stores	6	—	—	—	6
Shopping Centers	3	—	—	—	3
Total Peru	96	1	1	—	96
Colombia				—	
Home Improvement Stores	9	—	—	—	9
Supermarkets	100	1	2	—	99
Shopping Centers	2	—	—	—	2
Total Colombia	111	1	2	—	110
Total	**1,142**	**13**	**8**	**—**	**1,147**

Impact of exchange rate fluctuations

The Chilean peso, as well as the currencies of the countries in which we operate, has been subject to large volatility in the past and could be subject to significant fluctuations in the future. During 2012 and 2013, the value of the Chilean peso relative to the U.S. dollar appreciated approximately 8.2% and depreciated 8.5% in nominal terms, respectively; the Argentine Peso depreciated approximately 12.5% and 24.5% against the U.S. dollar, respectively; the Brazilian Real depreciated approximately 8.2% and 12.7% against the U.S. dollar, respectively; the Peruvian Sol appreciated approximately 5.7% and depreciated 8.8% against the U.S. dollar, respectively, and the Colombian peso appreciated approximately 9.9% and depreciated 8.2% against the U.S. dollar, respectively. The observed exchange rate for the Chilean peso on September 30, 2014 was Ch$601.66 per U.S.$1.00.

Our sales in each of our countries of operations are priced in local currencies. To the extent that the Chilean peso depreciates against the U.S. dollar or the currencies of any of our countries of operation, our revenues may be adversely affected when expressed in Chilean pesos. The effect of exchange rate fluctuations is partially offset by the fact that certain of our operating expenses are denominated in Chilean pesos (such as our corporate overhead) and a significant part of our indebtedness is denominated in Chilean pesos. As of September 30, 2014, 11% of our interest-bearing debt was denominated in U.S. dollars, after taking into account cross-currency swaps, and the remainder of our interest-bearing debt was primarily UF- or Chilean peso-denominated.

Impact of the April 24, 2013 Supreme Court ruling on litigation on credit card fees.

On April 24, 2013, the Supreme Court of Chile ruled on the class action suit filed by SERNAC against Cencosud Administradora de Tarjetas S.A. ("CAT"). The court ruled for the plaintiff and at this junction no further appeals are available. In its ruling, the court determined that CAT included certain clauses in its 2006 contracts that were abusive to consumers. Said clauses allowed CAT to charge an incremental maintenance fee of Ch$530 per month to credit cardholders with a card usage under Ch$50 thousand per month, without written consent from cardholders as required by the *Ley de Proteccion al Consumidor*. In the ruling the court ordered CAT to pay a fine of approximately Ch$2 million and to reimburse certain cardholders for the excess maintenance fees charged since 2006 plus adjustments for inflation and interests. We have provisioned Ch$20,000 million for this ruling in our 2012 financial statements. As of September 30, 2014, Ch$2,649 million has yet to be paid out in connection with the ruling.

Impact of the 2014 earthquake and tsunami

On April 1, 2014, an earthquake with a magnitude of 8.2 on the Richter scale hit the north of Chile. The epicenter of the earthquake was approximately 95 kilometers (59 mi) northwest of Iquique and 914 miles north of Santiago. The regions of Parinacota and Tarapacá were the most affect by the quake. The quake and the following tsunami warning resulted in the evacuation of approximately one million people along the Chilean coastline, according to the Chilean Minister of Interior. Both regions were declared disaster areas with the military being sent over to ensure order. At this time it is too early to assess the economic impact this event could have on these regions, on the country and on our operations.

Seasonality

Historically, we have experienced distinct seasonal sales patterns at our supermarkets due to heightened consumer activity throughout the Christmas and New Year holiday season, as well as during the beginning of each school year in March. During these periods, we promote the sale of non-food items particularly by discounting imported goods, such as toys throughout the Christmas holiday season, and school supplies during the back-to-school period. Conversely, we usually experience a decrease in sales during the summer vacation months of January and February. Our sales for the first and fourth quarters of 2013 represented 23.9% and 27.7% respectively, of our total same-store sales for such year.

We do not experience significant seasonality in the home improvement sector. Home improvement store sales for the first and fourth quarters of 2013 represented 23.7% and 28.5% of our total home improvement sales.

Our department stores have also experienced historically distinct seasonal sales patterns due to heightened consumer activity throughout the Christmas and New Year holiday season. As a result, the strongest quarter in terms of sales is the fourth quarter, which represented 33.0% of total sales for the year 2013, while the first quarter represented 21.2% of total annual sales, respectively.

Our shopping center revenues generally increase during the Christmas and New Year holiday season, reflecting the seasonal sales peak for our shopping centers. For example, during the fourth quarter of 2013 our Chile shopping center revenues represented 28.4% of total Chile shopping center revenues for the year. We generally charge our shopping center tenants double rent for the month of December which is payable in February of the following year when they will have realized collections in respect of most holiday season sales.

Cost of Sales

Cost of sales reflects the costs of goods sold. Gross profit, defined as revenues from ordinary activities less cost of sales, is lower in our supermarkets segment due to higher turnover of our supermarket inventory, which includes primarily basic and staple goods. In our other segments, namely department stores and home improvement stores, we do not experience high inventory turnover and therefore have higher gross profits.

Loan Provisioning

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

Critical Accounting Policies and Estimates

A summary of our significant accounting policies is included in Note 2 to our annual financial statements. We believe that the consistent application of these policies enables us to provide readers of our consolidated financial statements with more useful and reliable information about our operating results and financial condition.

The following policies are the accounting policies that we believe to be the most important in the portrayal of our financial condition and results of operations and require management’s most difficult, subjective or complex judgments.

Estimate of impairment of assets with indefinite useful lives

We assess whether goodwill has experienced any impairment on an annual basis, or more frequently if events or changes in circumstances indicate a potential impairment. The recoverable balances of the cash generating units have been determined from the base of their value in use. We apply the methodology of discounting cash flows at a real discount rate calculated for each country. The assets measured correspond mainly to trademarks and goodwill arising from past business combinations. The measurements are performed for each operating segment and for each cash generating unit. The projected cash flows in each segment are allocated initially to identifiable tangible and intangible assets and the exceeding portion is allocated to goodwill. The valuation review of the trademarks incorporates among other factors the market analysis, financial projections and the determination of the role the brand under review has in the generation of sales. Changes in these assumptions may have a material impact on our financial results. As of September 30, 2014, the recoverable amount of our cash generating units is substantially in excess of their carrying value. As such, there are no cash generating units at risk of impairment.

Useful life of property, plant and equipment

We review the estimated useful lives of our property, plant and equipment at the end of each annual period. For the nine months ended September 30, 2014, we have established that there are no significant changes in the useful lives estimated during the period.

Impairment of accounts receivable

We assess the impairment of accounts receivable when there is objective evidence that we will not be able collect all the amounts according to the original terms of the accounts receivable. For further information on our accounts receivable, please see Note 2 to our annual financial statements.

Investment property

For investment property, we use the discounted cash flows methodology using a country-specific weighted average cost of capital after tax, measured in real terms (7.21% in Chile, 21.60% in Argentina, 7.92% in Peru and 8.24% in Colombia). To this effect, we calculate the revenues from ordinary activities that correspond to the lease income minus direct costs and operating expenses. Additionally, the projected cash flows use recent annual historical information and the projected macroeconomic variables expected to affect each country. The cash flows are calculated in a scenario of moderated growth for those investment properties that have reached the expected maturity level. Changes in these assumptions may have a material impact on results.

Estimate of Impairment of property, plant and equipment

For property, plant and equipment, we applied a methodology of discounting future cash flows using a pre-tax nominal discount rate, differentiated by country (7.5% in Chile; 16.8% in Argentina, 8% in Peru, 8% in Brazil and 7.8% in Colombia). We performed cash flow projections for each country and business segment. We used the functional currency of each country and the projection considers a five-year outlook plus perpetuity. The projections are based on historical information from recent years and the main macroeconomic variables that affect markets. In addition, the projections consider moderate organic growth and the recurring investments necessary to maintain the cash flow generating capacity of each segment.

Financial assets-options

In order to determine the fair value of call options (a financial asset), we consider the net present value of the discounted cash flows of the underlying asset and an analysis of market comparables, incorporating variables like EBITDA multiples, sales valuations, etc. See Note 3.1.4 and Note 2.13.3 to our annual financial statements.

Operating Segments

For purposes of our Audited Consolidated Financial Statements and our Unaudited Interim Consolidated Financial Statements, IFRS 8 “Operating Segments” requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating officer in deciding how to allocate resources and in assessing performance.

For management purposes, we are organized into six operating segments:

- “supermarkets,” which includes the results of our: Jumbo, Santa Isabel, Disco, Vea, Wong, Metro, GBarbosa, Perini, Bretas and Prezunic supermarkets and hypermarkets in Chile, Argentina, Brazil, Colombia and Peru, our Eletro-show stores, GBarbosa pharmacies in Brazil and Colombia and gas stations in Brazil and Colombia;
- “shopping centers,” which includes the results of our shopping centers in Chile, Argentina, Colombia and Peru;
- “home improvement stores,” which includes the results of our Easy and Blaisten home improvement stores in Chile, Argentina and Colombia;
- “department stores,” which includes the results of our Paris and Johnson department stores in Chile and Paris in Peru;
- “financial services,” which primarily includes the results of our credit card businesses and consumer loans, as well as our limited insurance brokerage operations in Chile, Argentina, and Peru and through joint ventures in Brazil with Banco Bradesco and Colpatria in Colombia; and
- “other,” which includes the results of our entertainment centers, loyalty programs and our corporate back-office operations.

We base operations and resource allocation decisions on these six segments. The operating segments are disclosed in a coherent way consistent with the presentation of internal reports we use in our internal controls and disclosure processes. These operating segments derive their revenues primarily from the sale of products and rendering of services to retail consumers.

General

The following is a brief description of the revenues and expenses that are included in the line items of our consolidated financial statements.

Revenues from ordinary activities. Our revenues from ordinary activities include (i) sales of products by our retail operations, (ii) rental revenues from our shopping center tenants, and (iii) revenues from our credit card operations which consists of income from interest and other items charged to cardholders, in each case net of value added taxes paid by the consumer. Our revenues from ordinary activities do not include suppliers' discounts or rebates, which since January 1, 2001, we have accounted for as reductions of our cost of sales. Calculations of revenues from ordinary activities for our shopping centers presented in this report exclude intercompany lease payments by our retail stores to our shopping centers. The term "sales" as used herein, compared to "revenues from ordinary activities," is limited to product sales (net of value added tax) from our supermarket, home improvement and department stores operations.

Cost of sales. Our cost of sales includes (i) the cost of products sold, inventory shrinkage (e.g., the loss of products between point of purchase from supplier and point of sale), supplier discounts and rebates in our retail divisions, (ii) depreciation of property in our shopping center operations, or (iii) provisions for bad debt, collection and processing cost in our financial services operations.

Administrative expenses, distribution costs and other expenses. Administrative expenses, distribution costs and other expenses are composed of salaries, property rentals to third parties, packaging materials, utilities, services, depreciation and amortization (in our supermarket, home improvement and department store operations), advertising, promotions and other expenses.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

The following table presents, for the periods indicated, certain items of our statement of income:

	Nine months ended September 30,		
	2014	2013	% Change
	(in millions of Ch$)		
Revenues from ordinary activities:			
Supermarkets	5,916,731	5,601,339	5.6%
Home improvement stores	870,044	842,063	3.3%
Department stores	671,448	654,189	2.6%
Shopping centers	151,497	147,428	2.8%
Financial services	83,258	58,273	42.9%
Other	3,217	13,624	(76.4)%
Total revenues from ordinary activities	7,696,197	7,316,915	5.2%
Cost of sales:			
Supermarkets	(4,515,144)	(4,225,797)	6.8%
Home improvement stores	(569,089)	(571,574)	(0.4)%
Department stores	(502,447)	(474,460)	5.9%
Shopping centers	(17,485)	(16,866)	3.7%
Financial services	(25,990)	(17,131)	51.7%
Other	(2,402)	(3,289)	(27.0)%
Total cost of sales	(5,632,557)	(5,309,115)	6.1%
Gross profit:			
Supermarkets	1,401,588	1,375,542	2.0%

	Nine months ended September 30,		
	2014	2013	% Change
	(in millions of Ch$)		
Home improvement stores	300,955	270,489	11.0%
Department stores	169,001	179,729	(6.0)%
Shopping centers	134,012	130,562	3.0%
Financial services	57,268	41,142	39.2%
Other	815	10,335	(92.1)%
Total gross profit	2,063,639	2,007,800	2.8%
Administrative expenses, distribution costs and other expenses	(1,813,992)	(1,745,425)	4.0%
Other revenues by function	36,399	44,202	(18.0)%
Participation in earnings of associates	475	3,980	(88.0)%
Financial income	5,288	4,290	23.0%
Financial expenses	(158,849)	(166,126)	(4.0)%
Other earnings	24,170	10,287	135.0%
Exchange differences	(26,273)	(20,928)	26.0%
Losses from indexation	(26,369)	(10,292)	156.0%
Income (loss) before taxes	104,489	127,787	(18.0)%
Income tax charge	(56,856)	(65,476)	(13.0)%
Profit from continuing operations	47,633	62,311	(24.0)%
Profit from discontinued operations	15,046	30,000	(50.0)%
Net income	62,679	92,311	(32.0)%
Profit attributable to non-controlling shareholders	(221)	(467)	(53.0)%
Profit attributable to controlling shareholders	62,458	91,844	(32.0)%

Revenues from ordinary activities

Our consolidated revenues from ordinary activities increased Ch$379,281 million, or 5.2%, to Ch$7,696,197 million for the nine months ended September 30, 2014, from Ch$7,316,915 million for the same period in 2013, as a result of positive contributions from all business segments, with the largest percentage increase in financial services as a result of the growth of our loan portfolio, followed by supermarkets, home improvement, shopping centers and department stores.

Supermarkets

Our consolidated revenue from ordinary activities from our supermarkets increased Ch$315,393 million, or 5.6%, to Ch$5,916,731 million for the nine months ended September 30, 2014, from Ch$5,601,339 million for the same period in 2013, primarily due to (i) a revenue increase of Ch$122,105 million, or 8.2%, in our Brazilian operations, resulting from a 7.6% depreciation of the CLP against the BRL, (ii) an increase of Ch$80,798 million in our Chilean supermarket operations due to a 4.4% increase in same store sales related to the improved performance of our Santa Isabel format and the steady performance of our Jumbo operations in the country, as well as the addition of 3 new stores compared to the same period in 2013, (iii) a 4.1% increase in same stores sales in Peru which increased revenues by Ch$65,905 million, or 12.3%, in that region, and (iv) an increase of Ch$61,990 million in revenues from our Colombian operations due to a 0.8% increase in same store sales and higher average same store tickets of 6.0%. The foregoing increases were partially offset by a decrease of Ch$15,405 million, or 1.2%, in revenues from Argentina, which contracted to Ch$1,285,767 million for the nine months ended September 30, 2014 from Ch$1,301,172 million for the same period of 2013, as a result of a 11.9% depreciation in the ARS against the Chilean peso when compared to September 30, 2013.

Home improvement stores

Our consolidated revenue from ordinary activities from our home improvement stores increased Ch$27,981 million, or 3.3%, to Ch$870,044 million for the nine months ended September 30, 2014, from Ch$842,063 million for the same period in 2013, primarily due to (i) an increase in revenues from our Colombian operations of Ch$15,750 million, or 47.9%, due to a 67% increase in selling space as a result of the opening of 4 new stores, (ii) an increase in revenues of Ch$11,001 million, or 3.4%, resulting from a 0.5% increase in same store sales and (iii) an increase of Ch$1,230 million, or 0.3%, in our Argentine operations as a result of a 28.9% increase in same store sales which was partially offset by the 18.4% depreciation in the ARS against the Chilean peso in the period.

Department stores

Our consolidated revenue from ordinary activities from our department stores increased Ch$17,260 million, or 2.6%, to Ch$671,448 million for the nine months ended September 30, 2014, from Ch$654,189 million for the same period in 2013, primarily due to an increase in the number of our Peruvian stores, doubling from three stores to six, increasing the selling space by 91%, which resulted in a revenue increase of Ch$17,398 million, or 249%, in that region, which was offset by a small decline in revenues from our Chilean department store operations of Ch$138 million, or 0.02%, as a result of a 4.4% decrease in same store sales in the third quarter of 2014.

Shopping centers

Our consolidated revenue from ordinary activities from our shopping centers increased Ch$4,070 million, or 2.8%, to Ch$151,497 million for the nine months ended September 30, 2014, from Ch$147,428 million for the same period in 2013, primarily due to (i) an increase in revenues from our Chilean operations of Ch$4,568 million, or 5.7%, as a result of the improved performance of our flagship development Costanera Center, (ii) an increase in revenues from our Peruvian operations of Ch$1,717 million, or 15.9%, as a result of an increase in occupancy rates at our developments in the country from 87.0% to 89.0%, and (iii) an increase in revenues from our Colombian operations primarily due to a reclassification of Ch$1,225 million of revenues, an increase of 19.1%, from ancillary stores from the supermarket segment to real estate. These increases were partially offset by a 7.0% decrease in revenues from our Argentina division as a result of sluggish spending in the country and the currency depreciation of the ARS in the period described above.

Financial services

Our consolidated revenue from ordinary activities from our financial services increased Ch$24,986 million, or 42.8%, to Ch$83,259 million for the nine months ended September 30, 2014, from Ch$58,273 million for the same period in 2013, primarily due to (i) an increase in revenues of Ch$13,887 million, or 81%, from our Peruvian operations as a result of portfolio expansion from the growth of our department store business, (ii) an increase in revenues from our Argentine operations of Ch$10,261 million, or 31%, as a result of an increase in the size of our loan portfolio and (iii) an increase in revenues from our Colombian operations of Ch$1,723 million, or 38%, also due to the increase in the size of our loan portfolio and the addition of new product offerings. These increases were partially offset by a decrease of Ch$838 million, or 26.2%, in Brazil, from Ch$3,193 million to Ch$2,356 million for the nine months of 2013 and 2014, respectively, due to a decrease in the size of our portfolio in the country.

Cost of sales

Our consolidated cost of sales increased Ch$323,442 million, or 6.1%, to Ch$5,632,557 million for the nine months ended September 30, 2014 from Ch$5,309,115 million for the same period in 2013, primarily due to an increase in sales of 5.2%.

Supermarkets

Our consolidated cost of sales in our supermarkets increased Ch$289,347 million, or 6.8%, to Ch$4,515,144 million for the nine months ended September 30, 2014 from Ch$4,225,797 million for the same period in 2013, due to (i) an increase in cost of sales in Brazil of Ch$141,808 million, or 12.4%, as a result of an 8.2% increase in sales; (ii) an increase of Ch$60,403 million, or 5.0%, in Chile which was in line with the sales growth the country experienced, (iii) an increase of Ch$54,753 in Peru as a result of an increase of 12.3% in sales as well as increased costs in connection with increased promotional pricing activities and (iv) a Ch$51,961, or 9.7%, increase in cost of sales in Colombia due to a 9.3% increase in sales. These increases were partially offset by a decrease in cost of sales in Argentina of Ch$19,578, or 2.1%, as a result of more favorable commercial terms with suppliers due to contract renegotiations and the depreciation of the ARS described above.

Home improvement stores

Our consolidated cost of sales in home improvement stores decreased Ch$2,485 million, or 0.4%, to Ch$569,089 million for the nine months ended September 30, 2014 from Ch$571,574 million for the same period in 2013, mainly due to a decrease in cost of sales in Argentina of Ch$18,854 million, or 6%, as a result of more favorable commercial terms with suppliers due to contract renegotiations and currency depreciation in the period. This decrease was partially offset by increases in cost of sales in Colombia of Ch$11,725 million, or 47%, as a result of the expansion of our operations in the country together with an increase of Ch$4,643, or 2%, in cost of sales in Chile which was in line with the sales growth in our Chilean business. Costs as a percentage of sales decreased to 65.4% in the first nine months of 2014, compared to 67.9% for the same period of 2013, due to more favorable commercial terms with suppliers due to contract renegotiations, a more flexible pricing environment in Argentina and a greater retail consumer mix, which are higher margin customers, versus wholesale in Chile.

Department stores

Our consolidated cost of sales in our department stores increased Ch$27,988 million, or 5.9%, to Ch$502,447 million for the nine months ended September 30, 2014 from Ch$474,460 million for the same period in 2013, due to (i) an increase of Ch$16,673 million, or 292%, in cost of sales in Peru as a result of the abovementioned expansion of the department store business in the country and (ii) an increase in cost of sales in Chile of Ch$11,315 million, or 2.4%, as a result of increased promotional activities. Costs as a percentage of sales increased 2.3% due to the deterioration of the consumer environment in Chile.

Shopping centers

Our consolidated cost of sales, primarily depreciation and expenses, from our shopping centers increased Ch$619 million, or 3.7%, to Ch$17,485 million for the nine months ended September 30, 2014 from Ch$16,866 million for the same period in 2013, due to (i) an increase in Argentina of Ch$1,441 million, or 14%, as a result of increased operational expenses related to the renegotiation of collective bargaining agreements, and (ii) an increase in cost of sales in Colombia as a result of the inclusion of supermarket ancillary stores into this segment of Ch$24 million, or 9%. These effects were partially offset by lower cost of sales in Peru of Ch$749 million, or 38%, due to cost reductions and efficiencies, as well as a decrease in cost of sales in Chile of Ch$97 million, or 2%, for the same reasons.

Financial services

Our consolidated cost of sales, primarily provisions for bad debts and collection and processing costs, from our financial services division increased 52.0%, or Ch$8,860 million, to Ch$25,990 million for the nine months ended September 30, 2014 from Ch$17,131 million for the same period in 2013, due to (i) an increase of Ch$6,886 million, or 75%, in Peru as a result of the growth of our loan portfolio and (ii) an increase of Ch$1,971 million, or 26%, in Argentina also due to the growth of our business during the period.

Gross profit

Our consolidated gross profit increased 2.8%, or Ch$55,839 million, to Ch$2,063,639 million for the nine months ended September 30, 2014 from Ch$2,007,800 million for the same period in 2013, primarily due to gross profit improvement in the home improvement and supermarkets segments.

Our consolidated gross profit as a percentage of revenues from ordinary activities decreased 0.6% to 26.8% for the nine months ended September 30, 2014 from 27.4% for the same period in 2013.

Supermarkets

Our consolidated gross profit in our supermarkets increased Ch$26,045 million, or 1.9%, to Ch$1,401,588 million for the nine months ended September 30, 2014 from Ch$1,375,542 million for the same period in 2013, as a result of (i) an increase in the gross profit of Ch$20,395 million, or 5.2%, in Chile as a result of the improved performance of our Santa Isabel format and the steady performance of our Jumbo operations in the country, (ii) an increase in gross profit of Ch$11,151 million, or 8.9%, in Peru as a result of a 12.3% increase in sales. Gross profit as a percentage of revenues from ordinary activities decreased for the supermarkets segment to 23.7% for the nine months ended September 30, 2014 compared to 24.6% for the same period of 2013 as a result of a lower gross profit for our Brazilian operations due to increased inventory shrinkage for the operation, and as a result of increased cost of sales in Peru and Colombia due to increased promotional activities to better position our brands and support our market share in those regions.

Home improvement stores

Our consolidated gross profit in our home improvement stores increased Ch$30,465 million, or 11.3%, to Ch$300,955 million for the nine months ended September 30, 2014 from Ch$270,489 million for the same period in 2013. Gross profit as a percentage of revenues from ordinary activities increased to 34.6% for the nine months ended September 30, 2014, compared to 32.1% for the same period in 2013, as a result of improved margins across all markets: (i) gross profit as a percentage of sales in Argentina increased the most to 40.2% from 36.1% as a result of a more flexible pricing environment in light of government mandated price controls being limited to a reduced share of products sold and inventory accumulation preceding a high inflation period, (ii) gross profit as a percentage of revenues from ordinary activities revenues in Chile increased to 28.0% from 27.0% as a result of having a larger base of retail clients in the sales mix leading to better profit margins and (iii) improvements in the scale of our Colombian operations, which went from 5 to 9 stores adding 30,472 m^2 of selling space, resulting in better terms with suppliers as a result of greater purchased volumes increasing gross profit as a percentage of revenues from ordinary activities to 25.0% from 24.7% in the country.

Department stores

Our consolidated gross profit in our department stores decreased Ch$10,728 million, or 6.0%, to Ch$169,001 million for the nine months ended September 30, 2014 from Ch$179,729 million for the same period in 2013. In Chile, the deterioration in the Chile economy and reduced consumer spending necessitated an expansion of our promotional activities, resulting in a decrease in gross profit of Ch$11,453 million, or 6.0%, during the nine months ended September 30, 2014 as compared to the same period in 2013. In Peru, gross profit increased Ch$725 million, or 58.0%, as a result of the increase in sales of 249% due to the increase in size of the operation, which went from 3 to 6 stores. Our consolidated gross profit as a percentage of revenues from ordinary activities decreased to 25.2% for the nine months ended September 30, 2014 from 27.5% for the same period in 2013.

Shopping centers

Our consolidated gross profit in our shopping centers increased Ch$3,450 million, or 2.6%, to Ch$134,012 million for the nine months ended September 30, 2014 from Ch$130,562 million for the same period in 2013, as a result of (i) an increase in gross profit in Chile of Ch$4,665 million related to the improved performance of our developments in the country, in particular our Costanera Center, (ii) an increase in gross profit in Peru of Ch$2,466 million, or 28%, as a result of improved occupancy rates at Arequipa Center and Plaza Lima Sur and (iii) an increase in gross profit in Colombia of Ch$1,201 million, or 20%, mainly due to the reclassification of the activities of ancillary stores that were previously included under supermarkets in this segment. These increases were partially offset by a decline in gross profit in Argentina of Ch$4,882 million, or 13%, as a result of lower sales made by tenants at our shopping centers as well as the depreciation of the ARS during the period.

As a result of the foregoing factors, our consolidated gross profit as a percentage of revenues from ordinary activities in our shopping centers essentially remained flat at 88.5% for the nine months ended September 30, 2014 compared to 88.6% for the same period in 2013.

Financial services

Our consolidated gross profit in our financial services segment increased Ch$16,126 million, or 39.2%, to Ch$57,268 million for the nine months ended September 30, 2014 from Ch$41,142 million for the same period in 2013, as a result of (i) a larger loan portfolio and improved risk management activities at our Argentine operations, which increased gross profit in Argentina by Ch$8,291 million, or 32.7%, (ii) growth of our loan portfolio in Peru as a result of the development of our department store business in the country, which fueled portfolio growth by financing in store purchases, increasing gross profit by Ch$7,001 million and (iii) the expansion of our Colombian operations, increasing gross profit in Colombia by Ch$1,723 million, or 38.2%.

Other revenues by function

Our consolidated other revenues by function decreased by Ch$7,802 million, or 18%, to Ch$36,399 million for the nine months ended September 30, 2014 from Ch$44,202 million for the same period in 2013, as a result of a decrease in the fair value of properties in the period resulting from having fewer new real estate developments coming on line during the nine month period ended September 30, 2014 when compared to the same period in 2013, coupled with the negative effect of rising tax rates on our cash flow model. Please see note 4 to our Unaudited Condensed Consolidated Interim Financial Statements for further details.

Administrative expenses, distribution costs and other expenses

Our consolidated administrative expenses, distribution costs and other expenses increased Ch$68,567 million, or 4%, to Ch$1,813,992 million for the nine months ended September 30, 2014 from Ch$1,745,425 million for the same period in 2013. This increase was less than the related increase in revenue from ordinary activities of 5.2%, due to cost cutting, expense control and enhanced productivity initiatives across our business divisions.

Results from financial and other activities

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial, tax and other activities, as well as the percentage variation from period to period:

	As of September 30,		
	2014	**2013**	**% Change**
	(in millions of Ch$)		
Other gains (losses)	24,170	10,287	135%
Financial income	5,288	4,290	23%
Financial expenses	(158,849)	(166,126)	(4)%
Exchange differences	(26,273)	(20,928)	26%
Losses from indexation	(26,369)	(10,292)	156%
Total losses from financial and other activities	(182,033)	(182,769)	0%

Our consolidated losses from financial and other activities remained essentially flat for the nine month period ended September 30, 2014 compared to the same period in 2013, in light of the following factors:

- An increase in Other gains (losses) of Ch$13,883 million, resulting mainly from favorable fair value of derivative contracts being booked under this line item in connection with our hedging activities of our U.S.$ denominated debt (please see note 3 to our financial statements for further details on our hedging activities); and
- An decrease in financial expenses of Ch$7,277 million, resulting in a financial expense of Ch$158,849 million for the nine months ended on September 30, 2014 compared to a financial expense of Ch$166,126 million for the same period of 2013 as a result of lower variable interest rates. As presented, financial expense was reduced as a result of a lower debt load, despite greater working capital needs;

which were offset by;

- An increase in exchange rate differences of Ch$5,345 million, resulting in a loss of Ch$26,273 million for the nine months ended on September 30, 2014 compared to a loss of Ch$20,928 million for the same period in 2013 as a result of the devaluation of local currencies against the U.S. dollar; and
- An increase in losses stemming from indexation of Ch$16,077 million as a result of a higher inflation rate in Chile, resulting in a loss of Ch$26,369 million for the nine months ended on September 30, 2014, compared to a loss of Ch$10,292 million for the same period of 2013.

Income tax charge

For the nine months ended September 30, 2014, we had an income tax expense of Ch$56,856 million, compared to an income tax expense of Ch$65,476 million for the same period in 2013. This decrease of Ch$8,620 million was due to lower income subject to income tax in the period.

On September 29, 2014, Chile enacted the Tax Reform Act. The Tax Reform Act introduced changes to the corporate tax rate, mandating a gradual increase of the rate from 20% to 25% or 27% in certain cases, the rules regarding minimum capitalization, and the taxation of Chilean investments abroad (the controlled-foreign-corporation rules), among others. The new rules are set to come into effect gradually, with the implementation process having commenced on October 1, 2014 and set to be completed by January 1, 2018.

Profit (loss) attributable to controlling shareholders

As a result of the above factors, our net earnings decreased Ch$29,386 million, or 32.0%, to Ch$62,458 million for the nine months ended September 30, 2014 from Ch$91,844 million for the same period in 2013. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 0.81% for the nine months ended September 30, 2014 from 1.26% for the same period in 2013.

The Tax Reform Act also establishes that bonds and other debt instruments issued in Chile by Chilean companies will be deemed to be located in Chile for capital gain purposes. However, it does not specifically address Chilean companies' issuance of bonds and other debt instruments outside of Chile. This new rule, which came into effect on October 1, 2014, could reasonably be interpreted to mean that bonds issued abroad by Chilean companies would not be located in Chile for capital gain purposes, which would exempt such bonds from capital gains tax in Chile if the sale is made by a non-Chilean resident holder. However, we cannot assure you that the Chilean tax authorities will not interpret the rule more strictly.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013 for Discontinued Operations

The following table presents, for the periods indicated, certain items of the statement of income for our discontinued operations:

	Nine Months Ended September 30,		
	2014	2013	% Change
	(in millions of Ch$)		
Revenues from discontinued operations:			
Total revenues	155,173	160,835	(3.5)%
Cost of sales from discontinued operations:			
Total cost of sales	42,022	45,773	(8.2)%
Gross profit from discontinued operations:			
Total gross profit	113,151	115,062	(2)%
Administrative expenses, distribution costs and other expenses	(41,564)	(43,216)	(4)%
Other expenses by function	(9,958)	(7,524)	(32)%
Other revenues by function	198	15	1,220%
Other gains (losses)	20	9	122%
Results from operating activities	61,847	64,347	(4)%
Financial income	260	99	163%
Financial expenses	(29,513)	(24,285)	22%
Exchange differences	(10,134)	(5,872)	73%
Losses from indexation	(3,652)	(1,792)	104%
Income (loss) before taxes	18,807	32,497	(42)%
Income tax charge	(3,761)	(2,498)	51%
Profit (loss)	15,046	30,000	(50)%
Basic earnings (loss) per share	5.3	11.2	(53)%
Diluted earnings (loss) per share	5.3	11.2	(53)%

Revenues from discontinued operations

Discontinued operations

Our consolidated revenue from discontinued operations decreased Ch$5,662 million, or 3.5%, to Ch$155,173 million for the nine months ended September 30, 2014, from Ch$160,835 million for the same period in 2013, primarily due to the effects of legal interest rate caps (*Tasa Maxima Convencional*) being applied in Chile as part of a regulatory framework developed in 2013.

Cost of sales

Discontinued operations

Our consolidated cost of sales from discontinued operations, primarily provisions for bad debts and collection and processing costs, decreased 8.2%, or Ch$3,751 million, to Ch$42,022 million for the nine months ended September 30, 2014 from Ch$45,773 million for the same period in 2013, due to improved risk management activities as a lower percentage of our Chile loan portfolio was provisioned for non-performing loans.

Gross profit

Discontinued operations

Our consolidated gross profit from discontinued operations decreased Ch$1,911 million, or 1.7%, to Ch$113,151 million for the nine months ended September 30, 2014 from Ch$115,062 million for the same period in 2013, as a result of the enactment of interest rate caps and a reduction in the number of cardholders with payments in arrears, which reduced revenues from overdue payments.

Other revenues by function

Our consolidated other revenues by function from discontinued operations increased by Ch$183 million, or 1,220%, to Ch$198 million for the nine months ended September 30, 2014 from Ch$15 million for the same period in 2013, as a result of an increase in the recovery of commission fees.

Administrative expenses, distribution costs and other expenses

Our consolidated administrative expenses, distribution costs and other expenses from discontinued operations decreased Ch$1,652 million, or 4%, to Ch$41,564 million for the nine months ended September 30, 2014 from Ch$43,216 million for the same period in 2013. This decrease was in line with the related revenue contraction of 3.5%, and also due to cost cutting, expense control and enhanced productivity initiatives across our business divisions.

Results from financial and other activities

The following table presents, for the periods indicated, a breakdown of our consolidated results from financial, tax and other activities from discontinued operations, as well as the percentage variation from period to period:

	As of September 30,		
	2014	2013	% Change
	(in millions of Ch$)		
Other gains (losses)	20	9	122%
Financial income	260	99	163%
Financial expenses	(29,513)	(24,285)	22%
Exchange differences	(10,134)	(5,872)	73%
Losses from indexation	(3,652)	(1,792)	104%
Total losses from financial and other activities	(43,019)	(31,841)	35%

Our consolidated losses from financial and other activities from discontinued operations decreased 35% for the nine month period ended September 30, 2014 compared to the same period in 2013, in light of the following factors:

- An increase in financial expenses of Ch$5,228 million, resulting in a financial expense of Ch$29,513 million for the nine months ended on September 30, 2014, compared to a financial expense of Ch$24,285 million for the same period of 2013 as a result of portfolio expansion in the period;
- An increase in exchange rate differences of Ch$4,262 million, resulting in a loss of Ch$10,134 million for the nine months ended on September 30, 2014 compared to a loss of Ch$5,872 million for the same period in 2013 as a result of the devaluation of local currencies against the U.S. dollar; and
- An increase in losses stemming from indexation of Ch$1,860 million as a result of a higher inflation rate in Chile, resulting in a loss of Ch$3,652 million for the nine months ended on September 30, 2014, compared to a loss of Ch$1,792 million for the same period of 2013,

which were partially offset by:

- An increase in Other gains (losses) of Ch$11 million, from Ch$9 million for the nine months ended September 30, 2013 to Ch$20 million in the same period of 2014 as a result of the fair value of derivative contracts; and
- An increase in financial income from Ch$99 million for the nine months ended September 30, 2013 to Ch$260 million for the same period in 2014 due to investments made by the Company with excess cash.

Income tax charge

For the nine months ended September 30, 2014, we had an income tax expense of Ch$3,761 million, compared to an income tax expense of Ch$2,498 million for the same period in 2013. This increase of Ch$1,263 million was due to the higher effective tax rate in Chile stemming from the tax reform that was concluded during the period.

Profit (loss) from discontinued operations

As a result of the above factors, our net earnings from discontinued operations decreased Ch$14,954 million, or 49.8%, to Ch$15,046 million for the nine months ended September 30, 2014 from Ch$30,000 million for the same period in 2013. Our net earnings, as a percentage of revenues from ordinary activities, decreased to 9.7% for the nine months ended September 30, 2014 from 18.7% for the same period in 2013.

B. LIQUIDITY AND CAPITAL RESOURCES

General

Our principal sources of liquidity have historically been:

- cash generated by operations;
- short-term credit extended by suppliers;
- cash from borrowings and financing arrangements; and
- financing provided to us by sellers of businesses we have acquired.

Our principal cash requirements or uses (other than in connection with our operating activities) have historically been:

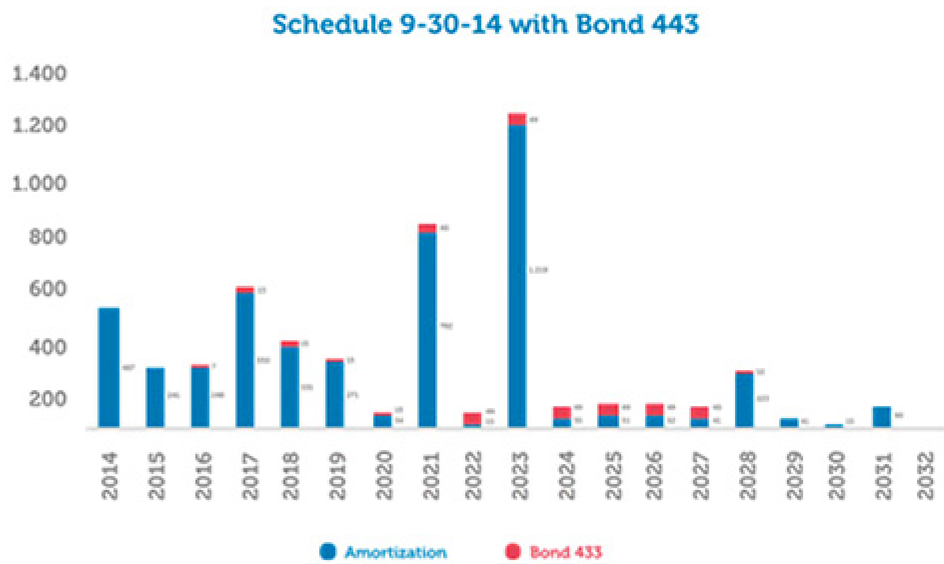
- acquisition of, or investments in, companies engaged in the retail business; and
- capital expenditures for property, plant and equipment.

As of September 30, 2014 we had a positive working capital (defined as total current assets, excluding cash and cash equivalents and other financial assets, minus total current liabilities, excluding other current financial liabilities) of Ch$458,589 million.

On April 1, 2014, we refinanced liabilities in a collective amount of approximately U.S.$770 million, reducing liquidity needs for the next 24 months. This debt roll-over operation had the support of 10 regional Banks: BBVA, Banco de Bogotá, Bradesco, Banco del Estado de Chile, HSBC, Mizuho Bank, Banco Popular de Colombia, Rabobank, Santander and Sumitomo Mitsui Banking Corporation, in addition to other competitive offers. Proceeds were used to refinance liabilities in Chile, Brazil, Peru and Colombia with new terms ranging from 3 to 6 years, as follows: U.S.$270 million in Chile, U.S.$60 million in Peru, U.S.$144 million in Brazil and U.S.$179 million in Colombia. As a result of this refinancing, the average maturity of our outstanding debt was extended while its terms and conditions remained unchanged. This refinancing is in line with the company’s financial strategy, seeking to extend payment terms for its debt, shifting focus to the operation and ultimately deleverage the company.

We believe that our cash from operations, current financing initiatives and cash and cash equivalents are sufficient to satisfy our capital expenditures and debt service obligations in 2014. We anticipate financing any future acquisitions or capital expenditures for property, plant and equipment with cash from operations and additional indebtedness.

The following chart reflects the scheduled amortization of our indebtedness as of September 30, 2014, separately noting our local bonds under Issuance No. 443 which were repaid on November 19, 2014:



Leverage

Our objective regarding capital management is to safeguard our capacity to continue ensuring appropriate returns for our shareholders and benefits for other stakeholders, and maintaining an effective capital structure while reducing capital costs.

In line with the industry, we monitor our capital using a leverage ratio calculation. This ratio is calculated by dividing net financial debt by total capital. Net financial debt corresponds to total indebtedness (including current and non-current debt) less cash and cash equivalents. Total capital corresponds to total equity as shown in the consolidated statement of financial position plus net debt. The leverage ratio was 3.77 as of September 30, 2014.

In accordance with the above, we combine different financing sources, such as: capital increases, operating cash flows, bank loans and bonds.

Seasonality

Historically, we have experienced distinct seasonal patterns to our liquidity needs, which are highest in the first and second quarters of our fiscal year. Liquidity needs are higher in the first quarter primarily because payment becomes due for goods purchased in the previous quarter for the Christmas and New Year holidays. We also experience greater liquidity needs in the second quarter, as dividends and taxes are paid during this period.

During the periods when we have increased liquidity needs, we obtain funding primarily through short-term bank borrowings, overdraft lines of credit and by reducing our cash outflows, primarily by reducing or suspending advance payments to suppliers.

Indebtedness

As of September 30, 2014, our total consolidated short-term financial debt was Ch$491,642 million, and our total consolidated long-term debt was Ch$2,698,941 million.

Our total financial debt includes both fixed-rate and variable-rate debt. Taking into account the effects of cross currency swaps, excluding Banco Paris indebtedness, at September 30, 2014, approximately 49% of our debt was variable-rate, and the remainder was fixed-rate. At September 30, 2014, approximately 11% of our debt was denominated in U.S. dollars, approximately 22% in UF, approximately 49% in Chilean pesos, approximately 2% in Argentine pesos, approximately 6% in Peruvian nuevos soles, approximately 6% in Brazilian reais and approximately 4% in Colombian Pesos. As part of our financial management policies, from time to time we enter into swaps and other derivative transactions to hedge our interest rate and exchange rate risk. Our strategy is to hold the majority of our debt in local currencies, with a target ratio of debt denominated in foreign currency of 10% to 15% of our total debt.

In order to fund our growth plans, improve our amortization profile and reduce our cost of debt, in 2011 we issued bonds with an aggregate principal amount of U.S.$750 million due 2021 in a 144A/Reg-S offering in the international capital markets, and a fixed interest rate of 5.5% (the “2011 144A/Reg-S Bond”). We have hedged the currency risk associated with this issuance through cross-currency swaps with a nominal amount of U.S.$535 million. Additionally, in June 2011, we issued in the Chilean debt capital market bonds due 2031 with an aggregate principal amount of Ch$54 million, with a fixed interest rate of 7.40%. This was the first bond issuance in the Chilean debt capital markets in Chilean pesos with a term of maturity of 20 years. As a result of these issuances, we were able to extend the average duration of our debt (from approximately 4.8 years at the end of 2010 to over 7.5 years at the end of 2011) and streamline our debt amortization schedule.

On October 17, 2012, we entered into the Bridge Loan Agreement with a syndicate of banks in the amount of U.S.$2,500 million to finance the purchase of Carrefour’s Colombian operations.

On December 6, 2012, we issued U.S.$1,200 million aggregate principal amount of bonds due 2023 in a Rule 144A and Regulation S offering in the international capital market (the “2023 144A/Reg-S Bond”). The initial purchasers for the 2023 144A/Reg S Bond (and/or affiliates thereof) were part of the bank syndicate providing the financing under the Bridge Loan Agreement. The 2023 144A/Reg-S Bond accrues interest at a fixed rate of 4.875%. The Company applied part of the proceeds of the 2023 144A/Reg-S Bond to repay U.S.$1,000 million outstanding under the Bridge Loan Agreement.

In March 2013, we completed a preemptive rights offering in the Chilean market that raised U.S.$1,600 million, and used the proceeds from that capital increase to prepay the outstanding amount of the Bridge Loan Agreement of U.S.$1,500 million.The rest of the proceeds of the capital increase were used to pay other short term liabilities.

On November 13, 2014 we entered into a bridge loan agreement for a total amount of U.S.$400 million with The Bank of Nova Scotia and HSBC Bank USA, N.A. (the “Bridge Loan”), which was drawn on November 17, 2014. As of December 31, 2014, the outstanding indebtedness under the Bridge Loan totaled U.S.$400 million, and bore interest at a floating rate, calculated at the specified LIBOR rate plus an applicable margin of 0.20%. The Bridge Loan is scheduled to mature on February 17, 2015. However, for a year following the original drawdown date, we have an option to extend the date of maturity in one-month increments.

Credit facilities (bank loans and bonds)

At September 30, 2014, our principal bank loans and bonds (including interest) consisted of the following:

	As of September 30, 2014				
	Currency	Interest Rate Structure	Amount Outstanding (in U.S.$)	Maturity Date	Amount Outstanding (in Ch$ Th)
Banks:					
Chile					
BANCO DE CHILE	Ch$	TAB Nom 180+0.3000%	82,639,387	10-12-2015	49,519,173,611
BCI	Ch$	TAB Nom 180+0.5500%	21,323,438	10-13-2015	12,777,430,556
BBVA CHILE	Ch$	TAB Nom 180+0.4000%	117,153,475	09-07-2017	70,200,705,556
BANCO BICE	Ch$	TAB Nom 180+0.6000%	31,772,122	09-14-2016	19,038,490,833
SANTANDER CHILE	Ch$	CAM+1.8500%	54,988,402	09-20-2016	32,950,150,310
BANCO ESTADO	Ch$	TAB Nom 90+0.6000%	132,718,058	06-28-2019	79,527,314,458
BBVA CHILE	Ch$	TAB Nom 180+0.5000%	58,546,120	02-02-2021	35,082,005,756
SANTANDER CHILE	Ch$	6.28%	91,315,532	03-29-2019	54,718,093,291
RABOBANK	USD	3.8625%	50,888,227	10-04-2018	30,493,243,094
SCOTIABANK	USD	LBUSD6M+1.5000%	100,665,802	10-23-2017	60,320,962,042
RABOBANK	USD	LBUSD6M+1.6000%	49,937,453	03-26-2020	29,923,520,678
MIZUHO BANK	USD	LBUSD6M+1.4000%	49,928,868	03-27-2019	29,918,376,292
SUMITOMO	USD	LBUSD6M+1.3500%	50,350,140	04-01-2019	30,170,811,092
BCI	Ch$	3.90%	39,322,728	10-10-2014	23,562,965,121
SANTANDER CHILE	Ch$	3.90%	31,682,202	10-10-2014	18,984,609,039
BBVA CHILE	Ch$	3.90%	17,047,602	10-10-2014	10,215,264,255
BANCO ESTADO	Ch$	3.90%	83,779,996	10-10-2014	50,202,649,086
Total Chile			**1,064,059,553**		**637,605,765,070**
Peru					
BCP	S/.	7.71%	24,409,191	01-07-2019	14,626,475,650
SCOTIABANK	S/.	7.5%	14,798,969	12-27-2017	8,867,838,500
BCP	S/.	7.34%	8,322,299	03-19-2018	4,986,887,978
BBVA CONTINENT	S/.	6.67%	32,507,415	04-04-2017	19,479,093,237
BBVA CONTINENT	USD	5.15%	17,044,602	09-04-2017	10,213,466,644
BBVA NY	USD	LBUSD3M+2.0000%	11,889,299	11-16-2015	7,124,305,687
BBVA NY	USD	LBUSD3M+2.0000%	7,133,579	11-16-2015	4,274,583,412
BBVA CONTINENT	USD	5.15%	17,044,602	09-04-2017	10,213,466,644
BANK TOKYO NY	USD	LBUSD3M+2.6000%	34,952,349	03-28-2017	20,944,146,555
BIF LEASING	S/.	5.9%	30,234	10-02-2014	18,116,754
BIF LEASING	S/.	5.9%	151,865	12-02-2014	91,000,755
BIF LEASING	S/.	5.9%	258,304	03-02-2015	154,781,046
BIF LEASING	S/.	5.9%	447,835	06-02-2015	268,351,790
BIF LEASING	S/.	5.9%	319,746	12-02-2015	191,598,073
BBVA CONTINENT	S/.	3.92%	9,245,519	10-10-2014	5,540,100,150
Total Peru			**178,555,811**		**106,994,212,875**
Brazil					
SAFRA	R$	CDI-spread+0.6400%	28,673,594	11-03-2014	17,181,791,028
SANTANDER BR	R$	CDI-spread+0.6700%	28,456,330	11-24-2014	17,051,602,072
SANTANDER BR	R$	CDI-spread+0.6700%	20,317,274	11-24-2014	12,174,516,675
BANCO DO BRASIL	R$	CDI-capi	16,519,370	06-04-2015	9,898,736,598
BRADESCO	R$	CDI-capi	3,072,523	11-07-2016	1,841,117,075
BRADESCO	R$	CDI-capi	4,916,036	11-07-2016	2,945,787,319
BRADESCO	R$	CDI-capi	5,325,706	11-07-2016	3,191,269,596
BANCO NORDESTE	R$	7.5%	2,693,104	12-16-2018	1,613,762,029
HSBC BRASIL	R$	CDI-spread+1.4970%	6,326,624	02-10-2017	3,791,039,582
HSBC BRASIL	R$	CDI-spread+1.4970%	6,326,624	02-10-2017	3,791,039,582
HSBC BRASIL	R$	CDI-spread+1.4970%	9,700,823	02-10-2017	5,812,927,361
HSBC BRASIL	R$	CDI-spread+1.4970%	7,170,174	02-10-2017	4,296,511,527
HSBC BRASIL	R$	CDI-spread+1.4970%	1,138,792	02-10-2017	682,387,121
HSBC BRASIL	R$	CDI-spread+1.4970%	1,054,437	02-10-2017	631,839,932
HSBC BRASIL	R$	CDI-spread+1.4970%	885,727	02-10-2017	530,745,544
BRADESCO	R$	CDI-spread+1.5300%	29,428,641	02-13-2017	17,634,230,245

	As of September 30, 2014				
	Currency	Interest Rate Structure	Amount Outstanding (in U.S.$)	Maturity Date	Amount Outstanding (in Ch$ Th)
BRADESCO	R$	CDI-spread+1.5300%	4,204,092	02-13-2017	2,519,175,747
BRADESCO	R$	CDI-spread+1.5300%	21,020,458	02-13-2017	12,595,878,745
BRADESCO	R$	CDI-spread+1.5300%	8,197,979	02-13-2017	4,912,392,712
BRADESCO	R$	CDI-spread+1.5300%	3,363,273	02-13-2017	2,015,340,600
BRADESCO	R$	CDI-spread+1.5300%	1,891,841	02-13-2017	1,133,629,087
BRADESCO	R$	CDI-spread+1.5300%	1,849,800	02-13-2017	1,108,437,329
HSBC BRASIL	R$	CDI-spread+1.4970%	1,391,857	02-10-2017	834,028,707
HSBC BRASIL	R$	CDI-spread+1.4970%	18,979,872	02-10-2017	11,373,118,745
HSBC BRASIL	R$	CDI-spread+1.4970%	42,177,493	02-10-2017	25,273,597,216
HSBC BRASIL	R$	CDI-spread	13,747,967	12-30-2014	8,238,057,000
HSBC BRASIL	R$	CDI-spread	5,332,016	12-30-2014	3,195,050,904
Total Brazil			**294,162,428**		**176,268,010,078**
Argentina					
BANCO GALICIA	ARS	15.01%	1,001,094	11-16-2015	599,875,778
BANCO GALICIA	ARS	15.01%	1,363,812	10-05-2015	817,223,274
ICBC ARGENTINA	ARS	15.01%	1,001,094	11-16-2015	599,875,778
IFC	USD	LBUSD6M+1.5500%	15,396,534	08-16-2016	9,225,911,114
BANCO GALICIA	ARS	BAIBOR1M	1,708,157	10-10-2014	1,023,561,942
BBVA FRANCES	ARS	BAIBOR1M	29,986,781	10-10-2014	17,968,679,095
BANCO GALICIA	ARS	BAIBOR1M	9,800,301	10-10-2014	5,872,536,115
BANCO ITAU AR	ARS	BAIBOR1M	6,139,658	10-10-2014	3,679,005,635
MACRO	ARS	BAIBOR1M	27,813,501	10-10-2014	16,666,406,255
BANCO GALICIA	ARS	BAIBOR1M	11,269,308	10-10-2014	6,752,794,468
BBVA FRANCES	ARS	BAIBOR1M	4,896,527	10-10-2014	2,934,097,141
Total Argentina			**110,376,767**		**66,139,966,595**
Colombia					
CORPBANCA COL	COP	5.88%	19,823,721	12-29-2014	11,878,770,314
BANCO DE BOGOTA	COP	5.00%	1,946,581	02-12-2015	1,166,430,184
BANCO DE BOGOTA	COP	6.33%	3,651,741	02-20-2017	2,188,196,000
BANCO DE BOGOTA	COP	6.69%	38,561,947	02-25-2019	23,107,089,900
BANCO DE BOGOTA	COP	DTF90+2.6000%	25,329,726	02-25-2019	15,178,078,298
BBVA COLOMBIA	COP	IBR1M+3.7800%	37,234,644	02-28-2019	22,311,743,656
BANCO DE BOGOTA	COP	DTF90+2.6000%	7,526,016	03-04-2019	4,509,739,295
BANCO DE BOGOTA	COP	DTF90+2.6000%	55,363,367	03-04-2019	33.174.836,886
BANCO POPULAR	COP	DTF90+2.3000%	22,498,919	03-06-2017	13,481,802,472
COLPATRIA	COP	DTF90	32,939,451	10-16-2014	19,737,977,596
DAVIVIENDA	COP	DTF90	33,140,748	10-15-2014	19,858,599,200
CORPBANCA COL	COP	DTF90	12,546,062	10-29-2014	7,517,851,527
Total Colombia			**290,562,924**		**174,111,115,328**
Bonds:					
Jumbo B	UF	6.5%	82,696,461	09-01-2026	49,553,373,584
Bcenc-A	UF	4.25%	161,631,426	11-19-2014	96,852,782,889
Bcenc-C	UF	4.1%	183,337,736	11-19-2014	109,859,638,045
Bcenc-D	UF	4%	61,104,413	11-19-2014	36,614,986,130
Bcenc-E	UF	3.5%	81,784,496	05-07-2018	49,006,905,566
Bcenc-F	UF	4%	184,371,574	05-07-2028	110,479,134,485
Bcenc-J	UF	5.7%	124,133,535	10-15-2029	74,383,296,759
Bcenc-L	UF	4.1%	20,445,889	05-28-2015	12,251,585,814
Bcenc-N	UF	4.7%	184,377,134	05-28-2030	110,482,466,047
Bcenc-O	Ch$	7%	92,184,320	06-01-2031	55,238,688,000
Incabond 1	S/.	7.1875%	99,544,766	05-05-2018	59,649,214,601
Incabond 2	S/.	7.625%	45,374,249	08-12-2017	27,189,157,446
Regs/144a 2021	USD	5.5%	756,984,081	01-20-2021	453,600,001,146
Regs/144a 2023	USD	4.875%	1,209,697,610	01-20-2023	724,875,001,625
Total Bonds			**3,287,667,688**		**1,970,036,232,137**

In addition, at December 31, 2013, we had Ch$37,477 million in financial leasings.

As of December 31, 2013, the Company has available unused lines of credit for approximately Ch$325,564,823 (Ch$301,068,423 as of December 31, 2012). We deal with a wide diversity of banks around the world. We believe, if necessary, we can reopen our existing international bonds or issue one or more new series of bonds as appropriate, or can obtain commercial paper in the Chilean market.

Our loan agreements and outstanding bonds contain a number of covenants requiring us to comply with certain financial ratios and other tests. The most restrictive financial covenants under these loan agreements and bonds require us to maintain:

- a ratio of consolidated Net Financial Debt to consolidated net worth not exceeding 1.2 to 1;
- a ratio of consolidated Net Financial Debt to EBITDA (as defined in the relevant credit agreements) for the most recent four consecutive fiscal quarters for such period of less than 5.25 to 1;
- unencumbered assets in an amount equal to at least 120% of the outstanding principal amount of total liabilities;
- minimum consolidated assets of at least UF 50.5 million; and
- minimum consolidated net worth of at least UF 28.0 million.

As of the date of this 6-K, we are in compliance with all of our loan and debt instruments.

Leases

We have significant operating lease obligations. At September 30, 2014, 49% of our total selling space was located on leased properties. Our store leases typically have a term ranging from 10 to 32 years and provide for both monthly fixed and variable lease payments. Our shopping center leases typically have terms of more than 30 years and provide for fixed monthly rent payments.

Acquisitions

No significant acquisitions were completed during the nine months ended September 30, 2014.

Analysis of cash flows

The following table summarizes our generation and use of cash for the periods presented.

	Nine months ended September 30,	
	2014	**2013**
	(in millions of Ch$)	
Net cash from Continuing Operations provided by (used in):		
Net cash from operating activities	97,477	89,921
Net cash used in investing activities	(161,037)	(205,790)
Net cash from financing activities	92,146	(69,756)
Net cash from Discontinued Operations provided by (used in):		
Net cash from operating activities	(10,137)	37,341
Net cash used in investing activities	(5,891)	(13,771)
Net cash from financing activities	(63,157)	33,326

Cash flows for the nine months ended September 30, 2014 compared to the same period in 2013 for continuing operations

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash outflow of Ch$28,586 million for the nine months ended September 30, 2014, compared to a net cash outflow of Ch$185,625 million for the same period in 2013.

Operating activities. Our net cash flows from operations increased 8%, to Ch$97,477 million for the nine months ended September 30, 2014 from Ch$89,921 million for the same period in 2013. The increase was primarily attributable to improved cash generation from our supermarket and financial services business.

Investing activities. Our net cash outflows from investing activities decreased 22%, to Ch$161,037 million for the nine months ended September 30, 2014 from Ch$205,790 million for the same period in 2013, due to a decrease in the fair value of the properties as a result of tax changes to our cash flow model brought upon by tax reform.

Financing activities. Our net cash flows from financing activities increased 232%, to inflows of Ch$92,146 million for the nine months ended September 30, 2014 compared to outflows of Ch$69,756 million for the same period in 2013. This was due to the refinancing of liabilities that occurred during the period to improve liquidity.

Cash flows for the nine months ended September 30, 2014 compared to the same period in 2013 for discontinued operations

Taking into account our cash flows from operations, cash flows from financing activities and cash used in investing activities, we had a net cash outflow of Ch$79,185 million for the nine months ended September 30, 2014, compared to an inflow of Ch$56,896 million for the same period in 2013.

Operating activities. Our net outflows from operations increased 127%, to Ch$10,137 million for the nine months ended September 30, 2014 from Ch$37,341 million in net inflows for the same period in 2013. The increase was primarily attributable to increased working capital needs as a result of the growth of our credit card receivables portfolio.

Investing activities. Our net cash outflows from investing activities increased 57%, to Ch$5,891 million for the period nine months ended September 30, 2014 from an outflow of Ch$13,771 million for the same period in 2013, due to the recovery of commission fees.

Financing activities. Our net cash outflows from financing activities increased 290%, to outflows of Ch$63,157 million for the nine months ended September 30, 2014 compared to inflows of Ch$33,326 million for the same period in 2013. This was due to the refinancing of liabilities that occurred in the period to improve liquidity.

Capital expenditures and permanent investments

The following table presents our capital expenditures for the periods indicated:

	As of September 30,	
	2014	2013
	(in millions of Ch$)	
Capital expenditures(1)	173,507	250,402
Permanent investments(2)	—	—
Total	173,507	250,402

(1) Purchase of property, plant and equipment.
(2) Primarily investments in acquired companies.

During 2014, we expect to invest approximately U.S.$210 million to open new supermarkets, department stores, home improvement stores and shopping centers. In Chile, we expect we will invest U.S.$64 million in 19 new stores in our supermarket, home improvement and department store divisions. In Brazil, we plan to invest

U.S.$41 million for the opening of 10 new supermarket stores and the refurbishing a distribution center in the State of Rio de Janeiro. In Peru, the investment plan totals U.S.$42 million and includes the opening of 5 new supermarkets and 3 new Paris stores. In Argentina, we plan to invest U.S.$25 million for the opening of 3 supermarkets and 3 home improvement stores and one new distribution center. In Colombia, we plan to invest U.S.$38 million for the opening of 2 Easy stores and 6 new supermarkets. In addition, we plan to invest U.S.$100 million in information technology projects to improve operating efficiency and strengthen our e-commerce operations. Additionally U.S.$40 million have been earmarked for environmental and traffic mitigation measures connected to Costanera Center and the completion of the two office towers. Maintenance expenditures for existing stores are estimated at U.S.$75 million for the fourth quarter of 2014.

Our projected capital expenditures may vary substantially from the numbers set forth above as a result of a variety of factors including competition and the cost, currencies and availability of the necessary funds.

We expect to finance our future capital expenditures with our operating cash flow and with bank loans.

C. OFF-BALANCE SHEET ARRANGEMENTS

For any of the periods presented, we did not have any off-balance sheet transactions, arrangements or obligations with unconsolidated entities or otherwise that are reasonably likely to have a material effect on our financial condition, results of operations or liquidity.

D. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations and commitments as of September 30, 2014:

	Less than One Year	One to Three Years	Three to Five Years	Thereafter	Total
			(in millions of U.S.$)		
Long-term debt obligations[1]	—	774,598	583,528	2,121,799	3,479,925
Short-term debt obligations[1]	507,939	—	—	—	507,939
Time deposits and other bank balances	—	—	—	—	—
Leases obligations and other financial liabilities[2]	227,519	582,581	1,504,898	21,877	2,336,876
Commercial loans	1,782,621	133,192	—	—	1,915,813
Tax liabilities	—	—	—	—	—
Other financial liabilities option[3]	7,705	—	—	—	7,705
Total	**2,525,784**	**1,490,371**	**2,088,426**	**2,143,676**	**8,248,258**

(1) Short-term obligations include the short-term portion of the long-term debt and accrued interest expenses.
(2) Includes pending installments from our purchase of Irmãos Bretas, Filhos e Cia. Ltda. in 2010.
(3) Trade payables, other payables, other non-financial liabilities, and payables to related entities

E. NON-IFRS FINANCIAL MEASURES

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

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

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

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

EBIT, EBITDA and Adjusted EBITDA have important limitations as analytical tools. For example, none of EBIT, EBITDA or Adjusted EBITDA reflect (a) our cash expenditures, or future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and (d) tax payments or distributions to our parent to make payments with respect to taxes attributable to us that represent a reduction in cash available to us. Although we consider the items excluded in the calculation of non-IFRS measures to be less relevant to evaluate our performance, some of these items may continue to take place and accordingly may reduce the cash available to us.

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

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

	Nine months ended September 30,		
	2014	2014	2013
		(unaudited)	
	(in millions of U.S.$)	(in millions of Ch$)	
Profit attributable to controlling shareholders	79.1	47,412	61,844
Profit attributable to non-controlling shareholders	0.4	221	467
Profit from continuing operations	79.5	47,633	62,311
Financial expense (net)	256.3	153,561	161,835
Income tax charge	94.9	56,856	65,476
EBIT from continuing operations	430.6	258,050	289,623
Depreciation and amortization	247.7	148,420	144,023
EBITDA from continuing operations	678.3	406,470	433,646
Exchange differences	43.8	26,273	20,928
Increase on revaluation of investment properties(1)	(44.0)	(26,368)	(35,335)
(Losses) gains from indexation	44.0	26,369	10,292
Adjusted EBITDA from continuing operations	722.2	432,744	429,531
As a % of revenues			
Profit from continuing operations	0.62%	0.62%	0.85%
Financial income (expenses)	2.00%	2.00%	2.21%
Income tax charge	0.74%	0.74%	0.89%
EBIT from continuing operations	3.35%	3.35%	3.96%
Depreciation and amortization	1.93%	1.93%	1.97%
EBITDA from continuing operations	5.28%	5.28%	5.93%
Exchange differences	0.34%	0.34%	0.29%
Increase on revaluation of investment properties(1)	0.34%	0.34%	0.48%
(Losses) gains from indexation	(0.34)%	(0.34)%	(0.14)%
Adjusted EBITDA from continuing operations	5.62%	5.62%	5.87%

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

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

Information by segment	**Supermarkets**	**Shopping centers**	**Home improvement stores**	**Department stores**	**Financial services**	**Other**	**Consolidated total**
(unaudited)					**Continuing Operations**		**Continuing Operations**
	Nine months ended September 30, 2014 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	177,391	137,714	67,513	(12,320)	27,751	(350,637)	47,412
Profit attributable to non-controlling shareholders	—	—	—	—	—	221	221
Net Income	**177,391**	**137,714**	**67,513**	**(12,320)**	**27,751**	**(350,416)**	**47,633**
Financial expense (net)	—	—	—	—	—	153,561	153,561
Income tax charge	—	—	—	—	—	56,856	56,856
EBIT from continuing operations	**177,391**	**137,714**	**67,513**	**(12,320)**	**27,751**	**(139,999)**	**258,050**
Depreciation and amortization	100,113	4,138	15,084	19,392	1,391	8,303	148,420
EBITDA from continuing operations	**277,504**	**141,853**	**82,596**	**7,072**	**29,141**	**(131,696)**	**406,470**
Exchange differences	—	—	—	—	—	26,273	26,273
Increase on revaluation of investment properties(1)	—	(26,368)	—	—	—	—	(26,368)
Losses from indexation	—	—	—	—	—	26,369	26,369
Adjusted EBITDA from continuing operations	**277,504**	**115,485**	**82,596**	**7,072**	**29,141**	**(79,055)**	**432,744**
As a % of revenues	4.7%	76.2%	9.5%	1.1%	35.0%	N/A	5.6%

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

Information by segment (unaudited)	Supermarkets	Shopping centers	Home improvement stores	Department stores	Financial services Continuing Operations	Other	Consolidated total Continuing Operations
	Nine months ended September 30, 2013 (in millions of Ch$)						
Profit (loss) attributable to controlling shareholders	177,536	145,485	45,581	6,958	15,361	(329,077)	61,844
Profit attributable to non-controlling shareholders	—	—	—	—	—	467	467
Net Income	**177,536**	**145,485**	**45,581**	**6,958**	**15,361**	**(328,610)**	**62,311**
Financial expense (net)	—	—	—	—	—	161,835	161,835
Income tax charge	—	—	—	—	—	65,476	65,476
EBIT from continuing operations	**177,536**	**145,485**	**45,581**	**6,958**	**15,361**	**(101,298)**	**289,623**
Depreciation and amortization	102,079	2,947	14,521	18,353	1,268	4,854	144,023
EBITDA from continuing operations	**279,616**	**148,432**	**60,103**	**25,311**	**16,629**	**(96,444)**	**433,646**
Exchange differences	—	—	—	—	—	20,928	20,928
Increase on revaluation of investment properties[1]	—	(35,335)	—	—	—	—	(35,335)
Losses from indexation	—	—	—	—	—	10,292	10,292
Adjusted EBITDA from continuing operations	**279,616**	**113,096**	**60,103**	**25,311**	**16,629**	**(65,224)**	**429,531**
As a % of revenues	5.0%	76.7%	7.1%	3.9%	28.5%	N/A	5.9%

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

E. MAJOR SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares of common stock, as of September 30, 2014, 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.

Shareholder	Number of Shares of Common Stock	Percentage Beneficial Ownership
Principal Shareholders[1]		
Inversiones Quinchamali Limitada[2]	573,754,802	20.2832%
Inversiones Latadia Limitada[3]	550,823,211	19.4725%
Inversiones Tano Limitada[4]	457,879,800	16.1868%
Directors and Executive Officers		
Horst Paulmann Kemna[5]	70,336,573	2.4865%
Peter Paulmann Koepfer[6]	*	*
Heike Paulmann Koepfer[7]	*	*
David Gallagher Patrickson	—	—
Erasmo Wong Lu Vega	—	—
Roberto Oscar Philipps	—	—
Cristián Eyzaguirre Johnston	—	—
Richard Büchi Buc	*	*
Julio Moura	—	—
Daniel Rodríguez	*	*
Juan Manuel Parada	*	*
Rodrigo Hetz	*	*
Carlos Mechetti	*	*
Andrés Artigas	*	*
Bronislao Jandzio	*	*
Carlos Wulf	*	*

Shareholder	Number of Shares of Common Stock	Percentage Beneficial Ownership
Jaime Soler	*	*
Patricio Rivas	*	*
Marcelo Reyes	*	*
Nicolás Larco	*	*
Renato Fernandez	—	—
Stefan Krause	*	*
Rodrigo Larrain	*	*
Ricardo Bennett	*	*
Total shares of common stock issued and outstanding	2,828,723,963	100.0%

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

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

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

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

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

(5) Horst Paulmann Kemna owns 2.49% of our shares of common stock directly and the remaining amount through direct and indirect ownership in Inversiones Quinchamali Limitada, Inversiones Latadia Limitada and Inversiones Tano Limitada.

(6) Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors. See "Item 6. Directors, Senior Management and Employees" of our Annual Report on Form 20-F for the year ended December 31, 2013.

(7) Peter Paulmann Koepfer owns 0.5% of our shares of common stock.

(8) Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors. See "Item 6. Directors, Senior Management and Employees" of our Annual Report on Form 20-F for the year ended December 31, 2013.

(9) Heike Paulmann Koepfer owns 0.5% of our shares of common stock.

(10) Horst Paulmann Kemna, our Chairman of the Board, is the father of Heike Paulmann Koepfer and Peter Paulmann Koepfer, who both serve on our Board of Directors. See "Item 6. Directors, Senior Management and Employees" of our Annual Report on Form 20-F for the year ended December 31, 2013.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Cencosud S.A. and subsidiaries, condensed consolidated interim statements of financial position

Assets	Note	As of September 30, 2014 ThCh$ (unaudited)	As of December 31, 2013 ThCh$
Current assets			
Cash and cash equivalents		124,575,822	171,711,625
Other financial assets, current	5	23,867,043	49,583,940
Other non-financial assets, current		14,109,340	11,605,493
Trade receivables and other receivables	6	665,651,164	1,133,447,553
Receivables due from related entities, current		—	432,303
Inventory	8	1,196,401,257	1,044,906,627
Current tax assets		66,769,474	22,797,303
Total current assets other than non-current assets held for sale		2,091,374,100	2,434,484,844
Assets held for sale	19	755,060,431	—
Total current assets		2,846,434,531	2,434,484,844
Non-current assets			
Other financial assets, non-current	5	263,340,706	92,405,358
Other non-financial assets, non-current		36,130,604	38,263,337
Trade receivable and other receivables, non-current	6	35,415,016	155,839,812
Equity method investment		48,337,539	49,942,154
Intangible assets other than goodwill	9	411,597,953	571,621,507
Goodwill	9	1,845,796,845	1,696,040,684
Property, plant and equipment	10	3,157,867,419	3,101,883,868
Investment property	11	1,612,261,344	1,568,432,058
Non-current tax assets,		58,883,195	53,727,039
Deferred income tax assets	20	374,461,476	302,593,552
Total non-current assets		7,844,092,097	7,630,749,369
Total assets		10,690,526,628	10,065,234,213

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Cencosud S.A. and subsidiaries., condensed consolidated interim statements of financial position

Net equity and liabilities	Note	As of September 30, 2014 ThCh$ (unaudited)	As of December 31, 2013 ThCh$
Current liabilities			
Other financial liabilities, current	12	491,641,270	739,105,814
Trade payables and other payables		1,732,808,499	1,957,993,218
Payables to related entities, current		579,367	556,494
Provisions and other liabilities	13	39,705,639	46,406,283
Current income tax liabilities		62,955,128	63,131,459
Current provision for employee benefits		113,743,304	96,696,870
Other non-financial liabilities, current		49,233,094	47,808,861
Total current liabilities		2,490,666,301	2,951,698,999
Other non-financial liabilities, current	19	240,377,975	—
Total current liabilities		2,731,044,276	2,951,698,999
Non-current liabilities			
Other financial liabilities,	12	2,698,940,949	2,218,035,025
Trade accounts payables		28,602,006	8,954,817
Provisions and other liabilities	13	104,933,005	88,222,586
Deferred income tax liabilities	20	546,466,518	471,481,007
Other non–financial liabilities, non–current		71,200,742	65,474,690
Total non-current liabilities		3,450,143,220	2,852,168,125
Total liabilities		6,181,187,496	5,803,867,124
Equity			
Paid-in capital	14	2,321,380,936	2,321,380,936
Retained earnings		2,079,205,151	2,049,483,333
Issuance premium		526,633,344	526,633,344
Other reserves		(418,217,397)	(636,230,610)
Equity attributable to controlling shareholders		4,509,002,034	4,261,267,003
Non-controlling interest		337,098	100,086
Total equity		4,509,339,132	4,261,367,089
Total equity and liabilities		10,690,526,628	10,065,234,213

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Cencosud S.A. and subsidiaries condensed consolidated interim statements of profit and loss and other comprehensive income (unaudited)

Statements of profit and loss	Note	For the nine months ended September 30 2014 ThCh$	For the nine months ended September 30 2013 ThCh$	For the three months ended September 30 2014 ThCh$	For the three months ended September 30 2013 ThCh$
Continuing Operations					
Revenues from ordinary activities	16	7,696,196,556	7,316,915,295	2,621,000,995	2,449,020,448
Cost of Sales	15	(5,632,557,412)	(5,309,115,093)	(1,920,785,174)	(1,773,176,381)
Gross Profit		**2,063,639,144**	**2,007,800,202**	**700,215,821**	**675,844,067**
Other income by function	15	36,399,486	44,201,910	27,595,223	20,312,173
Distribution cost	15	(18,707,492)	(17,279,076)	(6,575,812)	(5,769,785)
Administrative expenses	15	(1,669,474,839)	(1,610,403,783)	(581,470,621)	(545,493,951)
Other expenses by function	15	(125,809,935)	(117,742,619)	(42,958,539)	(42,355,921)
Other gain (losses), net	15	24,170,155	10,286,856	14,470,588	4,213,287
Operating profit		**310,216,519**	**316,863,490**	**111,276,660**	**106,749,870**
Finance income	15	5,288,062	4,290,301	1,394,689	479,245
Finance expenses	15	(158,848,704)	(166,125,716)	(53,174,570)	(54,457,689)
Participation in profit or loss of equity method associates		475,180	3,979,529	(1,407,700)	1,210,202
Exchange differences	15	(26,272,743)	(20,928,336)	(17,928,080)	3,260,672
(Losses) from indexation	15	(26,368,932)	(10,291,841)	(4,228,511)	(6,733,098)
Profit before income tax		**104,489,382**	**127,787,427**	**35,932,488**	**50,509,202**
Income tax expense	20	(56,856,289)	(65,476,377)	(38,733,225)	(18,724,128)
Profit from continuing operations		**47,633,093**	**62,311,050**	**(2,800,737)**	**31,785,074**
Discontinued Operations					
Profit from discontinued operations	22	**15,045,687**	**29,999,759**	**3,950,662**	**11,874,659**
Profit attributable to					
Controlling shareholders		62,457,591	91,843,755	2,123,331	43,804,657
Non–controlling interest		221,189	467,054	(973,406)	(144,924)
Profit		**62,678,780**	**92,310,809**	**1,149,925**	**43,659,733**
Earnings per share from continuing and discontinued oteartions attributable to controlling shareholders					
Basic earnings per share from continuing operations		16.8	23.2	(0.6)	12.0
Basic earnings per share from discontinued operations		5.3	11.2	1.5	4.4
		22.1	34.4	0.9	16.4
Diluted earnings per share from continuing operations		16.8	23.2	(0.6)	12.0
Diluted earnings per share from discontinued opearations		5.3	11.2	1.5	4.4
		22.1	34.4	0.9	16.4

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Cencosud S.A. and subsidiaries condensed consolidated interim statements of profit and loss and other comprehensive income (unaudited)

	For the nine months ended September 30 2014 ThCh$	For the nine months ended September 30 2013 ThCh$	For the three months ended September 30 2014 ThCh$	For the three months ended September 30 2013 ThCh$
Profit	**62,678,780**	**92,310,809**	**1,149,925**	**43,659,733**
Other comprehensive income				
Items that will never be reclassified to profit and loss				
Re-measurements of defined benefit liability (asset)	57,917	28,342	(16,156)	2,868
Total OCI that will never be reclassified to profit and loss	**57,917**	**28,342**	**(16,156)**	**2,868**
Items that are or may be reclassified to profit and loss				
Foreign currency translation adjustments	224,647,708	(159,387,718)	83,428,214	(51,595,665)
Cash flow hedge	(9,494,870)	(10,290,696)	(1,757,785)	(7,014,872)
Total Items that are or may be reclassified to profit and loss	**215,152,838**	**(169,678,414)**	**81,670,429**	**(58,610,537)**
Other comprehensive income, before taxes.	**215,210,755**	**(169,650,072)**	**81,654,273**	**(58,607,669)**
Income tax related to re-measurement of defined benefit liability (asset)	(19,692)	(9,636)	5,493	(975)
Total income tax that will never be reclassified to profit and loss	**(19,692)**	**(9,636)**	**5,493**	**(975)**
Income tax related to cash flow hedge	997,470	2,058,139	(549,947)	1,402,974
Total income tax that are or may be reclassified to profit and loss	**997,470**	**2,058,139**	**(549,947)**	**1,402,974**
Total other comprehensive income and expense	**216,188,533**	**(167,601,569)**	**81,109,819**	**(57,205,670)**
Total comprehensive income	**278,867,313**	**(75,290,760)**	**82,259,744**	**(13,545,937)**
Income attributable to				
Owners of the Company	278,630,301	(75,849,164)	83,319,669	(13,290,510)
Non-controlling interest	237,012	558,404	(1,059,925)	(255,427)
Total comprehensive income	**278,867,313**	**(75,290,760)**	**82,259,744**	**(13,545,937)**
Total comprehensive income attributable to owners of the parent arising from:				
Continuing operations	263,584,614	(105,848,923)	79,369,007	(25,165,169)
Discontinued operations	15,045,687	29,999,759	3,950,662	11,874,659
Total Items that are or may be reclassified to profit and loss	**278,630,301**	**(75,849,164)**	**83,319,669**	**(13,290,510)**

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Cencosud S.A. and subsidiaries
Condensed consolidated interim statement of changes in net equity
For the nine months ended September 30, 2014 (unaudited)

Statement of changes in equity ThCh$	Paid-in capital	Issuance premiums	Translation reserves	Cash flow Hedge reserves	Actuarial Gain (loss) reserves	Share based payments reserves	Other reserves	Total reserves	Retained earnings	Equity attributable to controlling shareholders	Non-controlling interest	Total equity
Opening balance as of January 1, 2014	2,321,380,936	526,633,344	(615,316,151)	20,525,986	402,512	10,636,164	(52,479,121)	(636,230,610)	2,049,483,333	4,261,267,003	100,086	4,261,367,089
Changes in equity												
Comprehensive income												
Net income	—	—	—	—	—	—	—		62,457,591	62,457,591	221,189	62,678,780
Other comprehensive income	—	—	224,631,885	(8,497,400)	38,225			216,172,710		216,172,710	15,823	216,188,533
Total Comprehensive income	—	—	224,631,885	(8,497,400)	38,225			216,172,710	62,457,591	278,630,301	237,012	278,867,313
Dividends									(32,735,773)	(32,735,773)		(32,735,773)
Stock option						1,840,503	—	1,840,503		1,840,503		1,840,503
Total transactions with owners	—	—	—	—	—	1,840,503	—	1,840,503	(32,735,773)	(30,895,270)	—	(30,895,270)
Total Changes in equity	—	—	224,631,885	(8,497,400)	38,225	1,840,503	—	218,013,213	29,721,818	247,735,031	237,012	247,972,043
Ending balance, as of September 30, 2014	2,321,380,936	526,633,344	(390,684,266)	12,028,586	440,737	12,476,667	(52,479,121)	(418,217,397)	2,079,205,151	4,509,002,034	337,098	4,509,339,132

Cencosud S.A. and subsidiaries
Consolidated statement of changes in net equity
For the nine months ended September 30, 2013 (unaudited)

Statement of changes in equity ThCh$	Paid-in capital	Issuance premiums	Translation reserves	Hedge reserves	Actuarial Gain (loss) reserves	Share based payments reserves	Other reserves	Total reserves	Retained earnings	Equity attributable to controlling shareholders	Non-controlling interest	Total equity
Opening balance as of January 1, 2013	1,551,811,762	477,341,095	(461,974,288)	23,315,468	(523,284)	6,892,685	(52,074,990)	(484,364,409)	1,852,745,697	3,397,534,145	677,599	3,398,211,744
Changes in equity												
Comprehensive income												
Net income	—	—	—	—	—	—	—		91,843,755	91,843,755	467,054	92,310,809
Other comprehensive income	—	—	(159,479,068)	(8,232,557)	18,706	—	—	(167,692,919)	—	(167,692,919)	91,350	(167,601,569)
Total Comprehensive income	—	—	(159,479,068)	(8,232,557)	18,706	—	—	(167,692,919)	91,843,755	(75,849,164)	558,404	(75,290,760)
Share issuance	769,569,174	49,292,249								818,861,423		818,861,423
Dividends									(19,535,244)	(19,535,244)		(19,535,244)
Stock option						3,039,696		3,039,696		3,039,696		3,039,696
Total transactions with owners	769,569,174	49,292,249	—	—	—	3,039,696	—	3,039,696	(19,535,244)	802,365,875	—	802,365,875
Total Changes in equity	769,569,174	49,292,249	(159,479,068)	(8,232,557)	18,706	3,039,696	—	(164,653,223)	72,308,511	726,516,711	558,404	727,075,115
Ending balance, as of September 30, 2013	2,321,380,936	526,633,344	(621,453,356)	15,082,911	(504,578)	9,932,381	(52,074,990)	(649,017,632)	1,925,054,208	4,124,050,856	1,236,003	4,125,286,859

The accompanying notes are an integral part of these consolidated financial statements.

Cencosud S.A. and subsidiaries
Consolidated statements of cash flows

	For the nine months ended September 30, Unaudited	
	2014	**2013**
	ThCh$	**ThCh$**
Cash flows from (used in) operating activities		
Types of revenues from operating activities		
Revenue from sale of goods & provision of services	9,080,197,177	8,510,630,986
Proceeds from royalties, installments, commissions and other ordinary activities	14,464,039	4,824,692
Other operating activity revenue	8,627,226	6,072,528
Types of payments		
Payments to suppliers for supply of goods & services	(7,587,184,678)	(7,181,391,354)
Payments to and on behalf of personnel	(1,011,716,350)	(928,870,902)
Other operating payments	(356,773,765)	(278,153,443)
Interest paid	(2,491,002)	(1,228,665)
Interest received	1,288,683	2,506,295
Taxes paid	(50,626,638)	(52,404,768)
Other cash inflows	1,692,007	7,936,049
Cash flow from operating activities (continuing operations)	97,476,699	89,921,418
Cash flow from operating activities (discontinued operations)	(10,136,575)	37,340,513
Net cash flow from operating activities	**87,340,124**	**127,261,931**
Cash flows from (used in) investment activities		
Proceeds from sales of property, plant & equipment	186,000	832,204
Purchases of property, plant & equipment	(172,915,790)	(249,718,171)
Purchases of intangible assets	(15,785,339)	(16,274,159)
Dividends received	2,569,709	1,218,809
Interest received	214,054	2,482,980
Other financial assets—mutual funds	24,694,599	55,668,026
Cash flow from investing activities (continuing operations)	(161,036,767)	(205,790,311)
Cash flow from investing activities (discontinued operations)	(5,891,315)	(13,770,559)
Net cash flow (used in) investment activities	**(166,928,082)**	**(219,560,870)**
Cash flows from (used in) financing activities		
Proceeds from paid in capital	—	818,871,267
Proceeds from borrowing at long–term	424,677,664	—
Proceeds from borrowing at short–term	4,997,623,504	3,257,414,322
Total loan proceeds from borrowing	5,422,301,168	4,076,285,589
Repayments of borrowing	(5,140,882,316)	(3,950,777,392)
Dividends paid	(35,639,263)	(58,269,234)
Interest paid	(153,633,643)	(136,984,944)
Other cash outflows	—	(9,845)
Cash flow from financing activities (continuing operations)	92,145,946	(69,755,826)
Cash flow from financing activities (discontinued operations)	(63,157,055)	33,326,271
Net cash flow from financing activities	**28,988,891**	**(36,429,555)**
Net (decrease) increase in cash and cash equivalents before the effect of variations	**(50,599,067)**	**(128,728,494)**
Effects of variations in the exchange rate on cash and cash equivalents	6,398,812	(4,172,532)
Net (decrease) increase in cash and cash equivalents	**(44,200,255)**	**(132,901,026)**
Cash and cash equivalents at the beginning of the year	171,711,625	237,720,805
Cash and cash equivalents at the end of the year	127,511,370	104,819,779
Incuded in cash and cash equivalent per the statement of financial situation	124,575,822	104,819,779
Incuded in the assets of the disposal group	2,935,548	—

The accompanying notes are an integral part of these consolidated financial statements.

1 General information

Cencosud S.A. (hereinafter "Cencosud Group," "the Company," "the Holding," "the Group") taxpayer ID number 93.834.000-5 is a public corporation with an indefinite life, with its legal residence at Avda. Kennedy 9001, 4th floor, Las Condes, Santiago, Chile.

Cencosud S.A. is a public company registered with the Chilean Superintendence of Securities and Insurance (SVS), under No.743, which shares are quoted in Chile on the Stock Brokers-Stock Exchange (Valparaíso), the Chilean Electronic Stock Exchange and the Santiago Stock Exchange; it is also quoted on the New York Stock Exchange ("NYSE") in the form of American Depositary Receipts (ADRs).

Cencosud S.A. is a retail operator in Latin America, which has active operations in Chile, Argentina, Brazil, Colombia and Peru, where it has developed a successful multi-format and multi-brand strategy reaching sales of ThCh$ 7,696,196,556 as of September 30, 2014.

During the year ended September 30, 2014, the Company employed an average of 149,358 employees, ending with a total number of 149,990 employees.

The Company's operations include supermarkets, hypermarkets, home improvement stores, department stores, shopping centers, as well as real estate development and financial services, which makes it the most diversified retail company in South America with the biggest offering of square meters, it caters to the consumption needs of over 180 million customers.

Additionally, it operates other lines of business that complement the main retail operations, such as insurance brokerage, a travel agency, customer loyalty services and family entertainment centers. All of these services have gained recognition and prestige among customers, with brands that excel at quality and service.

The Company splits its equity among 2,828,723,963 shares of a single series whose main shareholders are the following:

Major shareholders as of September 30, 2014	Shares	Interest %
Inversiones Quinchamali Limitada	573,754,802	20.283%
Inversiones Latadia Limitada	550,823,211	19.473%
Inversiones Tano Limitada	457,879,800	16.187%
Banco Santander - JP Morgan	181,803,036	6.427%
Banco de Chile por cuenta de terceros	143,559,326	5.075%
Banco Itau por cuenta de inversionistas	118,920,601	4.204%
Horst Paulmann Kemna	70,336,573	2.487%
Fondo de Pensiones Provida C	56,826,301	2.009%
Fondo de Pensiones Habitat C	51,169,985	1.809%
Fondo de Pensiones Habitat B	39,430,660	1.394%
Fondo de Pensiones Capital C	36,676,393	1.297%
Fondo de Pensiones Provida B	36,054,975	1.275%
Other shareholders.	511,488,300	18.082%
Total	2,828,723,963	100.000

The Cencosud group is controlled by the Paulmann family, as detailed below:

Interest of Paulmann family as of September 30, 2014	Interest %
Inversiones Quinchamali Limitada	20.283%
Inversiones Latadia Limitada	19.473%
Inversiones Tano Limitada	16.187%
Horst Paulmann Kemna	2.487%
Manfred Paulmann Koepfer	0.492%
Peter Paulmann Koepfer	0.498%
Heike Paulmann Koepfer	0.492%
Sucesión de doña Helga Koepfer Schoebitz	0.115%
Inversiones Alpa Limitada	0.011%
Total	60.038%

The consolidated interim financial statements of Cencosud as of September 30, 2014, were approved by the Board of Directors in a session held on November 28, 2014.

These condensed interim financial statements have been reviewed, but not audited.

2 Summary of the main accounting policies

2.1 Presentation basis

These condensed consolidated interim financial statements for the nine months ended September 30, 2014 have been prepared in accordance with IAS 34, "Interim financial reporting." These do not include all the information required for a complete set of IFRS financial statements. However, the condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.2 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except as described below in point 2.3.

Income taxes for interim periods are accounted for using the tax rate that would be applicable to expected total annual income before taxes.

2.3 New and amended standards adopted by the group

(a) New standards, amendments and interpretations adopted by the group.

The following standards have been adopted by the group for the first time for the financial year beginning on 1 January 2014, however none of the new amendments and pronuncements had a significant impact on the group´s financial statements:

IFRIC 21, ‘Levies’, sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 ‘Provisions’. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Amendment to IAS 32, ‘Financial instruments: Presentation’ on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, ‘Impairment of assets’, on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Amendment to IAS 39, ‘Financial instruments: Recognition and measurement’ on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to ‘over-the-counter’ derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The amendment did not have a significant effect on the group financial statements.

(b) New standards, amendments and interpretations not yet adopted.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9’s full impact.

IFRS 15, ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.4 Income tax.

On September 29, 2014, Law No. 20,780 was enacted and published in the Official Gazette, introducing various amendments to the current income tax law and taxation rules for other taxes. Under the recently enacted tax law, the income tax rate will increase to 21%, 22.5%, 24%, 25.5% and 27%, for the years 2014, 2015, 2016, 2017 and 2018 and following fiscal years, respectively, such newly enacted rates will be applicable based on the Company's adoption of the partially integrated system. Alternatively, for the years 2014, 2015, 2016 and 2017 and following fiscal years, an increase of 21%, 22.5%, 24%, and 25%, respectively, will apply in the event that other companies adopt the attributed taxable income system.

The above implies that the income tax rate for Chile is 21% for fiscal year 2014. Therefore, for the close of the financial statements as of September 30, 2014, a tax rate of 21% has been considered in the determination of the income tax provision and deferred taxes.

As such, as of September 30, 2014, the Company includes in the income tax expense the rate increase abovementioned resulting in the recognition of a greater tax expense of ThCh $24,382,467.

2.5 Asset held for sale and discontinued operations

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

Under IFRS Standard N° 5 ("**IFRS 5**"), "Disposal of subsidiaries, business and non-current assets", the Subject Companies are considered as from June 20, 2014 "Assets held for sale" as a result of Cencosud's commitment to sell a controlling interest to an unrelated party under the Framework Agreement and that the occurrence of such transactions is deemed as highly probable by management.

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

Accordingly, our consolidated balance sheet as of September 30, 2014 reflects the disposal of the Subject Companies (the financial services segment in Chile) as "Assets held for sale," and our consolidated statement of comprehensive income for the three and nine month periods ended September 30, 2014 and 2013 reflect the disposal of the Subject Companies as discontinued operations. Net cash flows from operating, investing and financing activities of discontinued operations have been separately presented in the consolidated statement of cash flows for the nine month periods ended September 30, 2014 and 2013.

2.6 Seasonability

The Company experiences distinct seasonal sales patterns at supermarkets due to heightened consumer activity throughout the Christmas and New Year holiday season, as well as during the beginning of each school year in March. During these periods, the Company promotes the sale of non-food items particularly by discounting imported goods, such as toys throughout the Christmas holiday season, and school supplies during the back-to-school period. Conversely, the Company usually experiences a decrease in sales during the summer vacation months of January and February.

The Company does not experience significant seasonality in the home improvement sector.

Department stores have also experienced historically distinct seasonal sales patterns due to heightened consumer activity throughout the Christmas and New Year holiday season. As a result, the strongest quarter in terms of sales is the fourth quarter.

Shopping center revenues generally increase during the Christmas and New Year holiday season, reflecting the seasonal sales peak for shopping centers.

3 Risk management policies

The Company is exposed to a variety of financial risks: market risk (including interest rate risk and foreign exchange rate risk), credit risk and liquidity risk.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosure required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2013.

There have been no changes in the risk management policies and procedures between the dates of the annual and these interim consolidated financial statements as of September 30, 2014.

3.1. Valuation methodology (initially and subsequently).

Financial instruments that have been accounted for at fair value in the statement of financial position as of September 30, 2014 and December 31, 2013 have been measured using the methodologies as set forth in IFRS 13. These methodologies applied for each class of financial instruments are classified using the following hierarchy:

Level I: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

Level II: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level III: Inputs for assets or liabilities that are not based on observable market data.

Group valuation process

The Group has established control framework with respect to the measurements of fair value. This includes a valuation team that has an overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the regional CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the fair value hierarchy in which such valuation should be classified.

Taking into account the nature and characteristics of the instruments maintained in its portfolio, the Company classifies its valuation methodologies in the three aforementioned levels. Currently, the valuation process considers internally developed valuation techniques, for which parameters and observable market inputs are used, mainly using the present value methodology.

The table below presents the percentage of financial instruments, valued under each method, compared to their total value.

As of September 30, 2014 and December 31, 2013, the Group has no financial instruments that have been valuated using inputs assessed as level III, however, the procedures above are in line with the Group policies regarding the estimation and review of the inputs used in fair-valuing financial asset and recurrent and non-recurrent non-financial assets.

Table 1-4. Successive valuation methodologies.

September 30, 2014

Classification	Group	Type	Valuation method Value	Level I	Level II	Level III	Amortized cost
			ThCh$	%	%	%	%
At fair value through profit or loss	Mutual funds	Mutual fund shares	16,665,200	100			
	Shares	Shares	40,709	100			
	Other financial Instrument	Highly liquid financial instruments	7,161,134	100			
		Other financial investments	218,753	100			
Credit cards and trade Receivables, net	Cash and cash equivalents	Cash balances	28,907,786				100
		Bank balances	88,554,870				100
		Short-term deposits	7,113,166				100
	Receivables	Credit card and trade receivables, net	701,066,180				100
		Receivables due from Bretas	17,737,905				100
Financial liabilities and payables	Bank loans	Current	371,428,578				100
		Non-Current	807,603,623				100
	Bonds payable	Current	38,213,552				100
		Non-Current	1,856,568,268				100
	Other loans (lease)	Current	3,184,520				100
		Non-Current	27,472,241				100
	Debt purchase Bretas	Current	70,806,857				100
		Non-Current	7,296,817				
	Other financial liabilities	Current	7,704,691				100
	Trade payables	Current	1,581,380,868				100
		Non-Current	18,223,539				100
	Payables to related entities	Current	579,367				100
Hedges	Hedging derivatives	Cash flow hedging liability	303,072		100		
		Cash flow hedging asset	205,965,810		100		
		Fair value hedging asset	39,418,238		100		

December 2013

Classification	Group	Type	Valuation method: Value	Level I	Level II	Level III	Amortized cost
			ThCh$	%	%	%	%
At fair value through profit or loss	Mutual funds	Mutual fund shares	40,759,800	100			
	Shares	Shares	38,198	100			
	Other financial Instrument	Highly liquid financial instruments	8,785,942	100			
		Other financial investments	185,553	100			
Credit cards and trade Receivables, net	Cash and cash equivalents	Cash balances	47,627,336				100
		Bank balances	105,893,186				100
		Short-term deposits	18,191,103				100
	Receivables	Credit card and trade receivables, net	1,289,287,365				100
		Receivables due from Bretas	15,031,535				100
	Receivables from related entities	Receivables from related entities, current	432,303				100
Financial liabilities and payables	Bank loans	Current	441,070,635				100
		Non-Current	420,811,688				100
	Bonds payable	Current	74,815,992				100
		Non-Current	1,676,045,068				100
	Other loans (lease)	Current	4,808,673				100
		Non-Current	27,779,079				100
	Deposits and savings Accounts	Current	151,918,114				100
		Non-Current	48,923,826				100
	Debt purchase Bretas	Current	53,727,111				100
		Non-Current	34,919,748				
	Letters of credit	Current	9,511,591				100
	Other financial liabilities	Current	12,450,378				100
	Trade payables	Current	1,737,920,899				100
		Non-Current	4,956,289				100
	Payables to related entities	Current	556,494				100
Hedges	Hedging derivatives	Cash flow hedging liabilities	358,936		100		
		Cash flow hedging assets	77,188,270		100		

Instruments classified as Level II correspond mainly to interest rate and cross currency swaps that have been valued by discounting the future cash flows stipulated in the contract for both the asset and liability component of each instrument. The structure of interest rates used to bring the future cash flows to present value is constructed based on the currency of each component and inferred from transactions involving risk-free instruments in the relevant market.

The Group recognizes transfers between levels of the fair value hierarchy at the end the reporting period during the change has occurred. As of September 30, 2014 and December 31, 2013, there have been no transfers between level I and II, and transfers out of level III to another level of fair value.

3.2. Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities, except for the Company’s refinancing of its liabilities to the amount of approximately USD 770 million, thus, reducing its debt payments for 2014 to USD 650 million and to USD 120 million for 2015 and reducing its liquidity requirements for the next 24 months. This refinancing is in line with the Group´s financial strategy which is to seek to extend payment terms for our debts in order to shift focus to the operations and ultimately deleverage the Group.

3.3 Fair value of financial assets and liabilities measured at amortized cost.

In order to estimate the fair value of debt instruments accounted for at amortized cost, the Company has estimated the cash flows from variable interest obligations using relevant swap curves. The structure of interest rates used to bring the future cash flows to present value is constructed based on the currency of each obligation and corresponds to the risk-free curve in the relevant market plus a credit spread inferred from the initial contractual conditions of each obligation.

The fair value of borrowings (bank loans and bons payables) which are classified within Level II of the fair value hierarchy, are as follows:

	As of	
Borrowings	**September 30, 2014**	**December 31, 2013**
	ThCh$	**ThCh$**
Current	416,306,320	520,472,143
Non-Current	2,730,421,943	2,189,364,093
Total	3,146,728,263	2,709,836,236

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents (excluding bank overdrafts)
- Trade and other payables
- The following assets and liabilities within the held-for-sale disposal group:
    - Cash and cash equivalents
    - Other current assets
    - Trade and other payables
    - Borrowings
    - Other current liabilities

4 Estimates, judgment or criteria applied by management

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

The calculation model to fair value the Company's investment properties incorporates the changes proposed by Law No. 20,780 (tax reform), such changes are further explained in note 21 (c).

5 Other financial assets, current and non-current

The composition of this item as of September 30, 2014 and December 31, 2013 includes the following:

Other financial assets, current	As of September 30, 2014	As of December 31, 2013
	ThCh$	ThCh$
Shares	40,709	38,198
Mutual Funds Shares(*)	16,665,200	40,759,800
Highly liquid financial instruments	7,161,134	8,785,942
Total other financial assets, current	23,867,043	49,583,940

Other financial assets, non-current	As of September 30, 2014	As of December 31, 2013
	ThCh$	ThCh$
Hedging derivatives	245,384,048	77,188,270
Financial investments Long term	218,753	185,553
Account receivable due from Bretas	17,737,905	15,031,535
Total other financial assets, non-current	263,340,706	92,405,358

(*) Mutual Funds shares are mainly fixed rate investments.

6. Trade receivables and other receivables

Trade receivables and other receivables as of September 30, 2014 and December 31, 2013 are as follows:

Trade receivables and other receivables net, current	As of September 30, 2014	As of December 31, 2013
	ThCh$	ThCh$
Trade receivables net, current	151,575,031	189,382,770
Credit card receivables net, current	237,467,006	573,299,096
Other receivables, net, current	275,681,047	319,894,783
Letters of credit loans	928,080	726,828
Consumer installment credit—(Banco Paris)	—	50,144,076
Total	665,651,164	1,133,447,553

Trade receivables and other receivables, net, non-current	September 30, 2014	December 31, 2013
	ThCh$	ThCh$
Trade receivables net, non-current	853,316	874,953
Credit card receivables net, non-current	2,712,449	54,857,341
Other receivables, net, non-current(1)	21,242,327	14,972,281
Letters of credit loans	10,606,924	11,079,842
Consumer installment credit—(Banco Paris)	—	74,055,395
Total	35,415,016	155,839,812

Trade receivables and other receivables, gross, current	As of September 30, 2014 ThCh$	As of December 31, 2013 ThCh$
Trade receivables gross, current	172,404,696	207,511,529
Credit card receivables gross, current	249,839,678	615,717,408
Other receivables gross, current	290,860,376	336,000,114
Letters of credit loans	928,079	951,694
Consumer installment credit—(Banco Paris)	—	64,867,695
Total	714,032,829	1,225,048,440

Trade receivables and other receivables, gross, non-current	As of September 30, 2014 ThCh$	As of December 31, 2013 ThCh$
Trade receivables gross, non-current	853,316	874,953
Credit card receivables gross, non-current	2,712,449	54,857,341
Other receivables gross, non-current	21,242,326	14,972,280
Letters of credit loans, non-current	10,606,925	11,079,844
Consumer installment credit, non-current	—	74,055,394
Total	35,415,016	155,839,812

Trade receivables and other receivables close to maturity	As of September 30, 2014 ThCh$	As of December 31, 2013 ThCh$
Less than three months	475,029,758	787,246,457
Between three and six months	102,723,335	108,689,500
Between six and twelve months	21,474,649	137,131,540
In more than twelve months	35,415,016	155,839,812
Total	634,642,758	1,188,907,309

The maturity of past due trade receivables as of September 30, 2014 and December 31, 2013 is as follows:

Trade receivables past due but not impaired	As of September 30, 2014 ThCh$	As of December 31, 2013 ThCh$
Past due in less than three months	70,454,443	144,856,572
Past due between three and six months	18,631,257	27,167,160
Past due between six and twelve months	5,070,772	5,919,720
Past due in more than twelve months	20,648,617	14,037,491
Total	114,805,089	191,980,943

The movement of the bad debt allowance is as follows:

Change in bad debt allowance	As of September 30, 2014	As of December 31, 2013
	ThCh$	ThCh$
Initial balance	91,600,887	93,609,839
Increase in provision	104,752,874	116,169,507
Utilized provision	(64,540,507)	(89,822,273)
Decrease in provision	(27,900,506)	(28,356,186)
Reclass to assets held for sale	(55,531,081)	
Total	48,381,667	91,600,887

The maximum exposure to credit risk at the date of the report is the book value in each category of the trade account, the Cencosud Group does not request collateral as a guarantee.

7 Transactions with related parties

Transactions with related companies are based on immediate payment or collection or with a term of up to 30 days, and are not subject to special conditions. These operations comply with what is established in articles 44 and 49 of Law N° 18,046 that regulates Corporations. It is noteworthy that the related party transactions are in accordance with IAS 24 (Revised) “Related Parties”. The Company has a policy to disclose all transactions performed with related parties during the period,

7.1 Board of Directors and key management of the Company

The Board of Directors as of September 30, 2014 is comprised of the following people:

Board of directors	Role	Profession
Horst Paulmann Kemna	Chairman	Businessman
Heike Paulmann Koepfer	Director	Commercial Engineer
Peter Paulmann Koepfer	Director	Commercial Engineer
Richard Bûchi Buc	Director	Civil Engineer
Erasmo Wong Lu	Director	Civil Engineer
David Gallagher Patrickson	Director	Economist
Julio Moura Neto	Director	Engineer
Roberto Oscar Philipps	Director	Public Accountant
Cristian Eyzaguirre Johnston	Director	Economist

Key management of the Company as of September 30, 2014 is composed of the following people:

Senior management	Position	Profession
Daniel Rodríguez	Chief Executive Officer	Forest Engineer
Carlos Mechetti	General Counsel	Attorney at law
Bronislao Jandzio	Audit Managing Director	Business Administrator
Renato Fernández	Corporate Affairs Manager	Journalist
Jaime Soler	Corporate restail Managing Director	Commercial Engineer
Marcelo Reyes	Corporate Risk Managing Director	Commercial Engineer
Patricio Rivas	Financial Retail Managing Director	Commercial Engineer
Rodrigo Hetz	Human Resources Director	Industrial Engineer
Andres Artigas	Chief Information Officer	Industrial Engineer
Juan Manuel Parada	Chief Financial Officer	Business Administrator
Stepan Krause	Projects Managing Director	Commercial Engineer
Rodrigo Larrain	Shopping Centers Managing Director	Industrial Engineer

7.2 Board of Directors compensation

In accordance with Article 33 of Law N° 18,046 in regards to Corporations, the Ordinary Shareholders' Meeting held on April 25, 2014, set the following amounts for the 2013 period:

- Fees paid for attending Board sessions: payment of UF 330 each month for those holding the position of Director of the Board and twice this amount for the President of the Board, if and only if they attend a minimum of 10 ordinary sessions each year,
- Fees paid for attending the Directors' Committee: payment to each Director of UF 110 for each session they attend.

The details of the amount paid to Directors for the nine months ended September 30, 2014 and 2013 are as follows:

Name	Role	September 30, 2014	September 30, 2013
		ThCh$	ThCh$
Horst Paulmann Kemna	Chairman	135,976	105,455
Heike Paulmann Koepfer	Director	67,988	52,728
Peter Paulmann Koepfer	Director	67,988	52,728
Cristián Eyzaguirre Johnston	Director	67,988	58,853
Roberto Oscar Philipps	Director	90,651	70,334
Sven von Appen Behmann	Director	—	18,283
Erasmo Wong Lu Vega	Director	67,988	52,728
David Gallagher Patrickson	Director	90,651	70,334
Julio Moura	Director	67,988	52,728
Richard Bûchi Buc	Director	90,651	45,927
Total		747,869	580,098

7.3 Compensation paid to senior management

Key management compensation	For the nine months ended September 30		For the nine months ended September 30	
	2014	2014	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Salary and other short term employee benefits	3,896,628	4,671,461	1,298,876	1,583,808
Share based payments	494,287	788,940	201,352	112,045
Total	**4,390,915**	**5,460,401**	**1,500,228**	**1,695,853**

The Cencosud Group has established an incentive plan, which rewards management for the achievement of individual objectives in the achievement of the company's results. These incentives are structured as a minimum and a maximum of gross compensation and are paid once a year.

8 Inventory

The composition of this item as of September 30, 2014 and December 31, 2013 is as follows:

Inventory category	As of September 30, 2014	As of December 31, 2013
	ThCh$	ThCh$
Raw materials	6,400,197	5,948,240
Goods	1,324,536,075	1,152,071,765
Finished Goods	280,676	793,111
Provisions	(134,815,691)	(113,906,489)
Total	1,196,401,257	1,044,906,627

The composition of inventories by business line as of September 30, 2014 and December 31, 2013 is as follows:

Inventory category	As of September 30, 2014			
	Department stores	Supermarkets	Home improvement	Total
	ThCh$	ThCh$	ThCh$	ThCh$
Raw material	2,057,089	4,343,108	—	6,400,197
Goods	171,988,266	760,230,641	257,501,477	1,189,720,384
Finished Goods	—	280,676	—	280,676
Total	174,045,355	764,854,425	257,501,477	1,196,401,257

Inventory category	As of December 31, 2013			
	Department stores	Supermarkets	Home improvement	Total
	ThCh$	ThCh$	ThCh$	ThCh$
Raw material	1,856,890	4,091,350	—	5,948,240
Goods	178,369,821	651,423,279	208,372,176	1,038,165,276
Finished Goods	—	793,111	—	793,111
Total	180,226,711	656,307,740	208,372,176	1,044,906,627

The Company periodically assesses its inventories at their net realizable value, by separating the inventory for each line of business and verifying the age, inventory turnover, sales prices and seasonality. Any adjustments are carried against income of the period.

The goods included in inventory are valued between the purchase price or production cost, net of allowance for obsolescence and net realizable value.

The carrying amount of inventories carried at September 30, 2014 and December 31, 2013 to its net realizable value less selling costs, provides for:

Current Inventories:

Net realizable value movements	Inventories at net realizable as of	
	9/30/2014	12/31/2013
	ThCh$	ThCh$
Beginning Balance	46,104,966	43,659,617
Increase of Inventory to NRV (Net Realizable Value)	9,604,778	8,619,110
Decrease of Inventory to NRV (Net Realizable Value)	(4,113,686)	(6,173,761)
Total	51,596,058	46,104,966

Other information relevant to inventory:

Additional information inventory	For the nine months ended September 30		For the three months ended September 30	
	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Cost of inventories recognized as expenses during the year	5,324,505,102	5,027,394,009	1,804,139,425	1,676,606,544

Provision movements:

Provisions	Balance as of	
	9/30/2014	12/31/2013
	ThCh$	ThCh$
Beginning Balance	113,906,489	112,639,609
Amount of sales of inventory	32,845,912	12,822,726
Amount of reversals of inventory reductions	(11,936,710)	(11,555,846)
Total	134,815,691	113,906,489

The circumstances or events that led to the reversal of any write-down of inventories as of September 30, 2014 and December 31, 2013 relate mainly to liquidations and auctions to recover more value from the estimated net realizable value for inventories.

The Company has not given inventories as collaterals at the end of the year.

9 Intangibles

9.1 Intangible assets other than goodwill

Intangible assets are mainly composed of software and brands acquired in business combinations. The detail as of September 30, 2014 and December 31, 2013 is as follows:

Intangibles assets other than goodwill net	As of	
	September 30, 2014	Dec 31, 2013
	ThCh$	ThCh$
Finite life intangible assets, net	133,506,208	101,181,642
Indefinite life intangible assets, net	278,091,745	470,439,865
Intangible assets, net	411,597,953	571,621,507
Patents, Trade Marks and Other Rights, Net	278,091,745	470,439,865
Software (IT)	92,233,828	61,048,198
Other Identifiable Intangible Assets, net	41,272,380	40,133,444
Identifiable Intangible Assets, Net	411,597,953	571,621,507

Intangibles assets other than goodwill gross	As of	
	September 30, 2014	December 31, 2013
	ThCh$	ThCh$
Finite life intangible assets, Gross	219,835,995	175,222,015
Indefinite life intangible assets, Gross	278,091,745	470,439,865
Intangible Assets, Gross	497,927,740	645,661,880
Patents, Trade Marks and Other Rights, Gross	278,091,745	470,439,865
Software (IT)	160,725,353	118,664,961
Other Identifiable Intangible Assets, Gross	59,110,642	56,557,054
Identifiable Intangible Assets, Gross	497,927,740	645,661,880

Accumulated amortization and value impairment	As of September 30, 2014	As of Dec 31, 2013
	ThCh$	ThCh$
Finite life intangible assets	(86,329,787)	(74,040,373)
Indefinite life intangible assets	—	—
Intangible Assets, Gross	(86,329,787)	(74,040,373)
Software (IT)	(68,491,525)	(57,616,763)
Other Identifiable Intangible Assets	(17,838,262)	(16,423,610)
Accumulated amortization and value impairment	(86,329,787)	(74,040,373)

Other identifiable intangible assets mainly correspond to customer's data base.

The detail of the useful lives applied to intangible assets as of September 30, 2014 and December 31, 2013 is as follows:

Estimated useful lives or amortization rates used	Minimum life	Maximum life
Patents, Trade Marks and Other Rights	Indefinite	Indefinite
Software (IT)	1	7
Other identifiable Intangible Assets	1	5

The movement of intangible assets as of September 30, 2014 and December 31, 2013 is the following:

Intangible movements	Patents, trademarks and other rights	Applications (IT)	Other identifiable intangible assets	Intangible assets, net
	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance as of January 1, 2014	470,439,865	61,048,198	40,133,444	571,621,507
Additions	—	15,285,370	—	15,285,370
Disposals	—	(347,490)	—	(347,490)
Amortization	—	(10,874,762)	(1,414,652)	(12,289,414)
Increase (decrease) in foreign exchange	13,260,577	784,383	3,574,552	17,619,512
Reclass- assets held for sale	(205,608,697)	(1,868,471)	—	(207,477,168)
Other increase (decrease)	—	28,206,600	(1,020,964)	27,185,636
Balance at September 30, 2014	278,091,745	92,233,828	41,272,380	411,597,953

Intangible movements	Patents, trademarks and other rights	Applications (IT)	Other identifiable intangible assets	Intangible assets, net
	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance as of January 1, 2013	472,618,978	38,122,191	44,542,777	555,283,946
Additions	—	35,929,237	666,005	36,595,242
Acquisitions through business combination	—	—	—	—
Amortization	—	(11,553,378)	(3,833,906)	(15,387,284)
Increase (decrease) in foreign exchange	(2,179,113)	(1,449,852)	(1,241,432)	(4,870,397)
Balance at December 31, 2013	470,439,865	61,048,198	40,133,444	571,621,507

The detail of the amounts of identifiable intangible assets that are individually significant as of September 30, 2014 and December 31, 2013 is as follows:

Individually significant identifiable Intangible assets	Book Value 2014	Book Value 2013	Remaining amortization period	Country of origin	Segment
	ThCh$	ThCh$			
Paris Brand	120,754,313	326,363,010	Indefinite	Chile	Department stores
Johnson's Brand	15,501,628	15,501,628	Indefinite	Chile	Department stores
Pierre Cardin License	171,584	171,584	Defined	Chile	Department stores
Wong Brand	33,430,024	30,224,513	Indefinite	Peru	Supermarkets
Metro Brand	72,938,234	65,944,390	Indefinite	Peru	Supermarkets
Bretas Brand	20,444,978	18,671,783	Indefinite	Brazil	Supermarkets
Perini Brand	915,451	836,053	Indefinite	Brazil	Supermarkets
Prezunic Brand	13,935,533	12,726,904	Indefinite	Brazil	Supermarkets
Total	278,091,745	470,439,865			

The factors for considering the brands with indefinite useful lives over time are the following:

- Verifiable history and expected use of the asset by the Company: This is the most important factor to consider in the definition of the useful life of the brand. The brands mentioned have a history of more than 80 years of successful existence in the market, The use that has been and is being given to these brands shows an intention to keep them and consolidate them further in the long term.
- Legal, regulatory or contractual limits to the useful life of the intangible asset: There are no legal, regulatory or contractual limits linked to the brands. The brands are duly protected and the pertinent registrations remain current.
- Effects of obsolescence, demand, competition and other economic factors: The brands have a rating linked to strong national brands according to their history. This implies a low risk of obsolescence.
- Maintenance of the necessary investment levels to produce the projected future cash flows: historic and projected cash flows for the brands are duly sustained with investments in marketing, publicity, technology, renovations and improvements to the retail infrastructure. They are efficient as a result of synergies and scale of operations, but are compatible and realistic for the industry. An increase in the other general administration expenses and necessary sales is also contemplated to sustain the projected increase in sales.
- Relationship of the useful life of an asset or group of assets with the useful life of an intangible asset: The brands do not depend on the useful life of any asset or group of assets as they existed independently for a substantial time prior to the acquisitions, and they are not related to sectors subject to technological obsolescence or other causes.

The charge to income for amortization of intangibles for the years ended September 30, 2014 and 2013 are detailed below:

Item line in statement of income which includes amortization of identifiable Intangible assets	For the nine months ended September 30		For the three months ended September 30	
	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Administrative expenses	12,289,414	9,357,419	4,148,527	2,800,012
Total	12,289,414	9,357,419	4,148,527	2,800,012

As of September 30, 2014 and December 31, 2013, there are no relevant intangible assets encumbered. There are also no restrictions on ownership of them.

As of September 30, 2014 and December 31, 2013, there are no commitments to acquire intangible assets.

No significant intangible assets that have been fully depreciated are in use as of September 30, 2014.

9,2 Goodwill

The detail of goodwill as of September 30, 2014 and December 31, 2013 is as follows:

ID (Unique tax number)	Company	Country	December 31, 2013	Increase (decrease) adjustments for business combinations	Increase (decrease) foreign exchange	September 30, 2014
			ThCh$	ThCh$	ThCh$	ThCh$
—	Constructora Reineta S.A.	Argentina	170,515		(19,935)	150,580
—	Blaisten S.A.	Argentina	3,646,347		(426,290)	3,220,057
—	E Wong S.A.	Peru	2,785,614		292,840	3,078,454
—	Metro Inmobiliaria S.A.	Peru	1,525,914		160,412	1,686,326
—	Mercantil Pizarro	Peru	2,978,474		313,114	3,291,588
—	Supermercados El Centro	Peru	3,821,330		401,720	4,223,050
—	Inmobiliaria Los Alamos S.A.C.	Peru	219,473		23,072	242,545
—	GSW S.A.	Peru	236,874,080		24,901,531	261,775,611
—	Gbarbosa Holding LLC	Brazil	148,838,078		14,144,822	162,982,900
—	Mercantil Rodríguez Comercial Ltda.	Brazil	7,502,038		712,443	8,214,481
—	Super Família Comercial de Alimentos Ltda.	Brazil	9,733,841		924,389	10,658,230
—	Perini Comercial de Alimentos Ltda.	Brazil	5,643,936		535,985	6,179,921
—	Irmaos Bretas Filhos e Cia. Ltda.	Brazil	232,856,911		22,113,617	254,970,528
—	Prezunic Comercial Ltda.	Brazil	151,134,007		14,352,746	165,486,753
—	Grandes Superficies de Colombia S.A.	Colombia	641,931,248		71,325,695	713,256,943
76.193.360-4	Umbrale S.A.	Chile	1,442,588			1,442,588
76.203.080-2	Mega Supermercado Infante Ltda.	Chile	3,598,780			3,598,780
78.072.360-2	Distribución y Administraciones Ltda.	Chile	5,900,758			5,900,758
78.509.620-7	Preaservice Ltda.	Chile	809,682			809,682
79.829.500-4	Comercializadora Foster Ltda.	Chile	4,536,210			4,536,210
83.274.300-3	Empresas Almacenes Paris S.A.	Chile	120,650,073			120,650,073
83.336.200-3	Montrone Pla S.A.	Chile	33,253,496			33,253,496
83.681.900-4	Supermercado Montecarlo S.A.	Chile	45,250,207			45,250,207
84.671.700-5	Santa Isabel S.A.	Chile	18,179,034			18,179,034
96.671.750-5	Easy S.A.	Chile	224,445			224,445
96.805.390-6	Proterra S.A.	Chile	1,003,013			1,003,013
78.183.534-3	Retail .S.A.	Chile	11,530,592			11,530,592
Total			**1,696,040,684**		**149,756,161**	**1,845,796,845**

ID (Unique tax number)	Company	Country	December 31, 2012	Increase (decrease) adjustments for business combinations	Increase (decrease) foreign exchange	December 31, 2013
			ThCh$	ThCh$	ThCh$	ThCh$
—	Constructora Reineta S.A.	Argentina	206,973		(36,458)	170,515
—	Blaisten S.A.	Argentina	4,336,164		(689,817)	3,646,347
—	E Wong S.A.	Peru	2,795,420		(9,806)	2,785,614
—	Metro Inmobiliaria S.A.	Peru	1,531,285		(5,371)	1,525,914
—	Mercantil Pizarro	Peru	2,988,959		(10,485)	2,978,474
—	Supermercados El Centro	Peru	3,834,782		(13,452)	3,821,330
—	Inmobiliaria Los Alamos S.A.C.	Peru	220,246		(773)	219,473
—	GSW S.A.	Peru	237,707,921		(833,841)	236,874,080
—	Gbarbosa Holding LLC	Brazil	157,044,081		(8,206,003)	148,838,078
—	Mercantil Rodríguez Comercial Ltda.	Brazil	7,915,356		(413,318)	7,502,038
—	Super Família Comercial de Alimentos Ltda.	Brazil	10,270,117		(536,276)	9,733,841
—	Perini Comercial de Alimentos Ltda.	Brazil	5,954,883		(310,947)	5,643,936
—	Irmaos Bretas Filhos e Cia. Ltda.	Brazil	245,685,946		(12,829,035)	232,856,911
—	Prezunic Comercial Ltda.	Brazil	159,460,663		(8,326,656)	151,134,007
—	Grandes Superficies de Colombia S.A.	Colombia	641,931,248			641,931,248
76.193.360-4	Umbrale S.A.	Chile	1,442,588			1,442,588
76.203.080-2	Mega Supermercado Infante Ltda.	Chile	3,598,780			3,598,780
78.072.360-2	Distribución y Administraciones Ltda.	Chile	5,900,758			5,900,758
78.509.620-7	Preaservice Ltda.	Chile	809,682			809,682
79.829.500-4	Comercializadora Foster Ltda.	Chile	4,536,210			4,536,210
83.274.300-3	Empresas Almacenes Paris S.A.	Chile	120,650,073			120,650,073
83.336.200-3	Montrone Pla S.A.	Chile	33,253,496			33,253,496
83.681.900-4	Supermercado Montecarlo S.A.	Chile	45,250,207			45,250,207
84.671.700-5	Santa Isabel S.A.	Chile	18,179,034			18,179,034
96.671.750-5	Easy S.A.	Chile	224,445			224,445
96.805.390-6	Proterra S.A.	Chile	1,003,013			1,003,013
78.183.534-3	Retail .S.A.	Chile	11,530,592			11,530,592
Total			**1,728,262,922**		**(32,222,238)**	**1,696,040,684**

Impairment test on Cash Generating Units including Goodwill,

Goodwill is allocated to each store or group of stores, as appropriate, in each country and operating segment (cash generating units). The following table details goodwill by operating segment and country as of September 30, 2014 and December 31, 2013:

Goodwill per operating segment and country	As of September 30, 2014	As of December 31, 2013
	ThCh$	ThCh$
Real Estate & Shopping—Argentina	150,580	170,515
Supermarkets—Chile	106,991,957	106,991,957
Supermarkets—Brazil	608,492,813	555,708,811
Supermarkets—Peru	274,297,574	248,204,885
Supermarkets— Colombia	713,256,943	641,931,248
Home Improvement—Argentina	3,220,057	3,646,347
Home Improvement—Chile	1,227,458	1,227,458
Department stores—Chile	138,159,463	138.159.463
Total	1,845,796,845	1,696,040,684

The basis of the amount recoverable from the cash generating units is the value in use, which is determined by the net present value of the cash flows that the cash generating units produce, discounted based on a rate of average cost of market capital in line with the business of each country.

Acquisition of Colombia Holdings Alpha BV, Colombia Holdings Thalie BV, Colombia Holdings Calliope BV, Colombia Holdings Uranie BV, and Colombia Holdings Coledim BV, each organized under the laws of the Kingdom of the "Netherlands", as well as the acquisition of 100% of the capital stock of Grandes Superficies de Colombia S.A. and Atacadao de Colombia S.A.S (Carrefour)

On November 30, 2012, Cencosud S.A. filed an official notice of an essential event, or "*Hecho Esencial*", with the Chilean Superintendency of Securities and Insurance, "*Superintendencia de Valores y Seguros*" ("SVS"), pursuant to article 9 and second paragraph of article 10 of Act number 18,045 of the Republic of Chile, and Section II of the General Rule No, 30 of the SVS, announcing that:

Pursuant to the stock purchase agreement executed between the Company and Carrefour Nederlans B.V., a company organized under the laws of the Kingdom of the Netherlands and an affiliate of Carrefour S.A., a company organized under the laws of France, the Company completed the acquisition of 100% of the capital stock of Colombia Holdings Alpha BV, Colombia Holdings Thalie BV, Colombia Holdings Calliope BV, Colombia Holdings Uranie BV, and Colombia Holdings Coledim BV, each organized under the laws of the Kingdom of the Netherlands, as well as the acquisition of 100% of the capital stock of Grandes Superficies de Colombia S.A. and Atacadao de Colombia S.A.S, each organized under the laws of Colombia (collectively, the "Acquired Companies"). The Acquired Companies operate supermarkets under the Carrefour brand name in Colombia.

The total purchase price operation was EUR 1,905,005,000 (ThCh$1,171,090,394), All the expenses related to this transaction have been recorded in the income statements of the Company. The expenses amounted to ThCH$3,359,720 (professional fees).

Net sales and profit of the chain in the last twelve months of 2012 totaled about US$ 2.1 billion and US$1.2 million, respectively. In one month to December 31, 2012, the acquired Company contributed revenue and profit of US$244 million and US$9.7 million, respectively.

The Company operates 72 hypermarkets, 16 convenience stores, four local cash & carry format, as well as gas stations. It also acquired the premises are located in nine of the ten largest cities in Colombia, becoming the second supermarket operator. In relation to the attributable synergies to this acquisition, Cencosud is a strong retail operator in the South America Pacific shore and the entry into the Colombian market creates synergy opportunities not only for its Colombian operations but also for its Chilean and Peruvian operations by increasing the scale of its purchases from Asia and by providing a better cost of goods to Colombia and to its operations in Chile and Peru. Furthermore, given that Cencosud is a multi-format retail operator, it believes is well suited to create value out of the real estate portfolio acquired by developing new formats into the existing properties Cencosud can further develop the sites by opening home improvement stores next to existing supermarkets, or start department store or shopping center operations in the future, further developing its business footprint in Colombia and generating operational efficiencies in that market. Finally, the Group's core business is supermarket operations, which is also the case for the Company's Colombian Operations. Supermarkets are worth more than the value of their assets, Procedures, logistics, trained people, points of sales, etc., are all part of the added value of a supermarket operation. The goodwill recognized is basically attributable to the aforementioned facts and synergies expected to be achieved from integrating the acquired business into the Group's existing structure.

The Company concluded the process of determining the fair value measurement of assets and liabilities of the Sociedad Grandes Superficies de Colombia S.A. y Atacadao de Colombia S.A.S in 2013, All adjustments determined as part of the process have been accounted for as adjusting entries to the amounts recognized as of December 31, 2012.

The balance of the company at the date of purchase provided the following:

Assets	**Measurement Period Adjustments**	**Final allocation of consideration transferred restated**	**Preliminary allocation as of December 01, 2012**
		ThCh$	**ThCh$**
Current Assets			
Cash and cash equivalents	—	7,137,486	7,137,486
Other financial assets, current	463,921	3,124,415	2,660,494
Trade debtors and other accounts receivables	(2,963,220)	34,085,549	37,048,769
Intercompany receivables, current		74,099	74,099
Inventories	(15,919,318)	94,035,892	109,955,210
Current tax assets	—	8,016,441	8,016,441
Total current assets	(18,418,617)	146,473,882	164,892,499
Non-current assets			
Trade debtors and other accounts receivable, non-current	—	7,280	7,280
Intangible assets other than goodwill	10,373,018	17,669,695	7,296,677
Goodwill	(26,618,046)	—	26,618,046
Property, plant and equipment	224,997,165	715,416,527	490,419,362
Investment property	—	23,495,425	23,495,425
Deferred income tax assets	17,911,453	50,165,320	32,253,867
Total non-current assets	226,663,590	806,754,247	580,090,657
Total assets	208,244,973	953,228,129	744,983,156

Net Equity and liabilities	Measurement Period Adjustments	Final allocation of consideration transferred	Preliminary allocation as of December 01, 2012
		ThCh$	ThCh$
Current liabilities			
Other financial liabilities, current	—	80,314,269	80,314,269
Trade creditors and other Accounts payables	1,509,214	182,131,348	180,622,134
Intercompany Accounts payable, current	—	5,220,634	5,220,634
Other short-term provisions	10,162,303	12,965,888	2,803,585
Employee benefit provisions, current	—	2,788,075	2,788,075
Other non-financial liabilities, current	—	867,040	867,040
Total current liabilities	11,671,517	284,287,254	272,615,737
Non-current Liabilities			
Other financial liabilities, non-current	2,805,517	11,855,081	9,049,564
Non-current liabilities	—	14,538,258	14,538,258
Other Non-current provisions	9,374,893	9,374,893	—
Deferred income tax liabilities	71,980,675	79,525,006	7,544,331
Other long term provisions	—	713,260	713,260
Total non-current liabilities	84,161,085	116,006,498	31,845,413
Total liabilities	95,832,602	400,293,752	304,461,150

Net Equity and liabilities	Final allocation of consideration transferred restated	Preliminary allocation of consideration transferred
		ThCh$
Paid in Capital		323,596,000
Retained Earnings		78,632,494
Other Reserves		38,293,512
Equity attributable to equity instrument holders:		
Not controlling interest		440,522,006
Equity and liabilities		744,983,156
Net Assets	552,934,377	
Consideration Paid	1,171,090,394	
Goodwill	618,156,017	
Accumulated exchange difference	23,775,231	
Goodwill as of December 31, 2013	641,931,248	

As for the allocation of Goodwill, this was determined by taking into account the expected benefits from the related synergies arising from business model of the Company in Colombia, the allocation is as follows:

a) Supermarket – carries 84% of total goodwill
b) Financial services – carries 10% of total goodwill
c) Shopping centers – carries 6% of total goodwill

The goodwill recognized is expected to be deductible for tax purposes.

Fair value measurements

The valuation techniques used in determining the fair value of the significant assets and assumed liabilities were as follows:

Property Plan and Equipment: The Company used the "Replacement Cost new method" to determine the fair value of PPE. This method consists of identifying the replacement cost of new property with similar capacity, adjusted for depreciable factors such as functional or technological obsolescence, remaining useful life, and physical condition. For lands and buildings, the Company used the "Sales Comparison method." This method identifies prices of recent transactions between market participants (purchasers/sellers) for comparable properties.

Intangible assets: The Company identified and assessed for recognition the following intangibles assets:

- Customer relationship: The Company used the multi-period excess earnings method to estimate the fair value based on a residual cash flow notion.

- Customer lists (databases): The Company used a market approach to determine the fair value of this asset.

The hierarchy for the fair value of the assets measured from the business combination, specifically intangible assets, has been assessed as level III.

The trade receivables comprise of gross contractual amounts of ThCh$34,399,870, of which ThCh$3,878,630 was expected to be uncollectible as of the date of acquisition.

10 Property, plant and equipment

10.1 The composition of this item as of September 30, 2014 and December 31, 2013 is as follows:

	As of	
	September 30, 2014	December 31, 2013
	ThCh$	ThCh$
Construction in progress	122,360,367	196,653,736
Land	806,474,000	755,456,534
Buildings	1,229,559,274	1,159,045,283
Plant and equipment	286,247,352	270,153,069
Information technology equipment	37,375,840	35,962,383
Fixed installations and accessories	382,159,677	389,903,950
Motor vehicles	3,534,003	1,192,222
Leasehold improvements	254,639,741	230,830,919
Other property plant and equipment	35,517,165	62,685,772
Totals	3,157,867,419	3,101,883,868

Property, plant and equipment categories, gross	As of September 30, 2014	December 31, 2013
	ThCh$	ThCh$
Construction in progress	122,360,367	196,653,736
Land	806,474,000	755,456,534
Buildings	1,397,710,952	1,350,194,798
Plant and equipment	585,729,227	564,330,049
Information technology equipment	136,284,730	134,041,857
Fixed installations and accessories	716,630,994	679,969,395
Motor vehicles	8,560,287	5,493,456
Leasehold improvements	309,769,734	276,531,887
Other property plant and equipment	40,595,861	73,410,377
Totals	4,124,116,152	4,036,082,089

Accumulated depreciation and impairment of property, plant and equipment	As of September 30, 2014	December 31, 2013
	ThCh$	ThCh$
Buildings	(168,151,678)	(191,149,515)
Plant and equipment	(299,481,875)	(294,176,980)
Information technology equipment	(98,908,890)	(98,079,474)
Fixed installations and accessories	(334,471,317)	(290,065,445)
Motor vehicles	(5,026,284)	(4,301,234)
Leasehold improvements	(55,129,993)	(45,700,968)
Other property plant and equipment	(5,078,696)	(10,724,605)
Totals	(966,248,733)	(934,198,221)

10.2 The following table shows the technical useful lives for the assets.

Method used for the depreciation of property, plant and equipment (life)	Rate explanation	Minimum life	Maximum life
Buildings	Useful Life (years)	25	60
Plant and equipment	Useful Life (years)	7	20
Information technology equipment	Useful Life (years)	3	7
Fixed installations and accessories	Useful Life (years)	7	15
Motor vehicles	Useful Life (years)	1	5
Leasehold improvements (*)	Useful Life (years)	5	35
Other property plant and equipment	Useful Life (years)	3	15

(*) Leasehold improvement will be depreciated using the shorter useful life between of the length of the lease contract and the useful life per the table above.

10.3 *Reconciliation of changes in property, plant and equipment*

The following chart shows a detailed roll-forward of changes in property, plant and equipment, by class between January 1, 2014 and September 30, 2014:

Movement year 2014	Construction In progress	Land	Building, net	Plant and equipment net	Information technology equipment, net	Fixed installations and accessories, net	Motor vehicles, net	Lease improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance January 1, 2014	196,653,736	755,456,534	1,159,045,283	270,153,069	35,962,383	389,903,950	1,192,222	230,830,919	62,685,772	3,101,883,868
Charge										
Additions	64,245,593	11,966,102	12,037,224	18,995,086	6,427,229	6,880,047	39,531	9,950,903	5,734,502	136,276,217
Disposals	—	—	—	—	—	—	(3,061)	—	—	(3,061)
Transfer to (from) non—current assets and disposal groups held for sale	(81,895)	—	—	(792,648)	(283,612)	(485,404)	—	—	—	(1,643,559)
Transfers to (from) investment properties	(1,756,253)	—	(163,590)	145,240	—	424,342	—	—	(11,834)	(1,362,095)
Transfers to (from) Intangible assets	(27,759,905)	—	—	—	574,269	—	—	—	—	(27,185,636)
Removal	(19,455)	—	(5,249,475)	(2,090,073)	(258,765)	(162,934)	(1,133)	—	(10,329,596)	(18,111,431)
Depreciation expenses			(24,495,220)	(39,634,792)	(9,111,592)	(47,273,958)	(219,394)	(14,792,313)	(603,664)	(136,130,933)
Increase (decrease) in foreign exchange	(12,156,736)	26,048,241	57,075,868	24,832,097	(1,060,489)	5,582,797	67,908	18,009,636	(14,255,273)	104,144,049
Transfer from construction in progress	(96,764,718)	13,003,123	31,309,184	14,639,373	5,126,417	27,290,837	2,457,930	10,640,596	(7,702,742)	—
Total changes	(74,293,369)	51,017,466	70,513,991	16,094,283	1,413,457	(7,744,273)	2,341,781	23,808,822	(27,168,607)	55,983,551
Final balance as of September 30, 2014	122,360,367	806,474,000	1,229,559,274	286,247,352	37,375,840	382,159,677	3,534,003	254,639,741	35,517,165	3,157,867,419

The following chart shows a detailed roll-forward of changes in property, plant and equipment, by class between January 1, 2013 and December 31, 2013:

Movement year 2013	Construction In progress	Land	Building, net	Plant and equipment net	Information technology equipment, net	Fixed installations and accessories, net	Motor vehicles, net	Lease improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance January 1, 2013	277,245,095	786,367,971	1,121,151,675	275,363,368	32,063,673	393,271,556	1,854,965	195,341,364	51,868,443	3,134,528,110
Charge										
Additions	87,527,955	15,341,731	29,421,393	23,910,995	8,908,011	30,801,595	26,999	41,061,452	7,585,256	244,585,387
Disposals	—	—	—	—	—	(1,827)	(201,455)	—	—	(203,282)
Transfer to (from) non—current assets and disposal groups held for sale	—	—	—	—	—	—	—	—	—	—
Transfers to (from) investment properties	(11,695,675)	37,592	(575,206)	—	—	655,702	—	—	(18,593)	(11,596,180)
Disposals through business divestiture	—	—	—	—	—	—	—	—	—	—
Removal	(6,532)	(33,944)	(614,499)	(864,775)	(108,519)	(642,688)	(242)	(346,263)	(720)	(2,618,182)
Depreciation expenses			(29,006,983)	(50,637,568)	(11,832,075)	(61,364,962)	(686,065)	(14,201,074)	(5,921,663)	(173,650,390))
Increase (decrease) in foreign exchange	(7,764,143)	(26,713,784)	(21,491,905)	(11,910,988)	566,083	(13,360,842)	(43,916)	(11,246,577)	2,804,477	(89,161,595)
Transfer from construction in progress	(148,652,964)	(19,543,032)	60,160,808	34,292,037	6,365,210	40,545,416	241,936	20,222,017	6,368,572	—
Total changes	(80,591,359)	(30,911,437)	37,893,608	(5,210,299)	3,898,710	(3,367,606)	(662,743)	35,489,555	10,817,329	(32,644,242)
Final balance as of December 31, 2013	196,653,736	755,456,534	1,159,045,283	270,153,069	35,962,383	389,903,950	1,192,222	230,830,919	62,685,772	3,101,883,868

10.4 The Company has traditionally maintained the policy to carry out all the necessary work in response to the opportunities and changes experienced in domestic and regional markets where the Company operates, to capture the best opportunities and results for each of its business units.

The main property, plants and equipment were revalued in its initial measurement at December 31, 2008. The valuations were performed based on the market value or depreciated technical appraisal value accordingly. The remaining fixed assets were valued using the cost method.

The cost includes disbursements directly attributable to the acquisition or construction of an asset, as well as interests from related financing in the case of qualifying assets.

From January 1st, 2009, all property, plants and equipment are valued at acquisition cost.

10.5 Costs arising from interest expense:

The company incorporates costs for general and specific interest directly attributable to the acquisition, construction or production of an asset which necessarily takes time to get ready for intended use.

Detail	For the nine months ended September 30 2014 ThCh$	For the nine months ended September 30 2013 ThCh$	For the three months ended September 30 2014 ThCh$	For the three months ended September 30 2013 ThCh$
Balance of costs of capitalized interest in Property, Plant and Equipment	150,963	226,767	3,578	111,066
Capitalization rate of capitalized interests in Property, Plant and Equipment	5.77%	4.5%	5.77%	4.5%

10.6 Assets granted

As of September 30, 2014 and December 31, 2013 properties, plant and equipment have been granted as security for the total amount of ThCh$ 3,386,327 and ThCh$ 3,186,327, respectively.

10.7 Commitments to acquire assets

As of September 30, 2014 and December 31, 2013, there are commitments to acquire property, plant and equipment of ThCh$ 108,916,176 and ThCh$ 67,592,660, respectively.

10.8 Assets out of service

As of September 30, 2014 and December 31, 2013 there are no essential elements or assets that are temporarily out of service. The property, plant and equipment mainly relate to stores and operating fixed assets to enable the performance of the retail business every day of the year, except when there are restrictions for public holidays established in each country.

10.9 Assets fully depreciated

In view of the nature of the retail business, the Company has no significant assets that are fully depreciated and that are in use as of September 30, 2014 and December 31, 2013. These assets relate mainly to minor equipment such as scales, furniture, computers, cameras, lighting and others. The retail business assets are depreciated based on the term of the lease agreement.

10.10 Impairment losses

Assets subject to amortization are tested for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be recovered. It recognizes an impairment loss when the carrying amount is greater than its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which identifiable cash flows exist separately. The Company has not recognized losses or reversals of impairment affecting profit and loss as of September 30, 2014 and December 31, 2013.

10.11 Property Plant and Equipment components:

The main items that compose each asset class are:

Plant and equipment: presented in this asset class are primarily properties used in the operation of retail business such as mixers, sausages portioning machines, system ready meals, frozen island, cold containers, and refrigerated display cases, forming bread ovens, blender, among others.

Equipment for information technology: correspond to items such as computers, printers, notebook, labeling, scanner, clock control, price inquiries and servers, among others.

Fixtures and fittings: presented in this asset class are expenditures to enable operations of stores, such, ceilings, floors, wall finishes, lighting the sky, smoke detectors, sprinklers, air ducts and heating, communications networks , escalators, elevators, hoists, electrical substation and central air conditioning among others.

Leasehold improvements: presented in this asset class are disbursements associated with enabling or leased store improvements such as remodeling of facades, finishes, floors, ceilings and walls among others. Other property, plant and equipment: mainly corresponds to fixed assets in transit and assets acquired under finance lease.

11 Investment properties

11.1 The roll-forward of investment properties at September 30, 2014 and December 31, 2013 is the following:

Roll-forward of investment properties, net, fair value method	As of September 30, 2014	As of December 31, 2013
	ThCh$	ThCh$
Investment properties, net, initial value	1,568,432,058	1,471,343,789
Increase for Revaluation Recognized in Result	26,367,626	95,110,013
Additions, Investment Properties, Fair Value Method	21,533,020	37,900,602
Acquisition from a business combination	—	—
Transfer to (from) owner-occupied property, investment property, cost model	1,362,095	11,596,180
Retirement, investment properties, Fair Value Method	—	(4,749)
Increase (decrease) in foreign exchange rate, Investment Properties, Fair Value Method	(5,433,455)	(47,513,777)
Changes in Investment Properties, Fair Value Method, Total	43,829,286	97,088,269
Investment Properties, Fair Value Method, Final Balance	1,612,261,344	1,568,432,058

11.2 Income and expense from investment properties

Roll-forward of investment properties, net fair value method	For the nine months ended September 30		For the three months ended September 30	
	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Revenue from Investment Property Leases	151,497,437	147,427,736	51,633,675	50,619,622
Direct Expense of Operation of Investment Properties which generate lease revenue	41,294,015	41,183,858	17,003,165	12,742,552
Direct Expense of Operation of Investment Properties which do not generate lease revenue	—	—	—	—

11.3 As of September 30, 2014 and December 31, 2013, investment properties are not encumbered.

11.4 As of September 30, 2014 there are commitments to acquire investment properties by ThCh$ 18,504,970 (ThCh$ 35,247,915 as of December 31, 2013)

11.5 There are no restrictions on ownership of assets.

11.6 Other projects

The Costanera Center project corresponds to assets that have been classified as investment property. As of September 30, 2014 and December 31, 2013, this project has been valued using the fair value model. The methodology used in the valuation of these assets and significant assumptions used are described in note 4.5 of the annual financial statements as of December 31, 2013.

12 Other financial liabilities, current and non-current

The composition of this item as of September 30, 2014 and December 31, 2013 is the following:

12.1 Types of interest bearing (accruing) loans

Loans	Balance as of 9/30/2014		Balance as of 12/31/2013	
	Current	Non-current	Current	Non-current
	ThCh$	ThCh$	ThCh$	ThCh$
Bank loans (1)	371,428,578	807,603,623	441,070,635	420,811,688
Bond debt (2)	38,213,552	1,856,568,268	74,815,992	1,676,045,068
Other loans—leases	3,184,520	27,472,241	4,808,673	27,779,079
Other financial liabilities (hedge activities)	303,072	—	314,911	44,025
Time deposits (3)	—	—	147,454,456	48,923,826
Term savings accounts	—	—	1,049,251	—
Letters of credit	—	—	—	9,511,591
Deposits and other demand deposits	—	—	3,414,407	—
Debt purchase Bretas	53,373,917	—	46,273,935	—
Debt purchase Prezunic	12,194,555	4,964,420	2,400,861	32,938,814
Debt M, Rodriguez	—	2,332,397	—	1,980,934
Debt purchase Johnson	5,238,385	—	5,052,315	—
Other Financial liabilities—other	7,704,691	—	12,450,378	—
Totals Loans	491,641,270	2,698,940,949	739,105,814	2,218,035,025

(1) Bank loans correspond to loans taken out with banks and financial institutions.
(2) Bond debt corresponds to bonds placed in public securities markets or issued to the public in general.
(3) Time deposits are the main funding source of the subsidiary, Banco Paris in Chile. Deposits taken by Chilean clients of Banco Paris are mainly money market deposits, which are 2,120 persons, 35 institutions, and 9 companies. The average maturity of these deposits is 233 days and an average interest rate of 0.54% as of December 31, 2013.

12.2 Restrictions

Loan agreements and outstanding bonds of the Company contain a number of covenants requiring compliance with certain financial ratios and other tests. The most restrictive financial covenants under these loan agreements and bonds require maintenance of:

- A ratio of consolidated net financial debt to consolidated net worth not exceeding 1.2 to 1;

- A ratio of consolidated net financial debt to EBITDA (as defined in the relevant credit agreements) for the most recent four consecutive fiscal quarters prior to each report date of less than 4.25 to 1;

- A ratio of EBITDA (as defined in the relevant credit agreements) for the most recent four consecutive fiscal quarters to consolidated financial expense prior to each report date of at least 3.0 to 1;

- Unencumbered assets in an amount equal to at least 120% of total outstanding liabilities;

- Minimum consolidated assets of at least UF50.5 million; and

- Minimum consolidated net worth of at least UF28.0 million.

As of September 30, 2014 and December 31, 2013, the Company was in compliance with the aforementioned financial debt covenants.

13 Provisions and other liabilities

13.1 Provisions

The composition of this item as of September 30, 2014 and December 31, 2013 is as follows:

	As of			
	Current		Non-current	
Accruals and provision	**September 30, 2014**	**December 31, 2013**	**September 30, 2014**	**December 31, 2013**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Legal claims provision(1)	35,136,205	41,702,612	86,956,800	67,478,190
Onerous contracts provision (2)	4,569,434	4,703,671	17,976,205	20,744,396
Total	39,705,639	46,406,283	104,933,005	88,222,586

(1) Provision for Legal Claim

The following table shows the civil, labor and tax proceedings faced by the Company and its subsidiaries (by country). The proceedings comprising each category are those presenting a probable occurrence likelihood and the amount of loss can be quantified or estimated.

	Provision Legal Claims			Exposure		
	Civil	Labor	Tax	Total	Current	Non-current
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Total as of September 30,2014	32,929,563	27,495,153	61,668,289	122,093,005	35,136,205	86,956,800
Total as of December 31,2013	32,828,662	22,863,865	53,488,275	109,180,802	41,702,612	67,478,190

Provision By Country	September 30, 2014 ThCh$	December 31, 2013 ThCh$
Chile	7,938,314	8,803,142
Argentina	27,167,188	30,310,517
Brazil	77,481,727	61,400,391
Peru	231,337	1,218,767
Colombia	9,274,439	7,447,985
Total Provision	**122,093,005**	**109,180,802**

The nature of these obligations is as follows:

Civil provision: This primarily corresponds to civil and commercial trials that mainly deal with claims from customers, defects in products, accidents of customers in the stores and law suits related with customer service.

Labor provision: This primarily corresponds to staff severance indemnities and salary disputes from former employees.

Tax provision: This primarily corresponds to tax claims in the countries in which the Company operates.

(2) Provisions for onerous contracts

The provisions recorded under this concept correspond mainly to the excess over the fair value payable related to onerous lease contracts recorded in business combinations of the period.

13.2 Movement of provisions:

Provision type	Legal claims	Onerous contracts	Total
	ThCh$	ThCh$	ThCh$
Initial Balance January 1, 2014	109,180,802	25,448,067	134,628,869
Movements in Provisions:			
Additional provisions	10,335,905	—	10,335,905
Increase (decrease) in existing provisions	11,459,527	(3,524,309)	7,935,218
Provision used during the year	(12,061,682)	—	(12,061,682)
Increase (decrease) in foreign exchange rate	3,178,453	621,881	3,800,334
Changes in provisions, total	12,912,203	(2,902,428)	10,009,775
Total provision, closing balance as of September 30, 2014	122,093,005	22,545,639	144,638,644

Provision type	Legal claims	Onerous contracts	Total
	ThCh$	ThCh$	ThCh$
Initial Balance January 1, 2013	134,475,084	38,132,983	172,608,067
Movements in Provisions:			
Additional provisions	21,877,548	—	21,877,548
Increase (decrease) in existing provisions	(24,671,255)	(12,684,916)	(37,356,171)
Provision used during the year	(11,624,382)	—	(11,624,382)
Reversal of unused provision	(1,615,445)	—	(1,615,445)
Increase (decrease) in foreign exchange rate	(9,260,747)	—	(9,260,747)
Changes in provisions, total	(25,294,281)	(12,684,916)	(37,979,197)
Total provision, closing balance as of December 31, 2013	109,180,803	25,448,067	134,628,870

14 Net equity

14.1 Paid-in capital

As of September 30, 2014, the authorized, subscribed and paid-in capital amounts to ThCh$ 2,321,380,936 (ThCh$ 2,321,380,936 as of December 31, 2013).

14.2 Subscribed and paid shares

As of June 22, 2012, the Company proceeded to increase the authorized Capital through the issuance of 270,000,000 of shares, without a par value and in a unique series, as agreed at the shareholders meeting held on April 29th, 2011 which complemented and modified preliminary agreements made at extraordinary shareholders meetings on March 1st and May 15th of 2012. 27,000,000 shares out of the capital increase were set aside to offer them in a stock option plan for the Company's upper management.

The referential share price reported to the SVS (Superintendencia de Valores y Seguros) was ThCh$ 3,555,56. The final issue share price was ThCh$2,600 per share.

In connection with share issuance, 59,493,000 shares were issued in the United States of America in the form of American Depositary Shares (ADSs) and 183,507,000 shares were issued in the local market in Chile.

At the extraordinary shareholders meeting held on November 20, 2012, the shareholders agreed to increase capital by ThCh$835,000,000 through the issuance of 332,987,717 of shares in one series and without a par value. 10% out of the total issuance was set aside to offer them in a stock option plan for employees, the remaining of the shares was offered to the Company's shareholders.

The following tables show the movement of the authorized and the issued and fully paid shares described above between January 1, 2013 and September 30, 2014:

Movement of authorized shares	No of shares
Authorized shares as of January 1, 2013	2,574,015,016
Capital increase as of February 28, 2013	5,661,074
Capital increase as of March 13, 2013	290,741,796
Capital increase as of March 25, 2013	3,286,076
Increase pursuant to stock option plan	33,298,771
Decrease due to unsubscribed Capital in 2013	(17,979,999)
Authorized shares as of December 31, 2013	2,889,022,734
Authorized shares as of September 30, 2014	2,889,022,734

Movement in issued and fully paid shares	
Paid shares as of January 1, 2013	2,507,103,215
Capital increase as of February 28, 2013	5,661,074
Capital increase as of March 13, 2013	290,741,796
Capital increase as of March 25, 2013	3,286,076
Exercise of stock option	21,931,802
Paid shares as of December 31, 2013	2,828,723,963
Paid shares as of September 30, 2014	2,828,723,963

As of September 30, 2014 and December 31, 2013, 60,298,771 issued shares were pending of subscription and payment, of which 27,000,000 and 33,298,771 will expire on April 29th and November 20th of 2017, respectively.

14.3 Dividends

The dividend distribution policy adopted by Cencosud S.A. establishes the payment of dividends of 30% of the distributable net profits.

In relation to SVS Ruling No. 1945, on October 29, 2010, the Company's Board of Directors agreed that the net distributable profits for the year 2010 and following years will be the figure reflected in the financial statements as "profit for the year attributable controlling shareholders", excluding the unrealized result for fair value appraisal of investment properties, net of deferred taxes. The figures used to determine the net distributable profits correspond to the ones presented on the financial statements filed with SVS in Chile.

In a extraordinary session held by the Company's Board of Directors on March 28, 2013, it was proposed to the upcoming shareholders` meeting held on April 25, 2014, that a dividend of Ch$20.59906 per share is distributed on the account of results obtained in 2013.

The shareholders' meeting held on April 26, 2013 approved to pay a minimum dividend amounting to ThCh$ 58,269,234 (Ch$20.59906). This dividend was paid in May 15, 2013.

On September 15th, 2013, the Board of Directors agreed on distributing a interim dividend of Ch$8 per share in relation to the profits of 2013. This dividend was paid on December 10th, 2013.

In an ordinary session held by the Board of Directors of Cencosud S.A., on March 28, 2014, it was agreed to propose in the upcoming Shareholders Meeting on April 25, 2014, a dividend of $20.59906 per share on account of profits to be available to the Shareholders on May 15, 2014. The Board communicated that the aforementioned proposal also considered a payment of an interim dividend of $8 per share made on December 10, 2013.

As of September 30, 2014, the Group has recorded a minimum dividend payment of ThCh$21,139,245 (ThCh$24,042,737 as of 12-31-2013) with its respective effect on equity based on the results of the quarter ended September 30, 2014, and the total effect on equity for the nine months ended September 30, 2014 amounts to ThCh$32,735,773 (ThCh$53,192,713 as of December 31, 2013).

14.4 Changes in ownership interest

No changes relating to ownership interest have occurred between December 31, 2013, and September 30, 2014.

In 2013, the increase (decrease) due to changes in ownership interest without a loss of control presented in the statement of changes in equity reflects the effect of the exchange of shares between Cencosud S.A. and the minority shareholders in connection with the merger of two companies of the Group, which resulted in an increase in the Company's ownership percentage in subsidiary Cencosud Retail.

15 Breakdown of significant results

The items by function from the Statements of Income are described as follows in 15.1, 15.2 and 15.3.

Expenses by nature of integral income by function	For the nine months ended September 30		For the three months ended September 30	
	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Cost of sales	5,632,557,412	5,309,115,093	1,920,785,174	1,773,176,381
Distribution cost	18,707,492	17,279,076	6,575,812	5,769,785
Administrative expenses	1,669,474,839	1,610,403,783	581,470,621	545,493,951
Other expenses by function (*)	125,809,935	117,742,619	42,958,539	42,355,921
Total	7,446,549,678	7,054,540,571	2,551,790,146	2,366,796,038

(*) Mainly includes marketing expenses

15.1 *Expenses by nature*

The following is a breakdown of the main operating and management costs and expenses of the Cencosud Group for the following periods:

	For the nine months ended September 30							For the three months ended September 30				
Expenses by nature	Consolidated 2014 ThCh$	Discontinued operations 2014 ThCh$	Continuing Operations 2014 ThCh$	Consolidated 2013 ThCh$	Discontinued operations 2013 ThCh$	Continuing operations 2013 ThCh$	Total 2014 ThCh$	Discontinued operations 2014 ThCh$	Continuing operations 2014 ThCh$	Total 2013 ThCh$	Discontinued operations 2013 ThCh$	Continue operations 2013 ThCh$
Cost of goods sold	5,324,505,102	—	5,324,505,102	5,027,394,009		5,027,394,009	1,804,139,425	—	1,804,139,425	1,676,606,544	—	1,676,606,544
Other cost of sales	350,074,487	(42.022.177)	308,052,310	327.493.746	(45.772.662)	281,721,084	128.640.071	(11.994.322)	116,645,749	106.979.814	(10.409.977)	96,569,837
Personnel expenses	1,082,594,151	(28,521,227)	1,054,072,924	1,008,946,164	(27,568,118)	981,378,046	387,604,611	(9,382,912)	378,221,699	348,661,563	(9,628,193)	339,033,370
Depreciation and amortization	150,111,914	(1,691,568)	148,420,346	145,856,694	(1,833,870)	144,022,824	51,504,450	(576,361)	50,928,089	48,466,423	(618,378)	47,848,045
Distribution cost	18,707,492	—	18,707,492	17,279,076		17,279,076	6,575,812	—	6,575,812	5,769,785	—	5,769,785
Other expenses by function	135,768,235	(9,958,300)	125,809,935	125.266.384	(7.523.765)	117,742,619	46,169,724	(3,211,185)	42,958,539	45,066,928	(2,711,007)	42,355,921
Cleaning	54,664,662	(64,051)	54,600,611	50,758,391	(57,152)	50,701,239	19,950,020	(22,609)	19,927,411	17,808,370	(17,744)	17,790,626
Safety and security	43,917,340	(51,111)	43,866,229	46,185,293	(50,056)	46,135,237	16,273,648	(17,084)	16,256,564	16,328,148	(16,366)	16,311,782
Maintenance	62,944,412	(663,200)	62,281,212	58,457,557	(1,069,556)	57,388,001	22,096,961	(254,944)	21,842,017	18,080,778	(285,283)	17,795,495
Professional fees	55,496,078	(1,927,305)	53,568,773	60,203,728	(2,922,167)	57,281,561	19,205,597	(405,209)	18,800,388	21,770,975	(1,032,353)	20,738,622
Bags for Customers	18,042,203	—	18,042,203	23,817,592	—	23,817,592	6,204,639	—	6,204,639	7,445,079	—	7,445,079
Credit card commission	63,824,447	—	63,824,447	58,318,124	—	58,318,124	22,455,834	—	22,455,834	20,014,266	—	20,014,266
lease	137,739,173	(1,550,254)	136,188,919	124,190,318	(1,079,111)	123,111,207	47,612,658	(537,445)	47,075,213	41,463,202	(346,604)	41,116,598
Other	41,704,410	(7,095,235)	34,609,175	76.885.428	(8,635,476)	68,249,952	2,217,250	(2,458,483)	(241,233)	19,751,841	(2,351,773)	17,400,068
Total	**7,540,094,106**	**(93,544,428)**	**7,446,549,678**	**7,151,052,504**	**(96,511,933)**	**7,054,540,571**	**2,580,650,700**	**(28,860,554)**	**2,551,790,146**	**2,394,213,716**	**(27,417,678)**	**2,366,796,038**

15.2 Personnel expenses

The following is a breakdown of personnel expenses for the following periods:

	For the nine months ended September 30						For the three months ended September 30					
	Consolidated	**Discontinued operations**	**Continuing operations**	**Consolidated**	**Discontinued operations**	**Continued opeartions**	**Total**	**Discontinued opeartions**	**Continuing operations**	**Total**	**Discontinued operations**	**Continuing operations**
Personnel expenses	2014	2014	2014	2013	2013	2013	2014	2014	2014	2013	2013	2013
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Salaries	860,933,487	(24,475,163)	836,458,324	794,002,470	(19,033,459)	774,969,011	307,624,827	(8,007,300)	299,617,527	276,967,837	(6,054,938)	270,912,899
Short-term employee benefits	199,039,034	(3,037,087)	196,001,947	191,253,564	(6,954,580)	184,298,984	72,996,803	(1,079,925)	71,916,878	63,686,383	(2,792,457)	60,893,926
Termination benefits	22,621,630	(1,008,977)	21,612,653	23,690,130	(1,580,079)	22,110,051	6,982,981	(295,687)	6,687,294	8,007,343	(780,798)	7,226,545
Total	**1,082,594,151**	**(28,521,227)**	**1,054,072,924**	**1,008,946,164**	**(27,568,118)**	**981,378,046**	**387,604,611**	**(9,382,912)**	**378,221,699**	**348,661,563**	**(9,628,193)**	**339,033,370**

15.3 Depreciation and amortization

The following is a breakdown of depreciation and amortization for the following periods:

	For the nine months ended September 30						For the three months ended September 30					
	Consolidated	**Discontinued operations**	**Continuing operations**	**Consolidated**	**Discontinued operations**	**Continuing operations**	**Consolidated**	**Discontinued operations**	**Continuing operations**	**Consolidated**	**Discontinued operations**	**Continuing operations**
Depreciation and amortization	2014	2014	2014	2013	2013	2013	2014	2014	2014	2013	2013	2013
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Depreciation	137,822,501	(1,691,568)	136,130,933	135,554,658	(889,253)	134,665,405	48,054,046	(1,274,483)	46,779,562	45,338,509	(290,476)	45,048,033
Amortization	12,289,414	—	12,289,414	10,302,036	(944,617)	9,357,419	3,450,405	698,122	4,148,527	3,127,914	(327,902)	2,800,012
Total	**150,111,915**	**(1,691,568)**	**148,420,347**	**145,856,694**	**(1,833,870)**	**144,022,824**	**51,504,451**	**(576,361)**	**50,928,089**	**48,466,423**	**(618,378)**	**47,848,045**

15.4 *Other gains (losses)*

Other gains (loss)	For the nine months ended September 30						For the three months ended September 30					
	Consolidated	Discontinued operations	Continuing operations	Consolidated	Discontinued operations	Continuing operations	Consolidated	Discontinued operations	Continuing operations	Consolidated	Discontinued operations	Continuing operations
	2014	2014	2014	2013	2013	2013	2014	2014	2014	2013	2013	2013
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Fair value derivatives	29,056,682	(19,607)	29,037,075	12,193,188	(9,081)	12,184,107	19,565,288	(872)	19,564,416	5,713,270	(26,965)	5,686,305
Insurance claims	1,411,112		1,411,112	2,203,829		2,203,829	—		—	—		—
Sales of Property, plant and equipment	(1,503,651)		(1,503,651)	(28,859)		(28,859)	(22,884)		(22,884)	324,632		324,632
Other Net Gains and Losses	(4,774,381)		(4,774,381)	(4,072,221)		(4,072,221)	(5,070,944)		(5,070,944)	(1,797,650)		(1,797,650)
Total	**24,189,762**	**(19,607)**	**24,170,155**	**10,295,937**	**(9,081)**	**10,286,856**	**14,471,460**	**(872)**	**14,470,588**	**4,240,252**	**(26,965)**	**4,213,287**

15.5 *Other operating income*

Other operating income	For the nine months ended September 30						For the three months ended September 30					
	Consolidated	Discontinued operations	Continuing operations	Consolidated	Discontinued operations	Continuing operations	Total	Discontinued operations	Continuing operations	Total	Discontinued operations	Continuing operations
	2014	2014	2014	2013	2013	2013	2014	2014	2014	2013	2013	2013
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Sell Carton & Wraps	3,201,860		3,201,860	2,308,230		2,308,230	602,497		602,497	786,686		786,686
Recovery of fees	1,754,852		1,754,852	846,551		846,551	715,935		715,935	215,340		215,340
Increase on revaluation of investment properties	26,367,626		26,367,626	35,335,334		35,335,334	24,728,613		24,728,613	17,831,795		17,831,795
Other Income	5,273,337	(198,189)	5,075,148	5,726,550	(14,755)	5,711,795	1,644,260	(96,082)	1,548,178	1,499,821	(21,469)	1,478,352
Total	**36,597,675**	**(198,189)**	**36,399,486**	**44,216,665**	**(14,755)**	**44,201,910**	**27,691,305**	**(96,082)**	**27,595,223**	**20,333,642**	**(21,469)**	**20,312,173**

15.6 Financial results

The following is the financial income detailed for the periods ended:

Financial results	For the nine months ended September 30						For the three months ended September 30					
	Consolidated	Discontinued operations	Continuing operations	Consolidated	Discontinued operations	Continuing operations	Total	Discontinued operations	Continuing operations	Total	Discontinued operations	Continuing operations
	2014	2014	2014	2013	2013	2013	2014	2014	2014	2013	2013	2013
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial income from cash flow hedging	—			25,010		25,010	—	—	—	—	—	—
Other finance income	5,028,442	259,620	5,288,062	4,165,882	99,409	4,265,291	1,135,069	259,620	1,394,689	379,836	99,409	479,245
Financial income	**5,028,442**	**259,620**	**5,288,062**	**4,190,892**	**99,409**	**4,290,301**	**1,135,069**	**259,620**	**1,394,689**	**379,836**	**99,409**	**479,245**
Bank loan expenses	(55,834,634)	(18,442,593)	(74,277,227)	(56,890,869)	(17,866,843)	(74,757,712)	(19,572,850)	(4,937,985)	(24,510,835)	(16,971,826)	(7,071,328)	(24,043,154)
Bond debt expenses	(57,448,131)	(11,069,911)	(68,518,042)	(61,014,948)	(6,418,454)	(67,433,402)	(18,042,098)	(5,738,308)	(23,780,406)	(21,670,785)	(1,541,078)	(23,211,863)
Interest on time deposits	(9,885,062)		(9,885,062)	(10,035,809)		(10,035,809)	(3,062,868)	—	(3,062,868)	(3,504,845)	—	(3,504,845)
Valuation of financial derivatives expenses	(6,168,373)		(6,168,373)	(13,898,793)		(13,898,793)	(1,820,461)	—	(1,820,461)	(3,697,827)	—	(3,697,827)
Financial Expenses	**(129,336,200)**	**(29,512,504)**	**(158,848,704)**	**(141,840,419)**	**(24,285,297)**	**(166,125,716)**	**(42,498,277)**	**(10,676,293)**	**(53,174,570)**	**(45,845,283)**	**(8,612,406)**	**(54,457,689)**
Results from UF indexed bonds in Chile	(21,333,256)	(3,652,430)	(24,985,686)	(3,833,030)	(1,791,555)	(5,624,585)	(3,520,304)	(627,258)	(4,147,562)	(3,647,197)	(1,706,220)	(5,353,417)
Results from other Brazlian indexed unit	(4,416,799)		(4,416,799)	(4,602,591)		(4,602,591)	(562,461)	—	(562,461)	(1,318,782)	—	(1,318,782)
Results from UF indexed Other	3,033,553		3,033,553	(64,665)		(64,665)	481,512	—	481,512	(60,899)	—	(60,899)
(Losses) gains from indexation	**(22,716,502)**	**(3,652,430)**	**(26,368,932)**	**(8,500,286)**	**(1,791,555)**	**(10,291,841)**	**(3,601,253)**	**(627,258)**	**(4,228,511)**	**(5,026,878)**	**(1,706,220)**	**(6,733,098)**
Financial debt IFC-ABN Argentina	(3,120,304)		(3,120,304)	(3,393,977)		(3,393,977)	(359,319)	—	(359,319)	(1,206,747)	—	(1,206,747)
Bond debt USA and Peru	(12,560,590)	(9,980,797)	(22,541,387)	(8,544,506)	(5,511,837)	(14,056,343)	(12,651,551)	(4,140,894)	(16,792,445)	4,133,164	138,025	4,271,189
Financial debt Peru	(607,700)	(153,422)	(761,122)	(3,220,396)	(360,306)	(3,580,702)	(623,404)	(152,912)	(776,316)	190,730	3,695	194,425
Financial assets and Financial debt—Colombia	150,070		150,070	102,686		102,686	—	—	—	1,805	—	1,805
Exchange difference	**(16,138,524)**	**(10,134,219)**	**(26,272,743)**	**(15,056,193)**	**(5,872,143)**	**(20,928,336)**	**(13,634,274)**	**(4,293,806)**	**(17,928,080)**	**3,118,952**	**141,720**	**3,260,672**
Financial results total	**(163,162,784)**	**(43,039,533)**	**(206,202,317)**	**(161,206,006)**	**(31,849,586)**	**(193,055,592)**	**(58,598,735)**	**(15,337,737)**	**(73,936,472)**	**(47,373,373)**	**(10,077,497)**	**(57,450,870)**

16 Information by segment

The Company reports the information by segment according to what is set forth in IFRS 8 “Operating Segments,” An operating segment is defined as a component of an entity over which separated financial information is available and is regularly reviewed.

In the information by segments, all transactions between the different operating segments have been eliminated.

16.1 Segmentation criteria

For management purposes, the Company is organized in five operative divisions: Supermarkets, Shopping Centers, Home Improvement stores, Department stores and Financial Services. These segments are the basic on which the Company makes decisions with respect to its operations and resource allocation.

The operative segments are disclosed in a similar way with the presentation of the internal reports used by Management in the control and decision making process, considering the segments from a point of view according to the type of business and geographical area.

The operating segments that are reported derive their revenues mainly from the sale of products and rendering of services to final consumers of retail. There are no customers whose purchases represent more than 10% of the consolidated revenue, nor a specific business segment.

The rest of the minor activities, mainly including the travel agency and family-entertainment centers businesses, plus certain consolidation adjustments and corporate expenses administered centrally, are included in the segment “Support services, financing, adjustments and other”. In 2014, as part of the agreement between Scotiabank Chile and Cencosud, upon regulatory approvals, Scotiabank Chile will acquire fifty-one percent (51%) of the legal entities which mostly encompass the financial services operations/business in Chile. The remaining forty-nine percent (49%) owned by Cencosud as indicated in the Framework Agreement further explained in note 2.5.

16.2 *Regional information by segment*

The segment information which is delivered to the chief operating decision maker ("Board of Directors") of the reportable segments for the years ended September 30, 2014 and December 31, 2013 in thousands of Chilean pesos is the following:

Regional information by segment

Consolidated statement of income	**Supermarkets**	**Shopping Centers**	**Home improvement**	**Department stores**	**Financial services**	**Support services, financing, adjustments and other**	**Continuing operations total**	**Discontinued operation Financial services**
Nine months ended September 30, 2014	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Revenues from ordinary activities	5,916,731,378	151,497,437	870,043,591	671,448,293	83,258,620	3,217,237	7,696,196,556	155,173,273
Cost of sales	(4,515,143,849)	(17,484,993)	(569,088,902)	(502,447,243)	(25,990,381)	(2,402,044)	(5,632,557,412)	(42,022,177)
Gross margin	**1,401,587,529**	**134,012,444**	**300,954,689**	**169,001,050**	**57,268,239**	**815,193**	**2,063,639,144**	**113,151,096**
Other revenues by function	7,108,909	26,429,354	725,185	722,906	0	1,413,132	36,399,486	198,189
Sales, general and administrative expenses	(1,230,698,752)	(23,809,022)	(234,166,963)	(184,478,927)	(29,517,709)	(111,320,893)	(1,813,992,266)	(51,522,250)
Financial expenses and income, net	—	—	—	—	—	(153,560,642)	(153,560,642)	(29,252,884)
Participation in profit or loss of equity method associates	(606,444)	1,081,624	—	—	—	—	475,180	—
Exchange differences	—	—	—	—	—	(26,272,743)	(26,272,743)	(10,134,219)
(Losses) from Indexation	—	—	—	—	—	(26,368,932)	(26,368,932)	(3,652,430)
Other earnings (Losses), net	—	—	—	2,434,854	—	21,735,301	24,170,155	19,607
Income tax charge	—	—	—	—	—	(56,856,289)	(56,856,289)	(3,761,422)
Profit (loss)	**177,391,242**	**137,714,400**	**67,512,911**	**(12,320,117)**	**27,750,530**	**(350,415,873)**	**47,633,093**	**15,045,687**
Profit (loss) from continued operations	**177,391,242**	**137,714,400**	**67,512,911**	**(12,320,117)**	**27,750,530**	**(350,415,873)**	**47,633,093**	**—**
Profit (loss) from discontinued operations attributable to owners of the Company	—	—	—	—	—	—	—	15,045,687
Profit (loss) attributable to non-controlling interest	—	—	—	—	—	(221,189)	(221,189)	—
Profit for the year attributable to controlling shareholders, Total	**177,391,242**	**137,714,400**	**67,512,911**	**(12,320,117)**	**27,750,530**	**(350,637,062)**	**47,411,904**	**15,045,687**
Depreciation and amortization	100,113,393	4,138,265	15,083,520	19,391,699	1,390,779	8,302,691	148,420,347	1,691,568
Nine months ended September 30, 2013								
Revenues from ordinary activities	5,601,338,867	147,427,736	842,063,063	654,188,749	58,272,845	13,624,035	7,316,915,295	160,835,110
Cost of sales	(4,225,796,716)	(16,865,732)	(571,573,759)	(474,459,537)	(17,130,744)	(3,288,605)	(5,309,115,093)	(45,772,662)
Gross margin	**1,375,542,151**	**130,562,004**	**270,489,304**	**179,729,212**	**41,142,101**	**10,335,430**	**2,007,800,202**	**115,062,448**
Other revenues by function	8,195,818	35,405,053	185,853	189,351	0	225,835	44,201,910	14,755
Sales, general and administrative expenses	(1,206,345,310)	(24,318,126)	(225,093,709)	(173,990,378)	(25,781,376)	(89,896,579)	(1,745,425,478)	(50,739,270)
Financial expenses and income, net	—	—	—	—	—	(161,835,415)	(161,835,415)	(24,185,888)
Participation in profit or loss of equity method associates	143,815	3,835,714	—	—	—	—	3,979,529	
Exchange differences	—	—	—	—	—	(20,928,336)	(20,928,336)	(5,872,143)
(Losses) from Indexation	—	—	—	—	—	(10,291,841)	(10,291,841)	(1,791,555)
Other earnings, net	—	—	—	1,029,785	—	9,257,071	10,286,856	9,081
Income tax charge	—	—	—	—	—	(65,476,377)	(65,476,377)	(2,497,669)

Consolidated statement of income	**Supermarkets**	**Shopping Centers**	**Home improvement**	**Department stores**	**Financial services**	**Support services, financing, adjustments and other**	**Continuing operations total**	**Discontinued operation Financial services**
Nine months ended September 30, 2013	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Profit (loss)	**177,536,474**	**145,484,645**	**45,581,448**	**6,957,970**	**15,360,725**	**(328,610,212)**	**62,311,050**	**29,999,759**
Profit (loss) from continued operations	**177,536,474**	**145,484,645**	**45,581,448**	**6,957,970**	**15,360,725**	**(328,610,212)**	**62,311,050**	
Profit (loss) from discontinued operations attributable to owners of the Company	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**29,999,759**
Profit (loss) attributable to non-controlling interest	—	—	—	—	—	(467,054)	(467,054)	—
Profit (loss) for the year attributable to controlling shareholders, Total	**177,536,474**	**145,484,645**	**45,581,448**	**6,957,970**	**15,360,725**	**(329,077,266)**	**61,843,996**	**29,999,759**
Depreciation and amortization	102,079,314	2,947,177	14,521,294	18,352,862	1,268,156	4,854,021	144,022,824	1,833,870

The Company controls the results of each of the operating segments, at the level of revenues, costs and management expenses. The support services, exchange rates, readjustments, taxes and non-recurring income and expense, or financial income, are not allocated, as they are centrally managed.

The financing policy of the Group has been historically being financed and managing these resources through the Company Holding Cencosud S.A. The funds are subsequently transferred to other countries as required to finance the local investments. This policy aims to reduce the financial cost of the Group.

16.3 Gross margin by country and segment, in thousands of Chilean pesos:

Gross margin by country and segment

Nine months ended September 30, 2014	Supermarkets	Shopping centers	Home improvement	Department stores	Financial services	Support services, financing, adjustments and other	Consolidated total	Discontinued operation Financial services
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Chile								
Ordinary income, total	1,691,068,940	85,315,502	337,244,442	647,076,513	329,538	(914,699)	2,760,120,236	155,173,273
Cost of sales	(1,278,907,217)	(4,064,892)	(242,872,303)	(480,055,069)	(260,542)	(393,889)	(2,006,553,912)	(42,022,177)
Gross margin	**412,161,723**	**81,250,610**	**94,372,139**	**167,021,444**	**68,996**	**(1,308,588)**	**753,566,324**	**113,151,096**
Argentina								
Ordinary income, total	1,285,766,639	46,024,675	484,150,393	—	43,282,325	7,735,680	1,866,959,712	—
Cost of sales	(892,081,599)	(11,893,440)	(289,728,899)	—	(9,624,467)	(1,837,086)	(1,205,165,491)	—
Gross margin	**393,685,040**	**34,131,235**	**194,421,494**	**—**	**33,657,858**	**5,898,594**	**661,794,221**	**—**
Brazil								
Ordinary income, total	1,605,601,961	—	—	—	2,355,593		1,607,957,554	—
Cost of sales	(1,287,866,604)	—	—	—	—		(1,287,866,604)	—
Gross margin	317,735,357	—	—	—	2,355,593		320,090,950	—
Peru								
Ordinary income, total	603,643,514	12,522,204	—	24,371,779	31,042,242	698,660	672,278,399	—
Cost of sales	(467,063,566)	(1,240,900)	—	(22,392,175)	(16,105,373)	(76,222)	(506,878,236)	—
Gross margin	**136,579,948**	**11,281,304**	**—**	**1,979,604**	**14,936,869**	**622,438**	**165,400,163**	**—**
Colombia								
Ordinary income, total	730,650,325	7,635,057	48,648,756	—	6,248,921	(4,302,404)	788,880,655	—
Cost of sales	(589,224,862)	(285,761)	(36,487,699)	—	—	(94,847)	(626,093,169)	—
Gross margin	**141,425,463**	**7,349,296**	**12,161,057**	**—**	**6,248,921**	**(4,397,251)**	**162,787,486**	**—**

Gross margin by country and segment

Nine months ended September 30, 2013	Supermarkets ThCh$	Shopping centers ThCh$	Home improvement ThCh$	Department stores ThCh$	Financial services ThCh$	Support service, financing, adjustments and other ThCh$	Consolidated total ThCh$	Discontinued operation Financial services ThCh$
Chile								
Ordinary income, total	1,610,270,819	80,747,499	326,243,755	647,214,857	377,972	(694,221)	2,664,160,681	160,835,110
Cost of sales	(1,218,503,945)	(4,162,217)	(238,228,813)	(468,740,315)	(257,553)	(491,284)	(1,930,384,127)	(45,772,662)
Gross margin	391,766,874	76,585,282	88,014,942	178,474,542	120,419	(1,185,505)	733,776,554	115,062,448
Argentina								
Ordinary income, total	1,301,171,545	49,465,585	482,920,732	—	33,020,878	14,219,114	1,880,797,854	—
Cost of sales	(911,660,013)	(10,452,340)	(308,582,655)	—	(7,653,777)	(2,566,385)	(1,240,915,170)	—
Gross margin	389,511,532	39,013,245	174,338,077	—	25,367,101	11,652,729	639,882,684	—
Brazil								
Ordinary income, total	1,483,496,956	—	—	—	3,193,132	—	1,486,690,088	—
Cost of sales	(1,146,058,922)	—	—	—	—	—	(1,146,058,922)	—
Gross margin	337,438,034	—	—	—	3,193,132	—	340,631,166	—
Peru								
Ordinary income, total	537,738,995	10,804,930	—	6,973,892	17,155,296	99,142	572,772,255	—
Cost of sales	(412,310,112)	(1,989,812)	—	(5,719,222)	(9,219,414)	(230,937)	(429,469,497)	—
Gross margin	125,428,883	8,815,118	—	1,254,670	7,935,882	(131,795)	143,302,758	—
Colombia								
Ordinary income, total	668,660,552	6,409,722	32,898,576	—	4,525,567	—	712,494,417	—
Cost of sales	(537,263,724)	(261,363)	(24,762,290)	—	—	—	(562,287,377)	—
Gross margin	131,396,828	6,148,359	8,136,286	—	4,525,567	—	150,207,040	—

16.4 Regional information by segment: Total assets

At September 30, 2014	Supermarkets ThCh$	Shopping centers ThCh$	Home improvement ThCh$	Department stores ThCh$	Financial services ThCh$	Support services, financing, adjustments and other ThCh$	Consolidated total ThCh$
Current Assets							
Cash and cash equivalent	65,006,949	9,174,812	4,502,471	23,473,900	18,929,597	3,488,093	124,575,822
Other financial assets, current	—	—	—	—	—	23,867,043	23,867,043
Other non-financial assets, current	4,533,258	2,237,306	2,942,808	1,420,874	186,035	2,789,059	14,109,340
Trade receivables and other receivables, current	276,959,571	24,441,931	55,429,385	35,093,294	260,402,499	13,324,484	665,651,164
Trade receivables due from related parties, current	—	—	—	—	—	—	—
Inventory, current	764,854,425	—	257,501,477	174,045,355	—	—	1,196,401,257
Income tax receivable, current	8,464,549	13,189,702	3,947,879	4,370,145	1,792,025	35,005,174	66,769,474
Assets held for sale, non current	—	—	—	—	755,060,431	—	755,060,431
Total current assets	1,119,818,752	49,043,751	324,324,020	238,403,568	1,036,370,587	78,473,853	2,846,434,531
Non-Current Assets							
Other financial assets, non-current	—	—	—	—	—	263,340,706	263,340,706
Other non-financial assets, non-current	—	—	—	—	—	36,130,604	36,130,604
Trade receivables and other receivables, non-current	20,750,369	—	—	—	13,319,374	1,345,273	35,415,016
Equity method investments	482,865	47,854,674	—	—	—	—	48,337,539
Intangible assets other than goodwill	218,692,352	142,434	4,982,266	168,299,856	3,420,162	16,060,883	411,597,953
Goodwill	1,703,039,287	150,580	4,447,515	138,159,463	—	—	1,845,796,845
Property, plant and equipment	2,194,907,494	345,289,752	327,388,983	255,146,380	3,848,930	31,285,880	3,157,867,419
Investment property	—	1,612,261,344	—	—	—	—	1,612,261,344
Income tax assets, non-current	—	—	—	—	—	58,883,195	58,883,195
Deferred income tax assets	—	—	—	—	—	374,461,476	374,461,476
Total non-current assets	4,137,872,367	2,005,698,784	336,818,764	561,605,699	20,588,466	781,508,017	7,844,092,097
Total Assets	5,257,691,119	2,054,742,535	661,142,784	800,009,267	1,056,959,053	859,981,870	10,690,526,628

At December 31, 2013	Supermarkets ThCh$	Shopping centers ThCh$	Home improvement ThCh$	Department stores ThCh$	Financial services ThCh$	Support services, financing, adjustments and other ThCh$	Consolidated total ThCh$
Current Assets							
Cash and cash equivalent	125,058,185	5,226,904	10,216,015	13,349,795	16,426,776	1,433,950	171,711,625
Other financial assets, current	—	—	—	—	—	49,583,940	49,583,940
Other non-financial assets, current	7,138,420	665,031	2,067,224	400,880	400,137	933,801	11,605,493
Trade receivables and other receivables, current	331,091,832	26,414,689	65,976,199	39,509,197	660,782,211	9,673,425	1,133,447,553
Trade receivables due from related parties, current	—	432,303	—	—	—	—	432,303
Inventory, current	656,307,740	—	208,372,176	180,226,711	—	—	1,044,906,627
Income tax receivable, current	10,011,982	2,738,250	1,436,634	2,344,763	822,592	5,443,082	22,797,303
Total current assets	1,129,608,159	35,477,177	288,068,248	235,831,346	678,431,716	67,068,198	2,434,484,844
Non-Current Assets							
Other financial assets, non-current	—	—	—	—	—	92,405,358	92,405,358
Other non-financial assets, non-current	—	—	—	—	—	38,263,337	38,263,337
Trade receivables and other receivables, non-current	13,923,011	—	—	—	139,992,578	1,924,223	155,839,812
Equity method investments	1,052,894	48,889,260	—	—	—	—	49,942,154
Intangible assets other than goodwill	196,641,232	1,897	1,190,519	144,038,458	210,865,748	18,883,653	571,621,507
Goodwill	1,552,836,901	170,515	4,873,805	138,159,463	—	—	1,696,040,684
Property, plant and equipment	2,342,823,658	160,353,883	332,811,904	252,986,187	6,145,009	6,763,227	3,101,883,868
Investment property	—	1,568,432,058	—	—	—	—	1,568,432,058
Income tax assets, non-current	—	—	—	—	—	53,727,039	53,727,039
Deferred income tax assets	—	—	—	—	—	302,593,552	302,593,552
Total non-current assets	4,107,277,696	1,777,847,613	338,876,228	535,184,108	357,003,335	514,560,389	7,630,749,369
Total Assets	5,236,885,855	1,813,324,790	626,944,476	771,015,454	1,035,435,051	581,628,587	10,065,234,213

16.5 Current Asset and liabilities by segment

Regional information by segment Current assets and liabilities at September 30, 2014	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Trade accounts payable and other payables	1,230,538,681	47,585,808	215,221,408	151,872,164	51,821,984	35,768,402	1,732,808,447

Regional information by segment Current assets and liabilities at December 31, 2013	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Trade accounts payable and other payables	1,358,568,357	45,068,829	247,192,916	215,322,018	70,380,105	21,460,993	1,957,993,218

16.6 Information by country, assets and liabilities

In thousands of Chilean pesos:

Assets and liabilities by country

At September 30, 2014	Chile ThCh$	Argentina ThCh$	Brazil ThCh$	Peru ThCh$	Colombia ThCh$	Consolidated total ThCh$
Total assets	4,779,416,138	1,220,431,419	1,619,411,058	1,143,554,427	1,927,713,586	10,690,526,628
Total liabilities	3,797,119,728	683,302,339	773,133,995	426,032,479	501,598,955	6,181,187,496
Total Net equity	966,252,998	663,793,957	846,277,063	606,900,483	1,426,114,631	4,509,339,132
Adjustments to net investment	16,043,412	(126,664,877)	—	110,621,465	—	—
Net investment	982,296,410	537,129,080	846,277,063	717,521,948	1,426,114,631	4,509,339,132
Percentage of Net equity	21.4%	14.7%	18.8%	13.5%	31.6%	100.0%
Percentage of equity	21.8%	11.9%	18.8%	15.9%	31.6%	100.0%

At December 31, 2013	Chile ThCh$	Argentina ThCh$	Brazil ThCh$	Peru ThCh$	Colombia ThCh$	Consolidated total ThCh$
Total assets	4,594,880,919	1,234,539,186	1,483,616,643	1,008,012,702	1,744,184,763	10,065,234,213
Total liabilities	3,609,794,420	696,788,617	658,786,450	394,025,753	444,471,884	5,803,867,124
Total Net equity	965,703,934	657,231,680	824,830,193	513,888,403	1,299,712,879	4,261,367,089
Adjustments to net investment	19,382,565	(119,481,111)	—	100,098,546	—	—
Net investment	985,086,499	537,750,569	824,830,193	613,986,949	1,299,712,879	4,261,367,089
Percentage of Net equity %	22.7	15.4	19.4	12.0	30.5	100.0%
Percentage of equity	23.1	12.6	19.4	14.4	30.5	100.0%

16.7 Regional information, including intersegments is as follows:

Regional information, by segment	For the nine months ended September 30, 2014		
	Total revenue by segment	Total revenue intra-segment	Total segment revenue
	ThCh$	ThCh$	ThCh$
Supermarkets	5,916,731,378	—	5,916,731,378
Shopping	258,359,346	106,861,909	151,497,437
Home Improvement	876,729,637	6,686,046	870,043,591
Department stores	671,448,293	—	671,448,293
Financial Services	238,431,893	—	238,431,893
Discontinued operations - Financial Services	(155,173,273)	—	(155,173,273)
Others	3,217,237	—	3,217,237
TOTAL	7,809,744,511	113,547,955	7,696,196,556

Regional information, by segment	For the nine months ended September 30, 2013		
	Total segment revenue	Total segment revenue	Total segment revenue
	ThCh$	ThCh$	ThCh$
Supermarkets	5,601,338,867	—	5,601,338,867
Shopping	229,133,701	81,705,965	147,427,736
Home Improvement	850,083,953	8,020,890	842,063,063
Department stores	654,188,749	—	654,188,749
Financial Services	219,107,955	—	219,107,955
Discontinued operations - Financial Services	(160,835,110)	—	(160,835,110)
Others	13,624,035	—	13,624,035
TOTAL	7,406,642,150	89,726,855	7,316,915,295

16.8 Non-current assets by country

At September 30, 2014	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other non-financial assets	28,442,455	5,969,051	—	1,710,698	8,400	36,130,604
Trade receivables and other receivables	11,297,607	3,565,765	20,551,644	—	—	35,415,016
Equity Method investments	47,854,674	(600,766)	—	1,083,631	—	48,337,539
Intangible assets other than goodwill	188,432,628	14,913,979	84,015,351	110,202,339	14,033,656	411,597,953
Goodwill	246,271,648	3,370,637	608,600,042	274,297,575	713,256,943	1,845,796,845
Property Plant and Equipment	1,167,918,079	335,312,374	426,194,540	373,188,140	855,254,286	3,157,867,419
Investment Property	1,239,067,298	186,360,615	—	152,963,116	33,870,315	1,612,261,344
Income tax assets, non-current	42,248,139	329,982	—	—	16,305,074	58,883,195
Non-current assets—Total	2,971,532,528	549,221,637	1,139,361,577	913,445,499	1,632,728,674	7,206,289,915

At December 31, 2013	Chile	Argentina	Brazil	Peru	Colombia	Consolidated total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other non-financial assets	30,922,885	5,928,669	—	1,404,223	7,560	38,263,337
Trade receivables and other receivables	128,147,510	13,997,371	13,694,931	—	—	155,839,812
Equity Method investments	48,889,260	192,079	—	860,815	—	49,942,154
Intangible assets other than goodwill	372,172,379	10,830,938	74,926,954	100,080,155	13,611,081	571,621,507
Goodwill	246,271,648	3,816,863	555,816,040	248,204,885	641,931,248	1,696,040,684
Property Plant and Equipment	1,216,059,698	377,125,449	389,333,433	330,734,647	788,630,641	3,101,883,868
Investment Property	1,204,788,484	198,805,718	—	134,354,573	30,483,283	1,568,432,058
Income tax assets, non-current	42,963,654	756,141	—	—	10,007,244	53,727,039
Non-current assets—Total	3,290,215,518	611,453,228	1,033,771,358	815,639,298	1,484,671,057	7,235,750,459

The amounts for non-current assets by country shown in this note exclude other non-current financial assets, deferred tax assets as per IFRS 8.

16.9 *Consolidated Cash Flow by segment:*

Regional information by segment Consolidated Segment Flows at September 30, 2014	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$	Discontinued operation ThCh$
Net cash flows from (used in) operating activities	111,472,866	49,839,977	(21,301,555)	44,260,810	19,340,788	(106,136,187)	97,476,699	(10,136,575)
Net cash flows from (used in) investing activities	(97,370,258)	(32,786,681)	(15,105,458)	(8,830,698)	(82,256,155)	(6,808,010)	(243,157,260)	76,229,178
Net cash flows from (used in) financing activities	(80,851,908)	(13,006,557)	31,230,278	(25,306,007)	65,435,390	114,644,750	92,145,946	(63,157,055)

Regional information by segment Consolidated Segment Flows at September 30, 2013	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$	Discontinued operation ThCh$
Net cash flows from (used in) operating activities	70,463,695	57,310,114	(9,383,105)	49,088,214	1,122,791	(78,680,291)	89,921,418	37,340,513
Net cash flows from (used in) investing activities	(175,230,148)	(47,254,920)	(17,199,823)	(9,509,777)	(62,783)	43,467,140	(205,790,311)	(13,770,559)
Net cash flows from (used in) financing activities	11,501,758	(14,129,158)	17,396,442	(55,694,835)	(7,333,483)	35,399,675	(12,859,601)	(23,569,954)

16.10 *Additions to non-current assets:*

As of September 30, 2014	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Property plant and equipment	80,979,113	13,659,559	9,305,767	17,129,738	387,904	14,814,136	136,276,217
Intangible asset, other that goodwill	9,611,503	29,133	37,541	1,837,225	691,852	3,078,116	15,285,370
Goodwill	—	—	—	—	—	—	—
Investment properties	—	21,533,020	—	—	—	—	21,533,020
Total additions	90,590,616	35,221,712	9,343,308	18,966,963	1,079,756	17,892,252	173,094,607

As of December 31, 2013	Supermarkets ThCh$	Shopping Center ThCh$	Home Improvement ThCh$	Department Stores ThCh$	Financial Services (Insurance + cards + bank) ThCh$	Support Services, Financing, and Other Settings ThCh$	Total Consolidated ThCh$
Property plant and equipment	185,955,442	13,119,685	15,953,772	21,905,020	726,912	6,924,556	244,585,387
Intangible asset, other that goodwill	16,598,139	17,128	968,004	1,923,291	3,057,342	14,031,338	36,595,242
Goodwill	—	—	—	—	—	—	—
Investment properties	—	37,900,602	—	—	—	—	37,900,602
Total additions	202,553,581	51,037,415	16,921,776	23,828,311	3,784,254	20,955,894	319,081,231

16.11 Banco Paris statements:

Below is the classified financial information of Banco Paris used in the consolidation of Cencosud S.A., as of September 30, 2014 and December 31, 2013

Assets	As of 9/30/2014 ThCh$	As of 12/31/2013 ThCh$
Current assets		
Cash and cash equivalents	16,516,711	15,352,349
Other financial assets, current	13,483,064	8,785,942
Trade receivables and other receivables	117,366,958	129,922,520
Current tax assets	1,261,552	460,086
Total current assets	148,628,285	154,520,897
Non-current assets		
Trade receivable and other receivables, non-current	11,707	11,707
Receivables from related entities	105,157,351	102,904,388
Equity method investment	1,187,077	38,010
Intangible assets other than goodwill	3,002,313	3,175,651
Property, plant and equipment	801,627	1,284,878
Deferred income tax assets	5,290,561	2,451,102
Total non-current assets	115,450,636	109,865,736
Total assets	264,078,921	264,386,633

Below is the classified financial information of Banco Paris used in the consolidation of Cencosud S.A., as of September 30, 2014 and December 31, 2013.

Net equity and liabilities	As of 9/30/2014 ThCh$	As of 12/31/2013 ThCh$
Current liabilities		
Other financial liabilities, current	140,055,369	152,017,643
Trade payables and other payables	9,027,499	9,367,366
Current income tax liabilities	2,151,103	543,641
Current provision for employee benefits	403,288	539,068
Total current liabilities	151,637,259	162,467,718
Non-current liabilities		
Other financial liabilities,	62,964,906	58,435,417
Trade accounts payables	2,858,742	1,334,706
Deferred income tax liabilities	1,195,816	1,292,601
Total non-current liabilities	67,019,464	61,062,724
Total liabilities	218,656,723	223,530,442
Net equity		
Paid-in capital	39,579,421	39,579,421
Retained earnings (accumulated losses)	4,193,230	5,398,170
Other reserves	1,649,547	(4,121,400)
Net equity attributable to controlling shareholders	45,422,198	40,856,191
Non-controlling interest	—	—
Total net equity	45,422,198	40,856,191
Total net equity and liabilities	264,078,921	264,386,633

Below is the classified financial information of Banco Paris used in the consolidation of Cencosud S.A., as of September 30, 2014 and 2013,

Statement of integral income	For the nine months ended September 30, 2014 ThCh$	2013 ThCh$
Revenues from ordinary activities	39,878,673	35,906,873
Cost of Sales	(5,075,553)	(745,859)
Gross Margin	34,803,120	35,161,014
Administrative expenses	(20,270,460)	(19,074,468)
Financial income	259,620	99,409
Financial expenses	(9,885,062)	(10,035,809)
Other gain (losses)	(1,082)	(3,738)
Exchange differences	(2,143)	3,430
Profit before tax	4,903,993	6,149,838
Income tax charge	(710,763)	(1,208,576)
Profit from ongoing operations	4,193,230	4,941,262
Net income	4,193,230	4,941,262

17 Restrictions, contingencies, legal proceedings and other matters

- The subsidiaries of Cencosud S.A. in Chile are involved in lawsuits and litigation that are pending as of September 30, 2014. The amounts of these claims are covered by a civil liability insurance policy.
- A civil lawsuit was filed against our indirectly controlled affiliate, GBarbosa Comercial (Brazil), by the Public Employees Union in supermarkets in the State of Sergipe, which is awaiting the first instance ruling. The union is seeking compensation for overtime hours for all employees of the subsidiary for the period after May 2007. The petition was filed and supported by the ruling, albeit still not judicial, that was issued through another public civil claim, which annulled a bank of hours from May 2007 to April 2009.
- An indirectly controlled subsidiary of Cencosud Colombia S.A. in Chile is involved in a litigation regarding extracontractual civil liability due to the non-filing of its financial statements as of September 30, 2014. The amounts of these claims are covered by a civil liability insurance policy.

  Based on the opinion of a legal advisor, we cannot estimate the value of the case given the complexity of the calculations related to the process, as well as the absence of sufficient information at this time.

  The contingencies and legal proceedings disclosed above are each deemed to be of a possible outcome.

18 Stock options

As of September 30, 2014 the Company has a share-based compensation plan for executives of Cencosud S.A., and affiliates. The details of the arrangements are described below:

Agreement	**Stock options granted to key executives**	
Nature of the arrangement	2014 retention plan for executives	2015 retention plan for executives
Date of grant	September 2013	September 2014
Number of instruments granted	22,640,254 shares	10,057,500 shares
Exercise price	Ch$ 2,600	Ch$ 1,646
Share price at granted date	Ch$ 2,071	Ch$ 1,785
Vesting	0.9; 1.9; 2.9; 3.9 years	1.2; 2.2; 3.1 and 3.4 years
Condition	a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in their employment relationship. b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of their employment duties, at the Company's sole discretion.	a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in their employment relationship. b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of their employment duties, at the Company's sole discretion.
Settlement	**Shares**	
Data used in the options pricing model:		
Weighted average price of shares used	Ch$ 2,071	Ch$ 1,785
Exercise price	Ch$ 2,600	Ch$ 1,646
Expected volatility	23,4%	27%
Expected term at grant day (in years)	0.9; 1.9; 2.9; 3.9 years	1.2; 2.2; 3.1 and 3.4 years
Risk free interest rate	5.0%	3.3%
Expected dividends (dividends yield)	1%	0.9%
Anticipated % of executives leaving the plan (at grant date)	10%	10%
Fair value of the option at the grant date	Ch$ 157.49	Ch$ 404.37

As of March 31, 2013, the Company had the following compensation plans for executives, which during the month of April 2013on the rights-based compensation plan for executives options were exercised Cencosud SA and subsidiaries that held the company, Details of the plans are described below:

Agreement	**Stock options granted to key executives**	
Nature of the arrangement	Years of service plan	Performance incentive
Date of grant	1/1/2010	1/1/2010
Number of instruments granted	8,392,143 shares	16,607,857 shares
Exercise price	Ch$ 1,750	Ch$ 1,750
Share price at granted date	Ch$ 1,766,8	Ch$ 1,766,8
Vesting	3.3	3.3
Condition	a) As of the grant date, the executive must have a current employment contract with the Company or any of its subsidiaries in Chile or abroad without any interruption in their employment relationship. b) From the date of signing of the stock option contract and until the exercise date, the Executive has not committed any serious breaches of their employment duties, at the Company's sole discretion.	The investing condition requires that EBITDA for the year ended December 31, 2012 (meaning the Consolidated net income of Cencosud S.A. plus financial interest, depreciation, amortization and income taxes and excluding the variation of adjustment unit and change by revaluation of investment properties) increase 100% or more based on the EBITDA for the year ended December 31, 2009 (amounting to ThCh$ 403,210,000, EBITDA is calculated based only on the businesses that the Company has or operates as of signing date of the stock options contract and excludes any acquisition (such as purchase, merger, or other similar transaction) made by the Company. The Board has approved a change to the performance incentive plan, as is described below.
Settlement	**Shares**	**Shares**
Data used in the options pricing model:		
Weighted average price of shanes used	Ch$ 1,766,8	Ch$ 1,766,8
Exercise price	Ch$ 1,750	Ch$ 1,750
Expected volatility	16.0%	16.0%
Expected term at grant day (in years)	3.3	3.3
Risk free interest rate	4.7%	4.7%
Expected dividends (dividends yield)	0%	0%
Anticipated % of executives leaving the plan (at grant date)	10%	10%
Fair value of the option at the grant date	Ch$ 331.87	Ch$ 331.87

Stock options granted to key executives	Numbers of shares 9/30/2014	12/31/2013
1) Outstanding as of the beginning of the period	22,010,664	18,443,792
2) Granted during the period	10,152,500	26,374,148
3) Forfeited during the period	(1,539,868)	(875,474)
4) Exercised during the period	—	(21,931,802)
5) Expired at the end of the period	(5,209,098)	—
6) Outstanding at the end of the period	25,414,198	22,010,664
7) Vested and expected to vest at the end of the period	25,414,198	22,010,664
8) Eligible for exercise at the end of the period	683	370

Stock options—Impact in P&L	For the nine months ended September 30		For the three months ended September 30	
	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Impact in the income statement	1,840,503	3,039,696	627,041	431,698

The Board has approved a change to the performance incentive plan, changing the condition of exercise in accordance with the EBITDA increase percentage actually achieved. It was also agreed to postpone the deadline for exercising the stock option plans until April 22, 2013.

Additionally, the Board delegated to its Chairman the possibility of providing additional options to the aforementioned performance incentive plan to certain key executives under the condition that they not exceed the limit of number of shares approved by the Shareholders dated April 25, 2008 for this purpose.

At the end of each reporting period, the Company revises its estimates of the number of options that can be exercised. The estimated number of options to be exercised is 20,896,776 and 22,010,664 shares at September 30, 2014 and December 31, 2013, respectively.

In relation to the 2014 Retention Plan, the outstanding options as of September 30, 2014 and December 31, 2013 had a weighted-average contractual life of 1.43 and 1.92 years, respectively. Also, the new 2015 retention plan released in April 2014 has a a weighted-average contractual life of 1.98.

The Company utilizes a valuation model that is based in a constant volatility assumption to value its employee share options. The fair value of each option grant has been estimated, as of the grant date, using the Black Scholes option pricing model.

19 Disposal Group held for sale

The Company, together with its subsidiaries Cencosud Retail S.A. and Easy S.A., entered into the Framework Agreement on June 20, 2014 with BNS and its wholly owned subsidiary Scotiabank Chile to further develop, on a joint basis, the Business. The Framework Agreement provides that the Business shall be operated through the Subject Companies. As part of the agreement, Scotiabank Chile, upon the issuance of certain regulatory approvals, will acquire a fifty-one percent (51%) controlling interest in each of the Subject Companies, with Cencosud retaining the remaining forty-nine percent (49%) non-controlling interest.

Under IFRS Standard N° 5 (“IFRS 5”), “Disposal of subsidiaries, business and non-current assets”, the Subject Companies are considered as from June 20, 2014 as “Assets held for sale” as a result of Cencosud’s commitment to sell a controlling interest to an unrelated party under the Framework Agreement and the occurrence of such transaction is deemed highly probable by management.

IFRS 5 requires that (a) assets that meet the criteria to be classified as held for sale be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and (b) assets that meet the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations, net of tax, and be presented separately in the statement of comprehensive income. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are required to be disclosed either in the notes to the financial statements or on the face of the statements of cash flows. IFRS 5 requires that a company "re-present" its statement of comprehensive income as if the operation had been discontinued for all prior periods presented.

Accordingly, our consolidated balance sheet as of September 30, 2014 reflects the disposal of the Subject Companies (the financial services segment in Chile) as "Assets held for sale" and our consolidated statement of comprehensive income for the three-month and nine-month periods ended September 30, 2014 and 2013 reflect the disposal of the Subject Companies as discontinued operations. Net cash flows from operating, investing and financing activities of discontinued operations have been separately presented in the consolidated statement of cash flows for the nine-month period ended September 30, 2014 and 2013.

a) Assets and liabilities of disposal group held for sale

As of September 30 2014, the disposal group was stated at its carrying amount

Assets	**9/30/2014**
	ThCh$
Current assets	
Cash and cash equivalents	2,935,548
Other financial assets, current	6,321,930
Other non-financial assets, current	2,343,130
Trade receivables and other receivables	402,338,632
Current tax assets	526,451
Total current assets	414,465,691
Non-current assets	
Other non-financial assets, non-current	—
Trade receivable and other receivables, non-current	119,337,171
Intangible assets other than Goodwill	207,477,168
Property Plan and Equipment	1,643,561
Non-Current tax assets	522,067
Deferred income tax assets	11,614,773
Total non-current assets	340,594,740
Total assets	755,060,431

Liabilities	**9/30/2014**
	ThCh$
Current liabilities	
Other financial liabilities, current	140,055,369
Trade payables and other payables	33,388,868
Other provisions, current	2,101,472
Current income tax liabilities	356,114
Current provision for employee benefits	1,108,757
Total current liabilities	177,010,580
Non-current liabilities	
Other non-financial liabilities,	62,964,906
Deferred income tax liabilities	402,489
Total non-current liabilities	63,367,395
Total liabilities	240,377,975

b) Cumulative income or expenses included in OCI.

Therea are no cumulative income or expenses included in OCI relating to the disposal Group.

20 Deferred income taxes and current tax

The source of the deferred income taxes recorded as of September 30, 2014 and December 31, 2013 are the following:

20.1 Deferred income tax assets

Deferred income tax assets	As of 9/30/2014 ThCh$	As of 12/31/2013 ThCh$
Fixed assets	18,889,436	24,577,902
Accumulations or accruals	5,496,363	2,898,063
Inventory	20,735,570	19,071,557
Bad-debt reserve	20,020,546	26,738,963
Accruals and provisions	68,575,891	58,954,431
Vacation / annual leave	4,807,354	4,683,348
Tax carry forward losses	235,936,316	165,670,965
Total	374,461,476	302,595,229

The recovery of the deferred tax asset balances requires that the business achieves a sufficient level of taxable income in the future. The Company estimates that the estimated projected future income will cover the recovery of the assets.

20.2 Deferred income tax liabilities

Deferred income tax liabilities	As of 9/30/2014 ThCh$	As of 12/31/2013 ThCh$
Fixed assets	364,366,662	335,327,877
Intangibles	149,631,748	110,695,030
Accumulations or accruals	14,349,351	7,987,656
Foreign currency translation	18,118,757	17,472,121
Total	546,466,518	471,482,684

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred income tax assets	As of 9/30/2014 ThCh$	As of 12/31/2013 ThCh$
Deferred tax assets to be recovered after more than 12 months	366,735,964	284,963,431
Deferred tax assets to be recovered within 12 months	7,725,512	17,631,798
Deferred tax assets	374,461,476	302,595,229

Deferred income tax liabilities	As of 9/30/2014 ThCh$	As of 12/31/2013 ThCh$
Deferred tax liabilities to be recovered after more than 12 months	(536,726,086)	(463,844,751)
Deferred tax liabilities to be recovered within 12 months	(9,740,432)	(7,637,933)
Deferred tax liabilities	(546,466,518)	(471,482,684)
Deferred tax liability (net)	(172,005,042)	(168,887,455)

The gross movement on the deferred income tax account is as follows:

	As of	
	9/30/2014	12/31/2013
	ThCh$	ThCh$
As of 1 December	(168,887,454)	(178,277,276)
Debit to the statement of income	4,279,116	(25,367,188)
Business combinations and exchange differences	2,837,801	34,536,563
Tax debited (credited) directly to equity	977,778	220,446
Discontinued operations	(11,212,283)	—
Deferred tax balance (net)	(172,005,042)	(168,887,455)

20.3 The deferred income tax roll-forward is as follows:

	As of	
Movements in deferred income tax asset	9/30/2014	12/31/2013
	ThCh$	ThCh$
Deferred income tax assets Initial balance	302,595,229	268,680,396
Increase (decrease) in deferred income tax assets	47,411,311	46,775,285
Increase (decrease) for change in income tax rate	16,485,280	—
Increase (decrease) in foreign exchange rate	7,969,656	(12,860,452)
Deferred income tax assets, final balance	374,461,476	302,595,229

	As of	
Movements in deferred income tax liability	9/30/2014	12/31/2013
	ThCh$	ThCh$
Deferred income tax liabilities, Initial balance	(471,482,684)	(446,957,672)
Increase (decrease) in deferred income tax liabilities	(28,984,231)	(72,839,845)
Increase (decrease) in income tax rate	(40,867,748)	—
Increase (decrease) in foreign exchange rate	(5,131,855)	48,314,833
Deferred income tax liabilities, final balance	(546,466,518)	(471,482,684)

The changes in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities	Fixed assets ThCh$	Intangibles ThCh$	Accruals ThCh$	Other ThCh$	Total ThCh$
As of 1 January 2013	(333,469,052)	(89,151,556)	(14,266,291)	(10,070,773)	(446,957,672)
Charged (credit to the Statement of income	(1,858,825)	(21,543,474)	6,278,634	(7,401,347)	(24,525,012)
Charged directly to equity	—	—	—	—	—
At December 31, 2013	(335,327,877)	(110,695,030)	(7,987,657)	(17,472,120)	(471,482,684)
Charged (credit) to the statement of income	(29,038,785)	(38,936,718)	(6,361,694)	(646,637)	(74,983,834)
At September 30, 2014	(364,366,662)	(149,631,748)	(14,349,351)	(18,118,757)	(546,466,518)

Deferred tax assets	Tax losses carry forward ThCh$	Bad debt provision ThCh$	Provisions ThCh$	Other ThCh$	Total ThCh$
As of 1 January 2013	120,720,440	25,227,789	60,657,224	62,074,943	268,680,396
Charged (credit) to the Statement of Income	44,950,525	1,511,174	(1,702,793)	(10,146,702)	34,612,204
Charged directly to equity	—	—	—	(697,371)	(697,371)
At December 31, 2013	165,670,965	26,738,963	58,954,431	51,230,870	302,595,229
Charged (credit) to the Statement of Income	70,265,351	(6,718,417)	9,621,461	(2,279,926)	70,888,469
Charged directly to equity	—	—	—	977,778	977,778
At September 30, 2014	235,936,316	20,020,546	68,575,892	49,928,722	374,461,476

20.4 Compensation of deferred income tax assets and liabilities

The deferred tax assets and liabilities are offset when there is a legal right to compensate the current tax assets against the current tax liabilities and when the deferred income tax assets and liabilities are related to the income tax levied on the same tax authority and the same entity.

The compensated amounts are detailed below:

Concept	Gross assets/ liabilities	Compensated values	Compensated values
Deferred income tax assets	302,595,229	(1,677)	302,593,552
Deferred income tax liabilities	(471,482,684)	1,677	(471,481,007)
Final balance at December 31, 2013	(168,887,455)	—	(168,887,455)
Deferred income tax assets	374,461,476	—	374,461,476
Deferred income tax liabilities	(546,466,518)	—	(546,466,518)
Final balance at September 31, 2014	(172,005,042)	—	(172,005,042)

20.5 Current income tax assets and current income tax liabilities

The composition of this item as of September 30, 2014 and December 31, 2013 is the following:

Current tax assets	9/30/2014	12/31/2013
	ThCh$	ThCh$
Current tax assets, total	66,769,474	22,797,303
Compensated values	—	—
Current tax assets	66,769,474	22,797,303

Current income tax liabilities	9/30/2014	12/31/2013
	ThCh$	ThCh$
Current income tax liabilities, total	62,955,128	63,131,459
Compensated values	—	—
Current income tax liabilities	62,955,128	63,131,459

Non-current tax assets	9/30/2014	12/31/2013
	ThCh$	ThCh$
Minimum presume income tax	16,635,056	10,763,386
Tax receivable long term	42,248,139	42,963,653
Non-current tax assets	58,883,195	53,727,039

21 Corporate income tax

The corporate income tax expense on continuing operations amounts to ThCh$ 56,856,289 and ThCh$ 65,476,377 for the periods according to the following detail:

	For the nine months ended September 30		For the three months ended September 30	
Expenses (income) due to income tax, current and deferred portions (presentation)	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Current tax expense	61,135,405	78,330,516	(10,833)	23,990,507
Adjustments to income tax of the prior period		—		
Total current tax expenses, Net	61,135,405	78,330,516	(10,833)	23,990,507
Deferred tax income (expense) due to taxes arising from the creation and reversal of temporary differences	(28,661,583)	(18,612,660)	14,361,591	(6,865,825)
Deferred expenses (income) due to taxes arising from the changes in tax rates or new rates	24,382,467	5,758,521	24,382,467	1,599,446
Total deferred tax expenses, net	(4,279,116)	(12,854,139)	38,744,058	(5,266,379)
Tax expense on continuing operations	56,856,289	65,476,377	38,733,225	18,724,128

Expenses (income) due to income tax, by source (national, foreign) (presentation)	For the nine months ended September 30		For the three months ended September 30	
	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Current income tax expense, Net, Foreign	58,231,409	57,556,585	11,861,185	24,260,279
Current income tax expense, Net, Local	2,903,996	20,773,931	(16,915,282)	(269,772)
Current income tax expense, Net, Total	61,135,405	78,330,516	(5,054,097)	23,990,507
Deferred income tax expense, Net, Foreign	(26,995,616)	(7,737,704)	(2,890,862)	(5,073,686)
Deferred income tax expense, Net, Local	22,716,500	(5,116,435)	46,678,184	(192,693)
Deferred income tax expense, Net, Total	(4,279,116)	(12,854,139)	43,787,322	(5,266,379)
Tax Expense on continuing operations	56,856,289	65,476,377	38,733,225	18,724,128

The following chart shows the reconciliation between the corporate income tax calculations resulting from the application of the legal and effective rates for the periods:

Reconciliation of income tax expense using the statutory rate to income tax expense using the effective rate	For the nine months ended September 30		For the three months ended September 30	
	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Income tax expense using the legal rate	21,395,546	28,057,914	8,416,353	13,192,495
Tax effect of rates in other territories	7,037,198	10,166,567	845,924	3,853,192
Non-taxable expenses	5,897,510	8,516,918	2,528,972	5,417,714
Tax Effect of changes in tax rates	24,382,467	3,378,357	24,382,467	6,430,340
Exchange difference from business combination	—	14,847,769	—	(780,718)
Effect of share of profit of equity-accounted investee.	477,786	3,979,529	(1,407,700)	1,210,202
Other increase (decrease)	(2,334,218)	(3,470,677)	3,967,209	(10,599,097)
Adjustments to tax expenses using the legal rate, total	35,460,743	37,418,463	30,316,872	5,531,633
Income tax expense using the effective rate	56,856,289	65,476,377	38,733,225	18,724,128

a) Tax losses:

The Company has deferred assets for tax losses arising from the different countries where it has investments. These arise mainly in the retail and real estate areas, both in Chile and abroad. For the tax losses carry-forward, there are no limits regarding their usage in all jurisdictions where the Group operates, the realization of tax losses is estimated based on the Group's future projections.

These losses are in countries where they have no time limit and their reversal is estimated as projected future revenues as increasing.

b) Reversal of asset and liability timing differences:

The reversal of asset and liability timing differences is directly related to the nature of the asset and liability accounts generating these differences. There is no set term for the reversal of timing differences, due to the reversal of some and the origin of others.

c) Rate of income tax.

The current income tax rate in Chile that affects the Company is 21% for the fiscal year 2014 (Dec 2013: 20%).

On September 29, 2014, Law No. 20,780 was enacted and published in the Official Gazette, introducing various amendments to the current income tax law and taxation rules for other taxes.

The new tax reform comprises a dual income tax system, Attributed Profit Income (API) and Partially Integrated System (PIS), the main differences between these systems are as follows:

Attributed Profit Income (API)	Partially Integrated System (PIS)
Shareholders would be taxed on an accrued basis	Shareholders would be taxed on a cash basis (dividend distribution)
Income tax rate of 25%	Income tax rate of 27%
Final tax with a 100% of tax credit	Final tax credit with 65% of tax credit
ETR (effective tax rate) of 35%	ERT of 44.5% (exception)
Excess of distribution over the taxable income will be taxable by the owner (exception)	Excess of distribution over the taxable income will be taxable by the last owner w/o tax credit

Under the recently enacted tax law, the income tax rate will increase to 21%, 22.5%, 24%, 25.5% and 27%, for the years 2014, 2015, 2016, 2017, 2018 and following fiscal years, respectively, based on the adoption of the partially integratedsystem

Alternatively, for the years 2014, 2015, 2016 and 2017 and following fiscal years, an increase of 21%, 22.5%, 24%, and 25%, respectively, will apply in the event that other companies adopt the attributed taxable income system.

The Income Tax System adopted by Cencosud was the partially integrated system unless otherwise is indicated by the Shareholders by the end of 2016 (July – December).

Based on the adoption of the Partially Integrated System and the application of the progressive increase of its rates, Cencosud had an increase in its deferred tax liability balance which resulted in a loss in its Income Statement for approximately ChTh$24,382,467.

The rates that affect its foreign subsidiaries are: 35% in Argentina, 33% in Colombia, 30% in Peru and 34% in Brazil. For Colombia, this current rate was modified from 33% to 34% and enacted in 2013.

d) Deferred taxes not recognized.

The Company has no unrecognized deferred taxes as of the date of these financial statements.

22 Discontinued operation of financial services segment in Chile

As presented in note 19. the Company has considered the Subject Companies as discontinued operations. The following tables present the results for the discontinued operations.

Results of discontinued operation

In thousands of Chilean pesos	For the nine months ended September 30		For the three months ended September 30	
	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$
Revenues from ordinary activities	155,173,273	160,835,110	49,212,804	52,283,322
Cost of sales	(42,022,177)	(45,772,662)	(11,994,322)	(10,409,977)
Gross Margin	113,151,096	115,062,448	37,218,482	41,873,345
Other revenues by function	198,189	14,755	96,082	21,469
Sales, general and administrative expenses	(41,563,950)	(43,215,505)	(13,655,047)	(14,296,693)
Other expenses by function	(9,958,300)	(7,523,765)	(3,211,184)	(2,711,007)
Other gain (loss)	19,607	9,081	872	26,965
Results from operating activities	61,846,642	64,347,014	20,449,205	24,914,079
Finance income	259,620	99,409	87,500	99,409
Finance expenses	(29,512,504)	(24,285,297)	(10,676,293)	(8,612,406)
Exchange differences	(10,134,219)	(5,872,143)	(4,294,826)	141,720
(Losses) from indexation	(3,652,430)	(1,791,555)	(627,258)	(1,706,220)
Results from operating activities before income tax	18,807,109	32,497,428	4,938,328	14,836,582
Income Tax	(3,761,422)	(2,497,669)	(987,666)	(2,961,923)
Profit for the period	15,045,687	29,999,759	3,950,662	11,874,659
Basic earnings per share	5.3	11.2	1.5	4.4
Diluted earnings per share	5.3	11.2	1.5	4.4

23 Subsequent events

On November 3, 2014, the Board of Directors resolved to distribute an interim dividend of CLP$8 (eight Chilean pesos) per share, with a charge to earnings for the year 2014.

On November 13, 2014 Daniel Rodríguez Cofré, Chief Executive Officer, presented his resignation to the Board of Directors of Cencosud, effective December 31, 2014. The Board agreed that Mr. Jaime Soler Bottinelli will take over as Chief Executive Officer starting January 1, 2015.

On November 19, 2014, Cencosud S.A. carried out the early redemption of the total amount outstanding of the Series A, C and D Bonds that were issued on November 21, 2005 and registered in the Securities Registry of the Superintendency of Securities and Insurance under the number 443. The bondholders were notified of this redemption in a timely manner through a publication in the *Diario Financiero* on October 17, 2014. The bonds were redeemed at an amount equal to the outstanding principal balance thereof plus accrued interest calculated to such redemption date. The aggregate amount paid on the redemption date totaled 10,000,000 *Unidades de Fomento* for principal plus interest accrued to the date of redemption.

Funding for the early redemption was obtained by Cencosud S.A. primarily under a $400,000,000 credit agreement entered into on November 14, 2014 with HSBC Bank USA, NA and The Bank of Nova Scotia, which was disbursed on November 17, 2014. The balance of the early redemption price was financed with cash on hand.

Between the date of issuance of these condensed consolidated financial statements and the filing date of this report, management is not aware of any other subsequent events that could significantly affect the consolidated financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cencosud S.A.

By: /s/ Sebastián Rivera Martínez
Name: Sebastián Rivera Martínez
Title: Legal Manager

Date: January 29, 2015

HEAD OFFICE OF THE COMPANY
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Joint Book-Running Managers

HSBC **Scotiabank**

OFFERING MEMORANDUM

February 5, 2015
