Q3 2007 CONFERENCE CALL

HIGHLIGHTS

Socovesa during August successfully took over Almagro S.A., consolidating its financial results from September 1st, 2007. Almagro´s financial statements before September 1st will be shown in the Balance Sheet.

Socovesa's sales from real estate projects increased by 92.8% for the nine month period ended September 30th, 2007, compared to the same period in 2006.

During the '07 period Socovesa sold 2,586 units. The backlog of Socovesa decreased 38.7% to 2,048 units. Units under construction decreased 3.8%. The average sale price for the first nine month of the year increased by 51.1% due to a higher number of units for middle income buyers delivered (UF1,099 for the first nine month of 2006 and UF 1,660 for the first nine month of 2007).

Cost of sales for real estate projects increased by 91.5% as a result of higher revenues. Socovesa's average cost per unit increased by 49.9% (from UF878 to UF1,316) for the first nine months of 2007 compared to the same months in 2006, due to a higher number of units for middle income buyers delivered.

Gross revenues increased 100.9% as a result of higher revenues for the nine month period ended September 30th, 2007.

Gross margin (as a percentage of sales) of real estate increased from 20.1% to 20.7%.

Total Net Income accumulated to September 30th, 2007, increased to Ch$ 5,122 million compare to Ch$ -2,556 million during the same period of 2006.

Socovesa´s IPO was successfully completed on October 19th with a total demand of over US$8 billion. Total proceeds reached US$ 161 million. 60% of new shares were sold to local investors and 40% to foreign investors based mainly in the US. Socovesa´s share price finished at Ch$ 295 last Wednesday, 11.3% up from the IPO, with a market capitalization of US$ 732 million.

As we said during the road show, aprox US$ 100 million were used to prepaid debt coming from the purchase of Almagro, reducing the financial leverage of the company to 1,3. The other amount will be used to secure different lands we are currently negotiating.

In October 5th Socovesa purchased Los Cóndores, composed of 164 has located in Santiago, currently with three projects under development. Two of them should be finished by the previous owner before the end of the year. The third project (103 units) was bought and will be delivered during 2008.

I. General Information

RATIOS	30/09/2007	30/09/2006	31/12/2006
CURRENT RATIO	0,99 1,37*	1,28	1,34
QUICK RATIO	0,21 0,40*	0,21	0,50
FINANCIAL LEVERAGE			
Total Liabilities/ Equity	3,50 1,66*	1,77	1,66
Total Financial Liabilities/ Equity	2,86 1,30*	1,31	1,30
DEBT SERVICE COVERAGE	1,71	0,37	2,26
ROE	5,35%	(2,78%)	8,26%
ROA	1,44%	(0,99%)	3,30%
EPS (Ch$/Share)	0,0056	(0,0028)	0,0087

* Including proceeds from the IPO and prepayment of debt from Almagro

II. Financial Statements

	For the nine months ended September 30, 2007	2006	Change (Ch$. in thousands)	Percentage
	(Ch$ in thousands)			
Sales	**99,844,375**	**68,309,482**	**31,534,893**	**46.2%**
Socovesa's Sales from real estate projects	76,635,107	39,746,399	36,888,708	92.8%
Almagro's's Sales from real estate projects	5,686,682			
Sales from engineering and construction	17,522,586	28,563,083	(11,040,497)	-38.7%
Cost of Sales	**(79,845,993)**	**(58,357,161)**	**21,488,832**	**36.8%**
Socovesa's Cost of sales for real estate projects	60,794,143	31,750,652	29,043,491	91.5%
Almagro's Cost of sales for real estate projects	4,469,983			
Cost of sales for engineering and construction	14,581,867	26,606,510	(12,024,643)	-45.2%
Gross Margin	**19,998,382**	**9,952,321**	**10,046,061**	**100.9%**
Socovesa's Gross margin for real estate projects	15,840,964	7,995,747	7,845,217	98.1%
Almagros's Gross margin for real estate projects	1,216,699			
Gross margin for engineering and construction	2,940,719	1,956,573	984,146	50.3%
Administrative and Selling Expenses	**(11,080,709)**	**(10,172,580)**	**908,129**	**8.9%**
Operating Income	8,917,673	(220,259)	9,137,932	4,148.7%
Other Income (Expenses), net	(2,923,262)	(2,414,419)	508,843	21.1%
Financial Income	148,299	218,799	(70,500)	32.2%
Equity income from related companies	19,040	0	19,040	
Other non-operating income	1,578,838	589,151	989,687	168.0%
Equity losses from related companies	(308,369)	(163,004)	145,365	89.2%
Amortization	(187,645)	(11,046)	176,599	1,598.8%
Financial expenses	(8,453,960)	(4,207,536)	4,246,424	100.9%
Other non-operating expenses	(61,480)	(59,510)	1,970	3.3%
Price-level restatement	4,349,913	1,209,298	3,140,615	259.7%
Exchange differences	**(7,928)**	**9,429**	**(17,357)**	**-184.1%**
Income before taxes and minority interests	5,994,411	(2,634,678)	8,629,089	327.5%
Income tax	(942,304)	(64,173)	878,131	1,368.4%
Income before minority interests	5,052,107	(2,698,851)	7,750,958	287.2%
Minority interests	69,899	142,003	(72,104)	50.8%
Net Income	**5,122,006**	**(2,556,848)**	**7,678,854**	**300.3%**

Sales

Socovesa's sales from real estate projects increased by 92.8% for the nine month period ended September 30, 2007, compared to the same period in 2006. During the period Socovesa sold 2,586 units (2,527 single family houses and 59 apartments) compared to 1,885 in the corresponding period in 2006, but demand for this period was lower measured by backlog (decrease 47.6% corresponding to single family houses). The average sale price of units sold during this period was UF1,660, a 51.1% higher than the sale price in the same period in 2006.

Sales from Socovesa's Engineering and Construction business decreased by 38.7% due to the completion of one of the Codelco's contract which was concluded at the end of 2006. Until now, Socoicsa has not yet replaced the expired contract during this period.

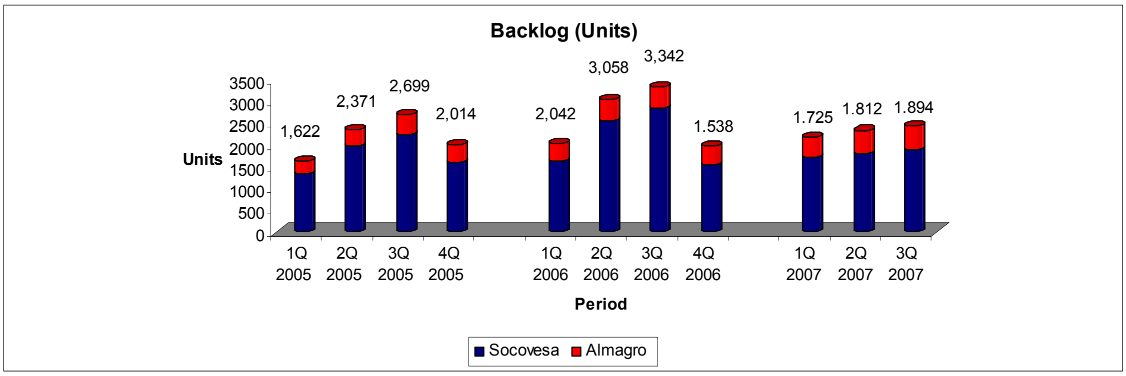

Figure 1 Th UF from real estate's units reserved but not yet delivered over the last 3 years

Cost of Sales

Cost of sales for real estate projects increased by 91.5% due to an increase in sales from our regional offices. Cost of sales for real estate developments include: cost of land, architects, engineering services, government permitting, sales and marketing expenses relating to sales. Socovesa's average cost per unit increased in a 49.9% from UF878 for the first nine months ended September 30, 2006 compared to UF1,316 in 2007.

Cost of sales for Socovesa's engineering and construction business decreased by 45.2% as a result of the decrease in activity related to the expiration of the construction project in Calama. Cost of sales in this segment includes labor, materials and general expenditures from our headquarters.

Gross Margin

Gross margin from real estate projects increased by 98.1% as a result of the 92.8% increase in sales for the nine month period ended September 30, 2007. During the 3Q periods of 2007, Socovesa delivered 2,586 units compared to 1,885 units during the same period in 2006.

III. Projects Overview

During the last quarter we started 3 new projects in Santiago and 1 new project in Puerto Montt.

Project	District	Total number of units	1st Stage Units
Condominio La Castellana	Cerrillos	126	126
Punta Nogales	Huechuraba	537	73
Gran Barrio Tres Montes	Quilicura	1,130	313
Mirador Austral	Puerto Montt	344	82

We currently are developing 79 projects through 13 cities and 13 districts in the Metropolitan Area, equivalent to 12,979 units.

Projects under Construction

	Santiago	Temuco	Valdivia	Almagro	Total
1Q 2005	10	12	15		37
2Q 2005	10	16	16		42
3Q 2005	9	16	17		42
4Q 2005	9	13	16		38
1Q 2006	9	15	18		42
2Q 2006	8	15	16		39
3Q 2006	8	14	15		37
4Q 2006	9	15	16		40
1Q 2007	9	14	17		40
2Q 2007	9	13	17		39
3Q 2007	12	12	18	37	79

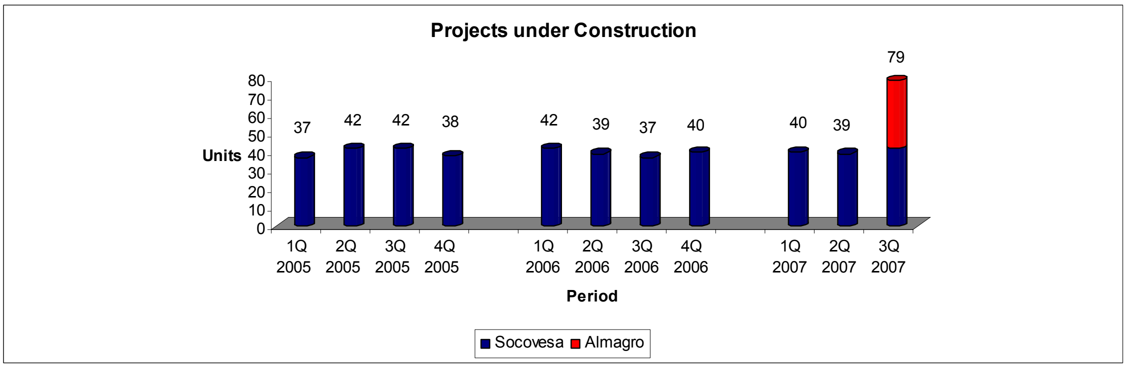

Figure 2 Projects under construction

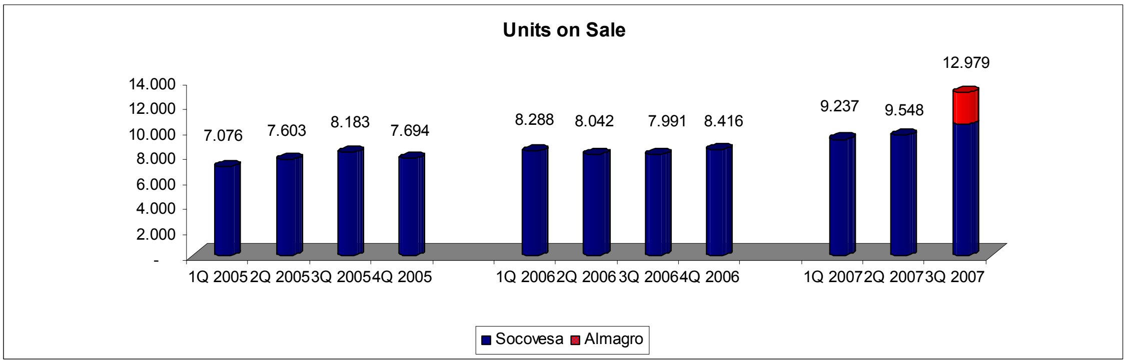

Figure 3 Units on Sale

IV. Land Bank Overview

The land bank of the company includes 81 sites divided in 15 potential developments in the Metropolitan Region, 18 in Central Southern Region, 26 in southern Region and 22 corresponding to our apartment's construction division Almagro. In October 5th, we closed the purchase of a unique land of 164 Ha located in San Bernardo, one of the largest districts of Santiago.

Potencial Developments	Number of Potential Developments	Surface (M2)	Book Value (UF)
Regional Santiago	15	6.154.302	5.218.917
Regional Temuco	18	2.056.626	695.137
Regional Valdivia	26	4.399.661	754.836
Almagro	22	219.102	2.273.074
Total Socovesa	81	12.829.691	8.941.964(1)

(1) Includes UF 2.4 millions of land subject to forward purchase agreements and options

V. Management and Industry Analysis

Socovesa is the largest residential real estate developer in Chile. Our principal activity is the design, development, marketing and sale of residential properties targeted at all income segments in Chile, including for customers eligible for government subsidies. We estimate that we represent approximately 6.2% of the residential real estate development market, based on pro forma sales for 2006 for Socovesa and Almagro. We currently have 79 projects under development in 13 cities around the country. Our integrated real estate development process allows us to manage and control all steps in the development and sale of a residential project. In August 2007, we acquired Almagro, a real estate developer of apartment buildings throughout Chile that will allow us to have a strong presence in rapidly developing apartment building segment. The acquisition of Almagro will allow us to enter attractive geographic markets including Antofagasta in the northern part of Chile. We are also engaged in the engineering and construction business through our subsidiary Socoicsa.

Our residential development activities are divided into four regional business units of Santiago, Temuco and Valdivia, and Almagro, and include the following activities, (1) identifying, negotiating and purchasing land suitable for development, (2) securing all necessary zoning and urban planning licenses and requirements, (3) building our residential projects, (4) marketing and managing the sales process of the units, assisting customers with mortgage applications and applications for government subsidies and (5) providing post-sale warranty-related customer services.

1. Revenue and cost recognition

Socovesa and Almagro historically have had different revenue recognition policies. Almagro's revenue recognition policies will be conformed to Socovesa's existing policies from September 1st, 2007. Revenue from the sale of a unit is recognized by Socovesa when the public deed evidencing the transfer of the unit is registered. Socovesa recognizes the costs associated with the construction, development, marketing and sale of a unit based on the actual cost at the same time it recognizes the revenue from the sale. Before the accounting change, Almagro recognized revenue from the sale of a unit under the percentage of completion method, allowing it to begin recognizing sales when a down payment is made whose percentage (in relation to the purchase price of the unit) is at least equivalent to the percentage of completion to date. Almagro recognized its cost of sales based on an estimated standard cost per unit proportionally as it recognizes revenues. At the time of delivery the standard cost measure was compared to actual cost and any difference positive or negative was recognized in cost of sales at that time.

2. Factors Affecting our Results of Operations

Trends affecting Chile

a. Economic conditions in Chile

All of our assets and operations are located in Chile and substantially all of our revenues are derived from activities in Chile. Accordingly, our business, financial condition and results of operations depend on economic conditions prevailing in Chile. In particular the residential real estate development industry in which we operate is closely tied to the country's economic growth, as well as domestic interest rates, inflation, employment levels and growth of personal income. Demand for residential housing is influenced by a number of factors, including changes in employment rates, government subsidies for first time homebuyers, availability of residential mortgage financing for our customers, consumer confidence, and zoning regulations and property taxes. The Chilean government has exercised and continues to exercise substantial influence over many aspects of the private sector, and has changed monetary, fiscal, taxation and other policies over time to influence the course of the Chilean economy. We cannot assure you that the Chilean economy will continue to grow in the future or that future developments in the Chilean economy will not adversely affect our business, financial condition or results of operations.

The following table shows data for GDP growth, population, GDP per capita, inflation, average Central Bank interest rate and exchange rates for U.S. dollar/Chilean peso, U.S. dollar/UF and UF/Chilean peso at and for the years indicated:

	Year ended December 31,					At and for the Six Months ended June 30,
	2002	2003	2004	2005	2006	2007 (1)
GDP growth rate	2.2%	3.9%	6.0%	5.7%	4.0%	4.7%
Population (thousands)	15,745	15,919	16,093	16,267	16,432	16,598
GDP per capita (U.S.$)	4,095	5,411	6,510	7,988	8,840	3.23%
Inflation	2.82%	1.07%	2.43%	3.66%	2.57%	5.02%
Average Central Bank Interest Rate (Tasa de política monetaria)	4.05%	2.73%	1.87%	3.44%	5.02%	5.02%
Ch$/UFs	16,744.12	16,920.00	17,317.05	17,974.81	18,336.38	18,624.17
U.S. dollars/UFs	23.30	28.49	31.04	35.07	34.44	35.35
Ch$/U.S. dollars	718.61	593.80	557.40	512.50	532.39	526.86

Source: Central Bank and INE
(1) For the last 12 months.

b. Interest rates

Interest rates have two effects on our results of operations. Prevailing interest rates have an important impact on the demand for residential housing, affecting the ability of our customers to purchase the units we build, in particular in the less affluent market segment where Socovesa has a significant market presence. Secondly, we finance the working capital we need to build our developments primarily in the Chilean bank market. An increase in interest rates therefore increases our financing costs and therefore has a negative impact on our results of operations. In general, interest rates have trended down over the periods under discussion. Nevertheless, there has been variability over the period.

Socovesa experienced strong demand in 2005, reflecting the decline in interest rates, in particular as customers financed using adjustable rate mortgages at very low interest rates, but experienced a softening of demand for its units in the second half of 2006, reflecting the sensitivity of some of its market to relatively small changes in the prevailing interest rates. Over the same periods Almagro, whose target market is middle and higher income customers, did not experience a similar variability in demand.

c. Inflation

Inflation may also have a negative impact on our financial results as our financial statements are denominated in Chilean pesos. Chile has experienced low levels of inflation in recent years with strong personal spending, but in past periods it experienced high levels of inflation. During periods of high inflation subcontractors and suppliers tend to increase their prices to reflect the impact of inflation, which results in higher costs. Although the price for our units are denominated in UF which is an inflation-indexed unit, personal income may not increase at the same rate as inflation, which could have a negative impact on our sales and obligate us to reduce our selling prices. Although inflation in general has been low, Socovesa's lower income customers are particularly sensitive to increases in prices of core products, as happened in 2006 with the increases in oil prices, which negatively affected consumer confidence.

d. Availability of Financing

Socovesa has relied principally on revolving credit lines from local banks to finance working capital for the purchase of land and the construction of developments and Almagro has relied on project financing for its projects, also from local banks. Chile to date has not experienced the lack of availability of credit currently being experienced in the United States. Nevertheless, availability of financing at attractive interest rates is a key driver of our business and any contraction in credit or a significant increase in interest rates may require us to delay the commencement of new projects or curtail the pace of development of existing projects.

e. Government Subsidies

Approximately 10% of Socovesa's total sales come from customers who receive government subsidies for first time home purchases. Successive Chilean governments over 40 years have promoted home ownership through direct government subsidies and other incentives. A reduction in funds made available by the Chilean government for first time homebuyers may reduce demand for our housing targeted to purchasers eligible for government subsidies or may require us to reduce the price of the smaller units or the size of the units we build.

Trends affecting our business

a. Acquisition of Almagro S.A.

We acquired Almagro in August 2007 and the results of Almagro's operations will be consolidated with Socovesa from August 1, 2007. Therefore, our consolidated results of operations in the future will not be comparable to our results of operations described herein.

b. Variability in our results

Period to period comparisons of our results are not necessarily reflective of our business, in particular for periods of less than one year. Our results of operations are affected by the time it takes us to construct, sell and deliver the apartments and houses we develop. In general, we do not complete the sale of a unit for a period of 12 to 18 months after we commence construction on the unit. Our sales are directly affected by the number of units we deliver, and the number of our units that our customers have reserved but that we have not yet delivered, or backlog. On the supply side, our results of operations are affected by our inventory levels, that refers to units completed but not yet delivered and units under construction and new developments launched. If we do not have units available to be delivered our results of operations are negatively affected as we record revenues when units are delivered. During periods of strong sales our inventory decreases as we deliver units at a faster pace than during periods of slower sales. If our inventory decreases and our level of backlog increases our results of operations for such period will be negatively affected as we do not have units ready to deliver. Consequently, our results of operations may vary substantially from period to period as a result of the number of units for sale and our inventory growth.

For Socovesa, during the periods under discussion, there was a significant variability in both the demand for units and the supply of units affecting our results of operations. In particular, we believe Socovesa's results of operations for the first half of 2007 are hard to compare to the first half of 2006 because Socovesa began the year with very low levels of inventories reflecting the large sales in 2005 as a result of the decline in interest rates. As a result, sales in the first half of 2006 were only 29.0% of the total sales for the year. Conversely, 2007 began with relatively high inventories, reflecting the slow down in sales in the second half of 2006, reflecting higher interest rates and a decline in consumer confidence, which recovered in 2007, leading to higher sales.

The table below sets forth for Socovesa the number of units delivered, our backlog, the number of completed units and the number of units under construction, for the periods indicated.

	Units Delivered	Backlog (units reserved but not yet delivered)	Units Completed, but not yet delivered	Units under construction
1Q ended March 2005	358	1,350	314	2,405
2Q ended June 2005	671	1,972	236	2,848
3Q ended September 2005	811	2,253	443	2,526
4Q ended December 2005	2,289	1,604	451	2,393
1Q ended March 2006	351	2,099	270	2,535
2Q ended June 2006	304	2,573	293	2,945
3Q ended September 2006	1,230	2,843	331	2,974
4Q ended December 2006	1,864	1,123	1,420	2,657
1Q ended March 2007	685	1,293	994	2,761
2Q ended June 2007	918	1,415	976	2,456
3Q ended September 2007	924	1,491	643	2,890

Almagro's results of operations have not experienced such large swings from period to period reflecting the lower sensitivity of its target market to changes in interest rates and consumer confidence. The table below sets forth for Almagro the number of units delivered, backlog, the number of completed units and the number of units under construction, for the periods indicated.

	Units Delivered	Backlog (units reserved but not yet delivered)	Units Completed, but not yet delivered	Units under construction
1Q ended March 2005	132	272	100	1,051
2Q ended June 2005	55	399	78	873
3Q ended September 2005	135	446	120	949
4Q ended December 2005	177	410	85	1,269
1Q ended March 2006	164	403	105	1,099
2Q ended June 2006	99	485	97	927
3Q ended September 2006	170	499	109	1,273
4Q ended December 2006	211	456	133	1,163
1Q ended March 2007	141	467	176	1,286
2Q ended June 2007	143	533	208	1,337
3Q ended September 2007	146	557	229	1,194

c. Units and average prices

Our results of operations are affected by the number of houses and apartments we sell and deliver and by the average price of the units.

The table below sets forth the number of residential units and average price per unit delivered for Socovesa and Almagro for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2004	2005	2006	2006	2007
Socovesa	3,281	4,129	3,749	1,885	2,527
Almagro	429	499	644	170	146
Total Units Delivered	3,710	4,628	4,393	2,055	2,673
Socovesa average price (UF)	1,424	1,445	1,496	1,099	1,254
Almagro average price (UF)	5,140	5,035	4,691	5,282	4,835

d. Gross Margins

We try to maintain the same gross margins across the income segments where we operate although gross margins will vary across developments. Gross margins for any particular development may also vary from period to period as not all units in the same development are priced the same. For example, some units may have better views or better exposure to sunlight or prices in a development may rise over time as the success of earlier phases of a development may make units in later phases more attractive. In addition, a smaller sample size reflecting a new development may create more variability from period to period as gross margins tend to even out over time. During periods of strong sales the gross margins increase as prices for our units grow at a faster pace than the cost of sales, while a weaker economy tends to reduce gross margins as a result of softening sales and the need to offer discounts on units.

e. Land Stock

As of September 30, 2007, we had 1,283 ha of land divided into 81 plots of land in 20 different cities. We regularly purchase land plots using our own capital and loans from local banks. Our ability to purchase land suitable for residential development at affordable prices has been a key element of our growth strategy. We are constantly surveying the country for land suitable for development which is appropriate for our developments. Historically, we have been able to purchase land at affordable prices and transform it into land suitable for development.

f. Stability of Real Estate Prices

Prices for both land and residential real estate in Chile have remained substantially stable over the periods under discussion, increasing for inflation but without organic growth in prices. Low levels of inflation and availability of land have kept home prices from rising faster than inflation. Therefore our results of operations for the periods under discussion have not been affected by land and housing price inflation.

Critical Accounting Policies

a. Percentage of Completion – Construction Business

Socoicsa recognizes revenues from construction projects with third parties based on the percentage of completion method. This method requires an estimation of the costs to be incurred for the completed project in order to arrive at the percentage of completion which then determines the percentage of estimated net margin earned during each period. The actual costs to be incurred on a project, if different from those estimated periodically, may result in overstatement or understatement of the project's net margin under the percentage of completion method over the period of the project's completion. The difference in net margin would be charged or credited to income in the period of the project's completion.

b. Post-Sale Activity Reserves

In the normal course of business we will incur in post-sale warranty related costs associated with homes that have been delivered to the homebuyers. A warranty reserves is established by charging cost of sales and recognizing a liability for the estimated warranty costs for each home that is delivered. We monitor this reserve on a regular basis by evaluating the historical warranty experience in each market in which we operate and the reserve is adjusted as appropriate for current quantitative and qualitative factors. Actual future warranty costs could differ from estimated amounts.

c. IFRS

The SVS has promulgated new rules requiring public companies in Chile to report their financial statements beginning as of January 1, 2009 in accordance with IFRS. We have not provided information in this press release on the impact of the adoption of IFRS on our results of operations an financial conditions.

Liquidity and Capital Resources

Socovesa

Socovesa's principal sources of liquidity are cash generated by its operations, short-term financing from local banks partially secured by land portfolios and evidenced by promissory notes. Adequate financing and available liquidity are key elements of the residential real estate business. Socovesa has experienced and expects to continue to experience, substantial liquidity and capital resources requirements, principally to finance development and construction of homes and for land acquisitions. Socovesa finances its land acquisitions with loans from eight local banks and cash from our operations. Socovesa has non-binding unadvised line of credits from each bank that they will provide it with up to a certain level of financing outstanding at any one time. This financing is secured by liens against the land it holds in its land bank with land added to the liens when it is purchased and released from the liens as it is developed. This financing is mostly 30-day though a minority has longer maturities up to two years. The interest rate is determined on the day the financing is requested. Socovesa has also entered into forward purchase agreements with financial institutions to finance the acquisition of land.

During the development and construction phases Socovesa finances its operations with operating cash flow and by drawing funds from its existing credit lines with local banks. Socovesa generally does not take out loans for a specific development project. Socovesa's financial expenses are directly related to the amount of development underway and the number of units sold in any given period. In periods of rapid development, Socovesa may experience an increase in its working capital needs pending delivery of units.

Socovesa carries its developments, including land under development as short-term assets under land, inventory, construction in progress and finished houses on our balance sheet. As units are sold, inventory converts to sales and cost of goods sold on its income statement.

Socovesa believes that these sources of liquidity are sufficient to meet its working capital requirements including for land purchases, building new developments, servicing its existing debt obligations and payment of dividends.

The following table sets forth Socovesa's existing financing and the amounts disbursed with each bank at June 30, 2007:

	UnAdvised line of credit	Disbursed	Disbursements as a Percentage of Availability
		(UFs)	
Banco de Chile	2,000,000	1,473,701	73.7%
Banco BICE.....................	1,000,000	449,379	44.9%
Santander	2,000,000	1,153,426	57.7%
BBVA	1,250,000	1,237,671	98.6%
Corpbanca	500,000	484,843	96.7%
Banco Estado	1,400,000	1,345,563	96.1%
BCI	1,200,000	442,083	36.8%
Banco del Desarrollo	200,000	-	-
Total...........................	**9,550,000**	**6,586,666**	**69.0%**

Almagro

Historically, Almagro financed its residential developments using cash on hand, cash generated by its operations and bank loans. Almagro uses mortgage loans to purchase new land and finance the construction of specific developments. The banks require Almagro to present the projects to be financed by each loan before a disbursement is made. We are considering moving Almagro to the Socovesa's financing model to enhance flexibility and reduce administrative burdens.

Almagro uses the bank loans charging the lowest interest rates first and those with higher interest rates last. These loans are used not only for the construction of the developments, but for general corporate purposes as well.

The following table sets forth Almagro's existing financing and the amounts disbursed by each bank at June 30, 2007:

	Commitment	**Disbursed**
	(UFs)	
Banco de Chile	1,332,780	903,168
Banco Santander Chile................	312,468	275,314
BBVA.....................................	501,548	394,066
BCI	704,841	642,705
Banco Estado............................	1,003,733	796,423
Corpbanca	845,108	786,807
Total....................................	**4,709,477**	**3,798,483**

Financing Agreement

On August 16, 2007, we entered into a UF 1.45 million (US$51.3 million) loan with Banco del Estado to finance the acquisition of Almagro S.A. The interest rate on the loan is TAB UF plus 0.75%. The loan is secured by the purchased shares of Almagro S.A. The loan matures in six years with yearly payments following a two year grace period.

On August 16, 2007, we entered into a UF 2.86 million (US$101.1 million) loan with Banco del Estado, Banco BICE and Banco BCI to finance the acquisition of Almagro S.A. The interest rate on the loan is TAB Ch$ plus 0.0625% per month. The loan was secured by the purchased shares of Almagro S.A. The term of this loan is one year. We repaid the loan with part of the proceeds of this offering.

Sources and uses of funds

The following table sets forth certain information regarding our and Almagro's cash flows for the periods indicated.

Socovesa

	Six-months ended June 30,	Year ended December 31,	
		(Ch$ in thousands)	
	2007	2006	2005
Net cash provided by (used in) operating activities..........	13,607,620	(42,804,073)	(10,620,902)
Net cash (used in) provided by financing activities...........	77,441,652	54,066,084	15,199,436
Net cash provided (used in) investing activities...............	(90,018,247)	(13,365,722)	(4,621,464)
Cash and cash equivalents:			
At the beginning of the year ...	2,647,830	4,764,667	4,273,758
At the end of the year	3,619,902	2,591,955	4,764,667

Operating cash flow

In 2006 and 2005 Socovesa had negative operating net cash flow from operations primarily as a result of its use of working capital, interest payments and payments to our suppliers and contractors in connection with the construction and launching of 34 and 37 developments in 2005 and 2006, respectively, not entirely offset by sales, reflecting an inventory build up during a period of slowing sales.

In the six months ended June 30, 2007, Socovesa had positive net cash as a result of our sale of 1,603 units for which it received payment.

Cash flow from financing activities

Socovesa's net cash flow from financing activities was positive in 2006 and 2005, as a result of borrowing from local banks in order to finance the building and construction of our developments.

In the six months ended June 30, 2007, Socovesa had positive net cash flow from financing activities due to the need to finance our developments.

Cash flow from investment activities

In 2006 and 2005 Socovesa's investments in fixed assets was not material amounting to Ch$4,631.6 million and Ch$4,864.4 million, respectively. In 2006 we disbursed Ch$ 7,171.8 million to Inversions Rodal S.A. in connection with Socovesa's corporate reorganization. Our principal investments are land acquisition.

In the six months ended June 30, 2007, Socovesa had negative cash flow from investment activities as we repaid loans owed by our related companies in connection with the acquisition of land

Almagro

	Year ended December 31, (Ch$ in thousands)			Six-months ended June 30,
	2006	2005	2004	2007
Net cash provided by (used in) operating activities	(6,357,777)	(3,963,266)	(795,036)	(13,885,895)
Net cash (used in) provided by financing activities.........................	9,928,889	10,957,807	(5,201,568)	13,997,398
Net cash provided (used in) investing activities.....................................	(3,159,620)	(5,899,638)	(795,036)	(658,310)
Cash and cash equivalents:				
At the beginning of the year	1,508,645	461,556	653,026	1,990,090
At the end of the year.....................	1,952,983	1,508,645	(7,012,894)	1,415,462

Operating cash flow

In 2006 and 2005 Almagro had negative operating net cash primarily as a result of Almagro use of working capital, interest payments and payments to Almagro's suppliers and contractors in connection with the construction and launching of 12 developments in 2005 and 2006, respectively.

In the six months ended June 30, 2007, we had negative net cash as a result of our use of working capital to build the apartment buildings.

Cash flow from financing activities

Almagro's cash flow from financing activities was positive in 2006 and 2005, as a result of Ch$9,928.9 million borrowed from local banks in order to finance the building and construction of our developments and a Ch$5,410.0 million capital increase in 2006.

In the six months ended June 30, 2007, Almagro had positive net cash flow from financing activities due to the need to finance our developments.

Cash flow from investment activities

In 2006 and 2005, Almagro's investments in fixed assets was not material amounting to Ch$693.3 million and Ch$754.8 million, respectively. In 2006 Almagro invested Ch$4,675.9 million in financial instruments to hedge our exposure under the loan agreement with Banco Estado. The financial instruments will be used to purchase land, which will be mortgaged to guarantee existing loans. Almagro's principal investments are concentrated on the acquisition of land for its apartment buildings and purchase of financial instruments.

In the six months ended June 30, 2007, Almagro had negative cash flow from investment activities as Almagro acquired new land for its developments.

Contractual Commitments

Our contractual commitments as of June 30, 2007 were as follows:

	Total(2)	Under 1-Year	1-3 Years	Over 3 years
	(Ch$ in thousands)			
Land acquisition	7,989,972	533,276	1,086,976	6,367,719
Loan Payments	125,650,344	106,269,019	19,381,324	—
Turn-key construction obligations(1)	17,324,643	17,324,643	—	—
Total	**150,962,960**	**124,126,940**	**20,468,300**	**6,367,719**

(1) Corresponds to Socoicsa' obligations.

(2) Does not include interest expenses charged to us.

Off-balance sheet arrangements

We currently have an off balance-sheet arrangement with Consorcio, a local insurance company. Pursuant to our joint venture agreement we are required to purchase from Consorcio a specific number of parcels of land for residential development each year for a period of 15 years. Pursuant to the terms of the agreement during the first five years we are not obligated to buy any piece of land. We currently hold a 33% interest in the joint venture while Consorcio and the Guzmán Cruz family each hold a 33% interest. We also entered into a forward purchase agreement with Consorcio for the purchase a parcel of land, los Condores. Pursuant to the terms of the agreement we have the rights to purchase the property until 2021.

Almagro also entered into a forward purchase contact with Consorcio for the purchase of land until May 11, 2012.

Quantitative and qualitative disclosure about market risks

The risk inherent to our business and financing instruments is the potential loss arriving from adverse changes to interest rates.

Interest rate risks

Our financial expenses are directly affected by changes in short-term interest rates due to the impact that these changes have on floating rate revolving credit lines and on financial income from cash and cash equivalents instruments on our balance sheet.

As of June 30, 2007, Almagro had Ch$70,743.0 million in outstanding indebtedness. All of which accrue interest at a fixed rate.

In the ordinary course of business and in order to hedge our exposure to interest rate swings, Socovesa and Almagro enter into interest rate swaps and forward contracts. At June 30, 2007, Socovesa had entered into four interest rate swap contracts with Banco Santander Santiago relating to our and Almagro's short-term indebtedness. The table below describes the terms of our existing interest rate swap agreements:

	Principle Amount	Maturity	Interest Rate
Contract #1 Inmobiliaria Socovesa Santiago S.A.	Ch$7,062,548,950	August 2008	6.3%
Contract #2 Inmobiliaria Socovesa Santiago S.A.	UF 94,903.80	July 2008	4.12%
Contract #3 Inmobiliaria Las Encinas de Peñalolén S.A.	UF 498,286.23	July 2008	4.12%
Contract #4 Inmobiliaria Socovesa Temuco S.A.	UF 81,424.71	July 2008	4.12%

At June 30, 2007, Almagro had interest rate swaps with Santander Chile for a nominal amount of Ch$14,906.8 million to manage interest rate risk and currency and inflation hedging contract amounting to Ch$17,301.8 million to manage currency fluctuation and inflationary pressures.

Liquidity risk

We manage our assets and liabilities to ensure that we have sufficient liquidity to meet our present and future financial obligations and that we are able to take advantage of appropriate business opportunities and land purchases as they arise. Liquidity risk represents the potential for loss as a result of limitations in our ability to access the credit markets and revolving credit lines to purchase land or fund our operations on a timely and cost effective manner.

Recent Developments

Acquisition of Socovesa Ingeniería y Construcciones S.A.

On June 29, 2007, we purchased a 25% interest from Inversiones y Desarrollo Immobiliario San Arturo Limitada in its affiliate Socovesa Ingeniería y Construcciones S.A., an engineering and construction company. The total purchase price amounted to Ch$524,203.050.

Registration on the National Securities Registry

On June 29, 2007, the Superintendence of Securities and Insurance approved our filing to register us as an issuer under the National Securities Registry (*Registro de Valores*).

On August 10, 2007, 306,000,000 shares of the Company were registered in the National Securities Registry of the Superintendence of Securities and Insurance.

On September 27, 2007, the newly issued shares were registered in the Santiago Stock Exchange.

Capital Increase

On the Extraordinary Meeting of Shareholders held on July 10, 2007, the shareholders decided to carry out a capital increase. Pursuant to this decision 306,000,000 new shares were issued resulting in a Ch$33,048,000,000 capital increase. The shares can be subscribed and paid for a period of three years.

IPO

Socovesa´s IPO was successfully completed on October 19th with a total demand of over US$8 billion. Total proceeds reached US$ 161 million. 60% of new shares were sold to local investors and 40% to foreign investors based mainly in the US. Socovesa´s share price finished at Ch$ 295 last Wednesday, 11.3% up from the IPO, with a market capitalization of US$ 732 million.

As we said during the road show, aprox US$ 100 million were used to prepaid debt coming from the purchase of Almagro, reducing the financial leverage of the company to 1,3. The other amount will be used to secure different lands we are currently negotiating.

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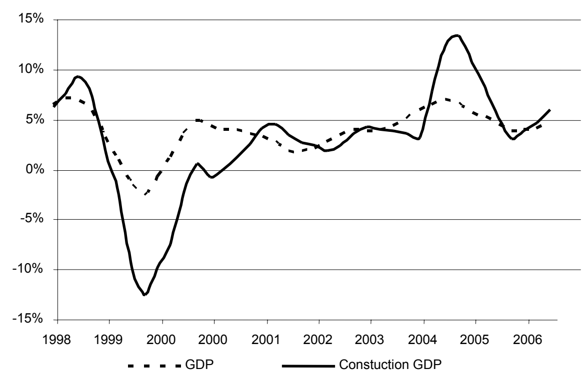
Industry

During the last ten years, residential and industrial construction in Chile has accounted for, on average, approximately 8.3% of the country's GDP and in 2006 amounted to approximately US$12.0 billion, according to the Chilean Central Bank. During the last five years, the construction sector has outpaced the overall performance of the Chilean economy by growing at an average rate of 4.9% compared to an average GDP growth rate of 4.5%, according to the Chilean Central Bank. The construction sector tends to be pro-cyclical—meaning that it grows above average during periods of economic expansion and below average during periods of economic contraction. The principal factors affecting the performance of the construction sector are macroeconomic conditions, the availability of financing, interest rates, the unemployment rate and real wages in Chile. A decline in financing costs and improvements in the unemployment rate and in real wages have been key to the expansion of the Chilean construction sector in recent years.

Real interest rates, as measured by the BCU-10 (inflation adjusted government bonds with ten-year maturities) have declined from above 5% in 2001 to below 3% in 2006 and the first half of 2007. The tables below show, for the periods indicated, the growth rate of Chile's GDP and of the construction sector's contribution to GDP, as well as real interest rates as measured by BCU-10.

Total GDP and Construction GDP



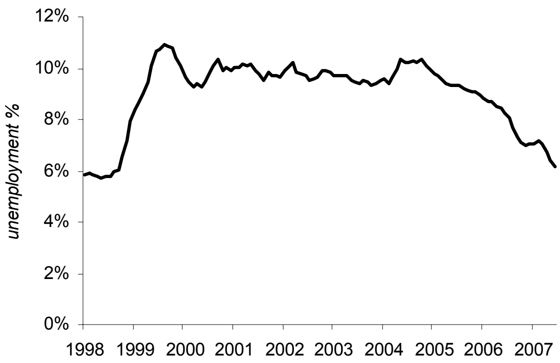
Source: Banco Central de Chile

Interest rates (BCU – 10)[1]

Source: Bloomberg

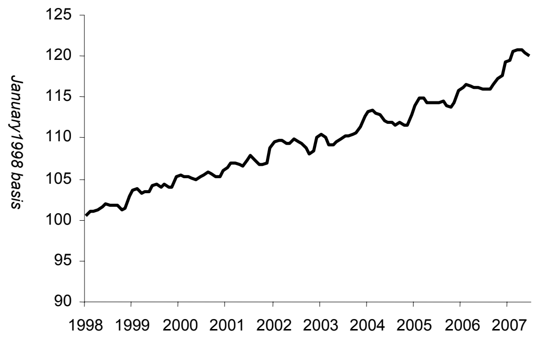
The unemployment rate in Chile has decreased from 8.6% in December 2001 to 6% in December 2006, while real wages have increased at an annual average rate of 1.2% during the same period. The tables below show Chile's unemployment rate and real wages for the periods indicated.

Unemployment



Source: Chilean National Institute of Statistics

Real Wages



Source: Chilean National Institute of Statistics

Chile's GDP is projected to grow between 5% to 6% during the next years.

Republic of Chile

Chile, located in the southwest part of South America, is a democratic republic with a population, based on 2006 estimates of the National Institute of Statistics, of approximately 16.4 million. Chile has the highest GDP per capita and among the lowest inflation and unemployment rates in Latin America, based on 2001 to 2006 data, according to the International Monetary Fund. Chile has a market economy that is driven primarily by exports of minerals and agricultural products, and has entered into free trade agreements with, among other countries, the United States, China, Canada, Mexico and South Korea. The country's long-term foreign-currency sovereign debt is rated A by Standard & Poor's, Aa3 by Moody's Investors Service and A by Fitch Ratings Ltd.

The table below shows the 2006 GDP growth rate, inflation rate, population, GDP per capita and unemployment rate for select Latin American countries.

2006 Selected Latin America Data

	GDP growth	Inflation	Population (millions)	GDP per capita (US$)	Unemployment
Argentina	8.5%	9.8%	38.6	5,458	8.7%
Brazil	3.7	3.1	184.2	5,717	8.4
Chile	4.0	2.6	16.4	8,840	6.0
Colombia	6.8	4.5	46.0	2,888	11.4
Ecuador	3.9	2.9	13.2	2,987	9.0
Mexico	4.8	4.0	103.1	8,066	3.6
Peru	8.0	1.1	27.2	3,374	7.9
Venezuela	10.3	17.0	26.4	6,736	8.4

Source: International Monetary Fund and the central banks and statistical agencies of each country

Chile is divided into fifteen regions that can be classified in three large areas: northern, central and southern Chile. The northern area is comprised of the regions of Arica y Parinacota, Tarapacá, Antofagasta, Atacama and Coquimbo; the central area is comprised of the regions of Valparaíso, O'Higgins, Maule and the Metropolitan Region of Santiago, which includes the country's capital; and the southern area is comprised of the regions of Bío-Bío, Araucanía, Los Lagos, Los Ríos, Aisén, Magallanes and Antártica Chilena. These areas differ significally in terms of population, population density, economic activity and levels of development. The central area, in particular the Metropolitan Region of Santiago, is the most densely populated and has the highest level of economic activity. According to 2005 estimates of the National Institute of Statistics, approximately 40% of the Chilean population resided in the Metropolitan Region, and, according to the Chilean Central Bank, in 2005 that region represented approximately 47% of Chile's GDP.

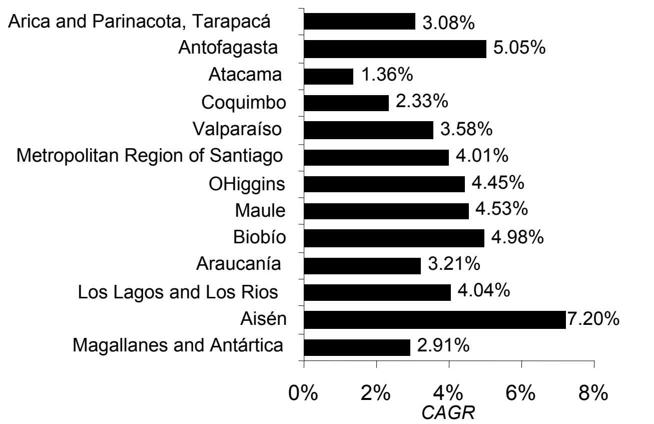
The table below shows 2005 population and 2005 GDP by areas of Chile.

Area	**2005 Population**	**2005 GDP**
Northern	12%	16%
Southern	27%	20%
Central (excluding the Metropolitan Region of Santiago)	21%	17%
Metropolitan Region of Santiago	40%	47%

Source: Chilean National Institute of Statistics and Chilean Central Bank

The table below shows the compounded annual growth rate (CAGR) in GDP per region for the periods indicated.

GDP Growth by Region (2000 – 2005)



Source: Chilean Central Bank

Residential Real Estate

According to a Census conducted in 2002, Chileans have a strong cultural preference for buying their homes instead of renting. According to the 2002 census, between 1992 and 2002, the percentage of home ownership in Chile increased 25.5%, and in 2002, 72.5% of Chile's residences were owned by their habitants, 17.7% were rented and 9.8% were provided without charge pursuant to governmental housing programs or provided by companies to personnel. According to this data, Chile's percentage of home ownership is higher than that of the United States (which was 67.9% in 2002 according to the U.S. Census Bureau).

According to the National Institute of Statistics, from 2002 to 2006, the population of Chile grew from 15.8 million to 16.4 million, which represents an annual growth rate of 1.1%. The growth rate of the Chilean population is higher than the growth presented during the same period by countries like the United States (0.9% according to the U.S. Census Bureau) and the United Kingdom (0.3% according to the United Kingdom Government Actuary's Department).

Construction Industry

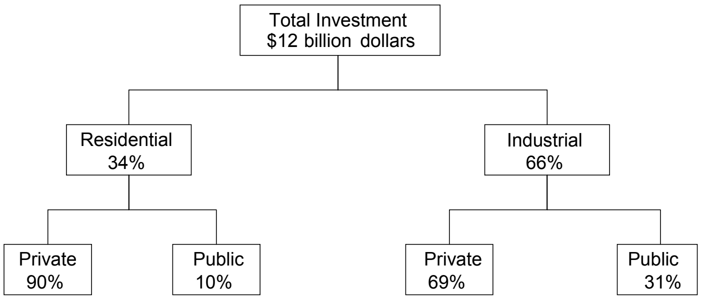
The construction industry is comprised of two principle areas: real estate development and engineering and construction services.

Real estate development consists of residential, office, industrial and commercial projects. Real estate development is comprised of several stages of development, including analysis, land purchase, architectural and urban design, governmental approvals, construction, marketing, sale and post-sale services.

Engineering and construction services are comprised of four sub-areas: (i) execution of edification agreements and civil projects, (ii) industrial assembly services, (iii) governments contracts and (iv) repairs and demolitions. Socovesa participates in the first sub-area with its subsidiary Socoicsa, which develops non-residential projects, principally civil works and engineering and construction projects for third-party government and private sectors clients throughout Chile. The other three sub-areas consist of technical services with high levels of specialization, in which we do not participate.

According to the Chilean Central Bank, 66% of the total investment in the construction sector in 2006 was related to industrial projects and 34% was related to residential projects, as represented in the following chart.

Construction Sector Investment 2006



Source: Chilean Central Bank and Chilean Chamber of Construction

The construction industry is highly competitive and highly fragmented. The following table lists the main companies involved in real estate development and engineering and construction services in Chile.

Main Companies in the Real Estate Development and Engineering and Construction Services Industry

	Real Estate Developer			Engineering and Construction
Company	RM and Central Zone	North of Chile	South of Chile	
Aconcagua - Fourcade	x	x	x	
Aitue			x	
Besalco	x			x
Bravo Izquierdo	x			x
Brotec	x			x
Desco	x			x
DLP				x
Echeverría Izquierdo	x		x	x
Enaco	x		x	
Fernández Wood	x		x	
FFV	x			
Guzmán y Larraín	x	x	x	x
Icafal	x	x		x
Inarco				x
Manquehue	x			
Mena y Ovalle	x			x
OHL				x
Paz Froimovich	x	x	x	
Penta	x	x		
Pocuro	x	x	x	
Salfacorp	x	x	x	x
Sigro				x
Simonetti	x			
Socovesa-Almagro	x	x	x	x
Tecsa	x			x

Source: Socovesa's internal research and analysis

Government Subsidized Housing Program

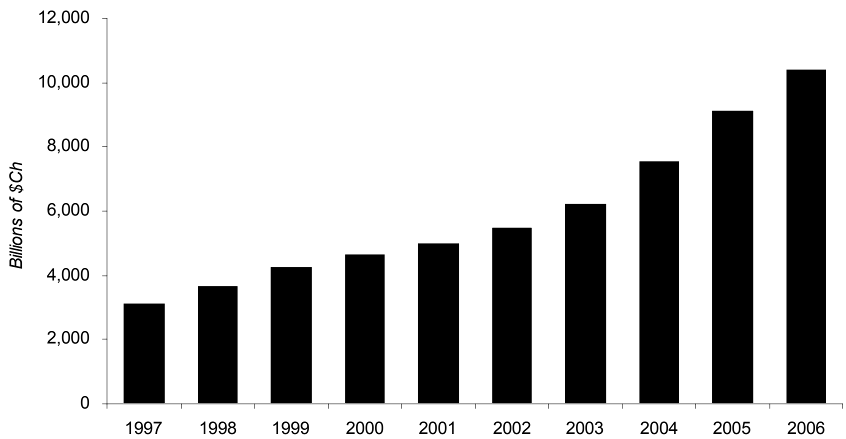
Chile's government subsidized housing program provides grants to eligible purchasers of first time homes to build or buy a new or used residence. The program targets families living in poverty conditions. Pursuant to the program, a prospective purchaser applies for a government subsidy, which can cover up to 40% of the purchase price. Subsidies vary in size between approximately US$10,400 and US$17,500, depending on the location and type of residence. According to the Chilean Housing and Urban Development

Ministry, during the last five years, home subsidies have grown at an average rate of 3.1% per year, and in 2006 the subsidies provided by the Government totaled approximately US$576 million.

Industry Trends

Availability of Financing. The performance of the housing sector is highly correlated with the availability of mortgage financing and long term interest rates. In addition to Chile's favorable economic conditions in recent years, its financial sector has mortgage offerings, which has produced a positive impact on real estate sales. The increase in the supply of mortgage loans, together with the longer financing terms and the higher amount of leverage permitted by lenders, has facilitated access to credit. According to the Chilean Central Bank, during the last ten years, mortgage loans provided by banks have increased by an average of 14.2% annually. The table below shows the increase in mortgage loans provided by banks in Chile for the periods indicated.

Expansion of bank housing loans(1)

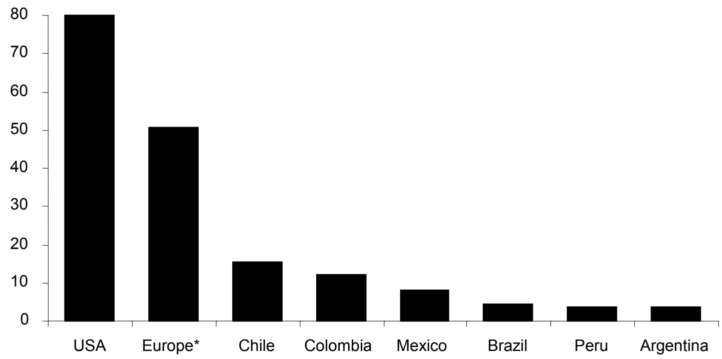


(1) Does not include mortgage loans extended by life insurance companies: Superintendency of Banks and Financial Institutions (Superintendencia de Bancos e Instituciones Financieras) and Central Bank

In Chile, mortgage loans are offered mainly by local banks and life insurance companies. This market is competitive, with offerings that include maturities of up to 30 years and 100% financing. The majority of these loans are UF based. Chilean regulations permit local life insurance companies to establish reserves against UF-denominated mortgage loans. Increasingly, local financial institutions, especially banks, are also offering Chilean peso based mortgage loans, where the inflation risk is assumed by the lender.

According to the International Finance Corporation, Chile's 2005 total mortgage loans to GDP ratio was higher than Colombia, Mexico, Brazil, Peru and Argentina, but below countries such as the United States and certain European countries. The table below shows the amount of mortgage loans as a percentage of GDP in 2005 for the countries indicated.

Mortgage Loans as % of GDP in 2005



Source: IFC (2005)
**includes Austria, Finland, France, Germany, Greece, Italy, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the Netherlands, Turkey and the United Kingdom*

The following table shows Chile's average mortgage loan size, average interest rate, and mortgage loans to GDP ratio for the last five years.

Mortgage loans in Chile

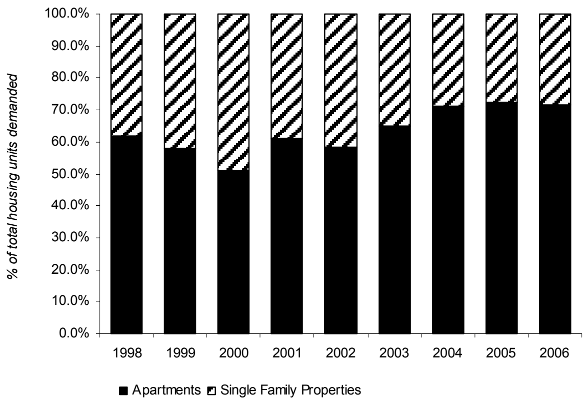
	2002	2003	2004	2005	2006
Average loan size (UF)	1,407	1,226	1,709	1,217	1,056
Average interest rate(1)	7.1%	6.9%	5.5%	5.2%	5.3%

(1) Average mortgage rate for mortgages with maturities of 20 years or more
Source: Superintendency of Banks and Financial Institutions and Chilean Central Bank

Increasing Demand for Apartments. According to a study held by Collect Investigaciones de Mercado S.A., a Chilean market research firm, the demand for apartments in the Metropolitan Region of Santiago is increasing in comparison to demand for single-family houses. During the last eight years, demand for apartments has grown at a CAGR of 17.0%, whereas demand for single family houses has grown at a CAGR of 10.8%. The increase in demand for apartments is due to factors such as demand for safer homes and for centrally located properties. This trend has increased both demand in metropolitan areas and demand for apartments.

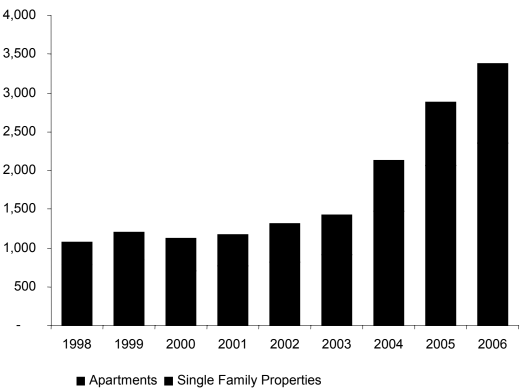
According to a study undertaken by the Chilean Chamber of Construction in 2007, it would take between approximately 13 to 14 months to use up all residential property inventories. According to the Chamber of Construction, this trend was relatively stable in 2004 through 2006. During the same period, rental prices have increased at similar rates as property prices. The following tables show the percentage of apartment versus single-family residences sold in the Metropolitan Region and the total amount of residential sales for the period indicated.

Apartments and Single Family Sales in the Metropolitan Region of Santiago



Source: Collect Investigaciones de Mercado S.A.

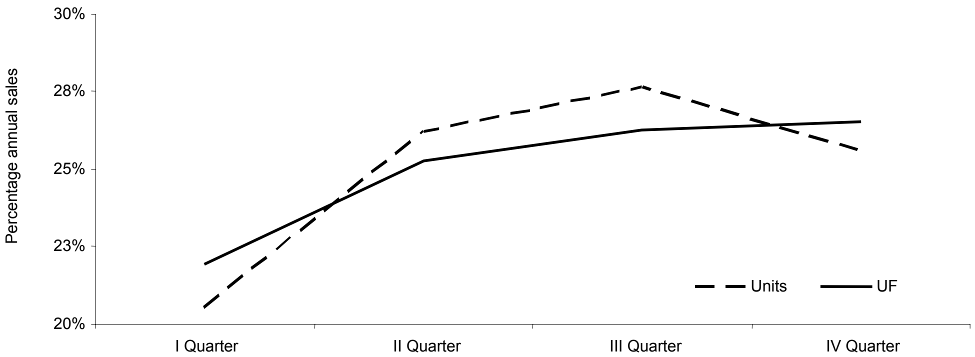
Total Residential Sales in the Metropolitan Region of Santiago



Source: Collect Investigaciones de Mercado S.A.

Seasonal behavior of sales. The residential real estate business in Chile is seasonal, reaching its peak of activity during the second and third quarter of each year. The following table shows the percentage of sales per quarter in Santiago during the periods indicated.

Real Estate Seasonality in the Metropolitan Region of Santiago (2002 – 2006 average)



Source: Collect Investigaciones de Mercado S.A.

Increase in regulatory requirements. Chilean regulatory entities are requiring additional studies and approvals for new development projects. As a result, regulators are requiring developers to build better roads and contribute more to the infrastructure of the area, and they have also established higher post-sale responsibilities.

Professionalization and specialization of developers. The combination of the market trends described above has led developers to offer more professional and specialized products and services. Brands and client relationships have also become increasingly more important.

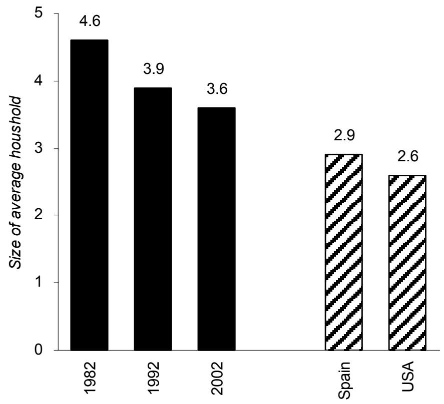
Demand for higher value added products. Demand for bigger and better homes tends to increase as GDP per capita increases. In Chile, the demand for higher value-added products has increased, requiring additional amenities, such as gyms, pools, parks, etc., as well as improved post-sale services.

Decline in household size. According to the Chilean National Institute of Statistics, the average size of the Chilean household has decreased from 4.8 members per household in 1982 to 3.8 members in 2002. This trend results from a variety of factors such as an increase in single-person households, higher participation of women in the work force and higher number of retired adults. Smaller households have led to increased demand for real estate.

Strong demographic basis. According to the Chilean National Institute of Statistics, the demographic base between 25 to 40 years old will increase more than 7% by 2015. In 2000, the population under 25 years of age represented 44% of the total population of Chile, compared to 35.4% in the United States (according to the U.S. Census Bureau) and an average of 28.9% in Western Europe (according to the International Finance Corporation). At that rate, the Chilean National Institute of Statistics estimates that in 2030 approximately 35.7% of the Chilean population will be between 25 to 49 years of age, a population segment with traditionally high real estate purchasing potential.

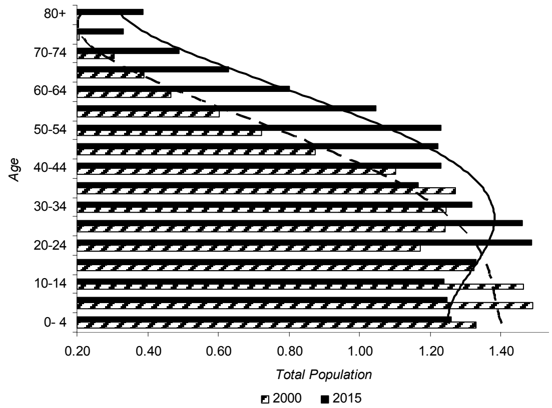
The following tables show average household size in Chile, Spain and the United States, and population distribution in Chile in 2000 and projected for 2015.

Average Household Size in Chile (2005)



Source: Chilean and Spanish statistical agencies, US Bureau of Census (2005)

Population Distribution in 2000 and projected for 2015



Source: National Institute of Statistics