Seminario Larraín Vial

7th Annual Andean Conference 2013

March 2013

EMPRESAS SOCOVESA

1. COMPANY REVIEW

Empresas Socovesa: Chile’s biggest real estate company

- 48 years of continuous growth and company development (Since1965)
- Successful business model and financial strength: Positive results even in poor economic cycles.
- Over 9.000 workers.
- Over 100 developments in 16 cities – Greater efficiency and flexibility.
- Housing sales US$ 586 million and total sales US$ 690 million (2012)
- Experienced management team with great business knowledge
- Size, prestige and brand recognition as competitive advantages
- Land stock is unique, base of future growth for the real estate business

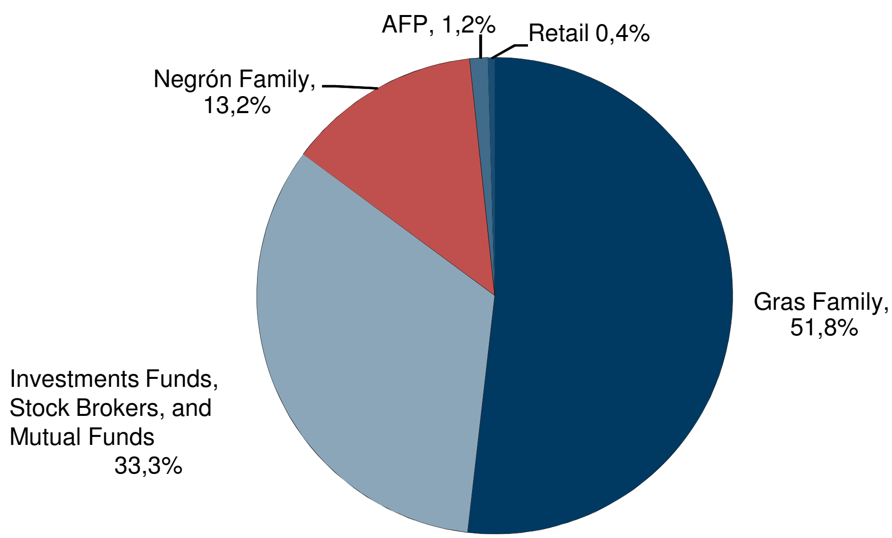
Organizational Structure

EMPRESAS SOCOVESA

- **Real Estate Business**
  - 85% of the Revenues
  - Socovesa Santiago
  - Socovesa Sur
  - Almagro
  - Pilares
  - Socovesa Desarrollos Comerciales
- **Engineering & Construction Business**
  - 15% of the Revenues
  - Socoicsa Montajes
  - Socoicsa Obras Civiles

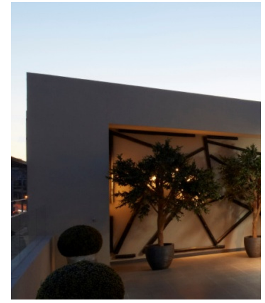
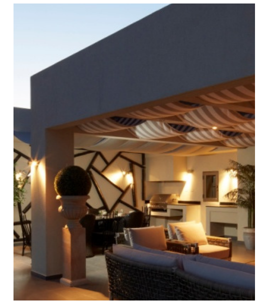
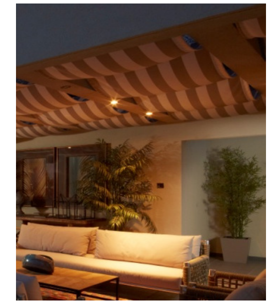
Estructura Organizacional

- The Company is controlled by Mr. Eduardo Gras, founder of Socovesa, and his family through 13 corporations.
- Until December 31st 2012, the executives and employees of the Company maintained 4.5% of the participation
- Market Cap up to March 18th = US $ 626 millions



Total Shares: 1.223.935.691

EMPRESAS SOCOVESA

Highlights 2012

- **Real state business grew 30% in net pre sales**
  - Net pre sales grew 14% over the same period budget and 30% over 2011's => Industry's Benchmark = Δ+ 23%.
  - EBITDA reached MUSD 113 => EBITDA's margin grew from 17,7% to 19,3%.
  - Sale's velocity, considering semester's mobile average, reached 13 months.
  - SDC sold 100% of Guernica Building to Metlife company for MUSD 35, to be invoiced on 2014.
  - On February 2013, SDC invoiced100% of the Ombú building.
- **Land Bank Management:**
  - During 2012 land for MUSD 95 was sold, with a 43% margin.
  - Iquique was penetrated (land for Almagro was pre sold) y and sales for new land in Antofagasta, Concepción and Chicureo were committed. Total investment on land was MUSD 109.
- **Engineering & Construction result was affected by the termination of the civil works projects**
  - 2013 will focus on industrial assembly

EMPRESAS SOCOVESA

Empresas Socovesa 2012 results

End of contracts and legal actions against E&C diminished profit of the real state business, nevertheless, operational ratios are on good standing

EMPRESAS SOCOVESA	2011 MUSD	2012 MUSD	∆ 12/11
Revenue	618,1	689,6	11,6%
Cost if sales	(497,2)	(556,1)	11,9%
Gross Margin	**120,9**	**133,5**	**10,4%**
Gross Margin (%)	*19,6%*	*19,4%*	
Administrative Expenses	(57,2)	(71,4)	24,7%
% GAV	*9,3%*	*10,4%*	
EBITDA	**77,2**	**81,8**	**6,1%**
EBITDA Margin (%)	*12,5%*	*11,9%*	
Net Income attributable to owners of the parent	**26,3**	**23,8**	**-9,4%**
Net Margin (%)	*4,3%*	*3,5%*	

MUSD: Millions of US Dolars
1 UF = USD 48

EMPRESAS SOCOVESA

1. Engineering & Construction Business

On our Engineering & Construction area we are advancing on the set strategy, where we will shift to industrial assembly instead of civil work projects

E&C AREA	2011 MUSD	2012 MUSD	Δ 12/11
Revenue	147,4	103,5	-29,8%
Cost if sales	(146,0)	(128,5)	-12,0%
Gross Margin	**1,3**	**(25,0)**	**na**
Gross Margin (%)	*0,9%*	*-24,1%*	
Administrative Expenses	(7,9)	(7,1)	-10,5%
% GAV	*5,4%*	*6,8%*	
EBITDA	**(6,2)**	**(32,0)**	**418,9%**
EBITDA Margin (%)	*-4,2%*	*-31,0%*	
Financial costs	(4,4)	(5,1)	16,4%
Net Income attributable to owners of the parent	**(9,9)**	**(23,0)**	**132,6%**
Net Margin (%)	*-6,7%*	*-22,2%*	

EMPRESAS SOCOVESA

Up to December 2012, Socoicsa had a MUSD 32 backlog, which is 41% less than 2011's

This subsidiary had 4 projects under construction and 2 projects assigned which had not started yet

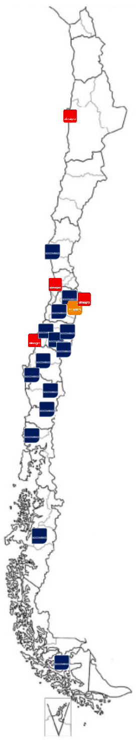
SOCOICSA'S BACKLOG		
Area	**Dec 2011 MUSD**	**Dec 2012 MUSD**
Industrial Assembly	17,4	30,29
Civil Projects	36,55	1,80
Total	**53,96**	**32,09**

2. REAL STATE BUSINESS: “Grow with profit”

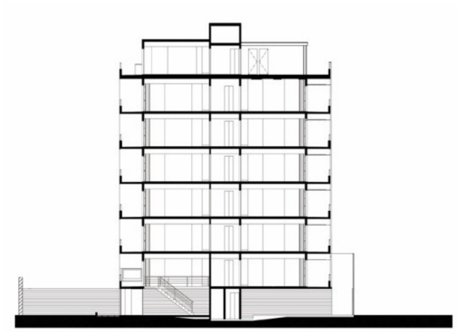
"Grow with profit" Strategy Pillars:

1. Market Reach: We have all kind of products, for all kind of people, all through Chile

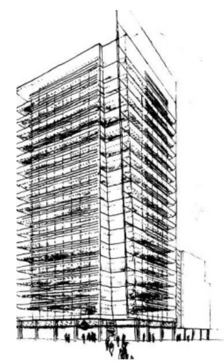
Today, we have over 100 projects for sale on the market.



Geographic Reach:
Presence from Antofagasta to Punta Arenas



Variety of Products:
Houses, Apartments and Offices



Price Range:
Housing prices form UF 700 up to UF 50.000

"Grow with profit" Strategy Pillars:

2. Focus on development of intangible assets: Strong branding and human resources with local expertise

socovesa

Product: Houses
Positioning: Leadership
Target: C1C2C3

almagro

Product: Apartments
Positioning: Quality
Target: ABC1

PILARES INMOBILIARIA

Product: Apartment Buildings
Positioning: Convenience
Target: C2C3

EMPRESAS SOCOVESA DESARROLLOS COMERCIALES

Product: Offices

Socovesa Desarrollos Comerciales: A new grow pillar for the real state area

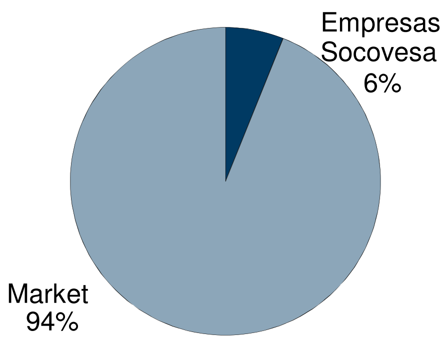
Ombú building was sold to Credit Suisse and Guérnica building to Metlife

Ombú Building

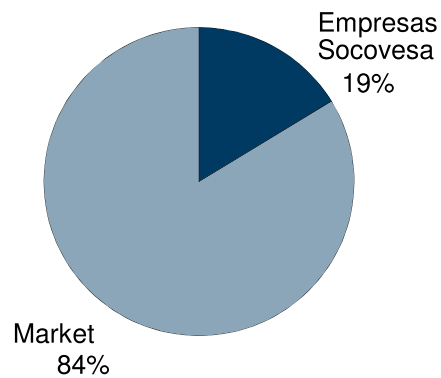
- Ombú building (SDC 50%)
  - *En feb-2013 was sold to Credit Suisse for MUSD 13.9*
- Guernica building(SDC 70%)
  - *Net surface: 11.800 m²*
  - *Delivery date: Q3 2014*
  - *Pre sell of 100% to Meltlife for MUSD 35.2*
- Nueva Santa María Building (SDC 90%)
  - *Net surface: 24.000 m²*
  - *Expected sale: MUSD 95.2*
  - *Delivery date: 2015*
  - *Excavation already commenced*
- Alonso de Córdova Building (SDC 33%)
  - *Net surface: 16.300 m²*
  - *Expected sale: MUSD 61.9*
  - *Delivery date: 2015*

We still have room to grow in Chile… Our main competitor is the market, not a specific company

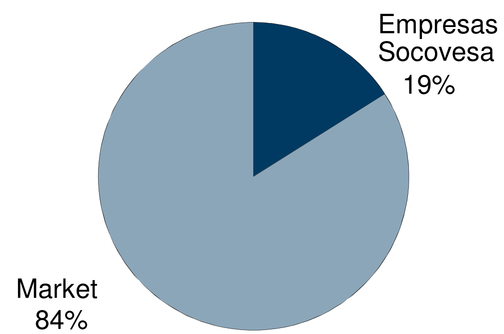
Región Metropolitana



South Zone



Antofagasta

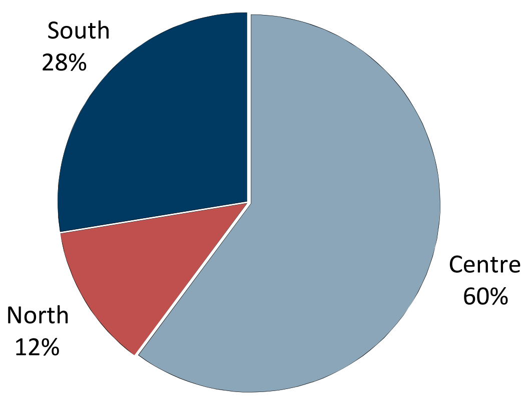


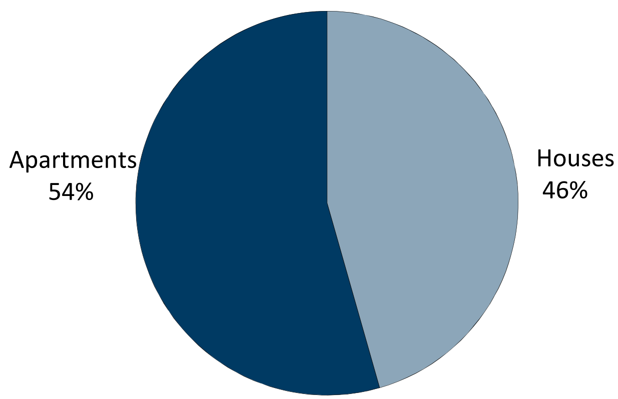
Source: CBR, New Houses and Apatments for the periods 4Q 11, 1Q, 2Q and 3Q 12

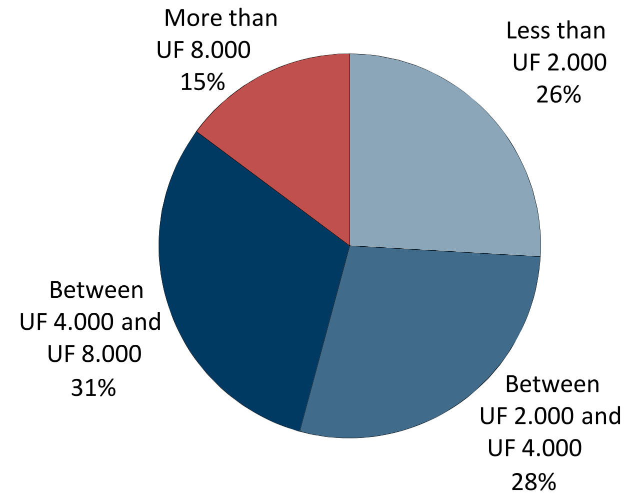
Our portfolio attends every segment of the market

During 2012, the subsidies went back to their historical rhythm, the middle income segment got stronger and the high yield segment continued showing a strong activity

Supply split in UF, up to December 2012*







** Supply: Available units to be sell: finished units and units under construction*

3. REAL ESTATE BUSINESS METRICS

We are growing from a very solid and profitable position

OUR TARGET **OUR FIGURES**

REAL ESTATE BUSINESS		2010 MUSD	2011 MUSD	2012 MUSD
Revenues		467,5	470,8	586,1
Cost of Sales		- 365,7	- 351,2	- 427,7
Gross Margin		101,8	119,6	158,5
Gross Margin (%)	*>= 25%*	*21,8%*	*25,4%*	*27,0%*
Administrative expenses		- 51,4	- 49,4	- 64,3
% GAV / Revenues	*<= 10%*	*11,0%*	*10,5%*	*11,0%*
EBITDA		61,6	83,3	113,3
EBITDA Margin	*>= 15%*	*13,2%*	*17,7%*	*19,3%*
Net Income attributable to owners of the parent		33,3	36,2	46,8
Net Income Margin		*7,1%*	*7,7%*	*8,0%*

EBITDA: Gross Margin – Administrative Expenses + Depreciation + Amortization + Financial Costs in Cost of Sales

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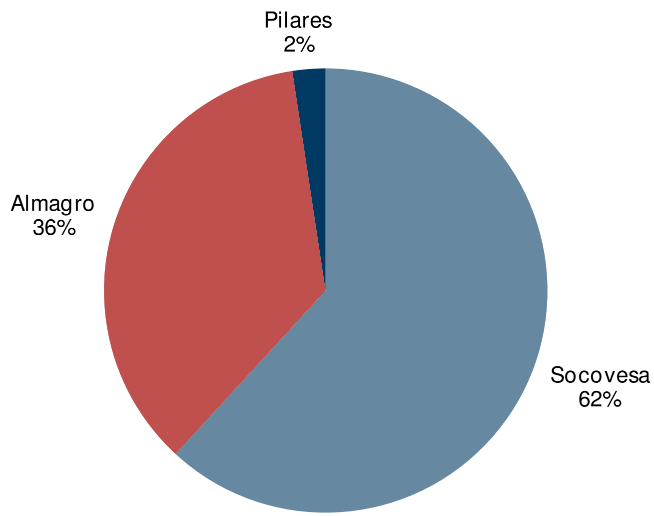
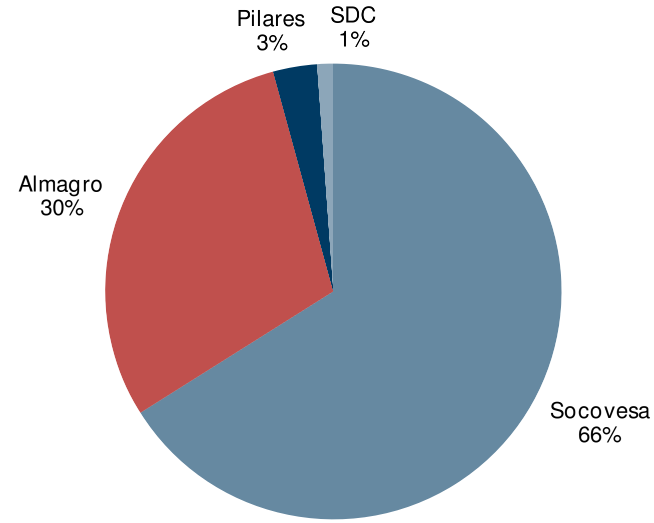
Revenues grew 12% with a better product mix which allows our subsidiaries to increase their gross margins

Revenues 2011



Revenues 2012



	Socovesa	Almagro	Pilares	SDC	Real Estate Business
2012	27,0%	28,38%	19,31%	9,64%	27,04%
2011	22,3%	31,16%	17,84%		25,41%
2010	17,0%	29,14%	15,84%		21,78%

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We have 3 main assets that we need to manage in a profitable way

REAL ESTATE ASSETS

Projects under development

Finished houses

Land bank

We have been able to improve the turnover and profitability ratios of the real estate assets

	PCGA			IFRS		
	2007	2008	2009	2010	2011	2012
Real Estate Assets / Revenues	1,7	2,4	2,1	1,7	1,5	1,6
Real Estate EBITDA / Real Estate Assets	7,3%	4,7%	5,7%	6,8%	11,8%	12,3%

Due to the higher activity that the Company faced during 2012, reflected in our *Inventories* and *Trade and other accounts receivable,* the financial liabilities increased

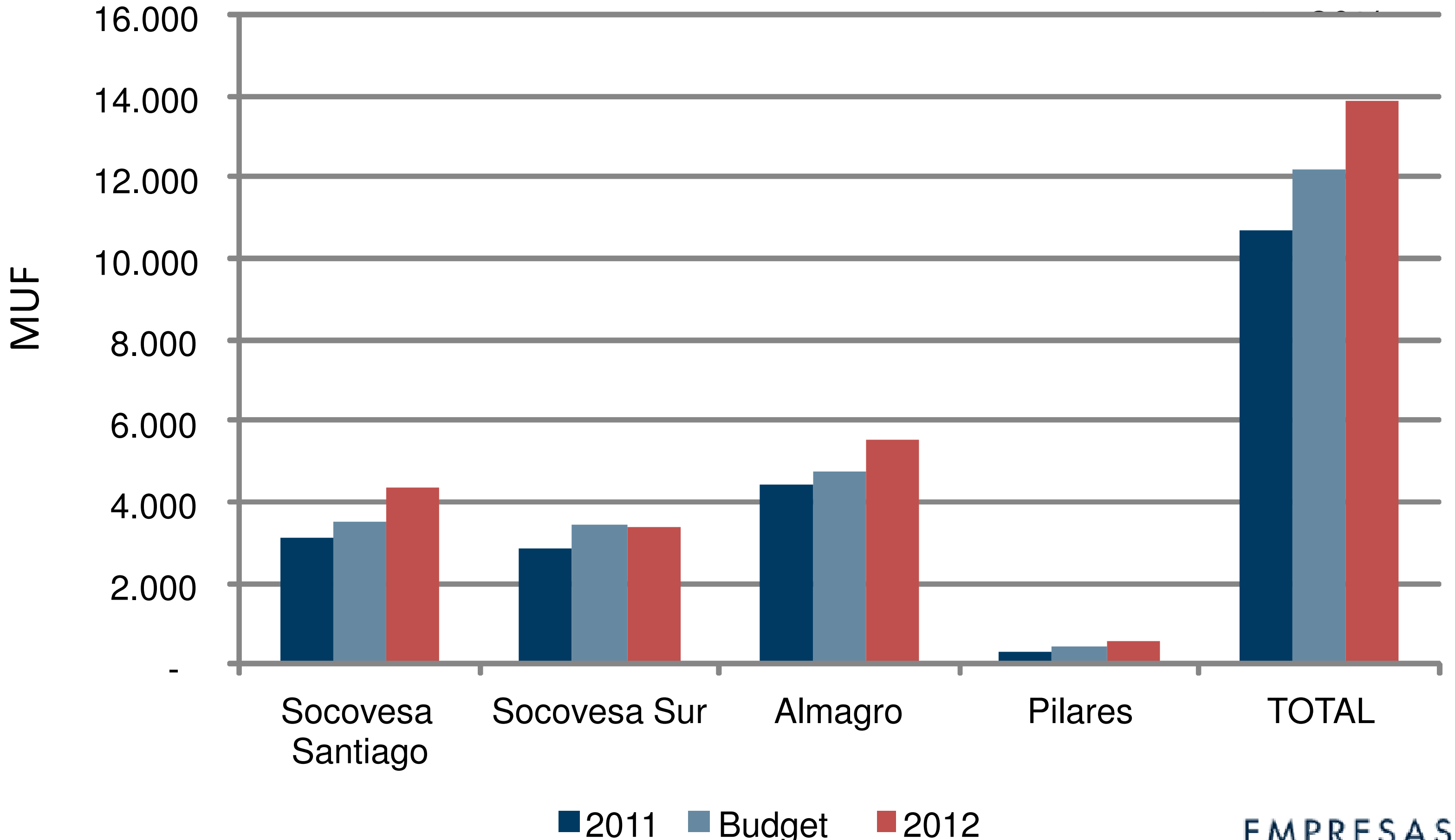
Real Estate Business Balance Sheet (MM$ nominal)

	2011	2012	CHANGE
ASSETS			
Cash and other financial assets	14.179	13.885	
Trade and other accounts receivable	70.984	129.925	58.941
Inventories	236.662	288.619	51.956
Finished Houses	71.013	75.340	4.328
Projects under construction	153.595	201.584	47.989
Other Inventories	12.054	11.695	(360)
Land bank (incl. urb)	172.514	194.940	22.426
Other Assests	106.689	105.518	
TOTAL ASSETS	**601.028**	**732.887**	**131.859**

	2011	2012	CHANGE
LIABILITIES AND EQUITY			
Financial Liabilities	328.829	420.194	91.365
Trad and other accounts payables	54.749	77.386	22.637
Other Liabilities	(106)	(4.331)	
TOTAL LIABILITIES	**383.472**	**493.249**	
Equity parent's ownership interest	**214.216**	**232.345**	18.129
Equity non-controlling interest	3.340	7.293	
TOTAL LIABILITIES AND EQUITY	**601.028**	**732.887**	**131.859**

The Company net pre sales reached MUSD 662*, record figures for the real estate business

Every subsidiary accomplished historical figures in pre sales, allowing the Company to grow 30% YoY (the market increased 23% YoY)

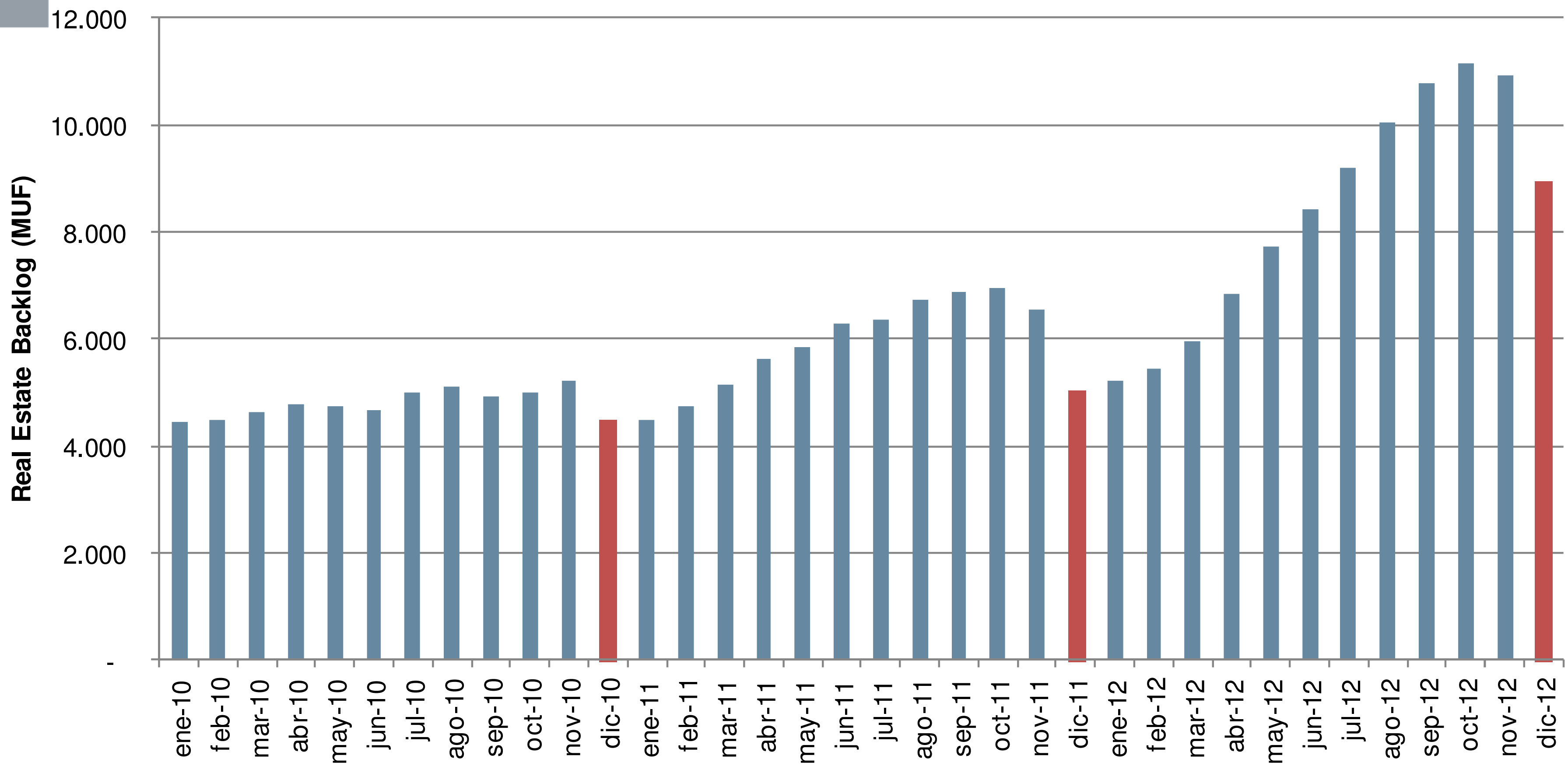


Note: Δ calculated YoY

The real estate business closed the year 2012 with MUSD 424* on pre sales

MUSD 314 should be invoiced on 2013

Real Estate Backlog Evolution



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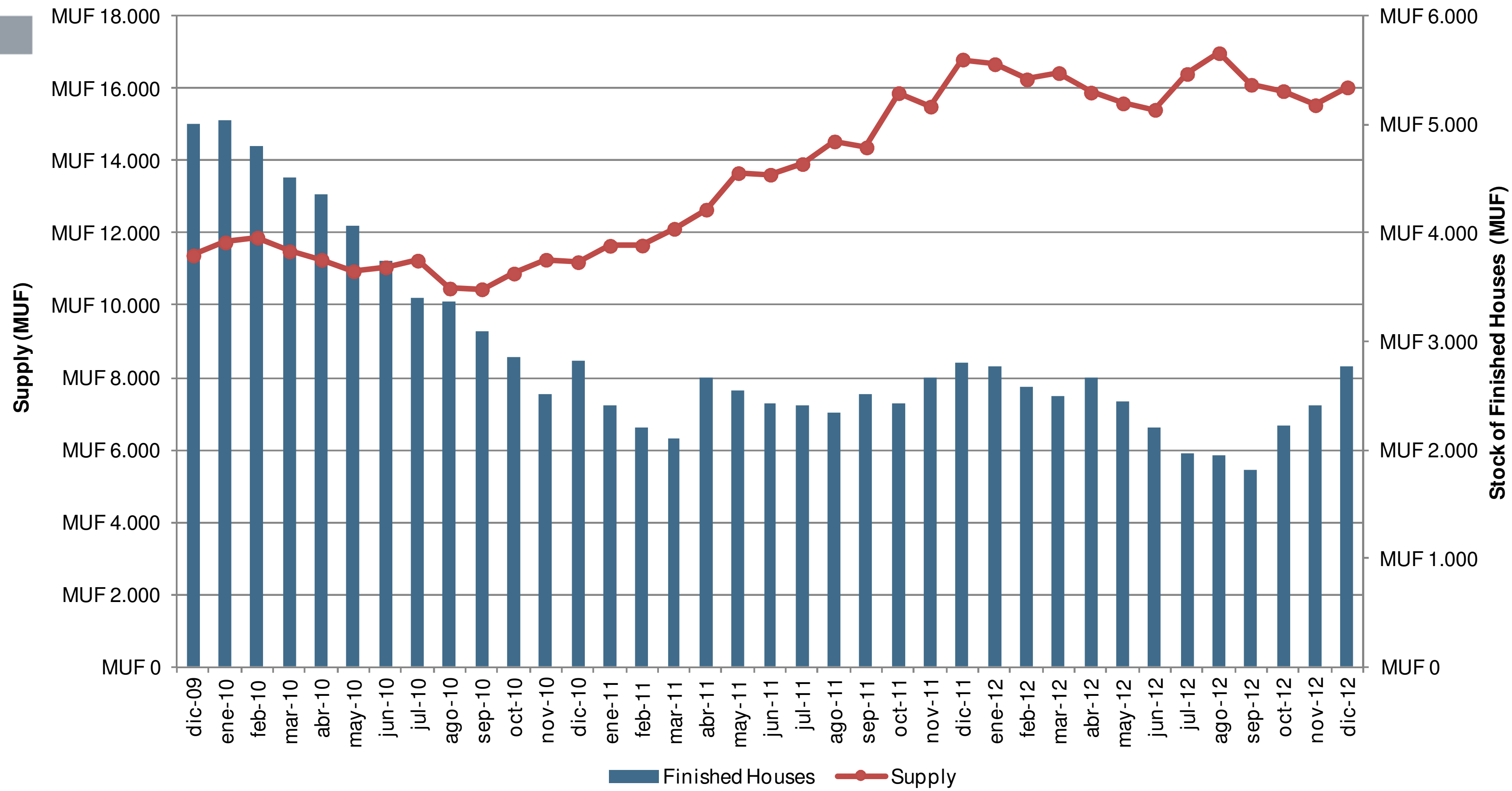
* SDC's backlog not considered

Our Company kept it´s supply for MUSD 761 during 2012 and the finished stock closed at MUSD 132*, capitalizing the sector’s higher activity



** Management figure*

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Land bank strategy

- Price and margin increase on final products give the current land bank a great potential of additional value:
  - Stable Land Bank, with good expected rotation, thanks to the increase on pre sells of 30%
  - 1.500 hás. surface to develop
  - MUSD 419 on land valued at purchase cost (MUSD 105 of which are off balance)
- Selective sale of land is part of the strategy of get profit, consolidate extension projects and optimize resource allocation.
- Company policy towards land bank is to keep 3 to 5 years of sales in stock - Strategy of profitable rotation.

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During the year, land for MUSD 95 was sold and lots for MUSD 109 were purchased

- Land sales reached MUSD 95 with profit before tax of 43%:
  - Socovesa Santiago invoiced MUSD 62, 85% of which comes from Parque Industrial de Renca.
  - Socovesa Sur sold MUSD 18, mainly from lots in Puerto Montt y Concepción.

- During the year we increased our presence on areas where we foresee higher growth with profits (some examples):

almagro

Antofagasta – Valle del Mar
17.114 m^2
Inv. on land MUSD 15
Project for 628 apts.
Expected sales MUSD 126

almagro

Iquique - Cavancha
1.500 m^2
Inv. on land MUSD 4
Project of 84 apts.
Expected sales MUSD 24

socovesa

Chiguayante
86.000 m^2
Inv. on land MUSD 8
Project for 210 houses and 192 apts.
Expected sales MUSD 39

socovesa

Chicureo (2 projects)
320.000 m^2
Inv. on land MUSD 33
Project for 435 houses
Expected sales MUSD 167

¿What to expect for 2013?

If demand remains active, we plan to launch 48 projects with potential sales of MUSD 725

Planned projects launch for 2013

Subsidiary	N° Projects or New Phases	N° Units to Develop	Average Price USD	Potencial Sale MUSD
Socovesa	28	1.994	148.781	296,7
Almagro	17	1.767	214.687	379,4
Pilares	3	595	82.225	48,9
TOTAL	**48**	**4.356**	**166.425**	**724,9**

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On pre sales, we expect to grow 11% and on new housing revenues we hope to grow 28%

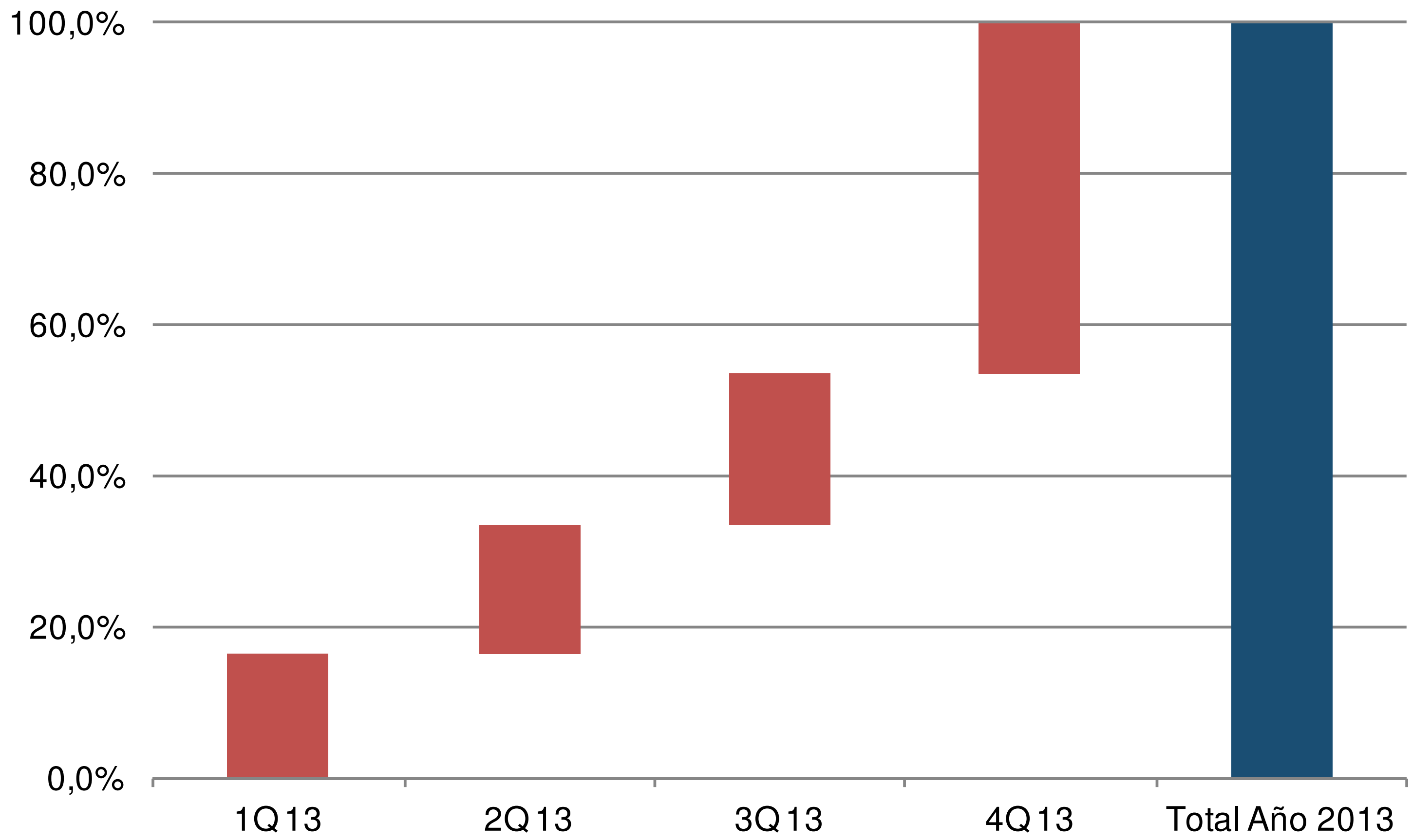
PRE SALES

	PRE SALES (MUSD)		
	2011	2012	2013P
Socovesa	283,1	370,2	409,3
Almagro	210,3	264,5	285,5
Pilares	13,8	27,2	38,1
TOTAL	**507,3**	**661,9**	**732,9**
Δ YoY		*30,5%*	*10,7%*

NEW HOUSES & APARTMENTS REVENUE

	NEW HOUSES & APARTMENTS REVENUE (MUSD)		
	2011	2012	2013P
Socovesa	281,8	292,0	341,2
Almagro	179,2	161,2	218,4
Pilares	12,5	18,3	30,5
SDC	-	-	13,8
TOTAL	**473,5**	**471,5**	**603,9**
Δ YoY		*-0,4%*	*28,1%*

Just like 2012, this year invoicing will occur mainly on the 4th quarter



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Total revenues of the real estate area are estimated at MUSD 634, with an 8% increase compared to 2012

TOTAL REVENUES

	TOTAL REVENUE (MUSD)		
	2011	2012	2013P
Socovesa	322,3	387,0	371,2
Almagro	186,4	173,9	218,9
Pilares	12,5	18,3	30,5
SDC	0,0	6,7	13,8
TOTAL	**521,2**	**585,9**	**634,4**
Δ YoY		*12,4%*	*8,3%*

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