

AGUAS ANDINAS S.A.

Registration in the Securities Registry No. 346

**LEGAL PROSPECTUS FOR BOND ISSUANCE
PER LINE OF 10-YEAR DEMATERIALIZED BEARER BONDS**

AB SERIES and AC SERIES BOND ISSUANCE

**First placement against the bond line registered with the Securities Registrar
N°886 dated February 13, 2018**

Santiago, April 2018

GENERAL INFORMATION

Participating intermediaries

This prospectus has been prepared by Aguas Andinas S.A., hereinafter also referred to as “**Aguas Andinas**”, the “**Company**”, the “**Corporation**”, la “**Business**” or the “**Issuer**”, with the advice of BBVA Financial Advisory S.A.

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Prospectus date

APRIL 2018

1.0 IDENTIFICATION OF THE ISSUER

Name or company name

Aguas Andinas S.A.

Brand

Does not have

Rol Único Tributario (Tax ID Number)

61.808.000-5

Registration in the Securities Registrar

N° 0346, dated on September the 13th, 1989

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2.0 ACTIVITIES AND BUSINESS LINE OF THE COMPANY

2.1 Historical overview

The Company has its origins in 1861, when the Potable water company of Santiago was founded, which built the first ponds to store water during 1865. In 1894, the Company began the construction of drains in Vitacura to obtain filtered water from the Mapocho River and a 20,000 m3 pond in Antonio Varas Street, which still operates today.

In 1903, Santiago's sewer and paving law was enacted, which prompted the construction of potable water and sewerage networks. In 1917 the 87 km long Aqueduct of Laguna Negra was opened. The pipeline carries water from the mountain range to Santiago and is still in operation.

During the following decades, the Company continued to expand its coverage area in the Metropolitan Region through the construction of various works, such as the "Las Vizcachas" plant (1953) for the production of potable water, the second stage "Vizcachitas", located next to the parallel aqueduct (1969) and the "Ingeniero Antonio Tagle" plant (1984).

In 1977, the Empresa Metropolitana de Obras Sanitarias (EMOS) was founded, as a result of the integration of the Empresa de Potable water de Santiago with the Santiago North-West and Santiago South water utility Services and the Santiago Sewerage Administration. It became an open stock corporation in 1989, under the protection of Law No. 18,777, and became a subsidiary of the Corporación de Fomento de la Producción (CORFO).

In 1990, construction began on the first water treatment projects in the Central Station sector in the Metropolitan Region, and in 1993 the construction of the Western Santiago treatment plant was completed.

In 1999, and after an international tender process conducted by the Chilean Government, the company Inversiones Aguas Metropolitanas, made up of Aguas de Barcelona (50%) and Suez (50%), acquired 51.2% of the ownership of EMOS. This acquisition was accomplished through the purchase of a package of shares from CORFO for US\$ 694 million and the subscription of a capital increase for US\$ 453 million. Total investment reached 1,147 billion US\$.

During the year 2000, the development plan of EMOS for the period 2001-2005 was defined, with a strong emphasis on wastewater treatment works, which began with the construction of the El Trebal treatment plant. That same year, EMOS acquired 100% of Aguas Cordillera and directly and indirectly 50% of Aguas Manquehue.

In October 2001, as part of a process of corporate renewal and restructuring, EMOS changed its name to Aguas Andinas S.A., which became the head of the Aguas Andinas Group.

At the end of 2001, the El Trebal wastewater treatment plant began operations and the construction of La Farfana began, which entered into operation in 2003.

In January 2002, the remaining 50% of the Aguas Manquehue property was purchased, with Aguas Andinas controlling 100% of the company.

In May of the same year, two small treatment plants were opened for peripheral areas of the Metropolitan Region: Paine and San José de Maipo.

In December 2002, new private shareholders joined the Company after CORFO disposed of part of its shares in Aguas Andinas, mainly among institutional investors, reducing its ownership interest from 44.2% to 35%.

In 2004, Aguas Andinas began construction of the Talagante wastewater treatment plant. Additionally, in 2004 the construction of the Padre Hurtado-Talagante Interceptor Collector was completed and in November the construction of the Curacaví wastewater treatment plant began, which entered into operation at the end of 2005.

During 2005, the shareholders of Inversiones Aguas Metropolitanas, the parent company of Aguas Andinas, carried out a secondary offering of shares in the Chilean and international markets.

During 2006, the sewage treatment plant in the town of Talagante was completed and construction began on the Melipilla plant. Also in the area of sanitation; in July, the environmental impact study for the Clean Urban Mapocho project was submitted to the National Commission on the Environment (CONAMA), which allowed for the decontamination of the river's water and increased wastewater treatment coverage in the Metropolitan Region. In environmental matters, in December the Aguas de Ramón Natural Park was opened, the largest park in Santiago and an area of environmental conservation and education.

During 2007, the Environmental Impact Study of the Clean Urban Mapocho project was approved and, once the Environmental Qualification Resolution was obtained, the public tendering and awarding of the construction contracts were carried out. Construction work began at the end of 2007.

In November 2007, the Environmental Impact Study of the Mapocho wastewater treatment plant project was submitted to CONAMA Metropolitana. Also noteworthy is the participation of the Company's subsidiary Gestión y Servicios in the development of the biogas supply project from the La Farfana wastewater treatment plant to Metrogas, which began operating in the second half of 2008.

During the first quarter of 2008, Aguas Andinas announced an agreement for the acquisition of Inversiones Iberaguas Limitada, the holding company of 51% of Empresa de Servicios Sanitarios de Los Lagos S.A. (Essal), a company operating in the X Region of Los Lagos and the XIV Region of Los Ríos, which was completed on July 10, 2008. The Company also made a tender offer for 100% of the shares of Essal, which was deemed successful on July 10, 2008 and resulted in the acquisition of an additional 2.5% of Essal's ownership. This made Aguas Andinas the country's main water utility company and one of the largest in Latin America, serving around 8 million inhabitants at a consolidated level. The concession areas of Aguas Andinas and its sanitary subsidiaries include a territory of 70 thousand hectares located in the Metropolitan Region, as well as an area of 67 thousand hectares located in the X and XIV regions.

On October 31, 2008, Aguas Cordillera acquired the only share of Aguas Los Domínicos S.A. that was not held by this company, merging both companies into Aguas Cordillera.

During 2009, the construction work on the Clean Urban Mapocho project was completed; and in mid-December, operating tests began. The project was formally inaugurated on March 30, 2010.

During 2010, construction began on the Mapocho wastewater treatment plant, which is part of the last stage of the Water Sanitation Plan for the Santiago Basin. This plant is located in the El Trebal enclosure, becoming the Trebal-Mapocho Complex. When this stage was opened in 2013, the Mapocho plant had a capacity of 2,2 m³/s., which was expanded in 2016 to 4,4 m³/s, bringing the total production of the Trebal-Mapocho complex to 8,8 m³/s.

In March 2011, the Board of Directors of Aguas Andinas agreed to form a new subsidiary, Aguas del Maipo S.A., for the development of any type of energy project related to services or natural assets of water utility companies. In this instance, the assets and the associated contract with Metrogas were transferred to this subsidiary. Currently, its shareholders are Aguas Andinas, Aguas Cordillera and Aguas Manquehue.

In June 2011, CORFO sold 1,834,539,519 shares, which correspond to approximately 29.98% of the share it held in Aguas Andinas, retaining only 5% of the ownership of the aforementioned company.

In 2012, Aguas Andinas invested US\$230 million in the construction of the Mapocho wastewater treatment plant. In addition, the operation of the El Rutil Integrated Biosolids Management Center, which manages 300 tons of sludge per day, was successfully launched.

In May 2012, CORFO sold 387,676,815 shares of ESSAL, corresponding to 40.46% of the share it held in this sanitary company, retaining only 5% of the ownership of the aforementioned company.

In November 2014, Aguas Andinas and the Superintendence of Water Utility Services (SISS) reached an agreement on the process of establishing tariffs for public potable water and wastewater services for the period March 2015-March 2020. This agreement defined the tariff scenario for the following five years, while at the same time contemplated tariffs for the entry into operations of new assurance works to increase the continuity and quality of their services in events of extreme turbidity and power outages, and the entry into operations of works aimed at improving the quality of treated wastewater. In turn, Aguas Manquehue and Aguas Cordillera also completed their tariff processes and reached an agreement with the SISS in November 2014. The current tariffs for Aguas Andinas for the period 2015-2020 were approved by Decree No. 83 dated June 5, 2015, and came into force on March 1, 2015 (published in the Official Gazette on September 3, 2015). The current tariffs of Aguas Cordillera S.A. and Aguas Manquehue S.A. for the period 2015-2020 were approved by Decree No. 152 and No. 139, respectively, and published in the Official Gazette on November 25, 2015.

In 2015, Aguas Andinas was included in the Dow Jones Sustainability Index of Emerging Markets, making it one of the three Chilean companies that joined this reputable indicator in 2015, which measures the performance of the top 10% of each industry. In addition, the company entered the Dow Jones Index Chile, the first sustainability index of the Santiago Stock Exchange, which at the time included only 12 companies in the country. This same year the company was ranked 14th in the ProHumana ranking of corporate sustainability. The company began a transformation process, setting new challenges for the five-year period 2015-2020, with investments dedicated to the sustainability of water resources and a high water quality for our citizens.

During 2016, the company's corporate strategy evolved into the strategy called "Santiago Deserves a 7". This strategy promotes a new way of working within the company that is more overarching and collaborative, and which, at the same time, aims to make Aguas Andinas a benchmark in sustainability in the country, to ensure water supply for future generations. Additionally, during this year, the company continued in the Dow Jones Sustainability Chile and Emerging Markets Indices and obtained the bronze medal in the ProHumana 2016 ranking. Aguas Andinas also became the fourth company in Chile to be certified under the Igualá Standard.

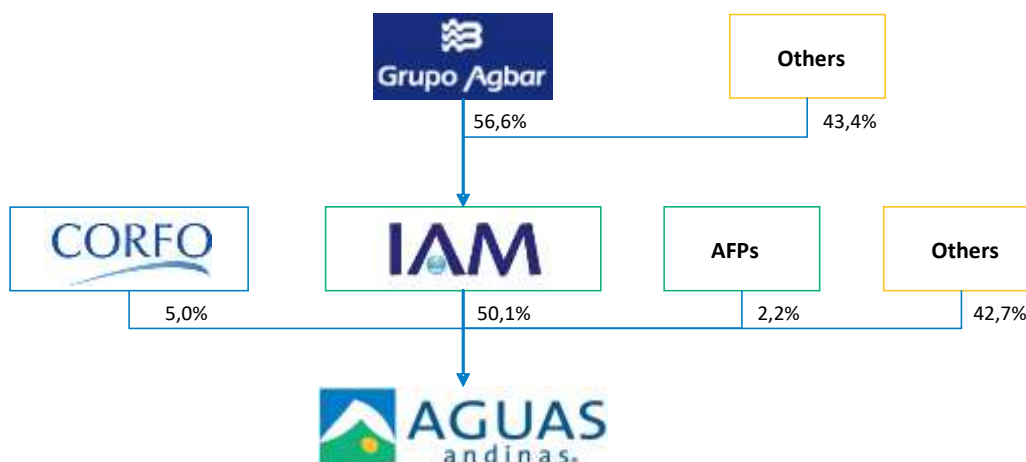
Meanwhile, for the subsidiary Essal, the tariffs in force for the period 2016-2021 were approved by Decree No. 143 of August 25, 2016, published in the Official Gazette on January 21, 2017.

During 2017, the company has focused its efforts on strengthening its strategy in order to support the sustainable development of Chile and its citizens.

Ownership

As of December 31, 2017, the ownership of Aguas Andinas is divided into shares, which display the following ownership structure.

Figure N°1:
Ownership structure of Aguas Andinas as of December 31, 2017



Source: Aguas Andinas

Suez (formerly Suez Environnement Company S.A.) is the controller of Aguas Andinas, since it holds 100% of the shares issued by Sociedad General de Aguas de Barcelona, S.A.

2.2 Description of the industry

2.2.1 Historical background

Until the modernization of the water utility sector between 1988 and 1999, which gave rise to the current legal framework, potable water and sewerage services were provided mainly by the Government of Chile, through the Servicio Nacional de Obras Sanitarias (National Service of Water Utility Services) (SENDOS). In 1990, as a result of the restructuring of the water utility industry, this government body was dissolved, the water utility concessions regime and the current regulatory framework for the industry were created. With this restructuring, the Government separated its roles as administrator and regulator, created the Superintendence of Water Utility Services (SISS) as regulator and controller, and transformed SENDOS into 13 government-owned and independent companies, one for each region of the country.

In February 1998, the legal framework that allowed for the participation and delivery of control to the private sector of government-owned water utility companies was established. Thus, the Government of Chile began the process of selling the main water utility companies in the

country, with Esval, a water utility company that operates in the V Region, being the first to incorporate private capital under this framework in December 1998. Later, private capital was incorporated into the companies Emos, Essal, Essel and Essbio.

During the year 2000, it was announced that the process of incorporating private capital for the rest of the government water utility companies would be carried out under the modality of transfer of operating rights. This method grants the private investor the concession to operate the health service for a determined period of time, during which time he or she must comply with the investment plan foreseen for the Company, without transferring ownership of the company. Under this system, between the years 2000 and 2004, tenders were held for the remaining of the water utility facilities under government control, with Essam, Emssa, Essco, Essan, Emssat, Essar, Esmag and Essat being awarded.

During 2007, the Ontario Teachers' Pension Plan (OTPP), the largest private professional pension fund in Canada, became the owner of Esval, Essel, Essbio and Essco, making it the second largest controlling group in the water utility industry.

At the end of 2010, the sale of Aguas Nuevas was completed, with the joint venture of Marubeni Corporation and Innovation Network Corporation of Japan being the new holding company's controller.

During 2011, CORFO sold its minority stakes in Aguas Andinas (29.98% of the shares, with a total revenue of US\$ 984 million), Esval (24.43%, raising US\$ 230 million) and Essbio (38.44% for a total of US\$ 334 million). The share packages of the latter two companies were acquired by the Ontario Teachers Pension Plan (OTPP).

During 2012, CORFO sold 387,676,815 shares of Essal, corresponding to 40.46% of the ownership, keeping 5% of the water utility company.

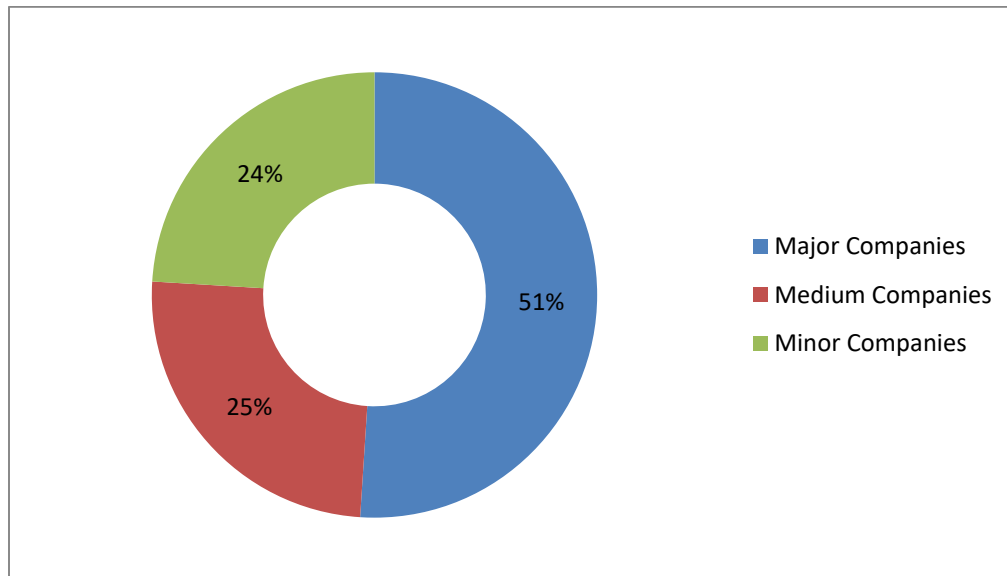
According to the information provided by SISS, as of December 2016, 43.2% of the customers served were so by the four water utility companies of the Aguas Andinas Group (Aguas Andinas, Aguas Cordillera, Aguas Manquehue and Essal), controlled by the Agbar-Suez Group; 31.2% are customers of the three companies controlled by OTPP; 8.3% by the Marubeni Group and INCJ through the three companies Aguas Nuevas (Aguas Araucanía, Aguas Altiplano and Aguas Magallanes) and Aguas Décima de la Región de Los Ríos; 5.1% by Inversiones Aguas Río Claro S.A., in the municipality of Maipú in the Metropolitan Region, 3.8% were served by the SMAPA municipal service; 3.3% were served by Empresas Públicas de Medellín) and the rest by other owners.

2.2.2 The Chilean water utility sector

According to the size of the companies, in terms of the number of clients served, companies in the Chilean healthcare sector can be classified into: Major, Medium and Minor Companies, according to the percentage of participation of their regulated clients in relation to the country as a whole.

- Major Companies: Are those that serve more than 15% of the clients in the country. Currently, 51% of the population is served by Aguas Andinas and Essbio.
- Medium Companies: Are companies that serve between 15% and 4% of the clients in the country. This segment is made up of four companies that together serve 25% of the clients in the country.
- Minor Companies: This group includes companies with less than 4% of the clients in the country, it is made up of 45 companies that together provide water utility services to the remaining 24% clients in the country.

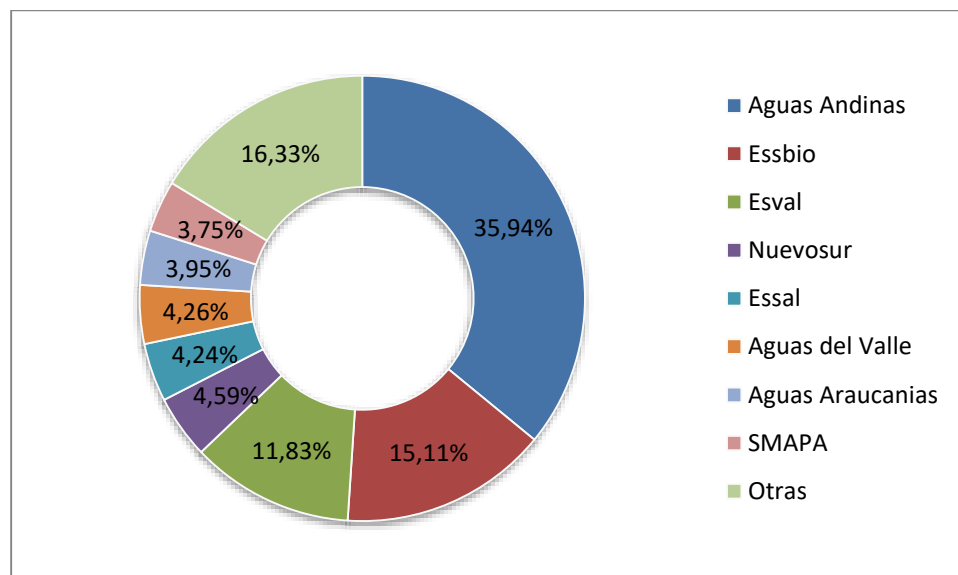
Graph N°1:
Distribution of nationally regulated clients by type of company
(Total Regulated Clients in 2017: 5.173.001)



Source: 2016 Management Report, Superintendence of Sanitary Services

As of December 2016, there were 60 water utility companies registered with SISS in Chile, of which 51 are actually in operation and 22 cover 99.14% of the demand (% of regulated customers' share of the country's total). The following graph shows the share per company in the regulated market of the Chilean water utility sector, measured in number of clients.

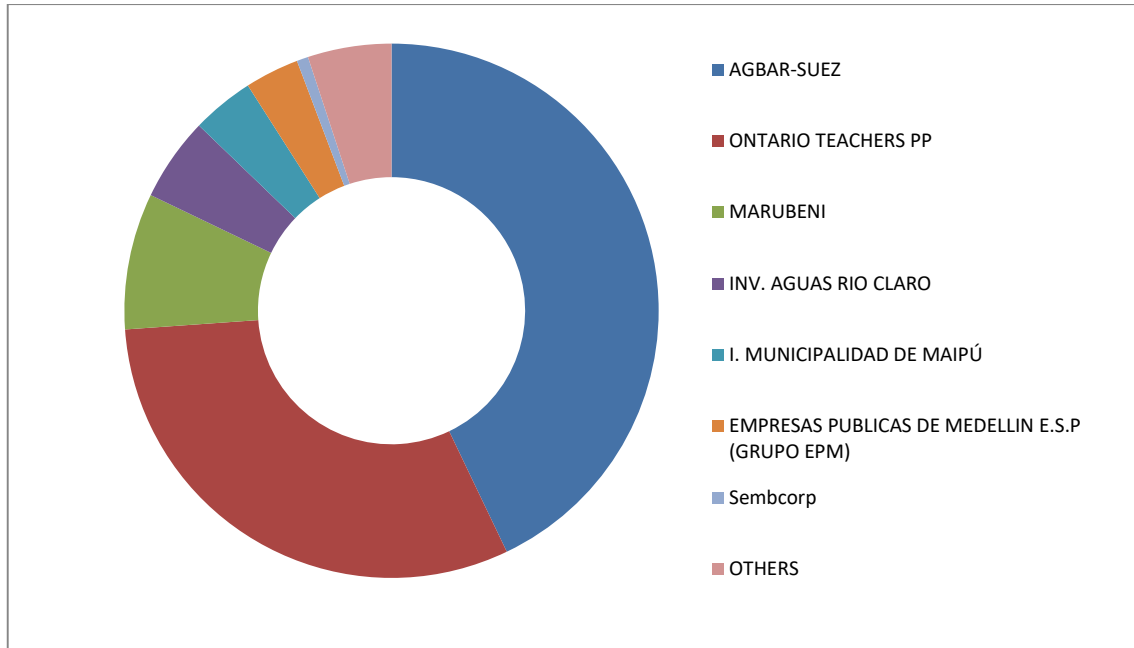
Graph N°2:
Regulated market share by company, by number of clients
(Total Regulated Clients 2016: 5.173.001)



Source: 2016 Management Report, Superintendence of Sanitary Services

Investors have shown a high interest in the Chilean water utility sector, a fact reflected in the presence of important business groups in water utility companies.

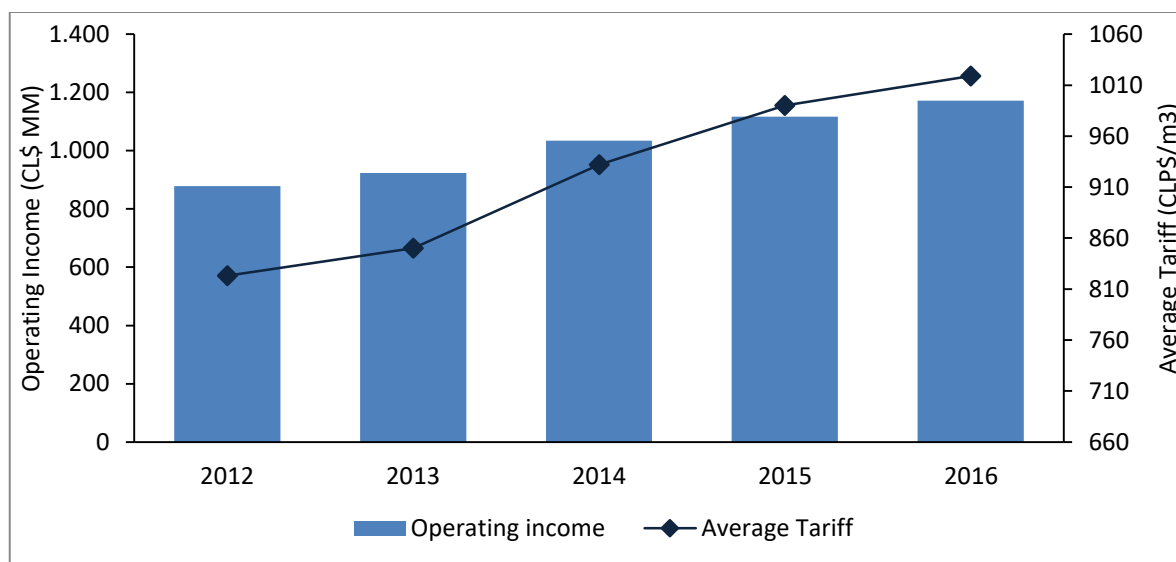
Graph N°3
Market share by economic group, by number of clients
(Total Regulated Clients 2016: 5.173.001)



Source: 2016 Management Report, Superintendence of Sanitary Services

a. Demand

Graph N°4:
Evolution of the average revenue and tariffs of the country's water utility companies

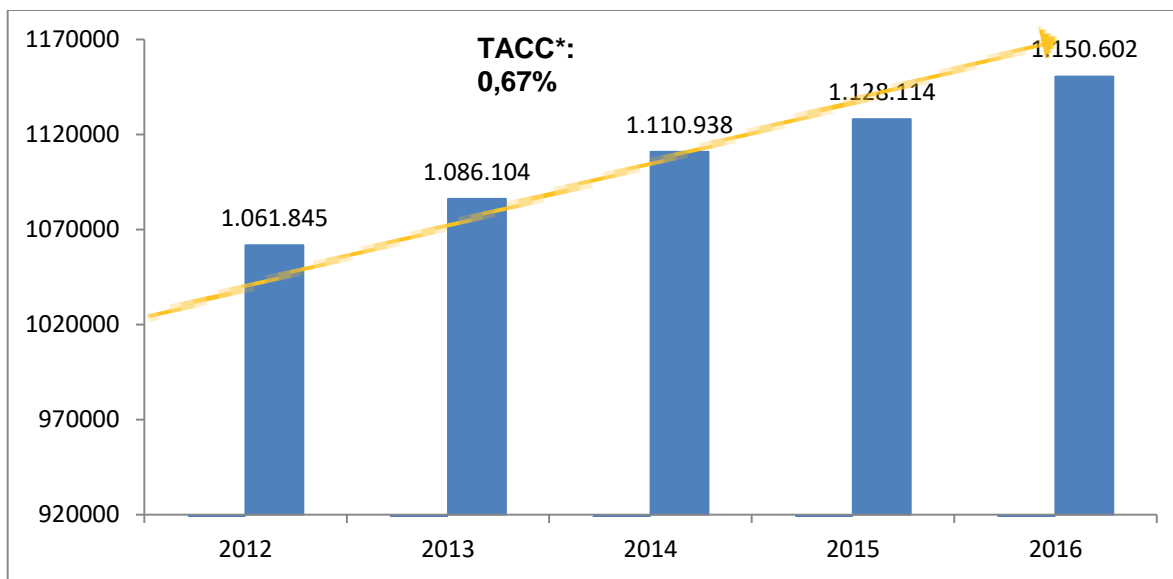


Source: 2016 Management Report, Superintendence of Sanitary Services

Note: Average tariffs calculated as the total revenue over the total of m³ invoiced by the water utility companies.

This growth has been sustained, to date, by: (i) the stability of demand for health services, (ii) the industry's own regulatory framework and (iii) the setting of tariffs that, through a tariff increase, has been able to correctly reflect the costs of the companies and encourage investment.

Graph N°5:
Physical evolution of potable water sales at national level (thousands of m³)

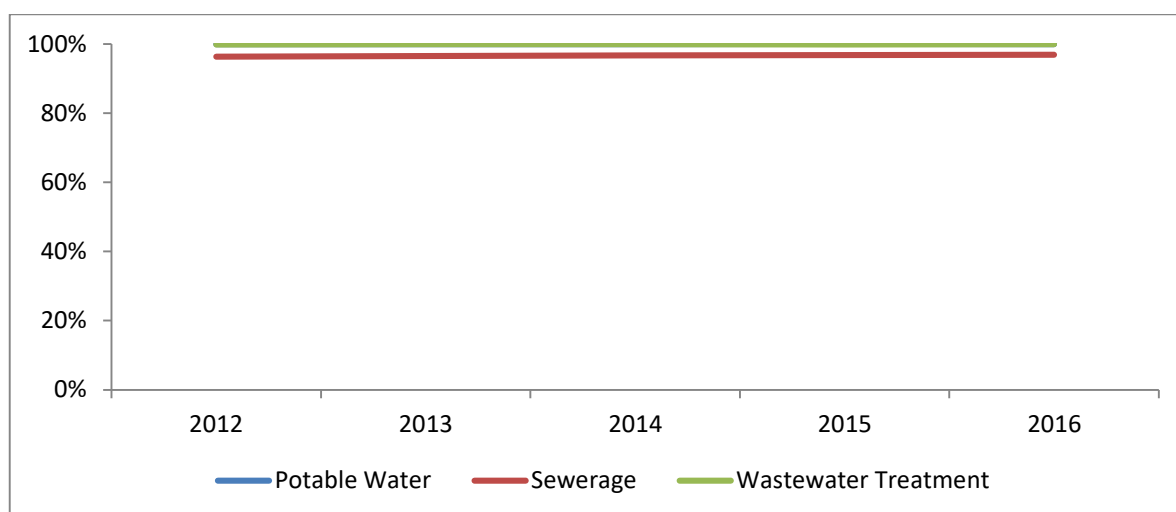


Source: 2016 Management Report, Superintendence of Sanitary Services

*TACC: Compound Annual Growth Rate

In addition, the Chilean water utility industry has experienced a sustained growth in the number of clients served and in the potable water and sewerage services coverage, which demonstrates the excellent performance achieved by the water utility companies after the privatization process began in 1998. As indicated in the SISS Management Report for 2016, by December of that year, potable water coverage reached 100% of the population.

Graph N°6:
Evolution of the urban coverage of potable water, sewerage and treatment at a national level



Source: 2016 Management Report, Superintendence of Sanitary Services

Note: Since 2011 the coverage is calculated on the population connected to the sewerage system.

In addition, in recent years there has been a significant increase in the coverage of wastewater treatment, which demonstrates the commitment achieved between water utility companies, regulators and the population, with the aim of substantially improving the quality of life of the population and the decontamination of the environment.

The demand for health services is characterized by a moderate seasonality, more accentuated in regions where there vacation resorts are present. In these places, the difference in consumption in the high period is 50% or higher than in the low period. In the other regions there are differences between 10% and 30%.

b. Regulatory Aspects

The current model of regulation of the Chilean water utility industry emphasizes two aspects: the *Concessions and Rates Regime*. Both are contained in the legal framework under which the operation of the sector is regulated, with the function of the SISS being to apply and enforce the provisions of DFL No. 382 of 1988, General Law of Sanitary Services, and DFL No. 70, Law of Fees, and their respective regulations.

Concessions Regime

The Chilean legal framework establishes a method of management through the granting of concessions for the use of resources and the provision of services to open stock companies. These concessions may be granted to operate individual or integrated stages of the service.

The concessions are granted for an indefinite period of time, by decree of the Ministry of Public Works, at no cost to the company requesting them. Each decree contains the rules and clauses relating to the investment program to be developed by the concessionaire and the tariff and guarantee system, the purpose of which is to ensure compliance with the investment program.

There are four types of concessions, depending on the type of activity being operated:

- Production of potable water.
- Distribution of potable water.
- Sewage collection.
- Wastewater treatment and disposal.

The potable water distribution and sewage collection concessions are applied for and granted jointly to the same concessionaire.

To apply for a concession in a certain area, the applicant company must submit to SISS a proposal for tariff systems, a guarantee and a development plan for the area. The development plan should include a detailed schedule of projected investment in the concession area for the next fifteen years and include a level of service for each area within the concession area.

The concessionaires of public water utility services are responsible for the maintenance of the quality level in the service to users and the provision of services, as well as the maintenance of the potable water and wastewater system up to the point of the connection with the client. The concessionaire is obligated to provide service to those who require it within the concession area.

Concessions may be terminated under the terms established in DFL No. 382 of 1988, General Law of Sanitary Services, by Supreme Decree of the President of the Republic, following a technical report prepared by SISS. In the event of the expiration of a concession, the law orders the appointment of a provisional administrator of the service, who will have all the powers of the activity of the company whose concession has expired, which the law or its by-laws indicate to the Board of Directors and its managers, who will exercise their functions until a new concessionaire is appointed, according to the public bidding process called for by the SISS for this purpose.

Tariffs

The tariffs that regulate the Chilean water utility industry are established by law every five years and are governed by a specific legal framework based on the following principles:

- **Dynamic Efficiency**: This principle is reflected in the concept of the Model Company, which aims to separate the costs on the basis of which the tariffs and costs of the actual company are calculated. The Model Company is designed to efficiently provide the services required by the population, taking into account current regulations and the geographical, demographic and technological restrictions within which its operation is framed. The concept of dynamic efficiency also implies that each time tariffs are established, productivity improvements in service provision are included.
- **Intelligibility**: The application of this principle is reflected in the formulation of a tariff structure aimed at providing appropriate signals to guide consumption and production decisions of the economic agents.

- Equity: It means non-discrimination between users, except for cost reasons, and tends to establish tariffs based on the costs of systems and stages of service provision, eliminating cross-subsidies for users of the same system.
- Economic Efficiency: The aim is on pricing under the concept of marginal cost, since in a flawless market the price reflects the opportunity cost of producing an additional unit of the good (marginal cost), or efficient rate.
- Delf Financing: This principle arises from the financing problem that affects natural monopolies when pricing at marginal cost, since efficient rates do not allow the company to be self-financing. The legal framework recognizes this situation through the concept of Long-Term Total Cost, which represents the costs of replacing a Model Company that begins operations, sized to meet the annual demand for a five-year period, considering a cost of capital rate equivalent to the average return on the readjustable long-term securities of the Central Bank of Chile with a term of eight years or more, plus a risk premium of between 3% and 3.5%. In any case, the cost of capital rate cannot be less than 7%.

The type of adjustable securities of the Central Bank, their terms, and the period considered to establish the average are determined by the regulatory agency considering the liquidity and stability characteristics of each security, in the manner indicated in the regulation. Either way, the period to be considered for calculating the average may not be less than six months or more than 36 months.

Once the operating and investment costs of the Model Company have been determined, an annual long-term cost is calculated using the costs of the Model Company for the next 35 years. Then, SISS establishes a tariff structure that allows covering long-term costs and obtain a fair return on investments. Finally, the Model Company's annual profit is calculated using these efficiency tariffs and the average demand for the next five years. These tariffs are adjusted until the Model Company's annual revenue equals the annual long-term cost.

Tariffs are calculated every five years, unless the company and the SISS agree to recalculate, due to a significant change in the assumptions on which the last tariffs structure was determined. Either way, the new rates will remain in force for five years or until both parties agree to their recalculation.

Before the beginning of each new period (at least one year before the tariffs expire), the company may request that the tariffs be maintained for the following period. If the SISS agrees to this request, these formulas are maintained for another five-year period or until both parties agree to recalculate them.

The SISS and the company make their own calculations basing themselves on the definitive rules established for the negotiation process, the new tariff structure being the result of the negotiation between the two parties. A three-member committee of experts resolves any disagreements between the two parties. The SISS and the company each appoint an arbitrator and the third is appointed from a list of previously agreed upon candidates. The list of candidates is agreed upon and decided at the beginning of the tariff process. The committee must decide within 30 days, and its verdict is final.

Schedule for Rate Establishing

Below is a standard schedule for the tariff establishing process, in accordance with the provisions of the General Sanitary Services Law, with t0 being the time of entry into force of the new tariff structure.

Moment		Activity
i.	At least 12 months before t_0	The SISS must inform the companies of the bases of the studies.
ii.	60 days later than i.	Companies may object to the bases.
iii.	45 days later than ii.	The SISS must resolve the objections, whose verdict is final.
iv.	30 days later than i. or iii.	The companies must submit the data necessary to the SISS for the calculation of the tariffs.
v.	5 months before t_0	The SISS and the companies exchange the results of the respective studies.
vi.	30 days later than v	Companies may object to the tariff structure determined by the SISS, submitting relevant support information. Discrepancies can be resolved by mutual agreement between the SISS and the company. If the company does not submit objections the tariffs are considered final.
vii.	15 days later than vi.	If the SISS and the company do not reach an agreement, a call for the Committee of Experts is issued
viii.	6 days later than vii.	The SISS and the company must appoint the persons who will participate in the Committee of Experts
ix.	7 days later than viii.	The Committee of Experts must meet
x.	30 days later than ix.	The Committee of Experts must resolve the differences between the SISS and the company choosing one of the proposals
xi..	3 days later than x	The Committee of Experts must report to the SISS and the company of its verdict
xii.	30 days later than t_0	The SISS must establish the new rates, valid for the following 5 years

2.3 Description of activities and business

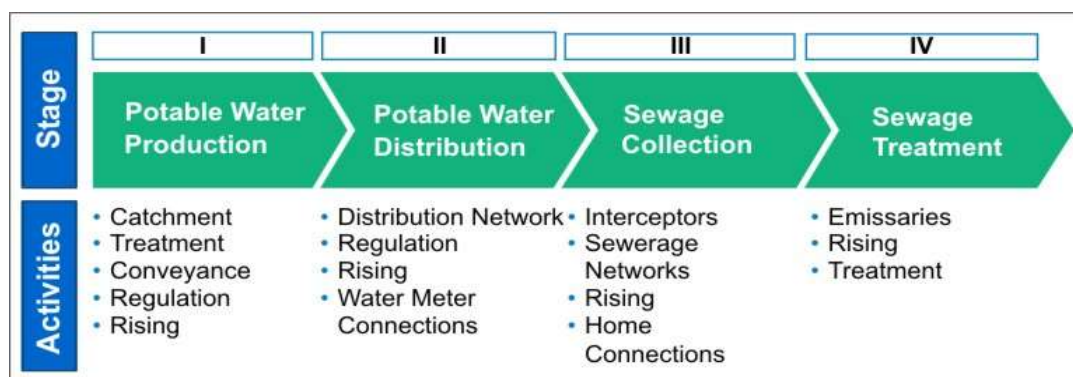
Aguas Andinas is the main water utility company operating in Chile, serving more than 7.1 million inhabitants in the Metropolitan Region, in a concession area of nearly 70,000 hectares. Together, it serves more than 766,000 inhabitants in the X and XIV regions, in a concession area of around 67,000 hectares.

The following table summarizes the companies and urban populations supplied by Aguas Andinas and its regulated subsidiaries.

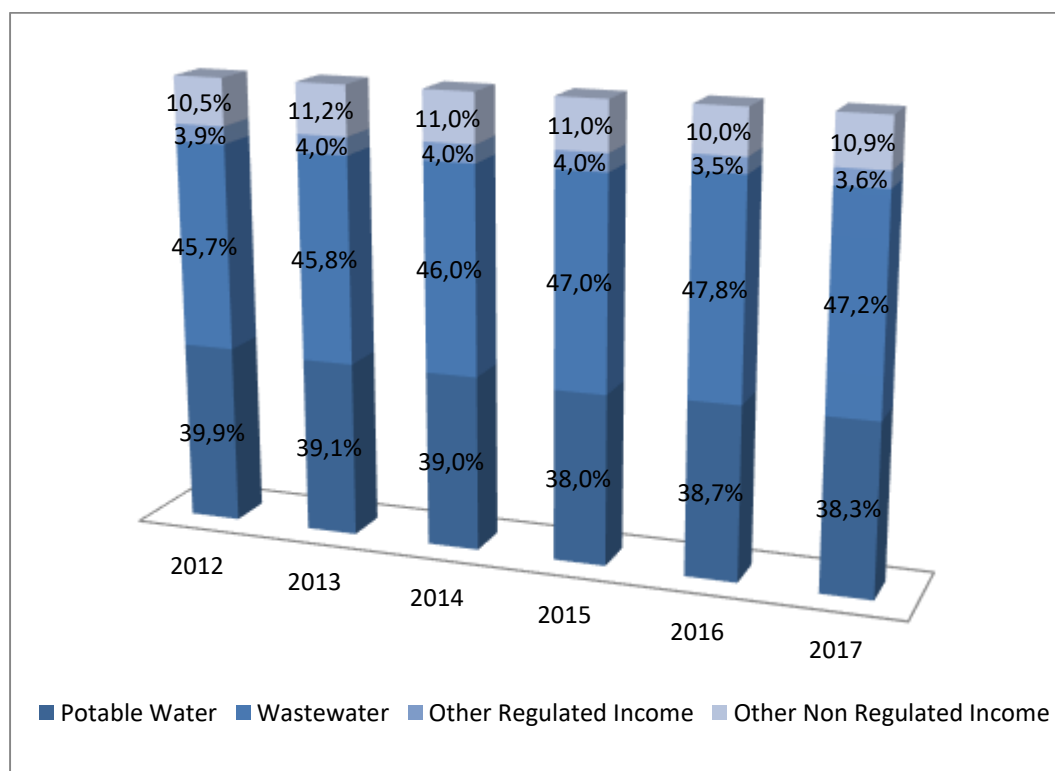
Region	Company	Estimated Urban Population	Potable Water		Sewerage	
			Supplied Pop.	Coverage	Sanitized Pop.	Coverage
RM	Aguas Andinas	6,575,564	6,575,545	100.00%	6,494,411	98.77%
RM	Aguas Cordillera	456,711	456,704	100.00%	451,553	98.87%
RM	Aguas Manquehue	63,497	63,497	100.00%	63,128	99.42%
X	Essal	641,718	641,690	100.00%	613,876	95.66%
XIV	Essal	124,627	124,615	99.99%	115,454	92.64%

Source: 2016 Management Report, Superintendence of Sanitary Services

Aguas Andinas participates in all stages of the water cycle: production and distribution of potable water, collection, treatment and disposal of wastewater. The activities to be developed in each of these stages are detailed below:



Graph N°7:
Composition of consolidated revenue of Aguas Andinas by source



Source: Aguas Andinas, December 2017

2.3.1 Production and distribution of potable water

This operation includes the necessary processes to convert the raw water collected into potable water, leading it to the distribution points that regulate the supply of the final customers who demand it.

Production of potable water

Main Assets

The main assets that Aguas Andinas owns, in order to be able to provide the potable water production service are basically made up of water use rights, catchment facilities and potable water production facilities.

Water rights are the essential asset for obtaining raw water from different sources, whether surface or underground. For this reason, the Aguas Group currently has water rights that ensure the availability of raw water to supply its clients.

The potable water production process includes the catchment of raw water from different surface or underground sources, through a network of uptakes, channels, ducts and boreholes owned by the Company, which extract the raw water directly from the source and transfer it to the potable water production plants.

Finally, the production plants receive the raw water and carry out the necessary procedures to transform it into potable water, delivering the water ready for consumption to the

distribution network. The following table shows the main potable water production facilities and their characteristics.

Main Potable Water Production Facilities of the Aguas Group

	Canelo Vizcachas Vizcachitas Ing. A. Tagle	De Ramón Creek Macul Creek La Florida	Approx. total capacity. 20.65 m³/s
		Arrayán La Dehesa Padre Hurtado San Enrique	Approx. total capacity 2.65 m³/s
		Punta de Águila	Approx. total capacity 0.30 m³/s
			Approx. total capacity 1.64 m³/s

Source: Aguas Andinas. Does not include groundwater sources

Resource Sources

The Maipo River is the main source of water resources for Aguas Andinas. This is characterized by a great seasonal variation in its flows, which is why the Company has the "El Yeso" reservoir, with the purpose of stabilizing its hydrological behavior in the Metropolitan Region and being able to regularly supply the demand for potable water and optimize its use.

With an operative reserve capacity of 220 million cubic meters, the reservoir allows the regulation of the contribution from surface sources, both in times of drought and in events of great turbidity, ensuring the production of drinking water for our customers.

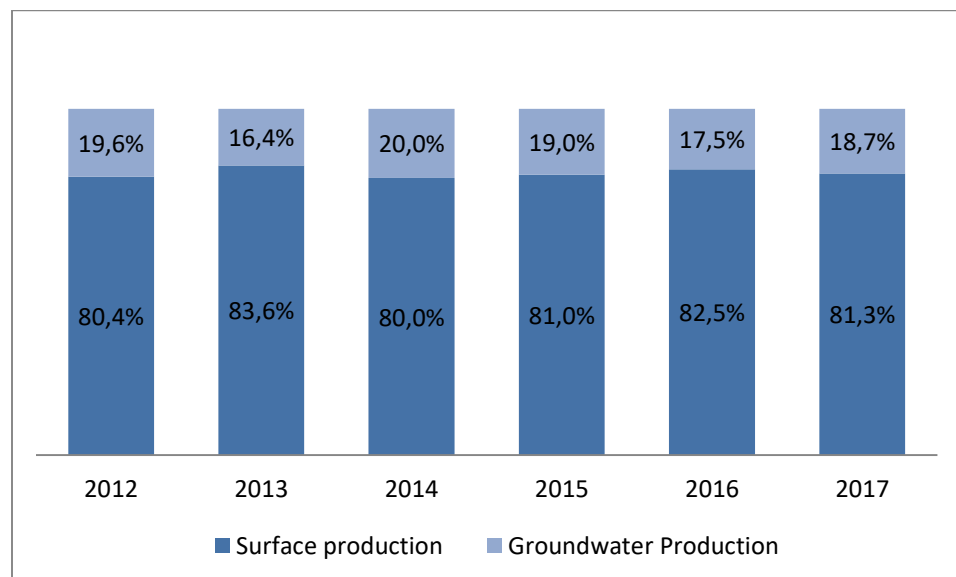
During 2017, the total production of potable water was 822 million m³, of which 668.3 million m³ corresponded to surface water and 153.7 million m³ to groundwater.

The Aguas Group currently has a total production capacity of 38.27 m³ per second, 33.97 m³ per second in Greater Santiago and 4.3 m³ per second in Regions X and XIV.

The evolution of the production of surface and underground sources over the last five years can be seen in the following graph:

Graph N°9:

Production of potable water by type of source for the period 2013 - 2017



Source: Aguas Andinas, December 2017

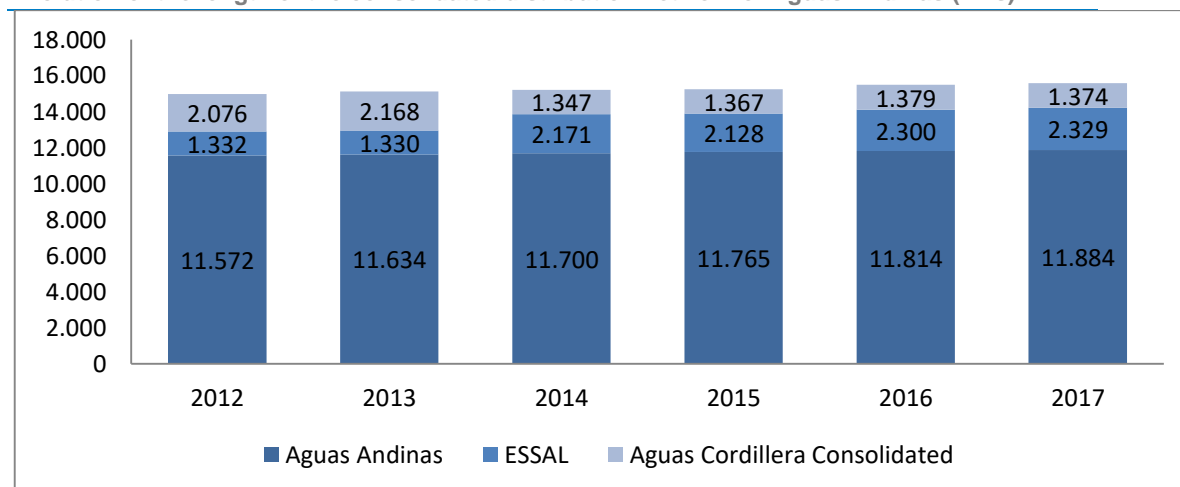
2.3.2 Potable water distribution

This operation includes the processes of storage, regulation and distribution of potable water produced from the potable water production plants, through the potable water networks, to the points of consumption.

Main Assets

The main asset that the Aguas Group owns, in order to be able to provide the potable water distribution service is its pipe network. The consolidated network of Aguas Andinas totaled 15,493 km. as of December 2016.

Graph N°10:
Evolution of the length of the consolidated distribution network of Aguas Andinas (kms)



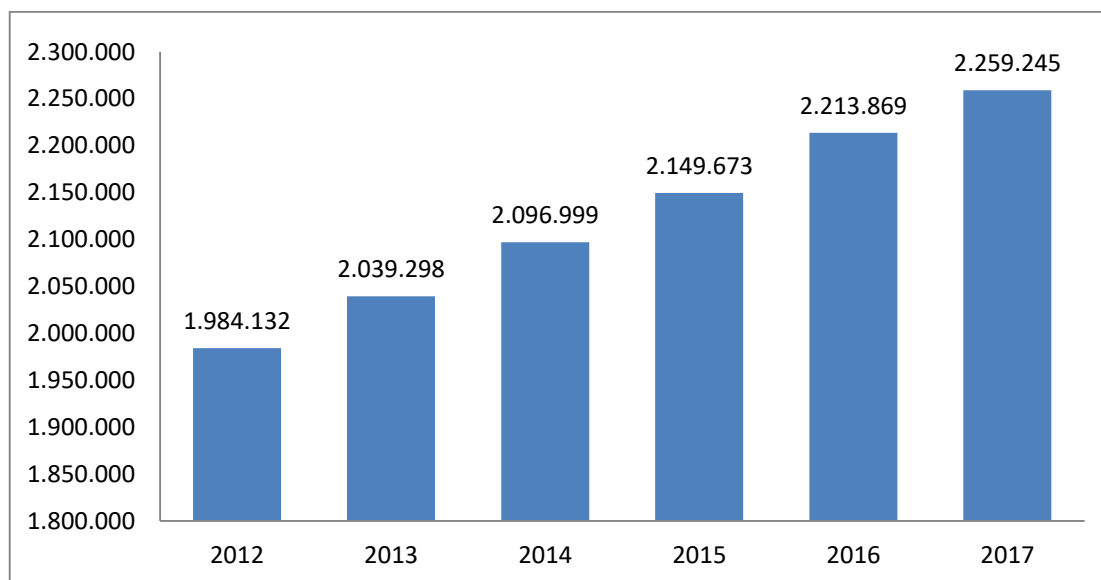
Source: Aguas Andinas Report, December 2017

On the other hand, the potable water client base has shown a 2% growth between December 2016 and December 2017, which is mainly due to natural population growth.

As of December 2017, Grupo Aguas' potable water customers amounted to 2,259,245, including ESSAL clients.

Graph N°11:

Evolution in the number of Aguas Andinas potable water clients at consolidated level as of December 2017



Source: Aguas Andinas, December 2017

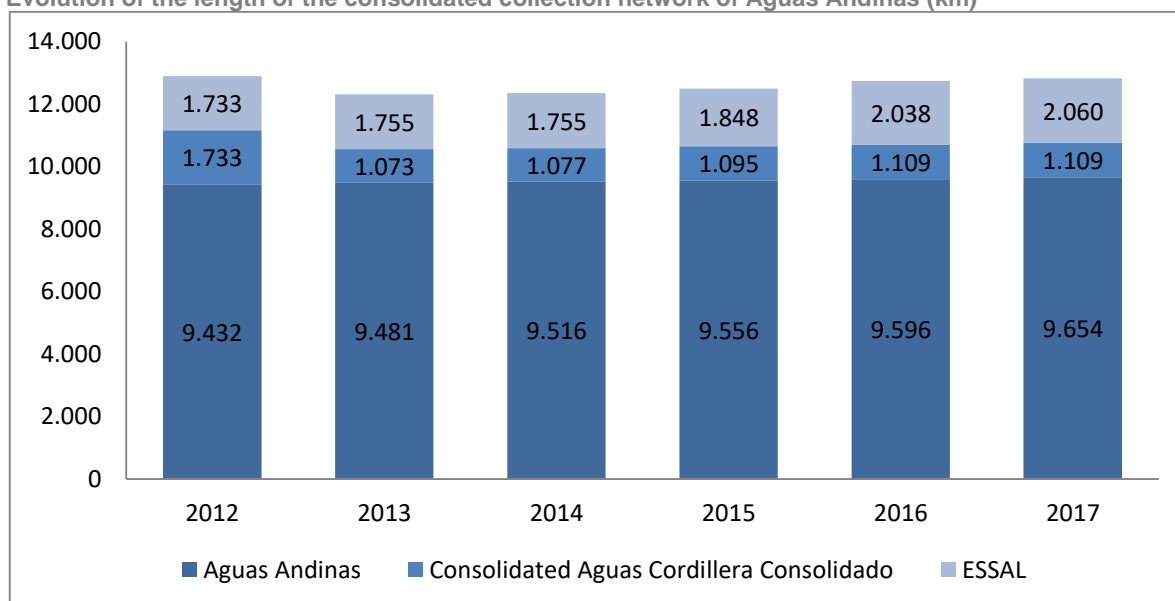
2.3.2 Wastewater collection

This operation regards the processes of collecting the already used water, with domestic and industrial characteristics, from the buildings of each of the customers and carrying it gravitationally and/or by pumping it, to the treatment plants or to the final disposal point.

Main Assets

The main asset of the Aguas Group for the collection of wastewater is its sewerage network. This network reached a length of approximately 12,823 km. as of December 2017.

Graph N°12:
Evolution of the length of the consolidated collection network of Aguas Andinas (km)



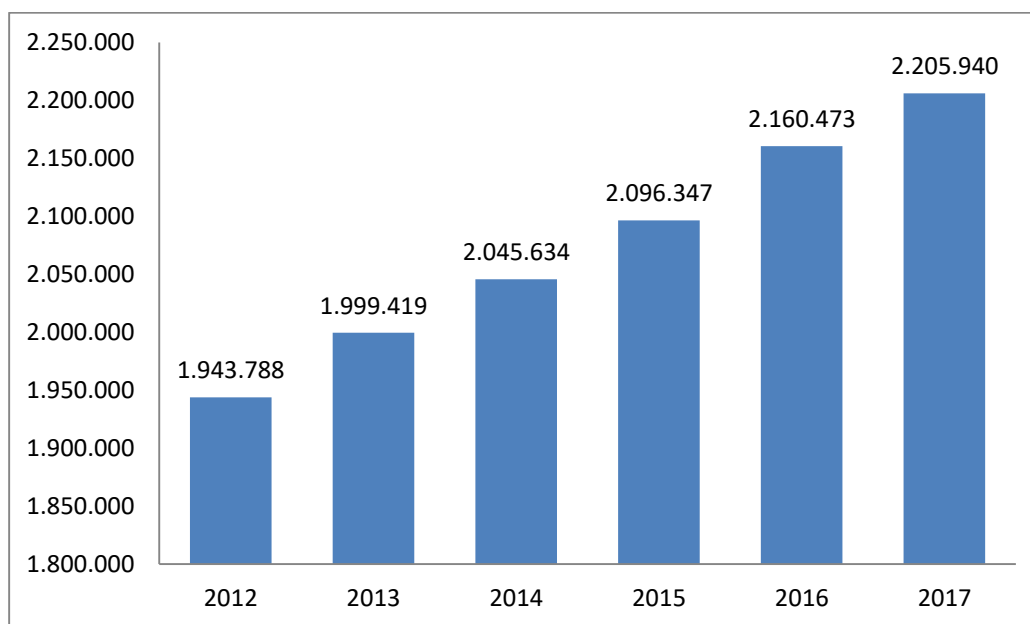
Source: 2017 Aguas Andinas Reports.

Note: Consolidated Aguas Andinas includes Aguas Manquehue

On the other hand, the customer base for wastewater collection has shown a 2% growth in the period December 2016 and December 2017, mainly due to the natural increase in the population.

As of December 2017, collection services reached 2,205,940 customers of the Aguas Group, including ESSAL clients.

Graph N°13:
Evolution number of wastewater collection clients at consolidated level (thousands)



Source: Aguas Andinas, December 2017

2.3.4 Wastewater treatment and disposal

The collected water, through the sewerage system, is treated in the sewage treatment plants, in order to eliminate excess pollution by means of different processes according to the respective legislation. Afterwards, the treated water is returned to the natural water courses.

At the beginning of 2000, as a result of the definition of the development plan established jointly with the SISS, Aguas Andinas began the wastewater treatment plan, an initiative that involves one of the largest environmental investments in the country and which has considerably improved the quality of life of the inhabitants of the Santiago basin.

The El Trebal sewage treatment plant and the Maipú and Maipo - San Bernardo interceptors provide the Company with a treatment capacity of 4.4 m³/sec, with *peaks* of up to 7.5 m³/sec.

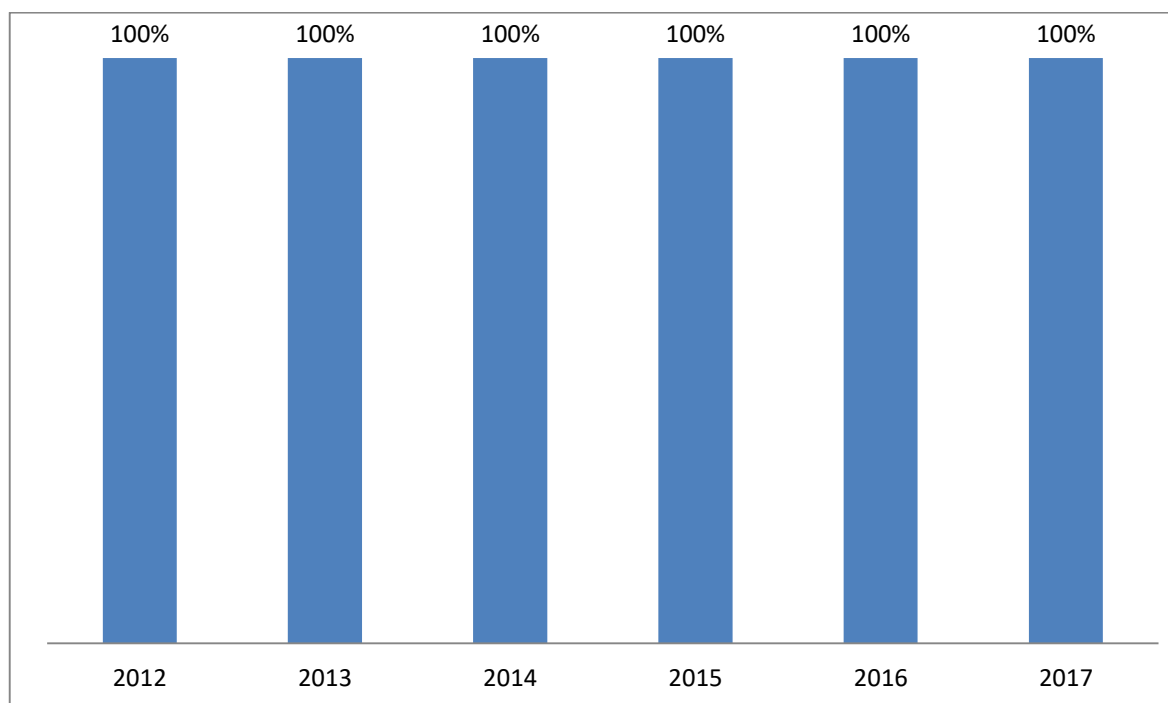
The La Farfana wastewater treatment plant, in operation since September 2003. This plant is designed to treat an average flow rate of 8,8 m³/sec, with *peaks* of 15.0 m³/sec.

The last major step in sanitation was taken at the end of 2012 when the construction of the Mapocho wastewater treatment plant was successfully completed. This facility, which is the most modern treatment plant in the country, involved a total investment of US\$ 230 million, and allowed the completion of the Water Sanitation Plan for the Santiago Basin, achieving the sanitation of 100% of the wastewater in the Metropolitan Region, which places Santiago among the cities with the highest levels of decontamination of wastewater collected. That plant added a capacity of 2.2 m³/sec, with a *peak* of 3.75 m³/sec, expanded in a second phase to 4.4 m³/sec, and in a third phase to 6.6 m³/sec. At the end of 2016, the fourth phase of this plant came into operation, increasing the capacity to 8.8 m³/sec.

Essal has 29 wastewater treatment systems that contribute to sanitation in regions X and XIV.

Below is the evolution of the wastewater treatment coverage obtained with the Sanitation Plan executed to date.

Graph N°14:
Evolution of wastewater treatment coverage in the Greater Santiago



Source: Management Report, Superintendence of Sanitary Services 2017

The Mapocho Wastewater Treatment Plant was able to clean up 100% of the wastewater in the Metropolitan Region.

2.3.5 Wastewater interconnection

This service includes transporting of sewage through collectors and interceptors to the El Trebal and La Farfana treatment plants and the final disposal of these, already treated, into a surface waterway. The service is provided by Aguas Andinas to the concessionaires of Greater Santiago that do not have the concession to dispose of wastewater: Aguas Cordillera, Aguas Manquehue, SMAPA and Aguas Santiago.

2.4 Business segments

The Group discloses segment information in accordance with IFRS No. 8 "Operating Segments", which establishes reporting standards for operating segments and related disclosures for products and services. Operating segments are defined as components of a corporation for which there is separate financial information that is regularly used by management to make decisions, allocate resources and evaluate performance.

The Group manages and measures the performance of its operations by business segment. The internally reported operating segments are as follows:

- Operations related to the water utility segment (**Water Segment**).
- Operations not related to the water utility segment (**Non Water Segment**).

2.4.1 Description of products and services that provide revenue for each segment

The Water Segment only involves the water utility services that allow the delivery of products and services for production, distribution of potable water along with the collection and

treatment of wastewater. This segment includes Aguas Andinas S.A. and its subsidiaries, Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., through Iberaguas Ltda.

The Non-Water Segment involves services related to environmental analysis, industrial waste treatment and comprehensive engineering services, such as the sale of products related to water utility services and energy projects. The subsidiaries included are Ecoriles S.A., Análisis Ambientales S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.

General information on results, assets and liabilities (December 2017 - December 2016)

	12/31/17		12/31/16	
	Water Th\$	Non Water Th\$	Water Th\$	Non Water Th\$
Totals for general information on earnings				
Income from ordinary activities from external customers	484,300,578	25,239,999	469,116,411	23,133,234
Income from ordinary activities between segments	989,298	4,314,127	782,634	4,074,938
Raw materials and consumables used	-25,086,612	-10,043,948	-23,152,734	-10,503,558
Employee benefit expenses	-48,419,753	-7,230,674	-46,968,101	-6,711,269
Operating expenses	-118,800,873	-6,657,188	-111,898,151	-6,332,311
Depreciation and amortization	-73,722,846	-699,021	-66,318,416	-719,000
Other earnings and expenses	2,306,663	329,304	16,728,955	-2,131,435
Financial income	5,928,429	224,228	6,366,834	223,193
Financial costs	-31,125,774	-86,145	-27,106,024	-127,580
Result from indexation units and exchange difference	-11,958,387	21,474	-20,198,764	21,064
Income tax expense	-45,056,455	-1,284,170	-43,242,225	-200,236
Segment Earnings	139,354,268	4,127,986	154,110,419	727,040
Segment earnings attributable to the owners of the parent company	135,492,295	4,127,986	149,848,626	727,040
Segment earnings (losses) attributable to non-controlling interests	3,861,973	0	4,261,793	0

	12/31/17		12/31/16	
	Water Th\$	Non Water Th\$	Water Th\$	Non Water Th\$
Totals on general information on assets, liabilities and equity				
Current assets	142,790,325	14,731,411	172,864,658	13,158,165
Non-current assets	1,626,875,139	20,251,891	1,575,986,816	15,034,226
Total assets	1,769,665,464	34,983,302	1,748,851,474	28,192,391
Current liabilities	230,408,065	14,472,469	208,250,144	8,905,636
Non-current liabilities	866,317,420	151,337	872,883,250	122,410
Equity attributable to the owners of the parent company	622,271,278	20,359,496	614,992,835	19,164,345
Non-controlling interests	50,668,701	0	52,725,245	0
Total equity and liabilities	1,769,665,464	34,983,302	1,748,851,474	28,192,391

2.4.2 Significant items of Revenue and Expenses by segment

Water and Non-Water Segment

Significant items of ordinary income and expenses are mainly those related to the segment's activity. On the other hand, there are also significant amounts in relation to depreciation expenses, personnel, and other miscellaneous expenses, among which outsourced services are relevant.

Revenue

The Company's revenues are derived primarily from regulated services related to the production and distribution of potable water, collection, treatment and disposal of wastewater and other regulated services (including revenue related to interruption and replacement of supply charges, monitoring of liquid industrial waste discharge and fixed charges).

2.4.3 Details of significant revenue items

Water Segment

Significant items of ordinary revenues are mainly those related to the activity of the potable water and wastewater business, i.e. revenue from the sale of water, over-consumption, variable charge, fixed charge, sewerage service, use of sewerage and wastewater treatment. It is also possible to identify revenue from the sale of fixed assets.

Non-Water Segment

Significant items of revenue are mainly those related to the segment's activity and are closely related to the main activity of each subsidiary, which involves the sale of materials to third parties, revenues from the operation of the liquid industrial waste treatment plant, revenue from services and analysis of potable water and wastewater and the sale of biogas.

2.4.4 Details of significant items of expenditure

Water Segment

Significant expense items are mainly those regarding compensation, power, operation of wastewater treatment plant, depreciation of real estate and personal property, interest expense, income tax expense.

Non-Water Segment

Significant expense items are primarily those related to compensation, cost of materials for sale and income tax expense.

2.4.5 Explanation detail of the measurement of results, assets and liabilities of each segment

The measurement applicable to the segments corresponds to the grouping of those subsidiaries directly related to the segment.

The accounting criteria corresponds to the accounting recognition of those economic events in which rights and obligations arise in the same sense that arise between economic relations with third parties. What is particular, is that these records will generate committed balances in an asset and liability account according to the spirit of the transaction in each related company according to the segment in which it participates. These accounts, called Accounts Receivable or Payable with Related Parties, must be netted when consolidating financial statements in accordance with the consolidation rules explained in IAS 27.

There are no differences in the nature of the measurement of results, since according to the standard there are no accounting policies that express different cost allocation criteria or similar.

There are no differences in the nature of the measurement of assets and liabilities because of the fact that: According to the standard, there are no accounting policies that express different assignment criteria.

	12/31/17 Th\$	12/31/16 Th\$
Reconciliation of income from ordinary activities		
Revenue from ordinary activities of the segments	514,844,001	497,353,881
Elimination of intersegment ordinary activities	-5,303,424	-5,104,236
Income from ordinary activities	509,540,577	492,249,645
Earnings Reconciliation	12/31/17 Th\$	12/31/16 Th\$
Consolidation of total segment earnings (loss)	143,482,254	154,837,459
Consolidation of elimination of earnings (loss) between segments	-3,861,974	-4,261,793
Consolidation of earnings (loss)	139,620,280	150,575,666

	31-12-2017 Th\$	31-12-2016 Th\$
Reconciliations of segment assets, liabilities and shareholders' equity		
Reconciliation of assets		
Consolidation of total assets of the segments	1,804,648,766	1,777,043,865
Elimination of intersegment accounts	-7,768,630	-5,224,729
Total assets	1,796,880,136	1,771,819,136
Reconciliation of liabilities		
Consolidation of total liabilities of the segments	1,111,349,291	1,090,161,440
Elimination of intersegment accounts	-7,768,632	-5,224,729
Total liabilities	1,103,580,659	1,084,936,711
Equity Reconciliation		
Total equity consolidation of segments	642,630,776	634,157,180
Equity attributable to the owners of the parent company	642,630,776	634,157,180

2.4.6 Information on main Clients by Segment

Main clients of the Water Segment

- I. Municipalidad de Puente Alto

- Universidad de Chile
- I. Municipalidad de Santiago
- Ministerio de Obras Públicas
- I. Municipalidad de La Florida
- Adm. Centro Comunitario Alto Las Condes S.A.
- Centro de Detención Preventiva Santiago 1
- Embotelladoras Chilenas Unidas S.A.
- I. Municipalidad de Peñalolen
- Cervecera CCU Chile Ltda

Main clients of the Non-Water Segment

- Papeles Cordillera S.A.
- Soprole S.A.
- EME Serv. Generales Ltda.
- Cervecera CCU Chile Ltda.
- Inmobiliaria Constructora Nueva Pacífico
- Agroindustrial El Paico S.A
- Cartulinas CMPC S.A.
- Eulen Chile S.A.
- Watt's S.A.
- Cooperativa Agrícola y Lechera

2.4.7 Types of products by segment:

Water segment

The types of products and services for the Water Segment are:

- Production and distribution of potable water.
- Sewage collection and treatment.

Non-Water segment

The types of products and services for the Non-Water Segment are:

- Outsourcing service for industrial waste treatment plant operations and excess organic load treatment (Subsidiary Ecoriles S.A.).
- Physical, chemical and biological analysis of water, air and solids (Subsidiary Anam S.A.).
- Comprehensive engineering services and sale of products such as pipes, valves, hydrants and other related products (Subsidiary Gestión y Servicios S.A.).
- Energy projects (Subsidiary Aguas del Maipo S.A.).

2.5 Current Tariffs

The most important factor that determines the results of Aguas Andinas' operations and its financial position is the tariffs established for our regulated sales and services. As a water utility company we are regulated by the SISS and our tariffs are established in accordance with the Law of Sanitary Services Tariffs D.F.L. N°70 of 1988.

The tariff levels are reviewed every five years and, during this period, are subject to additional readjustments linked to an indexation polynomial, which are applied when the accumulated variation since the previous adjustment is 3.0% or higher, according to calculations based on various inflation indexes. Specifically, the readjustments are applied according to a formula that includes the Consumer Price Index, the Imported Goods Price Index for the Manufacturing Industry and the Producer Price Index for the Manufacturing Industry, all of which are measured by the National Statistics Institute of Chile.

In November 2014, Aguas Andinas and the SISS reached an agreement on the process of establishing tariffs for public potable water and wastewater services for the period 2015-2020. This agreement defines the tariff scenario for the next five years, while at the same time contemplating tariffs for the entry into operation of new supply assurance works to increase the continuity and quality of its services in events of extreme turbidity and power outages, and the entry into operation of works aimed at improving the quality of treated wastewater. Aguas Manquehue and Aguas Cordillera also completed their tariff processes and reached an agreement with the SISS in November 2014. These tariffs became effective during the year 2015. Finally, ESSAL S.A. concluded its tariff negotiation process in 2016, for the five-year period 2016-2021, and the tariffs entered into force in September 2016.

The tariffs for Aguas Andinas S.A., in force for the period 2015-2020 were approved by Decree of the Ministry of Economy, Development and Reconstruction No. 83 dated June 5, 2015, and entered into force on March 1, 2015 (published in the Official Gazette on September 3, 2015). The current tariffs for Aguas Cordillera S.A. and Aguas Manquehue S.A. for the period 2015-2020 were approved by Decree No. 152 and No. 139, respectively, and published in the Official Gazette on November 25, 2015. For Essal, the tariffs in force for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette on January 21, 2017.

The following tables show the value of the receipt for the provision of sanitary services that the water utility companies of the Aguas Group issue to their customers (peak period, \$, with VAT):

Aguas Andinas			
	20 m ³	40 m ³	60 m ³
Potable Water	7802	14956	22109
Sewerage	6,006	12,013	18,019
Wastewater Treatment	3,776	7,552	11,327
Totals	17,584	34,521	51,455
Aguas Cordillera			
	20 m ³	40 m ³	60 m ³
Potable Water	10275	19708	29142
Sewerage	4,029	8,058	12,088
Wastewater Treatment	3,776	7,552	11,327
Totals	18,080	35,318	52,557
Aguas Manquehue			
	20 m ³	40 m ³	60 m ³
Potable Water	14511	27680	40848
Sewerage	3,080	6,161	9,241
Wastewater Treatment	3,776	7,552	11,327
Totals	21,367	41,393	61,416
Essal			
	20 m ³	40 m ³	60 m ³
Fixed Charge	709	709	709
Potable Water	10,735	21,471	32,206
Sewerage	12,251	24,501	36,752
Wastewater Treatment	6,115	12,230	18,344
Totals	29,810	58,911	88,011

Source: Aguas Andinas, December 2017

Note 1: The item for Potable water considers the fixed charge of clients

Note 2: The item Sewerage considers part of the interconnection service with Aguas Andinas, in the cases of Aguas Cordillera and Aguas Manquehue.

Note 3: Tariffs for Essal correspond to flat tariff in tariff group 2, Puerto Montt, Puerto Varas, Llanquihue, Frutillar, Ancud, La Unión and Futaleufú localities.

2.6 Investment Plan

As a result of the Development Plan approved by the SISS, Aguas Andinas has committed significant financial resources in its Investment Plan to be developed during the period 2015-2025.

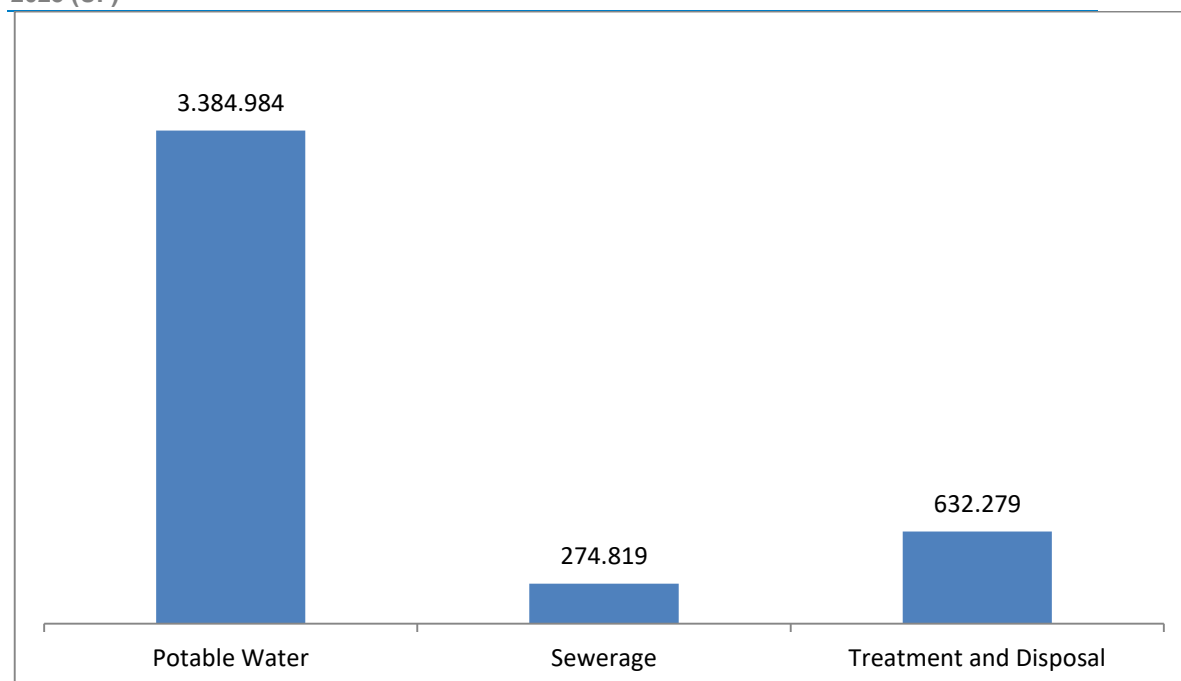
In total, the amount currently committed in the Development Plan for investments in that period is UF 4.3 million and, as shown in the following graph, a significant portion of these resources will be allocated to the Potable water item.

Due to the supply interruptions caused by force majeure events in January and February 2013, a new infrastructure investment plan was submitted to the SISS in April 2013 to assess whether additional investments were required. Based on this study delivered by the Company, on October 15, 2013, the SISS recommended the construction of a 1,500,000 m³. This dam will be built in the district of Pirque. With this work, plus the currently existing and under construction assurance works, 32 hours of autonomy would be achieved in Greater Santiago. In January 2014, the process of expropriating land (72 hectares) to make this investment began. In December 2015, the possession of this land was verified. In turn, during 2015 and 2016, the basic engineering studies of the project and the Environmental Impact Study were carried out. The latter was submitted for approval in August 2016 and was approved in September 2017. During 2017, detailed engineering studies were also carried out and the construction of the project was tendered. This dam is expected to be ready during the second half of 2019.

In addition, following the summer 2017 supply interruptions, the company is developing emergency works with the aim of increasing the company's autonomy by two hours in the event of turbidity events in the Maipo River. These works include the construction of 8 potable water reservoirs with a capacity of 54,000 cubic meters in the foothills, the construction of 4 new wells with a capacity of 400 liters per second in the district of Pedro Aguirre Cerda and Lo Espejo and the construction of 13 emergency wells with a capacity of 500 liters per second in the districts of Lo Prado, Independencia and Recoleta. These works will be ready during 2018.

Various options are also currently being evaluated to increase the company's autonomy to more than 48 hours. The proposal selected by the SISS will also be included in the company's Development Plan.

Graph N°15:
Consolidated Development Plan for Aguas Andinas committed to the SISS for the period 2015-2025 (UF)



Source: 2015 Management Report, Superintendence of Sanitary Services*

Notes: The data from the 2015 Management Report of the Superintendence of Services is used since this data was not updated in the 2016 MgtR, it does not include non-committed investments that are necessary to ensure the quality of the services, nor investments for asset renewal such as: network infrastructure and other investments, information systems, telecontrol systems and water rights purchase.

2.7 Corporate Structure

Figure N°2

Corporate structure of Aguas Andinas as of December 31, 2017



Source: Aguas Andinas, December 2017

In 2000, Aguas Andinas acquired 100% of Aguas Cordillera and 50% of Aguas Manquehue, companies in the industry whose concession areas are adjacent to Aguas Andinas. Between 2000 and 2001, the companies Gestión y Servicios, Ecoriles and Análisis Ambientales were incorporated. Gestión y Servicios currently operates in the market of commercialization of materials and equipment for maintenance, renovation and construction of potable water and sewerage networks. Análisis Ambientales provides analysis services for water, industrial wastewater, soils and sludge. Ecoriles participates in the market of services for the comprehensive management of industrial wastewater.

In January 2002, Aguas Andinas acquired the remaining 50% of the Aguas Manquehue property. In this way, Aguas Andinas consolidated its position as the water utility company for the Metropolitan Region, at the head of the group of companies that make up the Aguas Andinas Group.

During the first quarter of 2008, Aguas Andinas announced an agreement for the acquisition of Inversiones Iberaguas Limitada, the holding company of 51% of Essal, a company operating in the X Region of the Lakes (región de los lagos) and the XIV Region of the Rivers (región de los ríos), which was completed on July 10, 2008. In addition, on June 17, 2008, the Company made a public offer for 100% of the shares of Essal, which was declared successful on July 10, 2008 and resulted in the acquisition of an additional 2.5% of Essal's ownership.

2.7.1 Controller Group

In June 2010, Suez Environnement Company S.A. (Suez) indirectly acquired 75.31% of the total shares issued by Sociedad General de Aguas de Barcelona, S.A. (Agbar), which through various subsidiaries owns 56.6% of Inversiones Aguas Metropolitanas S.A., which in turn owns 50.1% of Aguas Andinas. On September 17, 2014, Suez indirectly acquired 24.14% of the total shares issued by Agbar and now holds 99.49% of its shares. Subsequently, during 2015, Suez acquired the remaining percentage of Agbar's shares. Thus, Suez is the controller of Aguas Andinas.

Suez S.A

Suez is a group of French-Belgian origin with more than 120 years of experience in the development of continuous advances for the improvement of people's quality of life. With more than 80,000 employees and a worldwide presence, it is a world leader dedicated exclusively to water and waste management services.

Suez has distinguished itself by promoting numerous initiatives aimed at the management of natural resources more efficiently, highlighting the development of specialized technology for the recycling of waste and the reuse of wastewater.

Sociedad General de Aguas de Barcelona, S.A.

Agbar, founded more than 145 years ago, is the head of a group of more than 150 companies with more than 16,000 employees. Agbar is one of the world's leading experts in processes regarding water management.

In Spain, Agbar provides services to 14 million inhabitants in more than a thousand districts and, throughout the world, to more than 26 million users in several countries, including Chile, the United Kingdom, Mexico, Cuba, Colombia, Algeria, Peru, Brazil, Turkey and the USA.

The Agbar Group is a world leader in comprehensive management of the water cycle. Its permanent investment in research and the extensive experience of its collaborators in the management of operations in Spain and internationally has allowed it to become one of the main suppliers of *know-how* and new technologies associated with comprehensive management of the water cycle worldwide.

The Agbar Group's business philosophy is based on a firm commitment to the continuous improvement of its processes, excellence in quality, technological innovation, capacity to adapt to society's new requirements and sound and efficient financial management, which generates value for its customers and shareholders.

2.7.2 Expected trends

The Company's by-laws establish that its sole purpose shall be to produce and distribute potable water, collect, treat and dispose of wastewater and provide other services related to such activities, in the manner and under the conditions established in DFL No. 382 of 1988, General Law of Sanitary Services, and other applicable regulations.

Accordingly, the Company will continue to operate in the Chilean water utility industry. These activities are expected to continue to be the Company's main source of revenue.

2.8 Risk factors

2.8.1 Operational risks

New investments

Aguas Andinas must fulfill an important investment plan in order to comply with the development plans committed to the SISS. This implies an important effort in economic, administrative and technical resources for the implementation and control of investments.

This risk is mitigated by the fact that the tariffs incorporate the new investments ensuring them a minimum return. In addition, the experience of the controlling group ensures the necessary *know-how* to carry out the required investment plans.

Regulated market

The water utility services industry is highly regulated due to its monopoly status and is therefore subject to changes in the established regulations. The current legal framework regulates both the operation of the concessions and the tariffs charged to customers, which are established every five years. Although the mechanism is based on technical criteria, there may be differences between the studies submitted by the Company and SISS, which, if no agreement is reached, it must be resolved by a commission of experts made up of representatives of each of the parties. As a result, it is possible that the negotiation of the Aguas Andinas tariff process or its subsidiaries may reduce its profitability.

During 2014, the sixth pricing process for Aguas Andinas was conducted, which ended in November 2014, with an agreement reached between Aguas Andinas and the SISS, which establishes a clear pricing scenario for the period between March 2015 and February 2020. Likewise, the tariffs for the five-year period in question were established for Aguas Manquehue for the period from May 2015 to April 2020, and for Aguas Cordillera for the period from June 2015 to May 2020. For Essal, the tariffs in force for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette on January 21, 2017.

Bill that Amends Sanitary Legislation

On December 21, 2016, the Chamber of Representatives approved Bill No. 10795-33, which seeks to amend the legislation applicable to public sanitary services, in the area of unregulated services, tariff fixing and compliance with development plans by service providers. This initiative has been submitted to the Senate in the second legislative procedure and is currently under review by the Public Works Committee. Changes in the pricing rules could have a relevant impact on the Company's profitability.

The bill includes six articles, which propose the amendment of rules laid down in the following regulatory instruments:

- Decree No. 382 of 1989 of the Ministry of Public Works, General Law on Sanitary Services, with force of law.

- Decree No. 70 of 1988 of the Ministry of Public Works on Tariffs for Sanitary Services, with force of law.
- Law No. 18,902, which created the Superintendence of Sanitary Services.

This initiative was submitted to the Senate in the second legislative procedure and, at the end of 2016, was in the Public Works Committee of the Senate. In this instance and throughout the year, two reports were requested: one on its constitutionality from the Segpres (Ministry of the General Secretariat of the Presidency) and the other to the MOP (Ministry of Public Works) to submit its formal position on the bill. In the first case, it was established that the initiative transgresses the regulations on the formation of the law and that it merits rejection by the Senate; and in the second case, the MOP indicated that it does not sponsor some changes, such as the reduction of the risk premium and the modifications to the composition and functioning of the Committee of Experts of the tariff setting process, among others.

To date, this bill is currently before the Senate Public Works Committee.

Law Amending Law No. 19,496 on the Protection of Consumer Rights.

On October 25, 2017, the Senate approved a bill strengthening the National Consumer Service ("Sernac"). The main changes that this law will imply for the sanitary industry are the following:

Fines:

- The suspension, stoppage or failure to provide basic potable water and sewerage services without justification shall be punishable by a fine of up to 1,500 UTM;
- The Court may apply a fine per consumer (up to 1,500 UTM);
- The multiplicity of fines will not apply when the company has fully and effectively repaired the damage caused to all affected consumers, only a lump sum would be charged, not more than 30% of sales during the suspension or double the economic earnings, the total fine shall not exceed 45,000 UTA.

Compensation for Unjustified Service interruptions:

- Direct and automatic compensation must be paid to the affected consumer.
- For each day of interruption, the amount equivalent to the average daily value of the previous bill multiplied by 10 must be paid. For this, an interruption day is defined as 4 or more continuous hours within a 24-hour period from the beginning of the event. In all other cases, proportionality applies.
- It only applies if the special law does not provide for such compensation.

Damages in Class Action Lawsuits:

- Damages are incorporated in the class action lawsuits.
- The judge may set a common minimum amount. Consumers who disagree may request the difference at a later stage.
- This common minimum amount may be proposed by the service provider, who may differentiate between groups or sub-groups of consumers.

To date, the bill is in the process of being enacted by the President of the Republic.

Risks of environmental pollution

The Company is subject to various risks of environmental pollution, including (i) possible environmental pollution as a result of discharges into natural waterways; (ii) possible odor pollution from wastewater treatment plants; (iii) possible presence of hydrocarbons in surface sources; and (iv) possible saturation of landfills where sludge from wastewater treatment plants is disposed of.

Weather conditions

Adverse weather conditions can eventually affect the optimal delivery of water utility services, because the processes of catchment and production of potable water depend to a large extent on the weather conditions in the river basins. Factors such as weather precipitation (snow, hail, rain, fog), temperature, humidity, sediment carry-over, river flows and turbidity determine the quantity, quality and continuity of raw water available in each possible uptake to be treated in a potable water treatment plant.

Currently, Aguas Andinas has production capacity and water rights that exceed the system's demand. On the other hand, the Company has the technical and human capacities and mitigation plans to deal with critical situations. After the episodes of turbidity in the summer of 2013, Aguas Andinas reached an agreement with the SISS to incorporate supply assurance works in two phases. The first phase, which was completed in the first quarter of 2014, consisted of the construction of seven new 500 liter per second wells, six potable water storage tanks with a volume of 225,000 m³ and a 4 m³/s duct connecting the El Yeso reservoir to the Las Vizcachas plant. The second stage of this assurance works to be carried out between 2015 and 2019 involves the construction of a 1,500,000 m³ raw water tank that will increase the system's autonomy to 32 hours.

Risks of the company's infrastructure

Natural disasters of great magnitude, such as earthquakes, mudslides or volcanic eruptions, could cause serious damage to aqueducts, potable water and sewerage systems, etc., or structural failures in the Company's reservoirs, causing the interruption of services provided by the Company for longer or shorter periods.

2.8.2 Financial risks

Credit risks

Credit risk is the possibility of financial loss arising from the failure of our counterparties (clients) to meet their obligations.

Aguas Andinas and its water utility subsidiaries have an atomized market, which implies that the credit risk of a specific customer is not significant.

The Company's objective is to maintain minimum levels of uncollectibility. There is a credit policy, which establishes the conditions and types of payment, as well as the conditions to be agreed upon by delinquent customers. The management processes are: control, estimate and evaluate bad debts in order to carry out corrective actions to achieve the proposed compliance. One of the main actions and measures to maintain low levels of bad debt is to interrupt the service. The method for analysis is based on historical data on accounts receivable from customers and other debtors.

Liquidity risk

Liquidity risk is the possibility that the Group may have difficulties in meeting its obligations associated with financial liabilities that are settled by delivery of cash or another financial asset and may not be able to finance the commitments acquired, such as long-term investments and working capital requirements, at reasonable market prices.

The management monitors the Group's liquidity reserve forecasts based on expected cash flows.

Several preventive measures are used to manage the liquidity risk, such as:

- Diversify financing sources and instruments.
- Agree with creditors on maturity profiles that do not concentrate high amortizations in one period.

Interest rate risk

Aguas Andinas has an interest rate structure that combines fixed and variable rates as detailed below:

Instruments	Rate	%
Bank Loans	Variable	11.1%
Bonds	UF	67.7%
AFR	UF	21.2%
Total		100.00%

Source: Aguas Andinas, December 2017.-

2.9 Corporate governance

Aguas Andinas has several corporate governance bodies and policies.

2.9.1 Board of directors

The highest corporate governance body of Aguas Andinas is the Board of Directors. Its composition, powers and operation are determined by the Company's by-laws.

The Board of Directors is composed of seven full members, each of whom has his or her respective alternate. The current Board of Directors was elected for a statutory period of three years at the 26th Ordinary Shareholders' Meeting held on April 27, 2016. The current board of directors is the following (*):

RUT	Name	Position
7.577.744-2	GUILLERMO PICKERING DE LA FUENTE	President
4.975.992-4	HERMAN CHADWICK PIÑERA	Vice-president
6.374.438-7	FERNANDO SAMANIEGO SANGRONIZ	Director
6.575.050-3	RODRIGO MANUBENS MOLTEDO	Director
7.939.734-2	PEDRO SIERRA BOSCH	Director
8.483.513-7	RICARDO ESCOBAR CALDERON	Director
25.374.056-6	LAUREANO CANO INIESTA	Director
7.289.989-K	SONIA LEONOR TSCHORNE BERESTESKY	Alternate Director
8.649.929-0	LORETO SILVA ROJAS	Alternate Director
9.011.344-5	RODRIGO TERRE FONTBONA	Alternate Director
0-E (Foreign)	CHRISTOPHE CROS O	Alternate Director

(*)To date, the following named directors have resigned: (1) Felipe Larrain Aspillaga; (2) Bruno Philippi Irarrazabal; (3) Nicole Nehme Zalaquett.

The directors of the Company do not hold executive positions in the Company and hold office for a period of three years, at the end of which they must be fully renewed. Notwithstanding the foregoing, the Board of Directors may be revoked in its entirety prior to the expiration of its mandate by resolution of the Ordinary or Extraordinary Shareholders' Meeting, in which case the same Shareholders' Meeting must elect the new Board of Directors. Hence, the individual or collective dismissal of one or more directors is not appropriate. In addition, directors may be re-elected indefinitely.

2.9.2 Directors' committee

Pursuant to the provisions of Article 50 bis of Law No. 18,046 on Corporations, the Company has a Directors' Committee. This Committee is currently made up of the named directors, Mr. Rodrigo Manubens, Mr. Pedro Sierra Bosch and Mr. Fernando Samaniego Sangroniz and their respective alternates. In accordance with Law 18,046 on Corporations and the Committee's internal regulations, the Committee holds ordinary meetings once a month and extraordinary meetings whenever these are required to deal with the matters entrusted to it by Article 50 bis) of Law 18,046 on Corporations.

2.9.3 Steering committee

The Steering Committee is an advisory board to the General Manager, composed of the management (senior executives) of:

- Sustainability and Development,
- Finance and Resilience
- Social Legitimacy
- Legal Affairs
- Organization, Persons and Work Environment
- Service Management
- Planning, Engineering and Systems
- Operations and Circular Economy
- Customer Service

The Management Committee meets periodically in order to know, analyze and discuss the execution and implementation of the main activities and operations that are part of the everyday management of the Company.

2.9.4 Audit and Internal Control Vice-Management

The Company has an Internal Audit and Control Vice-Manager, reporting to the General Manager of the Company, whose mission is to support management in meeting its objectives by providing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal control and corporate governance processes. The internal audit function is an independent and objective activity for the purpose of monitoring and evaluating the implementation and effectiveness of administrative, financial, operational and information systems and controls. The internal control and risk management system contemplates for this Vice-management the execution of programmed audits, self-assessment processes, risk testing of approved business processes, monitoring of compliance with the audit action plans and the internal control letter issued by the external auditors.

2.9.5 Chief Compliance Officer

The Company has a Compliance Officer who leads the Compliance vice-management.

The Compliance Officer is responsible for evaluating and managing the risk of non-compliance or non-observance of internal procedures and specific legal regulations, as well as the obligations linked to the Company's corporate ethics structure, promoting the development of appropriate policies and procedures and disseminating and training all employees in these matters, as well as in the best corporate practices established for this purpose.

The Compliance Officer also ensures compliance with the Crime Prevention Model, the Code of Ethics and the confidential management of investigations arising from complaints received through the channel that the Company has established and disseminated on its corporate website.

2.9.6 Code of ethics

Aguas Andinas has a Code of Ethics, which was approved by the Board of Directors of the Company in December 2012 and updated during 2017. Its fundamental principles are: compliance with laws and regulations; rooting the culture of integrity; displaying loyalty and honesty; and respect for all people. The Code also establishes how these principles should

apply to the Company's shareholders, its customers and competitors, the local community and the environment.

2.9.7 Conduct code

Within the framework of the implementation of best corporate governance rules, Aguas Andinas S.A. has a Code of Conduct applicable to the Company's directors regarding the situations of conflict of interest that they may face.

This code contains, among others:

- i) Identification of the main situations that make up a conflict of interest;
- (ii) Mechanisms to avoid conflicts of interest;
- (iii) Procedure for declaring conflicts of interest; and
- (iv) How to resolve conflicts of interest.

2.9.8 Crime prevention model

The Aguas Group has a Crime Prevention Model, certified since 2014, which describes the set of organizational, administrative and supervisory measures through which the Aguas Group fulfils the duties of management and supervision leading to the prevention of the commission of the crimes established in law N° 20,393.

This model establishes rules, protocols and procedures, as well as preventive measures for the commission of crimes, which workers, collaborators and suppliers of the Aguas Group must respect. For greater control in the application of the model, a compliance officer was appointed, known as the Crime Prevention Officer. In addition, the model includes an external complaints channel, which began operating in the fourth quarter of 2015.

2.9.10 Directors' professional profile

Guillermo Pickering De La Fuente President

He has served as president of the Association of Sanitary Services Companies (*Asociación Gremial de Empresas de Servicios Sanitarios*) (ANDESS), advisor to Aguas Andinas and director of ESSAL. Since April 2016, he has been Chairman of the Board of Directors of Aguas Andinas and Chairman of the Boards of Directors of Aguas Cordillera, Aguas Manquehue and ESSAL. Lawyer from the Universidad de Chile and expert in regulated markets.

Herman Chadwick Piñera Vice-president

Director of Enersis Americas, President of the Chile-Spain Business Committee (Sofofa), Vice-President of the following companies: Intervial Chile SA, Ruta del Maipo Soc. Concesionaria SA, Ruta del Maule Soc. Concesionaria SA, Bosque Soc. Concesionaria SA, Ruta de la Araucanía Soc, He is an Elective Counselor of the Sociedad de Fomento Fabril (SOFOFA), Director of Viña Santa Carolina S.A., Member of the Arbitration and Mediation Center of the Santiago Chamber of Commerce (CAM), Director of IAM, Member of the Academic Advisory Council for Military Studies and Research (CACEIM), President of El Golf 50 Club, President of Zapallar Development Corporation, former President of the National Television Council (CNTV). Director of Aguas Andinas since 2011. Lawyer from the Chilean Catholic University (Pontificia Universidad Católica de Chile) and freely practices his profession.

Fernando Samaniego Sangroniz
Named Director

Partner of Prieto y Cía. law firm, Member of the list of Arbitrators of the Mediation and Arbitration Center of the Santiago Chamber of Commerce and the National Arbitration Center. Director of Aguas Andinas since August 2013. Lawyer from the Pontificia Universidad Católica de Chile.

Rodrigo Manubens Moltedo
Named Director

Chairman of the Board of Directors of Banchile Seguros de Vida and SegChile Seguros Generales, Director of the Santiago Stock Exchange, Banco de Chile, Orión Seguros Generales and SM Chile. He has been a member of the Board of Directors of Banco de A. Edwards and Banco O'Higgins. He was also director and chairman of the board of Endesa Chile S.A. Current director of Aguas Andinas since July 2011. Commercial Engineer from Universidad Federico Santa María and Universidad Adolfo Ibáñez, and Master of Science from London School of Economics and Political Science, London, United Kingdom.

Pedro Sierra Bosch
Named Director

Corporate Manager of CORFO. Director of the National Mining Company (Enami) on behalf of CORFO. He has worked as a consultant for the Inter-American Development Bank (IDB) and the Ministry of Economy, in addition to his vast experience in the mining sector as an advisor to the Vice President of Development and Sustainability of Codelco, and as Manager of the Institute of Innovation in Mining and Metallurgy. Current director of Aguas Andinas since April 2016. Commercial Engineer with a degree in Economics from the Universidad de Chile, and a postgraduate degree in Economic Development and Planning Techniques from ISVE Italy.

Ricardo Escobar Calderon
Named Director

He was a member of the Foreign Investment Committee and then worked at Langton Clarke. He was a partner of the Carey y Cía. law firm; director of the Internal Revenue Service from 2006 to 2010; partner of EY Chile until 2013 and currently partner of Bofill Escobar Abogados. He is a professor at the Universidad de Chile Law School and a professor of Taxation in Latin America at the LLM program of the University of Miami Law School. He has been director of Aguas Andinas since August 2013. Lawyer from the Universidad de Chile and with a Master's Degree in Law from the University of California at Berkeley, United States.

Laureano Cano Iniesta
Named Director

He has vast experience in the Agbar Group, working as Economic and Financial Manager and member of the board of directors of several water utility companies. General Manager of IAM since May 2016. Director of Aguas Andinas since April 2016. With a degree in Economics and Business Administration from the Pompeu Fabra University in Barcelona, Spain.

Sonia Leonor Tschorne Berestesky
Alternate Director

Director of Neourbanism Management. Vast experience in the Chilean public sector where she was General Director of Public Works, Minister of National Assets, Minister and Undersecretary of Housing and Urban Development and National Director of Architecture. Director of Aguas Andinas since April 2016. Architect from Universidad de Chile with a Master's Degree in Urban Territorial Development from Universidad Católica de Chile.

Loreto Silva Rojas
Alternate Director

Partner of Bofill Escobar Abogados. She was Minister of Public Works from 2012 to 2014 and previously Deputy Minister of Public Works. She was also a partner in the law firm Morales & Besa and a lawyer in the Chilean Chamber of Construction. Director of Aguas Andinas since April 2016. Lawyer from the Universidad de Chile.

Rodrigo Terré Fontbona
Alternate Director

He has had outstanding management in companies such as Lucchetti, Inversiones Consolidadas Ltda., Canal 13 S.A., among others. Director of Aguas Andinas since July 2011. Civil Industrial Engineer from the Universidad de Chile.

Christophe Cros
Alternate Director

Senior Executive Vice President of Finance and Purchasing and Chief Financial Officer of the Suez Group. He has worked for the Suez Group since 1991, taking on various executive roles at Crédisuez, SITA and Suez Environnement. Director of Aguas Andinas since April 2016. Economist with a Master's degree in Economics from the Université de Paris.

2.9.11 Professional profile of senior executives

Narcís Berberena Sáenz
CEO

A professional with more than 21 years of experience, his professional career has been developed mainly in Agbar, holding positions of responsibility in different global water utility companies. He was Corporate Manager during the 2005-2007 period and, since 2016, returned to Aguas Andinas to take charge of the General Management. Industrial Civil Engineer, with studies of Master of New Technologies in Business Management from the School of Industrial Organization of Madrid, and Management Development Plan of the Instituto de Empresa, IE of Madrid, Spain, among others.

Iván Yarur Sairafi
Finance and Resiliency Director

He joined Aguas Andinas in 2000. Between 2011 and 2013, he was General Manager of Inversiones Aguas Metropolitanas S.A. (IAM), the parent company of Aguas Andinas. Director of Aguas Manquehue and Gestión y Servicios. Alternate Director of ESSAL. Civil Industrial Engineer and Master of Science from the University of Chile and Master of Science in Accounting and Finance from the London School of Economics and Political Science, London, United Kingdom.

Camilo Larraín Sánchez
Director of Legal Affairs

In Aguas Andinas since 2000. He was in charge of legal matters of Aguas Cordillera and as a lawyer for Grupo Enersis. Director of the subsidiaries Aguas Manquehue S.A. and Empresa de Servicios Sanitarios de Los Lagos S.A., Sociedad Canal del Maipo y Eléctrica Puntilla S.A. Lawyer from Universidad Diego Portales and Master in Law from Universidad de Los Andes.

Jorge Cabot Plé
Director of Planning, Engineering and Systems

In Aguas Andinas since 2015. With 30 years of experience in the water utility industry and water engineering, he has been Director of Planning at the Catalan Water Agency, Production Director of CLABSA (Barcelona sewerage system) and Director of Wastewater of the Barcelona Metropolitan Area at Aguas de Barcelona. Member of the Urban Drainage Expert Group of UNHABITAT. Road Engineer from the Polytechnic University of Catalonia, Spain.

Manuel Baurier Trias
Operations and Circular Economy Management

Joined Aguas Andinas in 2015. With 18 years of experience in the water utility industry, he has been Director of Concessions in Catalonia, Spain (AGBAR), and member of the Board of Directors of companies such as Aigües de Sabadell and Drenatges Urbans del Besòs. Industrial Engineer from the Polytechnic University of Catalonia, Spain, and MBA from the School of Business Administration of Barcelona (Polytechnic University of Catalonia) and PDD from ESADE Business School, Barcelona, Spain.

Eugenio Rodriguez Mingo
Service Management

In Aguas Andinas since 2005, he has served as Business Development Manager and Mapué Mountain Range Area Manager, to take over the position of Corporate Customer Service Manager in March 2012. Before joining the Company, he was Commercial Manager of Inmobiliaria Piedra Roja and Commercial Manager of the ENEA Project of the Enersis Group and Commercial Manager of Santander Leasing S.A. Commercial Engineer from the Universidad de Chile.

Sandra Andreu
Development and Sustainability Management

He joined Aguas Andinas in 2015. With 18 years of experience in the Suez Group, she has been Director of Water Resources at Suez Consulting, manager of subsidiaries that make up Suez Consulting and Director of the Cabinet of Suez Water Europe. Graduate in Civil Engineering from the Ecole Supérieure de la Hydraulique et de la Mécanique in Grenoble, France, with an MBA in Explorer Training from GDF Suez University and with training in Legal and Personal Management Control, among others.

Xavier Irázabal
Director of Organization, Persons and Working Environment

He joined Aguas Andinas in September 2017. Previously he worked for 3 years as Human Resources and Organization Director of Suez Spain in Alicante, Human Resources Director of Agbar and Head of Labor Relations and People Development at Agbar. He studied Labor Relations at the University of Lleida, Industrial Labor Relations at the University of Catalonia and Law at the same university.

Gonzalo Valenzuela
Social Legitimacy Management

He joined Aguas Andinas in September 2017. Previously for 5 years he was the Corporate Affairs Manager of Wal-Mart Chile. He was also a partner and Director of Communications at Extend Communications and Manager of Public Affairs at the Ministry of Mining and Energy. He is a journalist from the Universidad de Chile, with a degree in Political Science and Government from the University of Arizona and an MBA in International Management from the Thunderbird School of Global Management.

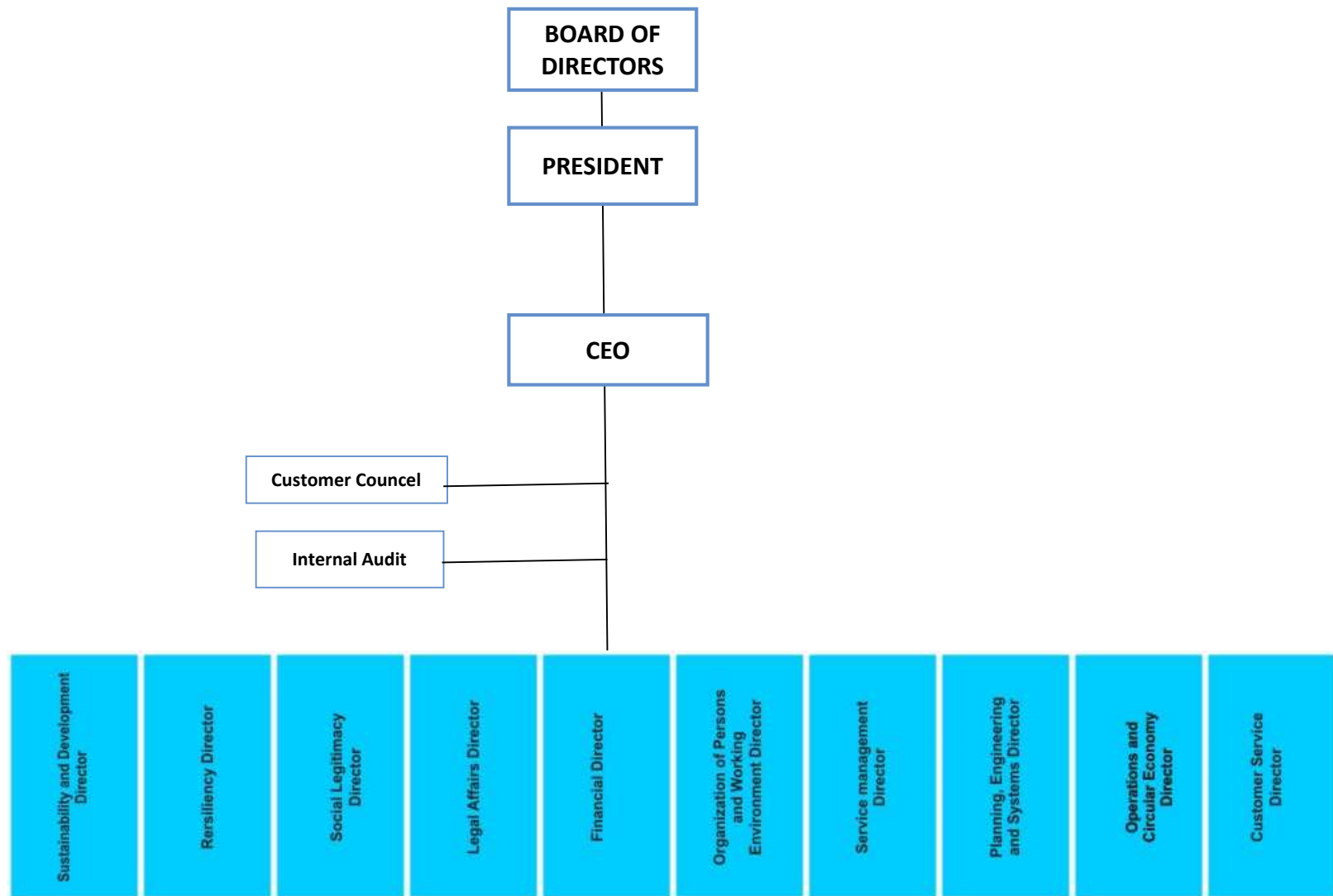
Alberto Blanco
Construction Management

He has been part of Aguas Andinas since September 2017. With 18 years of experience in the construction of large civil infrastructure, he has participated in some of the largest Spanish public works projects of the last decade, such as Madrid Barajas Airport, the AP36 Cartagena Vera Motorway, the Somport Tunnel, etc. In the last 5 years he has been a director of a construction company dedicated to large hydraulic public works. Civil Engineer from the Polytechnic University of Madrid and Master Executive MBA from the Instituto de Empresa (IE) of Madrid, Spain.

José Saez
Customer Service Management

He joined Aguas Andinas in 2008. With 29 years of experience in the water utility industry, he has been General Manager Essal S.A., Zone Manager, and Commercial Development Manager in Aguas Andinas. By profession, Commercial Engineer, University of Santiago, Master (c) in Human Behavior and Organizational Development, Universidad Diego Portales".

2.10 Company Organizational Chart



3.0 FINANCIAL BACKGROUND

3.1 Consolidated Financial Statements ("IFRS")

Below is the financial background of Aguas Andinas under the IFRS standard . The figures have been expressed in thousands of Chilean pesos. The Issuer's financial background is available on the Financial Market Commission's website at, www.cmfchile.cl.

3.2 Consolidated Financial Position Statements (Thousands of Pesos)

	Dec-17	Dec-16	Dec-15
Total current assets	150,618,761	182,071,355	148,629,745
Total non-current assets	1,646,261,375	1,589,747,781	1,542,568,103
Total Assets	1,796,880,136	1,771,819,136	1,691,197,848
Total current liabilities	237,111,903	211,931,051	232,407,312
Total non-current liabilities	866,468,756	873,005,660	787,200,069
Total equity	693,299,477	686,882,425	671,590,467
Total Equity and Liabilities	1,796,880,136	1,771,819,136	1,691,197,848

The total assets of Aguas Andinas Consolidated as of December 31, 2017 showed an increase of 1.4% when compared to December 31, 2016, from Th\$1,771,819,136 to Th\$1,796,880,136.

Current assets decreased by Th\$31,452,594, due mainly to the decrease in cash and cash equivalents by Th\$46,068,103 mainly due to the fact that the subsidiary Aguas Cordillera sold a large plot of land in the municipality of Vitacura in 2016. This is partially offset by trade debt and other accounts receivable by Th\$7,227,246 mainly explained by the increase in regulated sales, together with recoverable taxes for Th\$6.463.152.

Non current assets increased by Th\$56,513,594 mainly explained by the net increase in plant and equipment properties by Th\$57,193,730, associated with the investments made during the year.

Liabilities payable as of December 2017 increased by Th\$18,643,948 compared to December 2016.

Current liabilities increased by Th\$25,180,852. This change was mainly due to the reclassification of the J series Bond due to its maturity in 2018. This is partially offset by lower debt from Reimbursable Financial Contributions.

Non-current liabilities decreased by Th\$6,536,904 (0,7%), which mainly corresponds to a decrease in bank loan debt by Th\$5,283,345.

Total equity increased by Th\$6,417,052 and net equity attributable to the owners of the parent company increased by Th\$8,473,596.

3.3 Consolidated Income Statements by Source (Thousands of Pesos)

	Dec-17	Dec-16
Income from regular activities	509,540,577	492,249,645
Raw materials and consumables used	-34,924,849	-33,442,760
Employee benefit expenses	-55,548,304	-53,621,906
Other expenses, by nature	-120,462,471	-113,671,600
EBITDA[1]	298,604,953	291,513,379
Other (losses) earnings	2,608,255	14,597,521
Depreciation and amortization expense	-74,394,154	-67,009,703
Net Financial Costs	-25,059,261	-20,643,577
Exchange rate differences	8,988	-17,987
Results by readjustment units	-11,945,903	-20,159,712
Earnings before taxes	189,822,878	198,279,921
Income tax expense	-46,340,625	-43,442,462
Earnings, attributable to the owners of the pa	139,620,280	150,575,666
Earnings (loss) attributable to non-controlling i	3,861,973	4,261,793
Earnings	143,482,253	154,837,459

As of December 2017, the Company's revenues totaled Th\$509,540,577 a higher amount by Th\$17,290,923 (3.5%) to that obtained in December 2016. This increase was mainly explained by higher volumes supplied together with the tariff indexations registered during 2016 and 2017.

The costs amounted to Th\$210,935,624, up by a factor of 5.1%, due mainly to increased activity in network maintenance by Th\$3,767,241, higher power costs by Th\$2,240,197, higher personnel costs by Th\$1,926,398, increase in provision for uncollectibles by Th\$1,706,306 and higher costs due to increases in requests for modification of water utility infrastructure by Th\$1,018,933. This is partially compensated for by lower activity in works requested by clients for Th\$1,318,979 and lower cost of chemical inputs by Th\$577,806.

EBITDA for the period reached Th\$298,604,954, Displaying an increase of 2-4% compared to the same period last year.

The net income as of December 31, 2017 amounted to Th\$139,620,280, a lower figure by Th\$10,955,386 (7.3%) to that obtained at the close of the 2016 financial year.

3.4 Consolidated Cash Flow Statements (Thousands of Pesos)

	Dec-17	Dec-16
Cash and cash equivalents at beginning of the period	64,876,443	32,953,529
Net cash flows from operating activities	215,878,721	234,098,851
Net cash flows used in investment activities	-113,828,958	-93,180,602
Net cash flows used in financing activities	-148,117,866	-108,995,335
Net increase in cash and cash equivalents	-46,068,103	31,922,914
Cash and cash equivalents at the end of period	18,808,340	64,876,443

Cash flow from operating activities decreased by Th\$20,629,683, when comparing December 2017 with December 2016.

Disbursement for investment activities decreased by Th\$20,648,356, mainly due to the completion of the construction of the third Mapocho-Trebal wastewater treatment plant and the sale of land at Isla Lo Mata by Aguas Cordillera in 2016.

Financing activities generated a negative net cash flow of Th\$36,712,978, this is due to a higher repayment of loans for Th\$40,236,337, partially offset by the placement of Series C bonds by the subsidiary Essal in the fourth quarter of the year, for a total of UF 1.0 million..

3.5 Financial Ratios

	Dec-17	Dec-16
Indebtedness ¹	1.59	1.58
Financial Indebtedness ²	1.25	1.24
Total Current Liabilities / Total Liabilities ³	0.21	0.20
Short Term Financial Debt / Total Financial Debt ⁴	0.07	0.05

(1) (Total Current Liabilities + Total Non-Current Liabilities) / Total Equity

(2) (Other Current Financial Liabilities + Other Non-Current Financial Liabilities) / Total Equity

(3) Total Current Liabilities / (Total Current Liabilities + Total Non-Current Liabilities)

(4) Other Current Financial Liabilities / (Other Current Financial Liabilities + Other Non-Current Financial Liabilities)

3.6 Preferential Loans

As of the date of execution of the Issuing Agreement, the Issuer has no preferential loans on the securities other than those resulting from the application of the rules contained in Title XLI of Book IV of the Civil Code or special laws.

3.7 Restrictions on the Issuer regarding other creditors

Bond Line N°526 – There are no placements with charge to it.

As of March 31, 2009, to maintain a level of indebtedness not exceeding 1.5 times at the end of each quarter of the Issuer's Financial Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities are defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts. For the purposes of determining the index mentioned above, the amount of all guarantees, simple or joint and several sureties, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer; (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer; and (iii) those granted to public institutions to guarantee compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°580 –Series J Bond

Level of indebtedness measured by the Classified Financial Position Statements, defined as the ratio between current liabilities ("Current Liabilities, Total" plus "Non-Current Liabilities, Total") and "Equity, Total", not exceeding 1.5 times. As of 2010, the above limit will be adjusted according to existing inflation, up to a maximum of 2 times. In order to determine the Level of Indebtedness in the Classified Financial Position Statements, the amount of all guarantees, joint and several simple sureties, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer; and (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°581 – There are no placements with charge to it.

Level of Indebtedness: To maintain a level of indebtedness of no more than 1.5 times, measured on the basis of their consolidated balance sheet figures, in their quarterly financial statements as of March 31, 2009. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Non-Current Liabilities. For the purposes of determining the above-mentioned index, the amount of all guarantees, simple or joint and several sureties, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°629 – There are no placements with charge to it.

Level of indebtedness: Maintain, as of March 31, 2009, in its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio of Current Liabilities total Equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°630 – Series M Bond

Level of indebtedness: Maintain, as of March 31, 2009, in its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°654 – There are no placements with charge to it.

Level of indebtedness: Maintain, as of March 31, 2011, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of

determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°655 – Bonds Series P and Series Q

Level of indebtedness: Maintain, as of March 31, 2011, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°712 – Bonds Series R

Level of indebtedness: Maintain, as of March 31, 2011, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°713 - Bonds Series S and Series U

Level of indebtedness: Maintain, as of March 31, 2011, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°777 - Bonds Series Z

Level of indebtedness: Maintain, as of March 31, 2014 at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°778 - Bonds Series V and Series W

Level of indebtedness: Maintain, as of March 31, 2014 at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that

the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°805 – There are no placements with charge to it.

Level of indebtedness: Maintain, as of March 31, 2015, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times. Notwithstanding the foregoing, the above limit shall be adjusted in accordance with the ratio between the Consumer Price Index for the month in which the Debt Level is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in its Financial Statements. For the purposes of determining the aforementioned index, the Current liabilities include the amount of all guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces. In the Issuer's Financial Statements, the following shall be included in note sixteen entitled "Guarantees and Restrictions", letter b) "Restrictions on bond issuance", subparagraph i) "Aguas Andinas S.A.", A table containing all the information that will be used to calculate the Level of Indebtedness, including the additions by guarantees, simple or joint and several bonds, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, as well as the exceptions indicated in literals (i), (ii) and (iii) above. In addition, this note to the Financial Statements must include information on the variation in the limit of the Level of Indebtedness. For the foregoing purposes, the total Equity will correspond to the amount resulting from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in the Issuer's Financial Statements.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°806 - Bonds Series X and Series AA

Level of indebtedness: Maintain, as of March 31, 2015 at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times. Notwithstanding the foregoing, the above limit shall be adjusted in accordance with the ratio between the Consumer Price Index for the month in which the Debt Level is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in its Financial Statements. For the purposes of determining the aforementioned index, the Current liabilities include the amount of all guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those

granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces. In the Issuer's Financial Statements, the following shall be included in note sixteen entitled "Guarantees and Restrictions", letter b) "Restrictions on bond issuance", literal i) "Aguas Andinas S.A.", A table containing all the information that will be used to calculate the Level of Indebtedness, including the additions by guarantees, simple or joint and several bonds, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, as well as the exceptions indicated in literals (i), (ii) and (iii) above. In addition, this note to the Financial Statements must include information on the variation in the limit of the Level of Indebtedness. For the foregoing purposes, the total Equity will correspond to the amount resulting from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in the Issuer's Financial Statements.

Level of indebtedness as of December 31, 2017: 1.57 times.

3.8 Restrictions on the Issuer regarding this issuing.

As of March thirty-first, two thousand and seventeen, maintain at the closing of each quarter of the Issuer's Financial Statements, a Level of Indebtedness not exceeding one point five times. Notwithstanding the foregoing, the foregoing limit shall be adjusted in accordance with the ratio between the Consumer Price Index for the month in which the Level of Indebtedness is calculated and the Consumer Price Index for December two thousand nine. For these purposes, the Indebtedness Level will be defined as the ratio between the Net Current Liabilities and the total net equity. The Issuer's Net Current Liabilities shall be defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts minus the "Cash and Cash Equivalents" account of its Financial Statements. For the purposes of determining the aforementioned index, the Net Current Liabilities include the amount of all guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to guarantee compliance with water utility legislation, the execution of works in public spaces and the provision of advisory and technical inspection services for rural potable water projects. In the Issuer's Financial Statements, the following shall be included in note sixteen entitled "Guarantees and Restrictions", letter b) "Restrictions on bond issuance", literal i) "Aguas Andinas S.A.", A table containing all the information that will be used to calculate the Level of Indebtedness, including the additions by guarantees, simple or joint and several bonds, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, as well as the exceptions indicated in literals (i), (ii) and (iii) above. In addition, this note to the Financial Statements must include information on the variation in the limit of the Level of Indebtedness. For the foregoing purposes, the total Equity will correspond to the amount resulting from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in the Issuer's Financial Statements.

A table detailing each of the components of this restriction is shown below:

Indebtedness limit	1.57
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Name of Account	Dec-17
	Th\$
Total Current Liabilities	237,111,903
Total Non-Current Liabilities	866,468,756
Cash and cash equivalents	-18,808,340
Guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations.	40,556,790
With the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation, the execution of works in public spaces and the provision of technical advisory and inspection services for rural potable water projects.	-39,947,460
Net Current Liabilities	1,085,381,649
Name of Account	Dec-17
	Th\$
Issued Capital	155,567,354
Accumulated Earnings (Losses)	328,964,934
Other equity interests	-5,965,550
Issuance premiums	164,064,038
Non-controlling interests	50,668,701
Total Equity	693,299,477
Indebtedness Level	1.57 times

3.9 Definitions of Interest

"Essential Assets": The essential assets of the Issuer will be understood to be the public service concessions for the production and distribution of potable water and the collection and disposal of wastewater from the Greater Santiago system.

"Placement Agent": will be defined in each Complementary Deed.

"Reference Banks" means the following banks or their legal successors: (i) Banco de Chile; (ii) Banco Bilbao Vizcaya Argentaria, (Chile); (iii) Banco Santander-Chile; (iv) Banco del Estado de Chile; (v) Banco de Crédito e Inversiones; (vi) Scotiabank Chile; (vii) Itaú Corpbanca and (viii) Banco Security. However, reference banks are not considered to be those which in the future will be related to the Issuer.

"Bond or Bonds": means dematerialized long-term debt securities issued pursuant to the Contract of Issuing and its Supplementary Deeds.

"CMF" or "Commission" means the Financial Market Commission.

"Issuing Agreement" or "Agreement": means an agreement for issuing granted by public deed dated December 21, 2017 at the notary's office of Mr. Iván Torrealba Acevedo in Santiago, with its annexes, any subsequent deed modifying and/or supplementing it and the development tables and other instruments that are notarized for this purpose.

"DCV": means Depósito Central de Valores S.A., Depósito de Valores S.A., Depósito de Valores; sociedad anónima (Central Securities Repository S.A.) constituted in accordance with the DCV Act and DCV Regulations.

"Banking Business Day": means any day of the year other than Saturday, Sunday, holidays, December 31st or other day on which commercial banks are required or authorized by law or by the Superintendence of Banks and Financial Institutions to remain closed in the city of Santiago.

"Newspaper": means the "El Mercurio", newspaper and if it ceases to exist, the Official Gazette.

"Issuing Documents": means the Share Agreement, the Prospectus and any additional background information that has been provided to the CMF on the occasion of the registration of the Bonds.

"Duration" means the weighted average term of the cash flows of a given security.

"Complementary Deeds": means the respective complementary deeds to the Issuing Contract, which must be issued on the occasion of each issuing charged to the Line and which will contain the specifications of the Bonds to be issued charged to the Line, their amount, characteristics and other special conditions..

"Financial Statements": corresponds to the financial information that the companies registered in the Securities Registry must periodically submit to the Commission in accordance with current legislation. It is hereby stated that the references made in this contract to the accounts or items of the current Financial Statements prepared in accordance with IFRS correspond to those that are valid at the date of this deed.

"Consumer Price Index": corresponds to the Consumer Price Index published by the National Statistics Institute or the body that replaces it.

"Securities Market Law": means Law number eighteen thousand and forty-five on the Securities Market.

"Corporations Law": means Law number eighteen thousand and forty-six on Corporations.

"DCV Law" means that Law number eighteen thousand eight hundred and seventy-six on Securities Depositories and Custodianship Institutions.

"Line": shall mean the bond issue line referred to in the Bond Issue Agreement.

"Margin": shall correspond to that defined in the respective Complementary Deed, if the option of early redemption is contemplated.

"International Financial Reporting Standards "IFRS" or "IFRS": means the international financial regulations adopted in Chile and governing the Issuer to prepare and submit its Financial Statements, as of January 1, 2010.

"Peso": means the legal currency in the Republic of Chile.

"Prospectus": shall mean the prospectus or leaflet of the Line to be sent to the CMF in accordance with General Regulation 30 of the CMF.

"Securities Registry": means the Securities Registry maintained by the CMF in accordance with the Securities Market Law and its organic regulations.

"Regulation of the CSD": means the Supreme Decree of Finance number seven hundred and thirty-four, of nineteen ninety one.

"Bond Holders' Representative" or "Representative": means Banco de Chile, in its capacity as the representative of the Bond Holders, as indicated in the appearance of this instrument.

"Development Table": means the table setting the value of the coupons on the Bonds.

"Coverage Rate": Corresponds to the interest rate established in the respective complementary deeds in accordance with the provisions of Clause Six number six of the Issuing Agreement.

"Prepayment Rate": will mean the equivalent of the sum of the Benchmark Rate at the prepayment date plus a Margin, if the early redemption option is contemplated. The Prepayment Rate must be determined on the eighth Banking Business Day prior to the day the early redemption is to be made. For these purposes, the Issuer must make the corresponding calculation and notify the Bond Holders' Representative and the DCV by mail, fax or other electronic means, of the Prepayment Rate to be applied no later than seventeen hours on the eighth Banking Business Day prior to the day on which the early redemption is to be made.

"Benchmark Rate": the Benchmark Rate at a given date is determined as follows: the instruments comprising the Benchmark Categories of instruments issued by the Central Bank of Chile and the General Treasury of the Republic of Chile for operations in Unidades de Fomento or in Pesos shall be ordered from shorter to longer duration and reported by the "Benchmark Rate: One and Twenty PM" of the fixed-income instruments valuation system of the stock exchange computer system /"SEBRA HT"/, or the system that succeeds or replaces it. In the case of Bonds issued in Unidades de Fomento, the Benchmark Fixed Income Categories known as "UF-Zero Two", "UF-Zero Five", "UF-Zero Seven", "UF-Ten" and "UF-Twenty" will be used for the purpose of determining the Benchmark Rate, according to the criteria established by the Stock Exchange, obtaining a range of durations for each of the aforementioned categories. In the case of Bonds issued in pesos, the Benchmark Fixed Income Categories called "Pesos-zero two", "Pesos-zero five", "Pesos-zero seven" and "Pesos-ten" will be used for the purpose of determining the Reference Rate, according to the criteria established by the Exchange. If the Duration of the Bonus valued at the Cover Rate is contained within any of the Benchmark Fixed Income Category Duration ranges, the reference rate will be the rate of the leading instrument /"on the run"/ of the corresponding category. Otherwise, a linear interpolation will be made based on the Benchmark Duration and Benchmark Rates of the leading instruments in each of the aforementioned categories, considering the instruments whose Duration is similar to that of the bond placed. For these purposes, it will be understood that the /x/ instruments have a similar duration to the bond placed, the first security with a duration as close as possible but less than the duration of the bond to be redeemed, and /y/ the second security with a duration as close as possible but longer than the duration of the bond to be redeemed. If the Benchmark Fixed Income Categories of securities issued by the Central Bank of Chile and the General Treasury of the Republic are added, substituted or eliminated for operations in Unidades de Fomento or pesos by the Stock Exchange, the top instruments of those Benchmark Fixed Income Categories that are in force on the tenth Banking Business Day prior to the day on which the early redemption takes place will be used. To calculate the price and Duration of the instruments, the value determined by the "Benchmark Rate: one and twenty pm" of the fixed income instruments valuation system of the Computational System of the Stock Exchange /"SEBRA HT"/, or the system that succeeds or replaces it, will be used. If the Benchmark Rate cannot be determined in the manner indicated above, the Issuer must request the Bond Holder's Representative no later than ten Bank Business Days prior to the day on which the early redemption is to be made, that requests from at least three of the Reference Banks an interest rate quotation for the bonds equivalent to those considered in the Benchmark Fixed Income Categories of the Stock Exchange of securities issued by the Central Bank of Chile and the Tesorería General de la República, whose Duration corresponds to that of the Bond valued at the Cover Rate, both for an offer to buy and an offer to sell, which must be valid on the ninth Banking Business Day prior to the day on which the early redemption is to take place. The Bond Holders' Representative must deliver the information of the quotes received to the Issuer in writing within two Bank Business Days of the date on which the Issuer has given it the notice indicated above. The quotation of each Reference Bank will be considered to be the mid-point between the two listed

offers. The quotation of each Reference Bank so determined, will be averaged with those provided by the other Reference Banks, and the result of said arithmetic average will be the Reference Rate. The fee thus determined will be final for the parties, except where there is an obvious error. The Issuer must notify the Prepayment Rate in writing to the Bond Holders' Representative and the DCV no later than seventeen hours on the eighth Banking Business Day preceding the day on which the early redemption is to be made.

"Bond Holders" or "Holders" means any investor who has acquired and maintains an investment in Bonds issued under the Bond Agreement.

"Total of Assets": corresponds to the Total Assets account or record in the Issuer's Financial Statements.

"Unidad de Fomento" or "UF": means Unidades de Fomento, that is, the readjustable unit established by the Central Bank of Chile pursuant to article thirty-five number nine of Law number eighteen thousand eight hundred and forty or the one that officially succeeds or replaces it. In the event that the UF ceases to exist or its calculation is modified, the value of the UF at the date on which it ceases to exist, duly adjusted for the variation in the Consumer Price Index, will be considered to be that of the UF, calculated by the National Statistical Institute or the index or body replacing or succeeding it, between the first day of the calendar month in which the UF ceases to exist and the last day of the calendar month immediately preceding the calculation date.-

4.0 DESCRIPTION OF THE ISSUING

4.1 Deed of the Issuance

The deed of the issuing was granted at the Notary's Office of Santiago of Mr. Iván Torrealba Acevedo on December 21, 2017, Record No. 22,484-2017, modified by public deed executed at the same Notary's Office on January 15, 2018, Record No. 814-2018.

The Complementary Deed of the AB and AC Series was granted in the Notary's Office of Santiago of Mr. Iván Torrealba Acevedo on March 12, 2018, Record No. 4.191-2018 (hereinafter, the "Complementary Deed").

4.2 Registration in the Securities Registry

The Line was registered in the Securities Registry under number 886, on February 13, 2018.

4.3 Mnemonic Code

Series AB: BAGUA-AB
Series AC: BAGUA-AC

4.4 Characteristics of the Issuing

4.4.1 Issuing by fixed amount or by line of debt securities

Bond Line.

4.4.2 Maximum amount of the issuing

The maximum amount of the present issue per Line will be the equivalent in Pesos to **4,000,000 Unidades de Fomento**, whether each placement made with a charge to the Line is in Unidades de Fomento or Pesos.

If issuings were made in Pesos with a charge to the Line, the equivalence in Unidades de Fomento will be determined according to the value of the Unidad de Fomento at the date of the respective Complementary Deed. In any event, the amount placed in UF may not exceed the authorized amount of the Line at the date of commencement of the placement of each Issuing. The foregoing is notwithstanding that, with the prior agreement of the Board of Directors of the Company, and within the 10 business days prior to the maturity of the Notes, the Issuer may make a new placement within the Line, for an amount of up to 100% of the maximum authorized amount of the Line, to finance exclusively the payment of the instruments that are about to mature.

Bonds issued against the Line may be placed in the general market, dematerialized pursuant to the provisions of Article eleven of the DCV Law and may be expressed in Pesos or Unidades de Fomento and will be payable in Pesos or their equivalent in Pesos, all as established in the respective Complementary Deeds. The nominal amount of capital of all issues charged to the Line will be determined in the respective Complementary Deeds together with the amount of the outstanding balance of the valid Bonds previously placed that correspond to other issuing charged to the Line, for which purpose the value of the Unidad de Fomento must be maintained at the date of the respective Complementary Deed that agreed upon the issuing. In those cases in which the Bonds are issued in Pesos, in addition to indicating the nominal amount of the new issuing and the unpaid balance of the previous issuings in Pesos, their equivalent in Unidades de Fomento will be established, for which purpose the value of the Unidad de Fomento will be valued at the date of the respective Complementary Deed.

Reduction of the amount of the Line and/or of one of the issuings charged to it.

The Issuer may waive the issuing and placement of the total amount of the Line and, in addition, reduce its amount to the equivalent of the nominal value of the Bonds issued against the Line and placed at the date of waiver, with the express authorization of the Representative of the Bondholders. This waiver and the consequent reduction in the nominal value of the Line must be evidenced by a public deed and communicated to DCV and the CMF. From the date on which such modification is registered with the Commission, the amount of the Line will be reduced to the amount actually placed. The Bond Holders' Representative and the Issuer shall be deemed to have the right to attend, together with the Issuer, the granting of the public deed in which the nominal value of the Line is reduced, and may agree with the Issuer on the terms of such deed without the need for prior authorization from the Board of Bond Holders.

4.4.3 Maturity term of the Line

The Bond Line has a maximum maturity term of 10 years from the date on which it is registered in the Securities Registry of the Commission, within which all obligations to pay the different issuings of Bonds made under this Line must be paid. Notwithstanding the foregoing, the last issue of Bonds corresponding to this Line may have payment obligations that mature after the end of the ten-year term, provided that it is recorded that the instrument or security of the issue is the last issue of the ten-year Line.

4.4.4 Bearer, to order or registered bonds

Bonds issued with charge on the Line will be Bearer Bonds.

4.4.5 Materialized or dematerialized bonds

The bonds will be dematerialized.

4.4.6 Procedure in the event of extraordinary amortization

A.- General

Unless otherwise stated for one or more series in the respective Supplementary Deeds, the Issuer may redeem in advance, in whole or in part, the bonds issued against the Line at any time / whether it is an interest payment or capital amortization date/ as of the date indicated in each Supplementary Deed for the respective series. In such a case, such early redemption will be governed by the following provisions.

The respective Complementary Deed will specify whether the Bonds of the respective series will have an extraordinary amortization option. If they do, the Bonds will be redeemed at a value equal to:

a) the unpaid balance of their capital or,

b) the higher value between /i/ the unpaid balance of the capital and /ii/ the sum of the present values of the remaining interest and amortization payments set forth in the respective Development Table, excluding accrued interest not paid up as of the date of prepayment, discounted at the Prepayment Rate.

In all cases, accrued interest not paid at the date of early redemption will be added together. Interest and readjustments on early redemption of the Bonds will cease and will be payable from the date when the redemption is carried out.

B.- Redemption Procedure

(i) In the event that a portion of the Bonds is redeemed early, the Issuer will conduct a Notary Draw to determine which of the Bonds will be redeemed. For this purpose, the Issuer must publish a notice in the Newspaper and must notify the Bond Holders' Representative and the DCV in a letter delivered at their addresses by a Notary Public at least 15 Bank Business Days prior to the date of the draw. Such notice must indicate the amount to be redeemed in advance, the Notary Public before whom the draw will be held, the day, time and place in which it will take place and, if applicable, the mechanism for calculating the Prepayment Rate, or else, a reference to the way of calculating it found in the definition of "Prepayment Rate" in Clause One, numeral Three of the Bond Issuing Agreement, and the time at which the Prepayment Rate will be communicated to the Bond Holders' Representative. The Issuer, the Representative and the Bond Holders who wish to attend the draw may do so. The early redemption procedure will not be invalidated if some of the above-mentioned persons do not attend the draw. On the day of the draw, the Notary Public will draw up a certificate of the proceeding, in which the number and series of the Bonds drawn will be recorded. The minutes shall be recorded in the public deed records of the Notary Public before whom the draw was held. The draw must be made at least 30 days before the date on which the early redemption is to take place. Within 5 days following the draw, a list of the Bonds that will be redeemed in advance according to the draw, with the number and series of each of them, will be published only once in the newspaper.

(ii) In the event that the early redemption covers all the outstanding Bonds, a notice indicating this fact will be published in the newspaper only once. This notice must be published at least 30 days before the date of the early redemption.

(iii) In the case of both partial and total extraordinary redemption of the bonds, the notice shall state: (y) the individual value of each of the bonds to be redeemed, in the event that the Bonds are redeemed at a value equal to the outstanding balance of their capital amount, or (z) the mechanism for calculating the Prepayment Rate, or a reference to the clause in the Share Agreement establishing how the Prepayment Rate is to be determined, if applicable. Also, and if appropriate, the notice must contain the time and date in which the Prepayment Rate will be communicated to the Representative of the Bondholders and the series of Bonds that will be extraordinarily amortized, as well as the time and date in which the redemption will be made.

(iv) The Issuer must send a copy of such notice to the Bond Holders' Representative and to the DCV in a letter delivered at their addresses by a Notary Public at least 15 Bank Business Days prior to the date of the early redemption.

(v) If the payment date on which the extraordinary redemption is to be made is not a Bank Business Day, it shall be held on the first following Bank Business Day.

(vi) The indexation/adjustments /in the case of Bonds expressed in Unidades de Fomento/ and the interest of the Bonds drawn or of the Bonds extraordinarily amortized, shall cease and will be payable from the date on which the corresponding amortization is made. The information in this item (vi) regarding the payment of interest and indexation of the Bonds drawn or of the Extraordinary Amortized Bonds, must be indicated in the notice referred to in the aforementioned items (i) and (ii).

4.4.7 Guarantees

The Bonds issued against the Line will not be guaranteed.

4.4.8 Use of the Funds

a) General use of the funds

The proceeds from the placement of the bonds issued under this line will be used to: (i) pay and/or prepay the short-term or long-term liabilities of the Issuer and/or its subsidiaries, regardless of whether they are denominated in local or foreign currency and/or (ii) finance the investments of the Issuer and/or its subsidiaries. The funds may be used exclusively for one of these two purposes, or simultaneously for both, and in the percentages indicated in the respective Supplementary Scriptures.

b) Specific use of the funds

The funds from the placement of the AB and AC Series will be allocated in: The Issuer's M, P, Q, R, S, U, V, W, X, Z and AA series of bonds during the year two thousand and eighteen, approximately forty-eight percent, to the payment of coupons as well as the payment of the Series J bonds maturing on December 1, two thousand and eighteen; and /ii/ the remaining fifty-two percent, to the financing of the investments related to the raw water works that the Issuer is carrying out in the municipality of Pirque.

4.4.9 Risk classifications

The risk classifications of the Bond Line of Series AB and Series AC are as follows:

Fitch Chile Limited Risk Rating: AA+ (stable outlook).
ICR Risk Rating Company Limited : AA+ (stable trend).

The Financial Statements used by both risk classifiers to make their respective classifications correspond to September 2017.

During the last 12 months neither the Issuer nor the Bond Line for which registration is sought through this prospectus have been subject to solvency ratings or similar by credit rating agencies other than those mentioned in this section 4.4.9.

4.4.10 Taxation Regime

The AB and AC Series Bonds are subject to the tax regime established in article one hundred and four of the Income Tax Law contained in Decree Law Number eight hundred and twenty-four, of nineteen seventy-four and its amendments.

For these purposes, in addition to the Cover Rate, the Issuer shall determine, after each placement, a fiscal interest rate for the purposes of calculating the accrued interest, in the terms established in numeral one of the referred article one hundred and four. The tax rate will be reported by the Issuer to the CMF on the same day as the placement in question.

It is hereby recorded that for the purposes of the withholding of applicable taxes in accordance with article seventy-four of the Income Tax Law, the Bonds of the respective series or sub-series must be subject to the form of withholding indicated in numeral eight of said article.

Taxpayers without address or residence in Chile must hire or appoint a representative, custodian, intermediary, securities repository or other person with an address or incorporated in the country, who is responsible for complying with the tax obligations that affect them.

4.4.11 Specific characteristics of the issuing

Issuing amount to be placed

Series AB considers Bonds for a nominal value of up to 107,600,000,000,000 Pesos, equivalent to 3,990,078.2033 Unidades de Fomento, according to the value of the latter at the date of the Complementary Deed..

The AC Series considers Bonds for a nominal value of up to 4,000,000,000 Unidades de Fomento.

It is expressly stated that the Issuer may only place Bonds for a maximum total nominal value of 4,000,000 Unidades de Fomento, considering together the AB and AC Series Bonds, issued by means of the Complementary Deed, as well as the AD Series Bonds, issued through a complementary deed granted on March 12, 2018 at the Notary Office of Santiago de Mr. Iván Torrealba Acevedo, under document number 4.192-2018, charged to the 30-year Bond Line, issued by means of a public deed issued at the same Notary's office on December 21, 2017, under document number 22,483-2017, modified by a public deed issued at the same Notary's office on January 15, 2018, under document number 813-2018.

Series AB Bonuses will be payable in Pesos and will not be indexed.

The AC Series Bonds will be denominated in Unidades de Fomento and, therefore, the amount thereof will be adjusted according to the variation in the value of the Unidad de Fomento, and must be paid in its equivalent in Pesos on the date of maturity of the respective coupon. For these purposes, publications of the value of the Unidad de Fomento published in the Official Gazette by the Central Bank of Chile pursuant to article thirty-five, number nine, of Law No. eighteen thousand eight hundred and forty, or by the body replacing or succeeding it for these purposes, will be deemed valid.

Series:

Series AB.

Series AC.

Amount of bonds:

Series AB: 10,760 Bonds.

Series AC: 8,000 Bonds.

Cortes:

Series AB: \$10,000,000

Series AC: UF 500

Nominal value of the series:

Series AB: \$107,600,000,000, equivalent to 3,990.078,2033 Unidades de Fomento, according to the value of the latter at the date of the Complementary Deed.

Series AC: UF 4,000,000

Readjustable/Non Readjustable:

Series AB Bonuses will be payable in Pesos and will not be adjustable.

The AC Series Bonds will be denominated in Unidades de Fomento and, therefore, the amount thereof will be adjusted according to the variation in the value of the Unidad de Fomento, and must be paid in its equivalent in Pesos on the date of maturity of the respective coupon. For these purposes, publications of the value of the Unidad de Fomento published in the Official Gazette by the Central Bank of Chile pursuant to article thirty-five, number nine, of Law No. eighteen thousand eight hundred and forty, or by the body replacing or succeeding it for these purposes, shall be deemed valid.

Interest rate:

AB Series: AB Series Bonds will accrue, on the unpaid capital amount expressed in Pesos, a compound, matured annual interest of 4.80%, calculated on the basis of equal semesters of 180 days, equivalent to 2.3719% semi-annually.

AC Series: AC Series Bonds will accrue, on the unpaid capital expressed in Unidades de Fomento, an annual compound interest of 1.80%, matured, calculated on the basis of equal semesters of 180 days, equivalent to 0.8960% semiannually.

Beginning Date of Interest Accrual and Readjustments:

Interest on AB Series Bonds and AC Series Bonds will accrue as of March 15, 2018.

Development tables:

Serie AB:

DEVELOPMENT TABLE

COMPANY Aguas Andinas S.A.

SERIES AB

Nominal Value	CLP 10,000,000
Bonds amount	10,760
Interests	Semiannual
Interest accrual start date	15/03/2018
Maturity date	15/03/2025
Annual interest rate	4.8000%
Semiannual interest rate	2.3719%

Coupon	Interest Quota	Amortizations Quota	Maturity Date	Interest	Amortization	Quota Value	Unpaid Balance
1	1	0	15/09/2018	237,190.0000	0.0000	237,190	10,000,000
2	2	0	15/03/2019	237,190.0000	0.0000	237,190	10,000,000
3	3	0	15/09/2019	237,190.0000	0.0000	237,190	10,000,000
4	4	0	15/03/2020	237,190.0000	0.0000	237,190	10,000,000
5	5	0	15/09/2020	237,190.0000	0.0000	237,190	10,000,000
6	6	0	15/03/2021	237,190.0000	0.0000	237,190	10,000,000
7	7	1	15/09/2021	237,190.0000	1,250,000.0000	1,487,190	8,750,000
8	8	2	15/03/2022	207,541.2500	1,250,000.0000	1,457,541	7,500,000
9	9	3	15/09/2022	177,892.5000	1,250,000.0000	1,427,893	6,250,000
10	10	4	15/03/2023	148,243.7500	1,250,000.0000	1,398,244	5,000,000
11	11	5	15/09/2023	118,595.0000	1,250,000.0000	1,368,595	3,750,000
12	12	6	15/03/2024	88,946.2500	1,250,000.0000	1,338,946	2,500,000
13	13	7	15/09/2024	59,297.5000	1,250,000.0000	1,309,298	1,250,000
14	14	8	15/03/2025	29,648.7500	1,250,000.0000	1,279,649	0

Serie AC:

DEVELOPMENT TABLE

COMPANY Aguas Andinas S.A.
SERIES AC

Nominal Value UF 500
 Bonds amount 8,000
 Interests Semiannual
 Interest accrual start date 15/03/2018
 Maturity date 15/03/2025
 Annual interest rate 1.8000%
 Semiannual interest rate 0.8960%

Coupon	Interest Quota	Amortizations Quota	Maturity Date	Interest	Amortization	Quota Value	Unpaid Balance
1	1	0	15/09/2018	4.4800	0.0000	4.4800	500.0000
2	2	0	15/03/2019	4.4800	0.0000	4.4800	500.0000
3	3	0	15/09/2019	4.4800	0.0000	4.4800	500.0000
4	4	0	15/03/2020	4.4800	0.0000	4.4800	500.0000
5	5	0	15/09/2020	4.4800	0.0000	4.4800	500.0000
6	6	0	15/03/2021	4.4800	0.0000	4.4800	500.0000
7	7	1	15/09/2021	4.4800	62.5000	66.9800	437.5000
8	8	2	15/03/2022	3.9200	62.5000	66.4200	375.0000
9	9	3	15/09/2022	3.3600	62.5000	65.8600	312.5000
10	10	4	15/03/2023	2.8000	62.5000	65.3000	250.0000
11	11	5	15/09/2023	2.2400	62.5000	64.7400	187.5000
12	12	6	15/03/2024	1.6800	62.5000	64.1800	125.0000
13	13	7	15/09/2024	1.1200	62.5000	63.6200	62.5000
14	14	8	15/03/2025	0.5600	62.5000	63.0600	0.0000

Date of Extraordinary Amortization:

The Issuer may redeem in advance all or part of the AB Series Bonds and AC Series Bonds as of March 15, 2021.

AB Series Bonds and AC Series Bonds will be redeemed at the larger value between /i/ the unpaid balance of their capital and /ii/ the sum of the present values of the remaining interest and amortization payments set forth in the AB Series and the AC Series Development Tables included in this Prospectus, excluding accrued interest not paid up to the date of prepayment, discounted at the Prepayment Rate. In all cases, unpaid accrued interest at the date of early redemption shall be added together. Interest and readjustments on early redemption of the bonds will cease and will be payable from the date of redemption.

For purposes of calculating the Prepaid Rate, the Margin will be considered to be 70 base points.

Placement Period:

The term of placement of the AB Series and AC Series Bonds will be 36 months, counted from the date of issuance of the official letter by which the Financial Market Commission authorizes the issuance of the AB Series and AC Series Bonds. Bonds that are not placed within this period will be void.

4.4.12 Procedure for Convertible Bonds

These bonds will not be convertible into shares of the Issuer.

4.5 Certificate or receipts and Covenants in favor of Bond Holders

4.5.1 Obligations, limitations and prohibitions of the Issuer

Until the Issuer has paid to the Holders the total capital and interest of the Bonds issued and placed under this Line, the Issuer will be subject to the following obligations, limitations and prohibitions, notwithstanding those applicable to it under the general regulations of the relevant legislation:

A.- As of March 31, 2017, to maintain at the end of each quarter of the Issuer's Financial Statements, a level of indebtedness not exceeding one point five times.

Notwithstanding the foregoing, the foregoing limit shall be adjusted in accordance with the ratio between the Consumer Price Index for the month in which the Level of Indebtedness is calculated and the Consumer Price Index for December two thousand nine.

For these purposes, the indebtedness The Issuer's Net Current Liabilities shall be defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts minus the "Cash and Cash Equivalents" account in its Financial Statements.

For the purposes of determining the aforementioned index, the Net Current Liabilities include the amount of all guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation, the execution of works in public spaces and the provision of technical advisory and inspection services for rural potable water projects.

In the Issuer's Financial Statements, the following shall be included in note sixteen entitled "Guarantees and Restrictions", letter b) "Restrictions on bond issuance", subparagraph i) "Agua Andina S.A.". A table containing all the information that will be used to calculate the Level of Indebtedness, including the additions by guarantees, simple or joint and several bonds, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, as well as the exceptions indicated in (i), (ii) and (iii) above. In addition, this note to the Financial Statements must include information on the variation in the limit of the Level of Indebtedness. For the foregoing purposes, the total Net Equity will correspond to the amount resulting from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in the Issuer's Financial Statements.

The Level of Indebtedness as of September 30, 2017 is 1.49 times, according to the calculation shown in item 3.8 above.

B.- Send to the Bond Holders' Representative, within the same period in which they must be delivered to the Financial Market Commission, copies of its quarterly and annual Financial Statements; and of any other public information that the Issuer provides to said Commission. In addition, it must send the representative copies of the risk rating reports no later than 5 business days after receiving them from its private risk classifiers.

C.- Inform the Bond Holders' Representative, within the same period in which the Financial Statements must be delivered to the Financial Market Commission, of the fulfillment of the obligations contracted under the Issuance Agreement. Notwithstanding the foregoing, the Issuer undertakes to notify the Bond Holders' Representative of any circumstance involving a default or breach of the conditions or obligations it enters into under the Issuance Agreement as soon as the event or breach becomes known to it. It will be understood that Bond Holders will be duly informed of the Issuer's background through the reports provided by the Issuer to the Representative.

D.- Establish and maintain adequate accounting systems on the basis of IFRS standards or such others that the competent authority may determine; and make provisions for adverse contingencies that, in the opinion of the Issuer's management and external auditors, should be reflected in the financial statements of the Issuer and/or its subsidiaries. The Issuer must ensure that its subsidiaries comply with this paragraph.

In addition, it must hire and maintain an external audit firm of well known prestige, from among those registered in the relevant Commission Registry, for the examination and analysis of the Financial Statements of the Issuer and its subsidiaries, regarding which such firm must issue an opinion regarding the Financial Statements as of December 31st of each year.

Notwithstanding the foregoing, it is expressly agreed that: /i/ if the Commission's Financial Market Commission decides to amend the accounting regulations currently in force, replacing or modifying the IFRS standards or the criteria for valuing the assets or liabilities recorded in said accounting, and this affects one or more obligations, limitations or prohibitions included in the Issuance Agreement, hereinafter the "receipt or certificate", and/or /ii/ if the body empowered to define IFRS accounting standards modifies the valuation criteria established for the accounting items of the current Financial Statements, and this affects one or more of the receipts or certificates, as soon as the new provisions have been reflected for the first time in its Financial Statements, the Issuer must disclose these changes to the Bond Holders' Representative and request its external auditors to adapt the respective receipts or certificates to the new accounting situation. The Issuer and the Representative must amend the Issuance Agreement in order to adjust it to what the said auditors determine in their report, and the Issuer must submit to the Financial Market Commission the request for this amendment to the Agreement, together with the respective documentation, within the same period of time as the Issuer submits to the Commission the Financial Statements subsequent to those that reflected the new accounting criteria for the first time. The foregoing shall not require the prior consent of the Board of Bond Holders, notwithstanding the above, the Representative shall inform the Bond Holders of any amendments to the Contract by publication in the newspaper within 20 days of the approval of the Financial Market Commission of the amendment of the Contract.

In the cases mentioned above, and until the Contract is modified in accordance with the previous procedure, the Issuer will not be considered to have breached the Contract when, as a consequence of such circumstances, the Issuer ceases to comply with one or more receipts or certificates. It is hereby stated that the purpose of the procedure indicated in this provision is to modify the Contract exclusively to adjust it to changes in the applicable accounting standards and, under no circumstance, as a result of changes in market conditions affecting the Issuer.

On the other hand, it will not be necessary to modify the Contract in the event that only the names of the accounts or items in the Financial Statements currently in force are changed and/or new groupings of said accounts or items are made, affecting the definition of the accounts and items referred to in the Issuance Contract and this will not affect one or more of the Issuer's receipts or certificates. In this case, the Issuer must inform the Bond Holders' Representative within 30 days from the date on which the new provisions are first reflected in its Financial Statements, accompanied by a report from its external auditors explaining

how the definitions of the accounts and items described in the Issuance Agreement have been affected.

E.- Maintain insurance policies that reasonably protect its operating assets, including its headquarters, buildings, plants, inventory, furniture and office equipment and vehicles, in accordance with usual practices for industries of the Issuer's nature. The Issuer must ensure that its subsidiaries also comply with this paragraph.

F.- The Issuer undertakes to ensure that the transactions it carries out with its subsidiaries or with other related natural or legal persons, as defined in article one hundred of the Securities Market Law, are carried out under conditions of fairness similar to those normally prevailing in the market. There are no complementary supervisory powers for the Bond Holders or the Representative of the Bond Holders.

4.5.2 Maintenance, Replacement or Renewal of Assets

The Issuer may not dispose of or lose ownership of one or more of the Essential Assets, except in the case of contributions or transfers of Essential Assets to subsidiaries.

4.5.3 Increased Protection Measures

The Bond Holders, through the Bond Holders' Representative and with the prior agreement of the Bond Holders' Meeting, adopted with the quorum established in article 124 of the Securities Market Law, that is, with the absolute majority of the votes of the Bonds present at a Meeting constituted with the attendance of the absolute majority of the votes of the circulating Bonds issued with charge to this Line, on first call, or with those attending, in the second call, may make the unpaid capital, the readjustments and the interest accrued on all the Bonds issued under this Facility fully and in advance demandable, accepting, therefore, that all the obligations undertaken with regarding the Bondholders under this Bond Issuance Agreement shall be deemed to be in matured on the same date on which the Bond Holders' Meeting adopts the respective agreement, in the event of one or more of the following events occurring and for as long as the bonds remain valid:

A.- If the Issuer defaults or is simply late in paying any interest or capital repayments on the Bonds.

B.- If the Issuer fails to comply with any of the obligations to provide information to the Bond Holders' Representative, as stated in letters B and C of section 4.5.1 above, and such situation is not remedied within 15 days from the date on which it is required to do so by the Representative.

C.- Persistence in the breach or infringement of any other commitment or obligation undertaken by the Issuer by virtue of the Issuance Agreement or its Complementary Deeds, for a period equal to or greater than 60 days, except in the case of the Level of Indebtedness defined in point 4.5.1(A) above, after the Bond Holders' Representative has sent the Issuer, by certified mail, a written notice describing the default or violation and require remediation. In the event of default or breach of the Level of Indebtedness defined in paragraph 4.5.1(A) above, this period shall be 120 days after the Bond Holders' Representative has sent the above-mentioned notice to the Issuer by registered letter. The Representative must send the Issuer the aforementioned notice, as well as the notice mentioned in letter B above, within the business day following the date on which the respective non-compliance or infringement of the Issuer was verified and, in any event, within the period established by the Commission by means of a general regulation issued in accordance with the provisions of article 109, letter b/, of the Securities Market Act, if the latter term is lower.

D.- If the Issuer does not remedy within 45 business days a situation of default or simple delay in the payment of money obligations for an accumulated amount greater than the equivalent of 6% of Total Assets as recorded in its last quarterly Financial Statements, and the date of payment of the obligations included in that amount has not been expressly extended. Such amount shall not include obligations that (i) are subject to lawsuits or litigation for obligations not recognized by the Issuer in its accounts; or, (ii) correspond to the price of construction or acquisition of assets whose payment the Issuer has objected to by any of the means that the law or the corresponding contract authorizes it to do so, for defects thereof or for the failure of the respective constructor or seller to fulfill its contractual obligations, and which is evidenced in writing. For the purposes of this item D, the exchange rate or parity used in the preparation of the respective quarterly financial statements will be used as the basis for conversion.

E.- If any other creditor of the Issuer legitimately collects from the Issuer the totality of a credit for a money loan subject to a term, by virtue of having exercised the right to advance the maturity of the respective credit for a cause of default by the Issuer contained in the contract that gives notice thereof. However, with the exception of cases where the total amount of the loan collected in advance, in accordance with the provisions of this letter, does not exceed the equivalent of 3% of the Issuer's Total Assets, as recorded in its latest quarterly Financial Statements.

F.- If the Issuer or any of its subsidiaries in which the Issuer holds an investment representing more than twenty percent of the Issuer's Total Assets is the subject of a Liquidation Resolution under the framework of a bankruptcy liquidation proceeding, or if the nullity or breach of a reorganization agreement is declared, all of the foregoing in accordance with the provisions of Law No. 20,720, Law of Reorganization and Liquidation of Assets of Companies and Persons, or is in notorious insolvency or makes any declaration by means of which it recognizes its inability to pay its obligations in the respective maturities, without any of these facts being remedied within a period of sixty days counted from the respective resolution, declaration or insolvency situation. For purposes of calculating the percentage represented by the Issuer's investment in its subsidiaries, the information contained in the "Consolidated and Individual Financial Statements" note, or the one that replaces it, of the Issuer's Financial Statements shall be used. The aforementioned percentage shall be the ratio resulting from dividing: (a) the total assets of the respective subsidiary, which corresponds to the sum of the "Current assets" and "Non-current assets" accounts of the respective subsidiary, or the accounts that replace them, by (b) the "Total assets" account of the Issuer's Financial Statements.

G.- If any statement made by the Issuer in the securities to be granted or subscribed in connection with the compliance with the information obligations contained in the Issuance Agreement or its Supplementary Deeds, or those to be provided when issuing or registering the Bonds issued under this Line, is or will prove to be manifestly false or fraudulently incomplete.

H.- If the term of the Issuer's duration is modified to a date prior to the term of validity of the Bonds issued under this Line; or if the Issuer is dissolved early; or if its subscribed and paid capital is reduced for any reason that does not comply with the index mentioned in section 4.5.1(A).

I.- If the Issuer disposes of or loses ownership of one or more of the Essential Assets, except in the case of contributions or transfers of Essential Assets to subsidiaries.

J.- If in the future the Issuer or any of its subsidiaries grants real guarantees in new bond issues, or in any other money credit transaction or in any other existing or future credit or obligation, except in the following cases:

One. Guarantees created to finance, refinance or amortize the purchase price or costs, including construction costs, of assets acquired subsequent to the Issuance Agreement, provided that the respective guarantee is provided for the assets expressed;

Two. Guarantees provided by the Issuer to its subsidiaries or vice versa to secure obligations between them;

Three. Guarantees given by a company that subsequently merges with the Issuer;

Four. Guarantees on assets acquired by the Issuer subsequent to the Issuance Agreement, which are constituted prior to their purchase;

Five. Guarantees provided by the Issuer or its subsidiaries for obligations with public bodies; and

Six. Extension or renewal of any of the guarantees mentioned in points One to Five, inclusive, of this letter. However, the Issuer or its subsidiaries may always grant real guarantees in new bond issues or in any other transaction involving money credit or other credit if, prior to and simultaneously, they constitute guarantees at least proportionately equivalent in favor of the Holders of the Bonds issued under this Line. In this case, the proportionality of the guarantees will be qualified at each opportunity by the Representative of the Bond Holders, who, if he deems it sufficient, will contribute to the granting of the instruments constituting the guarantees in favor of the Bond Holders. For this purpose, the Bond Holders' Representative must request an opinion on the rating of the guarantees from an external audit firm registered in the relevant Register of the Financial Market Commission, the costs of which are borne by the Issuer. With the sole merit of a favorable opinion issued by the external audit firm consulted, and without the need for the Representative to review or validate its opinion, the Representative will attend the granting of the instruments constituting the guarantees in favor of the Holders. In case of lack of agreement between the Representative of the Bond Holders, based on an unfavorable opinion of the mentioned external auditing firm, and the Issuer, regarding the proportionality of the real guarantees, the matter shall be submitted to the attention and decision of the arbitrator appointed in accordance with Clause Fifteen of the Issuance Contract, who shall resolve the matter with the powers set forth therein and the guarantees may not be constituted until the said arbitrator has issued his ruling thereon.

4.5.4 Eventual Merger, Division or Transformation of the Issuer and Creation of Subsidiaries

A.- Merger: In the event of the merger of the Issuer with one or more other companies, whether by creation or incorporation, the new company to be incorporated or the absorbing company, as the case may be, shall assume each and every one of the obligations imposed on the Issuer by the Issuance Agreement.

B.- Division: If the Issuer divides, all the companies arising from the division will be jointly and severally liable for the obligations stipulated in the Issuance Contract, notwithstanding the fact that among them it may be stipulated that the obligations to pay the Bonds will be proportional to the amount of the Total Equity of the Issuer assigned to each of them or any other proportion agreed upon.

C.- Transformation: If the Issuer alters its legal nature, all the obligations arising from the Issuance Contract will be applicable, without exception, to the transformed company.

D.- Creation of Subsidiaries: In the event of the creation of a direct subsidiary, this will not affect the rights of the Bond Holders or the obligations of the Issuer under the Issuance Agreement.

E.- Acquisition of Subsidiaries: In the even of the acquisition of a direct subsidiary, this will not affect the rights of the Bond Holders or the obligations of the Issuer under the Issuance Agreement.

5.0 DESCRIPTION OF THE PLACEMENT

5.1 Placement mechanism

The placement of the Bonds will be made through intermediaries using the method agreed upon by the parties, which may be firm, best effort or other. This may be done by means of one or all of the mechanisms allowed by the law, such as auction in the stock exchange, private placement, etc. Due to the dematerialized nature of the issue, i.e., the security exists in the form of an electronic record and not as a physical sheet, a custodian must be designated, which in this case is the Central Securities Repository S.A., which by means an electronic system of book entries, will receive the securities in deposit, and then register the placement by performing the corresponding electronic transfer.

The assignment or transfer of bonds, given their dematerialized nature, and the fact that they are deposited in the Central Securities Repository, the Deposit of Securities, shall be made by debiting the account of the transferor and crediting the account of the transferee, based on a written communication by electronic means that the interested parties deliver to the custodian. This communication to the DCV shall be sufficient to affect such a transfer.

5.2 Placers

BBVA Stock Brokers Limited (BBVA Corredores de Bolsa Ltda.).

5.3 Relationship with the placers

There is none.

6.0 INFORMATION TO THE BOND HOLDERS

6.1 Place of payment

Payments shall be made at the Banco de Chile office, in its capacity as Paying Bank, located at Ahumada 251, Santiago, during normal banking hours.

6.2 Way in which bond holders will be notified of the payments

Information will be provided through the Issuer's website, www.aguasandinasinversionistas.cl.

6.3 Financial reports and other information the Issuer will provide to Bond Holders

The Issuer must send the Bond Holders' Representative copies of its quarterly and annual Financial Statements and any other public information that the Issuer may provide to the Financial Market Commission within the same time period in which they are to be delivered to the Financial Market Commission. In addition, it must send copies of the risk rating reports no later than five business days after receiving them from its private classifiers.

The Issuer must send to the Bond Holders' Representative, together with copies of its consolidated quarterly and annual Financial Statements, a letter signed by its legal representative, certifying compliance with its obligations under the Issuance Agreement.

7.0 OTHER INFORMATION

7.1 Representative of the Bond Holders

Banco de Chile, with address at Ahumada 251, city and district of Santiago.

Contact: Cristóbal Larrain Santander

E-mail: clarrain@bancochile.cl

Telephone: (56 2) 22653 4604

7.2 On charge of custody

Not applicable.

7.3 Qualified expert(s)

Not applicable.

7.4 Extraordinary Administrator

Not applicable.

7.5 Relationship with the Representative of the bond holders, custodian, qualified expert(s) and extraordinary administrator.

Not applicable.

7.6 External legal advisors

Prieto Law Firm (Prieto Abogados)

7.7 External Auditors

Ernst & Young Professional Audit and Advisory Services Limited. (Ernst & Young Servicios Profesionales de Auditoría y Asesorías Limitada.)

AGUAS ANDINAS S.A.

Registration in the Securities Registry No. 346

**LEGAL PROSPECTUS FOR BOND ISSUANCE
PER LINE OF 30-YEAR DEMATERIALIZED BEARER BONDS**

AD SERIES BONDS ISSUANCE

**First placement against the bond line registered with the Securities Registrar
N°887 dated February 13, 2018**

Santiago, April 2018

GENERAL INFORMATION

Participating intermediaries

This prospectus has been prepared by Aguas Andinas S.A., hereinafter also referred to as “**Aguas Andinas**”, the “**Company**”, the “**Corporation**”, la “**Business**” or the “**Issuer**”, with the advice of BBVA Financial Advisory S.A.

Responsibility disclaimer

“THE FINANCIAL MARKET COMMISSION DOES NOT COMMENT ON THE QUALITY OF THE SECURITIES OFFERED AS INVESTMENT. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS THE SOLE RESPONSIBILITY OF THE ISSUER, AND OF THE INTERMEDIARY OR INTERMEDIARIES INVOLVED IN ITS PREPARATION. THE INVESTOR SHOULD EVALUATE THE APPROPRIATENESS OF THE ACQUISITION OF THESE SECURITIES. BEARING IN MIND THAT HE, SHE OR THOSE SOLELY RESPONSIBLE FOR THE PAYMENT OF THE DOCUMENT ARE THE ISSUER AND THOSE WHO HAVE AN OBLIGATION TO DO SO.

“THE INFORMATION REGARDING THE INTERMEDIARY OR INTERMEDIARIES IS THE RESPONSIBILITY OF THE RESPECTIVE INTERMEDIARY OR INTERMEDIARIES, WHOSE NAME OR NAMES APPEAR PRINTED ON THIS PAGE.”

Prospectus date

APRIL 2018

1.0 IDENTIFICATION OF THE ISSUER

Name or company name

Aguas Andinas S.A.

Brand

Does not have

Rol Único Tributario (Tax ID Number)

61.808.000-5

Registration in the Securities Registrar

N° 0346, dated on September the 13th, 1989

Address

Avenida Presidente Balmaceda N° 1398, Santiago, Chile

Phone number

(56 2) 22688 1000

Fax

(56 2) 225692309

Electronic address

Website: www.aguasandinasinversionistas.cl

e-mail: inversionista@aguasandinas.cl

2.0 ACTIVITIES AND BUSINESS LINE OF THE COMPANY

2.1 Historical overview

The Company has its origins in 1861, when the Potable water company of Santiago was founded, which built the first ponds to store water during 1865. In 1894, the Company began the construction of drains in Vitacura to obtain filtered water from the Mapocho River and a 20,000 m3 pond in Antonio Varas Street, which still operates today.

In 1903, Santiago's sewer and paving law was enacted, which prompted the construction of potable water and sewerage networks. In 1917 the 87 km long Aqueduct of Laguna Negra was opened. The pipeline carries water from the mountain range to Santiago and is still in operation.

During the following decades, the Company continued to expand its coverage area in the Metropolitan Region through the construction of various works, such as the "Las Vizcachas" plant (1953) for the production of potable water, the second stage "Vizcachitas", located next to the parallel aqueduct (1969) and the "Ingeniero Antonio Tagle" plant (1984).

In 1977, the Empresa Metropolitana de Obras Sanitarias (EMOS) was founded, as a result of the integration of the Empresa de Potable water de Santiago with the Santiago North-West and Santiago South water utility Services and the Santiago Sewerage Administration. It became an open stock corporation in 1989, under the protection of Law No. 18,777, and became a subsidiary of the Corporación de Fomento de la Producción (CORFO).

In 1990, construction began on the first water treatment projects in the Central Station sector in the Metropolitan Region, and in 1993 the construction of the Western Santiago treatment plant was completed.

In 1999, and after an international tender process conducted by the Chilean Government, the company Inversiones Aguas Metropolitanas, made up of Aguas de Barcelona (50%) and Suez (50%), acquired 51.2% of the ownership of EMOS. This acquisition was accomplished through the purchase of a package of shares from CORFO for US\$ 694 million and the subscription of a capital increase for US\$ 453 million. Total investment reached 1,147 billion US\$.

During the year 2000, the development plan of EMOS for the period 2001-2005 was defined, with a strong emphasis on wastewater treatment works, which began with the construction of the El Trebal treatment plant. That same year, EMOS acquired 100% of Aguas Cordillera and directly and indirectly 50% of Aguas Manquehue.

In October 2001, as part of a process of corporate renewal and restructuring, EMOS changed its name to Aguas Andinas S.A., which became the head of the Aguas Andinas Group.

At the end of 2001, the El Trebal wastewater treatment plant began operations and the construction of La Farfana began, which entered into operation in 2003.

In January 2002, the remaining 50% of the Aguas Manquehue property was purchased, with Aguas Andinas controlling 100% of the company.

In May of the same year, two small treatment plants were opened for peripheral areas of the Metropolitan Region: Paine and San José de Maipo.

In December 2002, new private shareholders joined the Company after CORFO disposed of part of its shares in Aguas Andinas, mainly among institutional investors, reducing its ownership interest from 44.2% to 35%.

In 2004, Aguas Andinas began construction of the Talagante wastewater treatment plant. Additionally, in 2004 the construction of the Padre Hurtado-Talagante Interceptor Collector was completed and in November the construction of the Curacaví wastewater treatment plant began, which entered into operation at the end of 2005.

During 2005, the shareholders of Inversiones Aguas Metropolitanas, the parent company of Aguas Andinas, carried out a secondary offering of shares in the Chilean and international markets.

During 2006, the sewage treatment plant in the town of Talagante was completed and construction began on the Melipilla plant. Also in the area of sanitation; in July, the environmental impact study for the Clean Urban Mapocho project was submitted to the National Commission on the Environment (CONAMA), which allowed for the decontamination of the river's water and increased wastewater treatment coverage in the Metropolitan Region. In environmental matters, in December the Aguas de Ramón Natural Park was opened, the largest park in Santiago and an area of environmental conservation and education.

During 2007, the Environmental Impact Study of the Clean Urban Mapocho project was approved and, once the Environmental Qualification Resolution was obtained, the public tendering and awarding of the construction contracts were carried out. Construction work began at the end of 2007.

In November 2007, the Environmental Impact Study of the Mapocho wastewater treatment plant project was submitted to CONAMA Metropolitana. Also noteworthy is the participation of the Company's subsidiary Gestión y Servicios in the development of the biogas supply project from the La Farfana wastewater treatment plant to Metrogas, which began operating in the second half of 2008.

During the first quarter of 2008, Aguas Andinas announced an agreement for the acquisition of Inversiones Iberaguas Limitada, the holding company of 51% of Empresa de Servicios Sanitarios de Los Lagos S.A. (Essal), a company operating in the X Region of Los Lagos and the XIV Region of Los Ríos, which was completed on July 10, 2008. The Company also made a tender offer for 100% of the shares of Essal, which was deemed successful on July 10, 2008 and resulted in the acquisition of an additional 2.5% of Essal's ownership. This made Aguas Andinas the country's main water utility company and one of the largest in Latin America, serving around 8 million inhabitants at a consolidated level. The concession areas of Aguas Andinas and its sanitary subsidiaries include a territory of 70 thousand hectares located in the Metropolitan Region, as well as an area of 67 thousand hectares located in the X and XIV regions.

On October 31, 2008, Aguas Cordillera acquired the only share of Aguas Los Domínicos S.A. that was not held by this company, merging both companies into Aguas Cordillera.

During 2009, the construction work on the Clean Urban Mapocho project was completed; and in mid-December, operating tests began. The project was formally inaugurated on March 30, 2010.

During 2010, construction began on the Mapocho wastewater treatment plant, which is part of the last stage of the Water Sanitation Plan for the Santiago Basin. This plant is located in the El Trebal enclosure, becoming the Trebal-Mapocho Complex. When this stage was opened in 2013, the Mapocho plant had a capacity of 2,2 m³/s., which was expanded in 2016 to 4,4 m³/s, bringing the total production of the Trebal-Mapocho complex to 8,8 m³/s.

In March 2011, the Board of Directors of Aguas Andinas agreed to form a new subsidiary, Aguas del Maipo S.A., for the development of any type of energy project related to services or natural assets of water utility companies. In this instance, the assets and the associated contract with Metrogas were transferred to this subsidiary. Currently, its shareholders are Aguas Andinas, Aguas Cordillera and Aguas Manquehue.

In June 2011, CORFO sold 1,834,539,519 shares, which correspond to approximately 29.98% of the share it held in Aguas Andinas, retaining only 5% of the ownership of the aforementioned company.

In 2012, Aguas Andinas invested US\$230 million in the construction of the Mapocho wastewater treatment plant. In addition, the operation of the El Rutil Integrated Biosolids Management Center, which manages 300 tons of sludge per day, was successfully launched.

In May 2012, CORFO sold 387,676,815 shares of ESSAL, corresponding to 40.46% of the share it held in this sanitary company, retaining only 5% of the ownership of the aforementioned company.

In November 2014, Aguas Andinas and the Superintendence of Water Utility Services (SISS) reached an agreement on the process of establishing tariffs for public potable water and wastewater services for the period March 2015-March 2020. This agreement defined the tariff scenario for the following five years, while at the same time contemplated tariffs for the entry into operations of new assurance works to increase the continuity and quality of their services in events of extreme turbidity and power outages, and the entry into operations of works aimed at improving the quality of treated wastewater. In turn, Aguas Manquehue and Aguas Cordillera also completed their tariff processes and reached an agreement with the SISS in November 2014. The current tariffs for Aguas Andinas for the period 2015-2020 were approved by Decree No. 83 dated June 5, 2015, and came into force on March 1, 2015 (published in the Official Gazette on September 3, 2015). The current tariffs of Aguas Cordillera S.A. and Aguas Manquehue S.A. for the period 2015-2020 were approved by Decree No. 152 and No. 139, respectively, and published in the Official Gazette on November 25, 2015.

In 2015, Aguas Andinas was included in the Dow Jones Sustainability Index of Emerging Markets, making it one of the three Chilean companies that joined this reputable indicator in 2015, which measures the performance of the top 10% of each industry. In addition, the company entered the Dow Jones Index Chile, the first sustainability index of the Santiago Stock Exchange, which at the time included only 12 companies in the country. This same year the company was ranked 14th in the ProHumana ranking of corporate sustainability. The company began a transformation process, setting new challenges for the five-year period 2015-2020, with investments dedicated to the sustainability of water resources and a high water quality for our citizens.

During 2016, the company's corporate strategy evolved into the strategy called "Santiago Deserves a 7". This strategy promotes a new way of working within the company that is more overarching and collaborative, and which, at the same time, aims to make Aguas Andinas a benchmark in sustainability in the country, to ensure water supply for future generations. Additionally, during this year, the company continued in the Dow Jones Sustainability Chile and Emerging Markets Indices and obtained the bronze medal in the ProHumana 2016 ranking. Aguas Andinas also became the fourth company in Chile to be certified under the Igualá Standard.

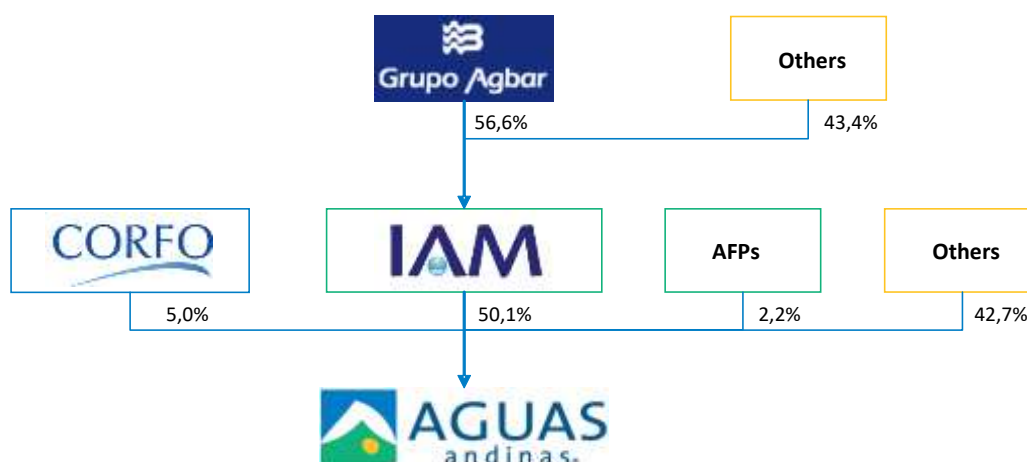
Meanwhile, for the subsidiary Essal, the tariffs in force for the period 2016-2021 were approved by Decree No. 143 of August 25, 2016, published in the Official Gazette on January 21, 2017.

During 2017, the company has focused its efforts on strengthening its strategy in order to support the sustainable development of Chile and its citizens.

Ownership

As of December 31, 2017, the ownership of Aguas Andinas is divided into shares, which display the following ownership structure.

Figure N°1:
Ownership structure of Aguas Andinas as of December 31, 2017



Source: Aguas Andinas

Suez (formerly Suez Environnement Company S.A.) is the controller of Aguas Andinas, since it holds 100% of the shares issued by Sociedad General de Aguas de Barcelona, S.A.

2.2 Description of the industry

2.2.1 Historical background

Until the modernization of the water utility sector between 1988 and 1999, which gave rise to the current legal framework, potable water and sewerage services were provided mainly by the Government of Chile, through the Servicio Nacional de Obras Sanitarias (National Service of Water Utility Services) (SENDOS). In 1990, as a result of the restructuring of the water utility industry, this government body was dissolved, the water utility concessions regime and the current regulatory framework for the industry were created. With this restructuring, the Government separated its roles as administrator and regulator, created the Superintendence of Water Utility Services (SISS) as regulator and controller, and transformed SENDOS into 13 government-owned and independent companies, one for each region of the country.

In February 1998, the legal framework that allowed for the participation and delivery of control to the private sector of government-owned water utility companies was established. Thus, the Government of Chile began the process of selling the main water utility companies in the

country, with Esval, a water utility company that operates in the V Region, being the first to incorporate private capital under this framework in December 1998. Later, private capital was incorporated into the companies Emos, Essal, Essel and Essbio.

During the year 2000, it was announced that the process of incorporating private capital for the rest of the government water utility companies would be carried out under the modality of transfer of operating rights. This method grants the private investor the concession to operate the health service for a determined period of time, during which time he or she must comply with the investment plan foreseen for the Company, without transferring ownership of the company. Under this system, between the years 2000 and 2004, tenders were held for the remaining of the water utility facilities under government control, with Essam, Emssa, Essco, Essan, Emssat, Essar, Esmag and Essat being awarded.

During 2007, the Ontario Teachers' Pension Plan (OTPP), the largest private professional pension fund in Canada, became the owner of Esval, Essel, Essbio and Essco, making it the second largest controlling group in the water utility industry.

At the end of 2010, the sale of Aguas Nuevas was completed, with the joint venture of Marubeni Corporation and Innovation Network Corporation of Japan being the new holding company's controller.

During 2011, CORFO sold its minority stakes in Aguas Andinas (29.98% of the shares, with a total revenue of US\$ 984 million), Esval (24.43%, raising US\$ 230 million) and Essbio (38.44% for a total of US\$ 334 million). The share packages of the latter two companies were acquired by the Ontario Teachers Pension Plan (OTPP).

During 2012, CORFO sold 387,676,815 shares of Essal, corresponding to 40.46% of the ownership, keeping 5% of the water utility company.

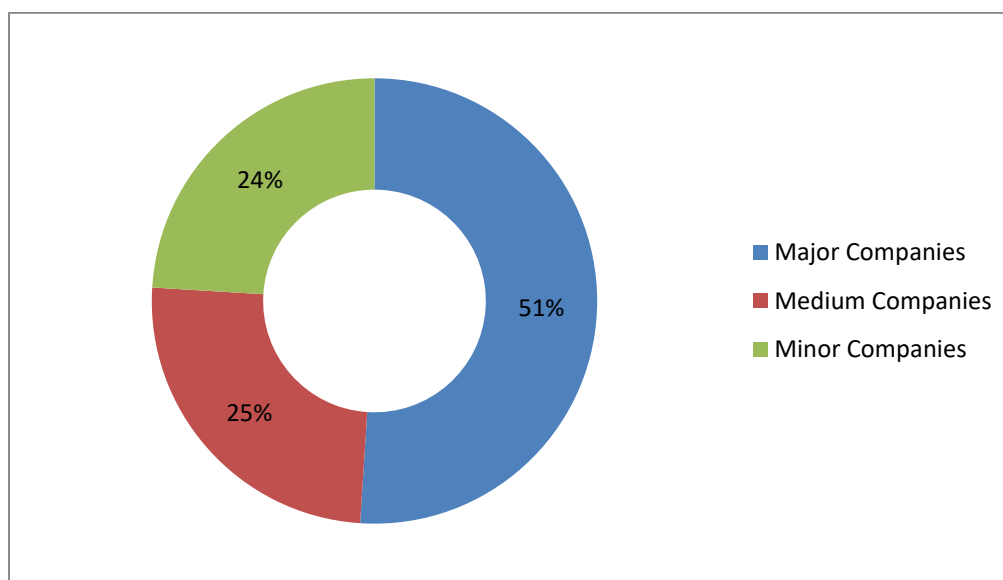
According to the information provided by SISS, as of December 2016, 43.2% of the customers served were so by the four water utility companies of the Aguas Andinas Group (Aguas Andinas, Aguas Cordillera, Aguas Manquehue and Essal), controlled by the Agbar-Suez Group; 31.2% are customers of the three companies controlled by OTPP; 8.3% by the Marubeni Group and INCJ through the three companies Aguas Nuevas (Aguas Araucanía, Aguas Altiplano and Aguas Magallanes) and Aguas Décima de la Región de Los Ríos; 5.1% by Inversiones Aguas Río Claro S.A., in the municipality of Maipú in the Metropolitan Region, 3.8% were served by the SMAPA municipal service; 3.3% were served by Empresas Públicas de Medellín) and the rest by other owners.

2.2.2 The Chilean water utility sector

According to the size of the companies, in terms of the number of clients served, companies in the Chilean healthcare sector can be classified into: Major, Medium and Minor Companies, according to the percentage of participation of their regulated clients in relation to the country as a whole.

- Major Companies: Are those that serve more than 15% of the clients in the country. Currently, 51% of the population is served by Aguas Andinas and Essbio.
- Medium Companies: Are companies that serve between 15% and 4% of the clients in the country. This segment is made up of four companies that together serve 25% of the clients in the country.
- Minor Companies: This group includes companies with less than 4% of the clients in the country, it is made up of 45 companies that together provide water utility services to the remaining 24% clients in the country.

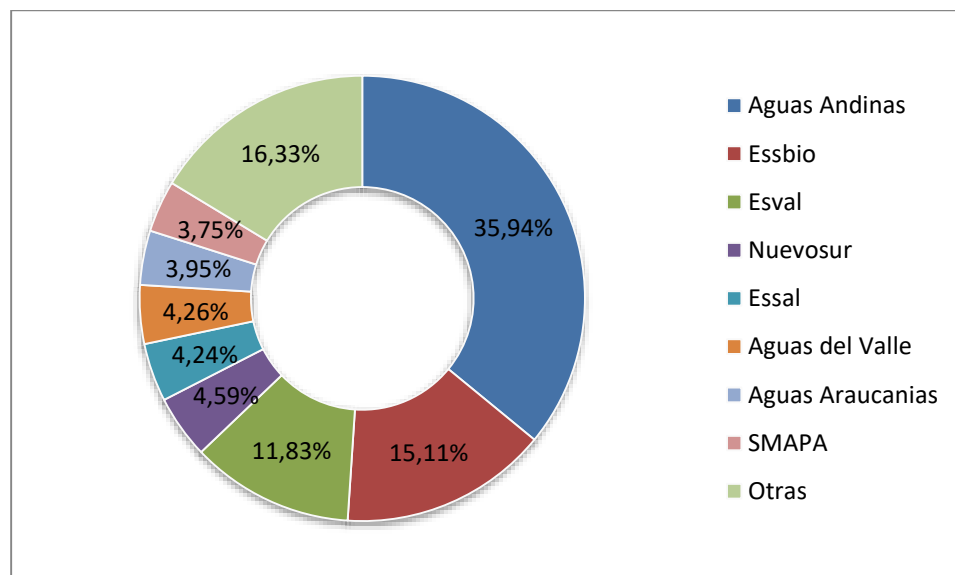
Graph N°1:
Distribution of nationally regulated clients by type of company
 (Total Regulated Clients in 2017: 5.173.001)



Source: 2016 Management Report, Superintendence of Sanitary Services

As of December 2016, there were 60 water utility companies registered with SISS in Chile, of which 51 are actually in operation and 22 cover 99.14% of the demand (% of regulated customers' share of the country's total). The following graph shows the share per company in the regulated market of the Chilean water utility sector, measured in number of clients.

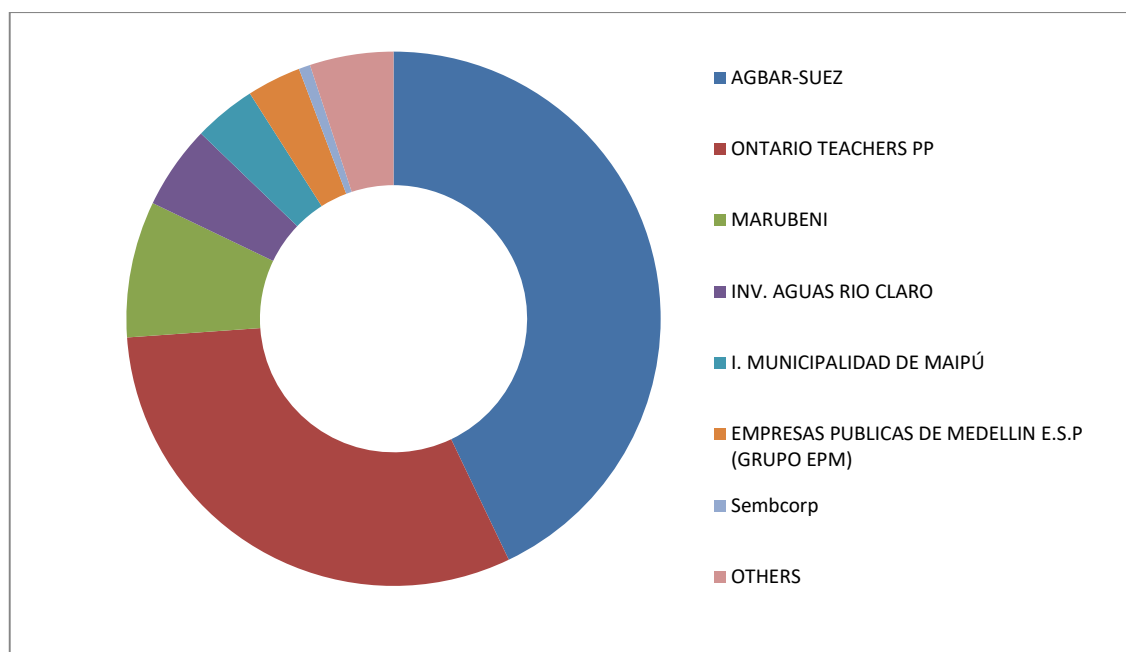
Graph N°2:
Regulated market share by company, by number of clients
 (Total Regulated Clients 2016: 5.173.001)



Source: 2016 Management Report, Superintendence of Sanitary Services

Investors have shown a high interest in the Chilean water utility sector, a fact reflected in the presence of important business groups in water utility companies.

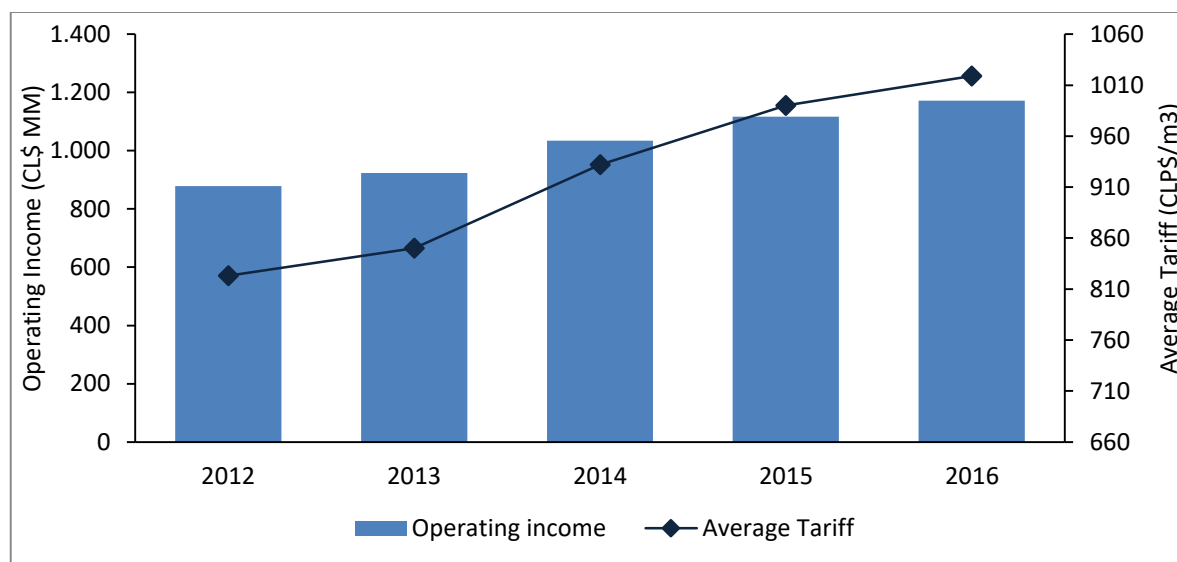
Graph N°3
Market share by economic group, by number of clients
(Total Regulated Clients 2016: 5.173.001)



Source: 2016 Management Report, Superintendence of Sanitary Services

c. Demand

Graph N°4:
Evolution of the average revenue and tariffs of the country's water utility companies

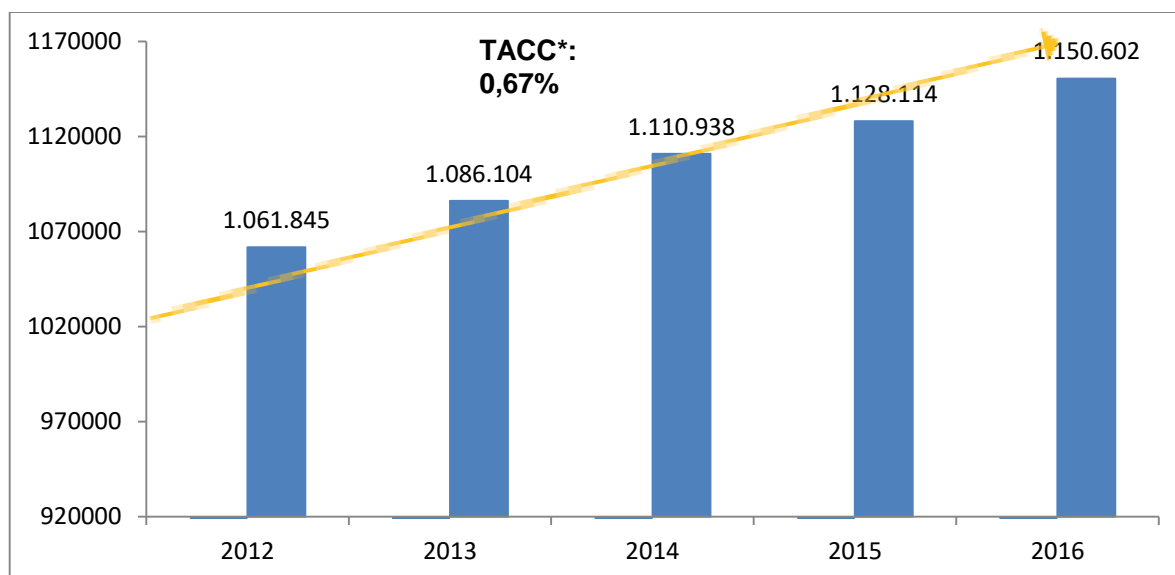


Source: 2016 Management Report, Superintendence of Sanitary Services

Note: Average tariffs calculated as the total revenue over the total of m³ invoiced by the water utility companies.

This growth has been sustained, to date, by: (i) the stability of demand for health services, (ii) the industry's own regulatory framework and (iii) the setting of tariffs that, through a tariff increase, has been able to correctly reflect the costs of the companies and encourage investment.

Graph N°5:
Physical evolution of potable water sales at national level (thousands of m³)

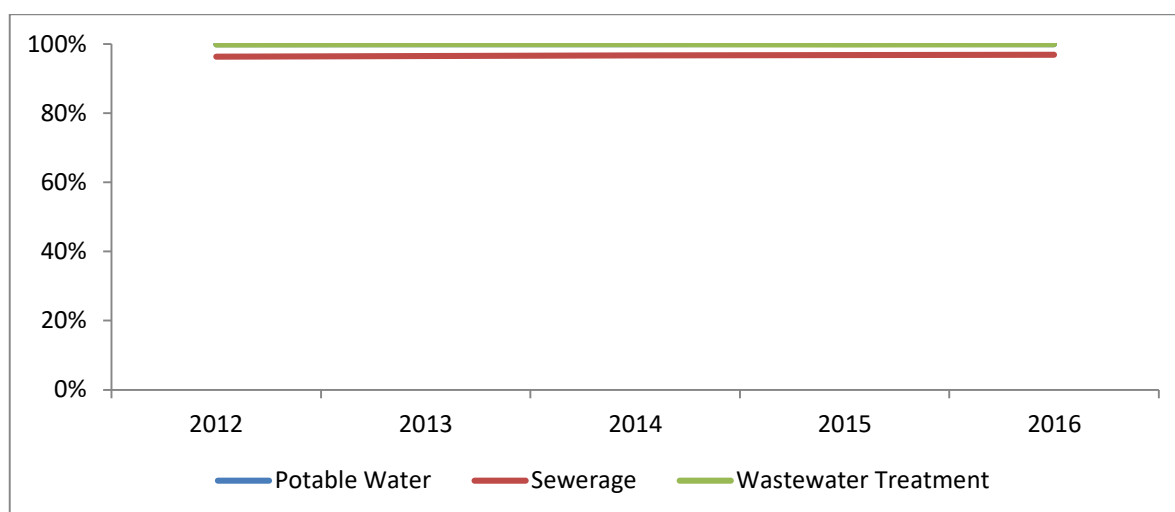


Source: 2016 Management Report, Superintendence of Sanitary Services

*TACC: Compound Annual Growth Rate

In addition, the Chilean water utility industry has experienced a sustained growth in the number of clients served and in the potable water and sewerage services coverage, which demonstrates the excellent performance achieved by the water utility companies after the privatization process began in 1998. As indicated in the SISS Management Report for 2016, by December of that year, potable water coverage reached 100% of the population.

Graph N°6:
Evolution of the urban coverage of potable water, sewerage and treatment at a national level



Source: 2016 Management Report, Superintendence of Sanitary Services

Note: Since 2011 the coverage is calculated on the population connected to the sewerage system.

In addition, in recent years there has been a significant increase in the coverage of wastewater treatment, which demonstrates the commitment achieved between water utility companies, regulators and the population, with the aim of substantially improving the quality of life of the population and the decontamination of the environment.

The demand for health services is characterized by a moderate seasonality, more accentuated in regions where there vacation resorts are present. In these places, the difference in consumption in the high period is 50% or higher than in the low period. In the other regions there are differences between 10% and 30%.

d. Regulatory Aspects

The current model of regulation of the Chilean water utility industry emphasizes two aspects: the *Concessions and Rates Regime*. Both are contained in the legal framework under which the operation of the sector is regulated, with the function of the SISS being to apply and enforce the provisions of DFL No. 382 of 1988, General Law of Sanitary Services, and DFL No. 70, Law of Fees, and their respective regulations.

Concessions Regime

The Chilean legal framework establishes a method of management through the granting of concessions for the use of resources and the provision of services to open stock companies. These concessions may be granted to operate individual or integrated stages of the service.

The concessions are granted for an indefinite period of time, by decree of the Ministry of Public Works, at no cost to the company requesting them. Each decree contains the rules and clauses relating to the investment program to be developed by the concessionaire and the tariff and guarantee system, the purpose of which is to ensure compliance with the investment program.

There are four types of concessions, depending on the type of activity being operated:

- Production of potable water.
- Distribution of potable water.
- Sewage collection.
- Wastewater treatment and disposal.

The potable water distribution and sewage collection concessions are applied for and granted jointly to the same concessionaire.

To apply for a concession in a certain area, the applicant company must submit to SISS a proposal for tariff systems, a guarantee and a development plan for the area. The development plan should include a detailed schedule of projected investment in the concession area for the next fifteen years and include a level of service for each area within the concession area.

The concessionaires of public water utility services are responsible for the maintenance of the quality level in the service to users and the provision of services, as well as the maintenance of the potable water and wastewater system up to the point of the connection with the client. The concessionaire is obligated to provide service to those who require it within the concession area.

Concessions may be terminated under the terms established in DFL No. 382 of 1988, General Law of Sanitary Services, by Supreme Decree of the President of the Republic, following a technical report prepared by SISS. In the event of the expiration of a concession, the law orders the appointment of a provisional administrator of the service, who will have all the powers of the activity of the company whose concession has expired, which the law or its by-laws indicate to the Board of Directors and its managers, who will exercise their functions until a new concessionaire is appointed, according to the public bidding process called for by the SISS for this purpose.

Tariffs

The tariffs that regulate the Chilean water utility industry are established by law every five years and are governed by a specific legal framework based on the following principles:

- **Dynamic Efficiency**: This principle is reflected in the concept of the Model Company, which aims to separate the costs on the basis of which the tariffs and costs of the actual company are calculated. The Model Company is designed to efficiently provide the services required by the population, taking into account current regulations and the geographical, demographic and technological restrictions within which its operation is framed. The concept of dynamic efficiency also implies that each time tariffs are established, productivity improvements in service provision are included.
- **Intelligibility**: The application of this principle is reflected in the formulation of a tariff structure aimed at providing appropriate signals to guide consumption and production decisions of the economic agents.

- Equity: It means non-discrimination between users, except for cost reasons, and tends to establish tariffs based on the costs of systems and stages of service provision, eliminating cross-subsidies for users of the same system.
- Economic Efficiency: The aim is on pricing under the concept of marginal cost, since in a flawless market the price reflects the opportunity cost of producing an additional unit of the good (marginal cost), or efficient rate.
- Delf Financing: This principle arises from the financing problem that affects natural monopolies when pricing at marginal cost, since efficient rates do not allow the company to be self-financing. The legal framework recognizes this situation through the concept of Long-Term Total Cost, which represents the costs of replacing a Model Company that begins operations, sized to meet the annual demand for a five-year period, considering a cost of capital rate equivalent to the average return on the readjustable long-term securities of the Central Bank of Chile with a term of eight years or more, plus a risk premium of between 3% and 3.5%. In any case, the cost of capital rate cannot be less than 7%.

The type of adjustable securities of the Central Bank, their terms, and the period considered to establish the average are determined by the regulatory agency considering the liquidity and stability characteristics of each security, in the manner indicated in the regulation. Either way, the period to be considered for calculating the average may not be less than six months or more than 36 months.

Once the operating and investment costs of the Model Company have been determined, an annual long-term cost is calculated using the costs of the Model Company for the next 35 years. Then, SISS establishes a tariff structure that allows covering long-term costs and obtain a fair return on investments. Finally, the Model Company's annual profit is calculated using these efficiency tariffs and the average demand for the next five years. These tariffs are adjusted until the Model Company's annual revenue equals the annual long-term cost.

Tariffs are calculated every five years, unless the company and the SISS agree to recalculate, due to a significant change in the assumptions on which the last tariffs structure was determined. Either way, the new rates will remain in force for five years or until both parties agree to their recalculation.

Before the beginning of each new period (at least one year before the tariffs expire), the company may request that the tariffs be maintained for the following period. If the SISS agrees to this request, these formulas are maintained for another five-year period or until both parties agree to recalculate them.

The SISS and the company make their own calculations basing themselves on the definitive rules established for the negotiation process, the new tariff structure being the result of the negotiation between the two parties. A three-member committee of experts resolves any disagreements between the two parties. The SISS and the company each appoint an arbitrator and the third is appointed from a list of previously agreed upon candidates. The list of candidates is agreed upon and decided at the beginning of the tariff process. The committee must decide within 30 days, and its verdict is final.

Schedule for Rate Establishing

Below is a standard schedule for the tariff establishing process, in accordance with the provisions of the General Sanitary Services Law, with t0 being the time of entry into force of the new tariff structure.

Moment		Activity
i.	At least 12 months before t_0	The SISS must inform the companies of the bases of the studies.
ii.	60 days later than i.	Companies may object to the bases.
iii.	45 days later than ii.	The SISS must resolve the objections, whose verdict is final.
iv.	30 days later than i. or iii.	The companies must submit the data necessary to the SISS for the calculation of the tariffs.
v.	5 months before t_0	The SISS and the companies exchange the results of the respective studies.
vi.	30 days later than v	Companies may object to the tariff structure determined by the SISS, submitting relevant support information. Discrepancies can be resolved by mutual agreement between the SISS and the company. If the company does not submit objections the tariffs are considered final.
vii.	15 days later than vi.	If the SISS and the company do not reach an agreement, a call for the Committee of Experts is issued
viii.	6 days later than vii.	The SISS and the company must appoint the persons who will participate in the Committee of Experts
ix.	7 days later than viii.	The Committee of Experts must meet
x.	30 days later than ix.	The Committee of Experts must resolve the differences between the SISS and the company choosing one of the proposals
xi..	3 days later than x	The Committee of Experts must report to the SISS and the company of its verdict
xii.	30 days later than t_0	The SISS must establish the new rates, valid for the following 5 years

2.3 Description of activities and business

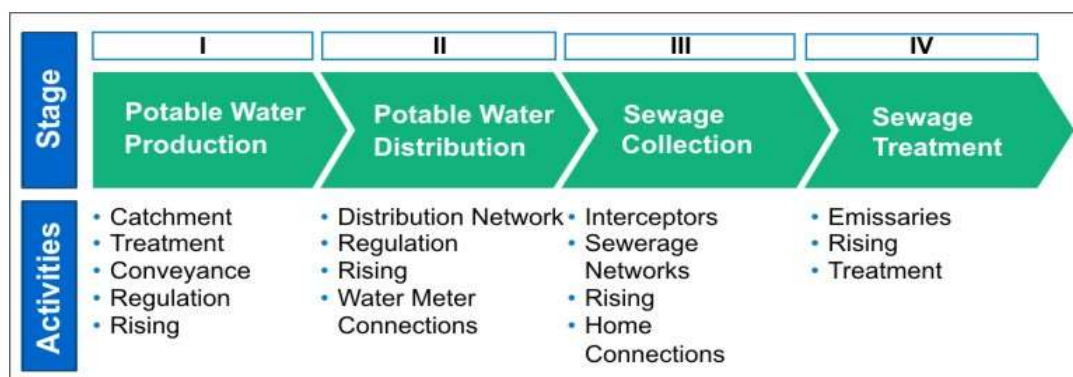
Aguas Andinas is the main water utility company operating in Chile, serving more than 7.1 million inhabitants in the Metropolitan Region, in a concession area of nearly 70,000 hectares. Together, it serves more than 766,000 inhabitants in the X and XIV regions, in a concession area of around 67,000 hectares.

The following table summarizes the companies and urban populations supplied by Aguas Andinas and its regulated subsidiaries.

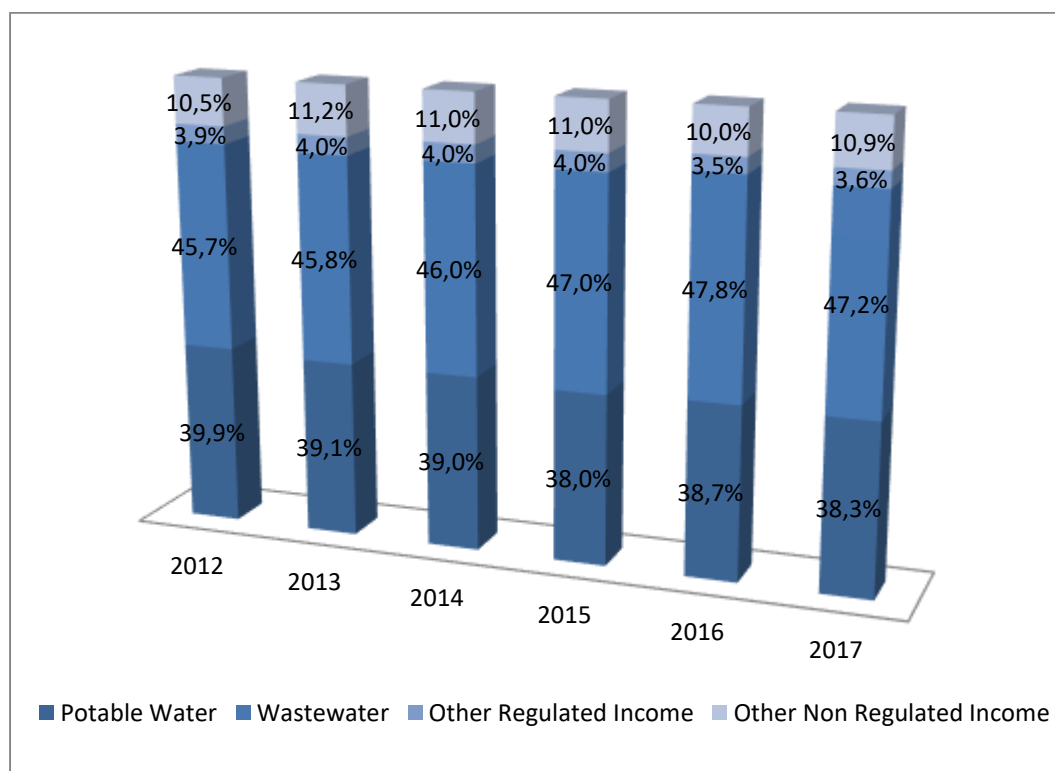
Region	Company	Estimated Urban Population	Potable Water		Sewerage	
			Supplied Pop.	Coverage	Sanitized Pop.	Coverage
RM	Aguas Andinas	6,575,564	6,575,545	100.00%	6,494,411	98.77%
RM	Aguas Cordillera	456,711	456,704	100.00%	451,553	98.87%
RM	Aguas Manquehue	63,497	63,497	100.00%	63,128	99.42%
X	Essal	641,718	641,690	100.00%	613,876	95.66%
XIV	Essal	124,627	124,615	99.99%	115,454	92.64%

Source: 2016 Management Report, Superintendence of Sanitary Services

Aguas Andinas participates in all stages of the water cycle: production and distribution of potable water, collection, treatment and disposal of wastewater. The activities to be developed in each of these stages are detailed below:



Graph N°7:
Composition of consolidated revenue of Aguas Andinas by source



Source: Aguas Andinas, December 2017

2.3.3 Production and distribution of potable water

This operation includes the necessary processes to convert the raw water collected into potable water, leading it to the distribution points that regulate the supply of the final customers who demand it.

Production of potable water

Main Assets

The main assets that Aguas Andinas owns, in order to be able to provide the potable water production service are basically made up of water use rights, catchment facilities and potable water production facilities.




Water rights are the essential asset for obtaining raw water from different sources, whether surface or underground. For this reason, the Aguas Group currently has water rights that ensure the availability of raw water to supply its clients.

The potable water production process includes the catchment of raw water from different surface or underground sources, through a network of uptakes, channels, ducts and boreholes owned by the Company, which extract the raw water directly from the source and transfer it to the potable water production plants.

Finally, the production plants receive the raw water and carry out the necessary procedures to transform it into potable water, delivering the water ready for consumption to the

distribution network. The following table shows the main potable water production facilities and their characteristics.

Main Potable Water Production Facilities of the Aguas Group

	Canelo Vizcachas Vizcachitas Ing. A. Tagle	De Ramón Creek Macul Creek La Florida	Approx. total capacity. 20.65 m³/s
		Arrayán La Dehesa Padre Hurtado San Enrique	Approx. total capacity 2.65 m³/s
		Punta de Águila	Approx. total capacity 0.30 m³/s
			Approx. total capacity 1.64 m³/s

Source: Aguas Andinas. Does not include groundwater sources

Resource Sources

The Maipo River is the main source of water resources for Aguas Andinas. This is characterized by a great seasonal variation in its flows, which is why the Company has the "El Yeso" reservoir, with the purpose of stabilizing its hydrological behavior in the Metropolitan Region and being able to regularly supply the demand for potable water and optimize its use.

With an operative reserve capacity of 220 million cubic meters, the reservoir allows the regulation of the contribution from surface sources, both in times of drought and in events of great turbidity, ensuring the production of drinking water for our customers.

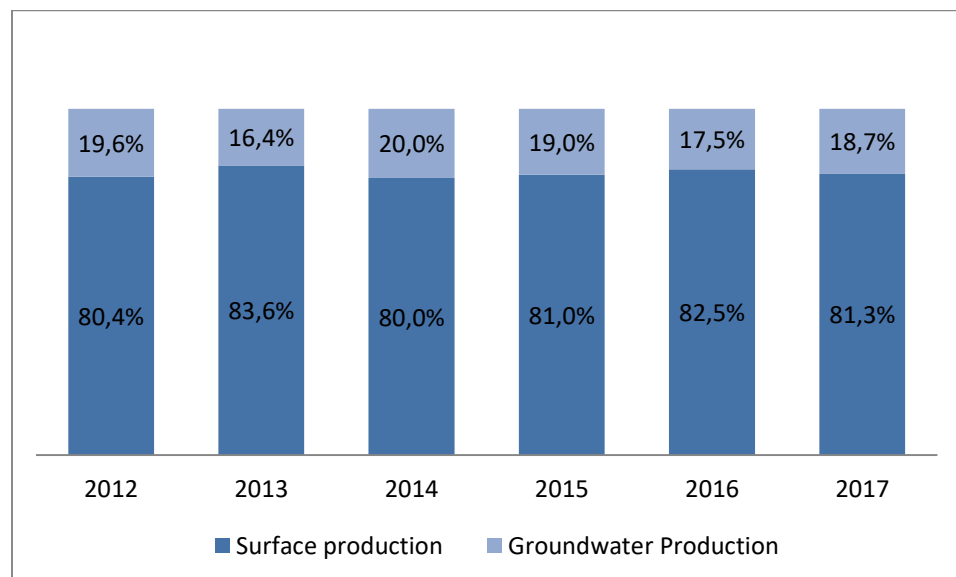
During 2017, the total production of potable water was 822 million m³, of which 668.3 million m³ corresponded to surface water and 153.7 million m³ to groundwater.

The Aguas Group currently has a total production capacity of 38.27 m³ per second, 33.97 m³ per second in Greater Santiago and 4.3 m³ per second in Regions X and XIV.

The evolution of the production of surface and underground sources over the last five years can be seen in the following graph:

Graph N°9:

Production of potable water by type of source for the period 2013 - 2017



Source: Aguas Andinas, December 2017

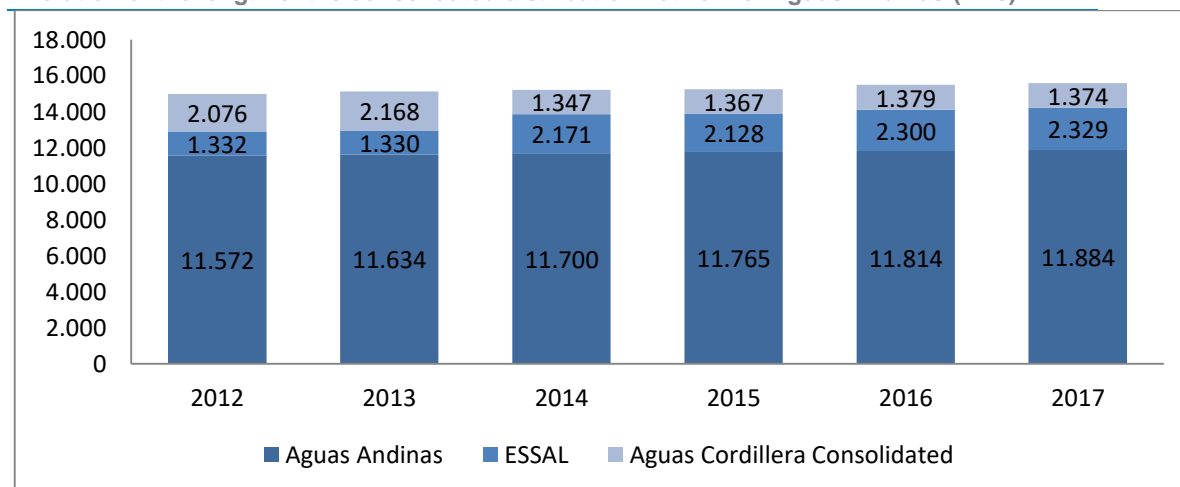
2.3.2 Potable water distribution

This operation includes the processes of storage, regulation and distribution of potable water produced from the potable water production plants, through the potable water networks, to the points of consumption.

Main Assets

The main asset that the Aguas Group owns, in order to be able to provide the potable water distribution service is its pipe network. The consolidated network of Aguas Andinas totaled 15,493 km. as of December 2016.

Graph N°10:
Evolution of the length of the consolidated distribution network of Aguas Andinas (kms)



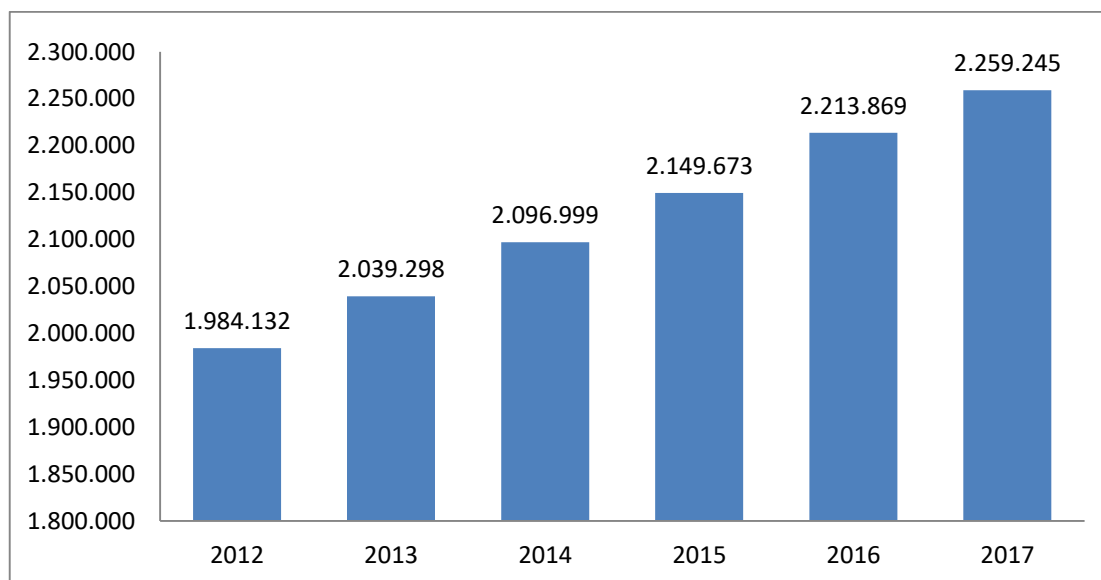
Source: Aguas Andinas Report, December 2017

On the other hand, the potable water client base has shown a 2% growth between December 2016 and December 2017, which is mainly due to natural population growth.

As of December 2017, Grupo Aguas' potable water customers amounted to 2,259,245, including ESSAL clients.

Graph N°11:

Evolution in the number of Aguas Andinas potable water clients at consolidated level as of December 2017



Source: Aguas Andinas, December 2017

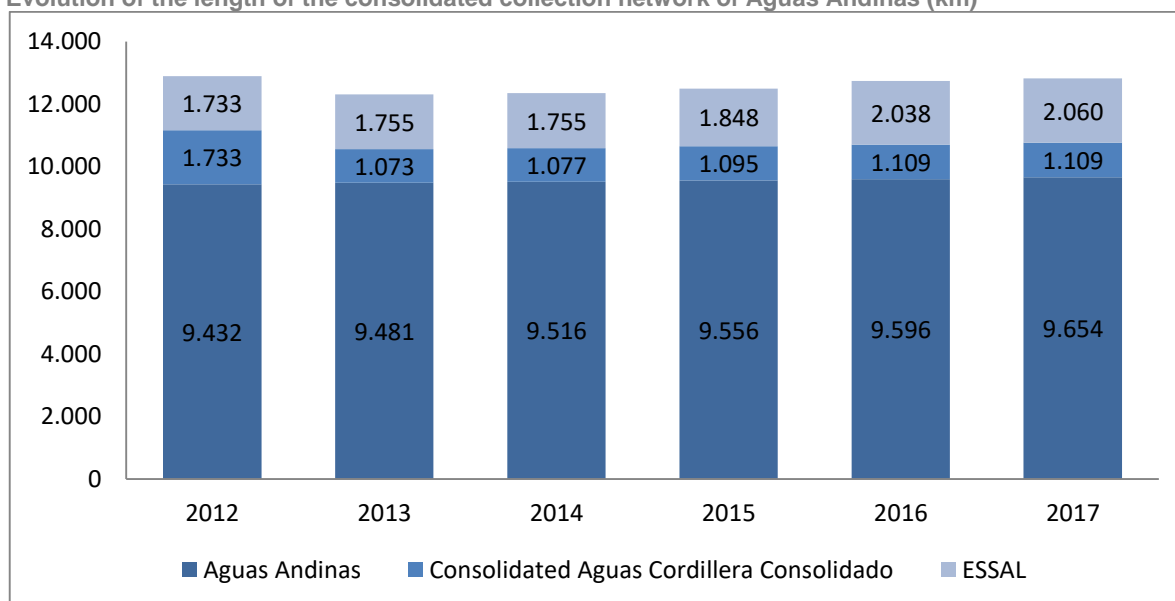
2.3.4 Wastewater collection

This operation regards the processes of collecting the already used water, with domestic and industrial characteristics, from the buildings of each of the customers and carrying it gravitationally and/or by pumping it, to the treatment plants or to the final disposal point.

Main Assets

The main asset of the Aguas Group for the collection of wastewater is its sewerage network. This network reached a length of approximately 12,823 km. as of December 2017.

Graph N°12:
Evolution of the length of the consolidated collection network of Aguas Andinas (km)



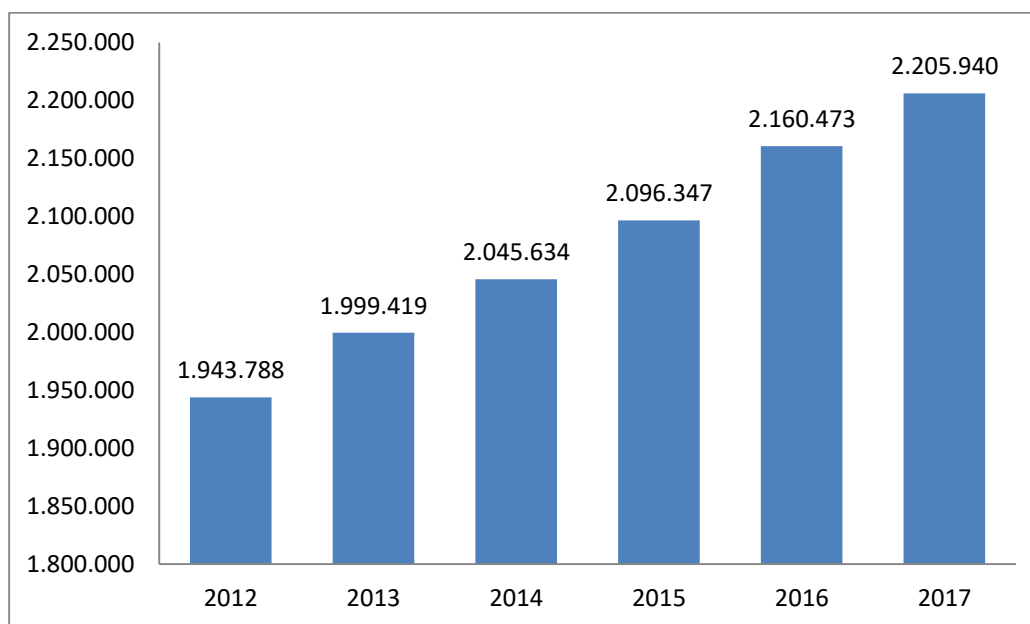
Source: 2017 Aguas Andinas Reports.

Note: Consolidated Aguas Andinas includes Aguas Manquehue

On the other hand, the customer base for wastewater collection has shown a 2% growth in the period December 2016 and December 2017, mainly due to the natural increase in the population.

As of December 2017, collection services reached 2,205,940 customers of the Aguas Group, including ESSAL clients.

Graph N°13:
Evolution number of wastewater collection clients at consolidated level (thousands)



Source: Aguas Andinas, December 2017

2.3.4 Wastewater treatment and disposal

The collected water, through the sewerage system, is treated in the sewage treatment plants, in order to eliminate excess pollution by means of different processes according to the respective legislation. Afterwards, the treated water is returned to the natural water courses.

At the beginning of 2000, as a result of the definition of the development plan established jointly with the SISS, Aguas Andinas began the wastewater treatment plan, an initiative that involves one of the largest environmental investments in the country and which has considerably improved the quality of life of the inhabitants of the Santiago basin.

The El Trebal sewage treatment plant and the Maipú and Maipo - San Bernardo interceptors provide the Company with a treatment capacity of 4.4 m³/sec, with *peaks* of up to 7.5 m³/sec.

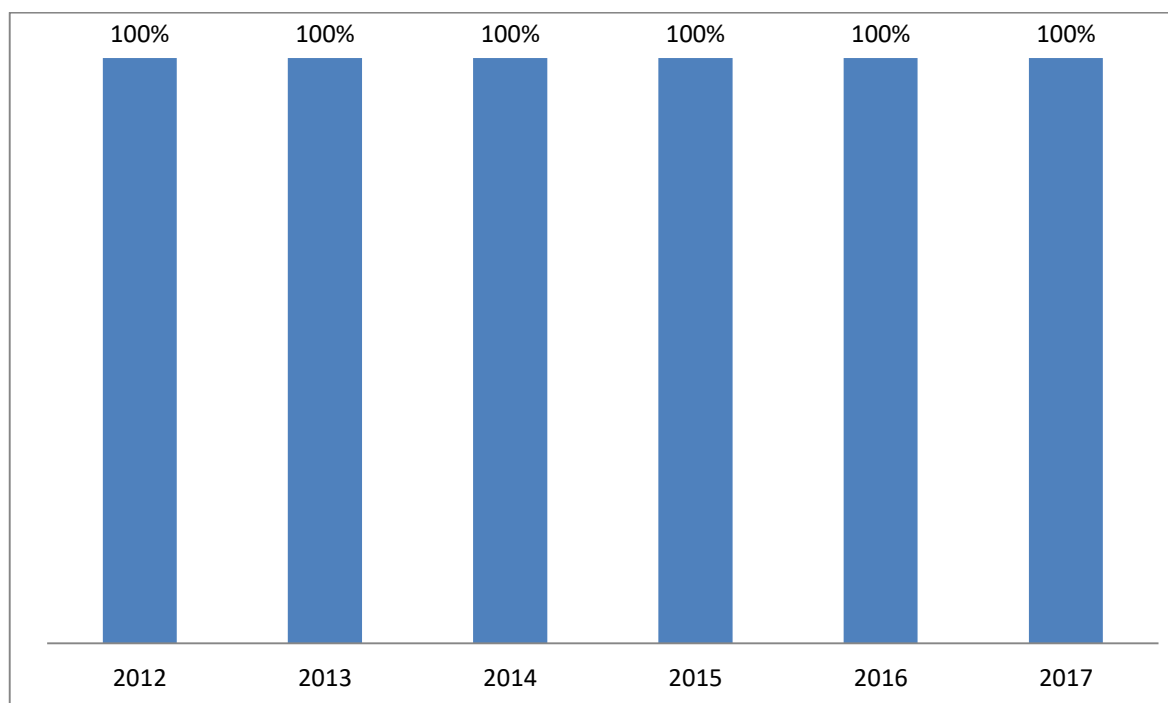
The La Farfana wastewater treatment plant, in operation since September 2003. This plant is designed to treat an average flow rate of 8,8 m³/sec, with *peaks* of 15.0 m³/sec.

The last major step in sanitation was taken at the end of 2012 when the construction of the Mapocho wastewater treatment plant was successfully completed. This facility, which is the most modern treatment plant in the country, involved a total investment of US\$ 230 million, and allowed the completion of the Water Sanitation Plan for the Santiago Basin, achieving the sanitation of 100% of the wastewater in the Metropolitan Region, which places Santiago among the cities with the highest levels of decontamination of wastewater collected. That plant added a capacity of 2.2 m³/sec, with a *peak* of 3.75 m³/sec, expanded in a second phase to 4.4 m³/sec, and in a third phase to 6.6 m³/sec. At the end of 2016, the fourth phase of this plant came into operation, increasing the capacity to 8.8 m³/sec.

Essal has 29 wastewater treatment systems that contribute to sanitation in regions X and XIV.

Below is the evolution of the wastewater treatment coverage obtained with the Sanitation Plan executed to date.

Graph N°14:
Evolution of wastewater treatment coverage in the Greater Santiago



Source: Management Report, Superintendence of Sanitary Services 2017

The Mapocho Wastewater Treatment Plant was able to clean up 100% of the wastewater in the Metropolitan Region.

2.3.6 Wastewater interconnection

This service includes transporting of sewage through collectors and interceptors to the El Trebal and La Farfana treatment plants and the final disposal of these, already treated, into a surface waterway. The service is provided by Aguas Andinas to the concessionaires of Greater Santiago that do not have the concession to dispose of wastewater: Aguas Cordillera, Aguas Manquehue, SMAPA and Aguas Santiago.

2.4 Business segments

The Group discloses segment information in accordance with IFRS No. 8 "Operating Segments", which establishes reporting standards for operating segments and related disclosures for products and services. Operating segments are defined as components of a corporation for which there is separate financial information that is regularly used by management to make decisions, allocate resources and evaluate performance.

The Group manages and measures the performance of its operations by business segment. The internally reported operating segments are as follows:

- Operations related to the water utility segment (**Water Segment**).
- Operations not related to the water utility segment (**Non Water Segment**).

2.4.1 Description of products and services that provide revenue for each segment

The Water Segment only involves the water utility services that allow the delivery of products and services for production, distribution of potable water along with the collection and

treatment of wastewater. This segment includes Aguas Andinas S.A. and its subsidiaries, Aguas Cordillera S.A., Aguas Manquehue S.A. and Essal S.A., through Iberaguas Ltda.

The Non-Water Segment involves services related to environmental analysis, industrial waste treatment and comprehensive engineering services, such as the sale of products related to water utility services and energy projects. The subsidiaries included are Ecoriles S.A., Análisis Ambientales S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.

General information on results, assets and liabilities (December 2017 - December 2016)

	12/31/17		12/31/16	
	Water Th\$	Non Water Th\$	Water Th\$	Non Water Th\$
Totals for general information on earnings				
Income from ordinary activities from external customers	484,300,578	25,239,999	469,116,411	23,133,234
Income from ordinary activities between segments	989,298	4,314,127	782,634	4,074,938
Raw materials and consumables used	-25,086,612	-10,043,948	-23,152,734	-10,503,558
Employee benefit expenses	-48,419,753	-7,230,674	-46,968,101	-6,711,269
Operating expenses	-118,800,873	-6,657,188	-111,898,151	-6,332,311
Depreciation and amortization	-73,722,846	-699,021	-66,318,416	-719,000
Other earnings and expenses	2,306,663	329,304	16,728,955	-2,131,435
Financial income	5,928,429	224,228	6,366,834	223,193
Financial costs	-31,125,774	-86,145	-27,106,024	-127,580
Result from indexation units and exchange difference	-11,958,387	21,474	-20,198,764	21,064
Income tax expense	-45,056,455	-1,284,170	-43,242,225	-200,236
Segment Earnings	139,354,268	4,127,986	154,110,419	727,040
Segment earnings attributable to the owners of the parent company	135,492,295	4,127,986	149,848,626	727,040
Segment earnings (losses) attributable to non-controlling interests	3,861,973	0	4,261,793	0

	12/31/17		12/31/16	
	Water Th\$	Non Water Th\$	Water Th\$	Non Water Th\$
Totals on general information on assets, liabilities and equity				
Current assets	142,790,325	14,731,411	172,864,658	13,158,165
Non-current assets	1,626,875,139	20,251,891	1,575,986,816	15,034,226
Total assets	1,769,665,464	34,983,302	1,748,851,474	28,192,391
Current liabilities	230,408,065	14,472,469	208,250,144	8,905,636
Non-current liabilities	866,317,420	151,337	872,883,250	122,410
Equity attributable to the owners of the parent company	622,271,278	20,359,496	614,992,835	19,164,345
Non-controlling interests	50,668,701	0	52,725,245	0
Total equity and liabilities	1,769,665,464	34,983,302	1,748,851,474	28,192,391

2.4.2 Significant items of Revenue and Expenses by segment

Water and Non-Water Segment

Significant items of ordinary income and expenses are mainly those related to the segment's activity. On the other hand, there are also significant amounts in relation to depreciation expenses, personnel, and other miscellaneous expenses, among which outsourced services are relevant.

Revenue

The Company's revenues are derived primarily from regulated services related to the production and distribution of potable water, collection, treatment and disposal of wastewater and other regulated services (including revenue related to interruption and replacement of supply charges, monitoring of liquid industrial waste discharge and fixed charges).

2.4.3 Details of significant revenue items

Water Segment

Significant items of ordinary revenues are mainly those related to the activity of the potable water and wastewater business, i.e. revenue from the sale of water, over-consumption, variable charge, fixed charge, sewerage service, use of sewerage and wastewater treatment. It is also possible to identify revenue from the sale of fixed assets.

Non-Water Segment

Significant items of revenue are mainly those related to the segment's activity and are closely related to the main activity of each subsidiary, which involves the sale of materials to third parties, revenues from the operation of the liquid industrial waste treatment plant, revenue from services and analysis of potable water and wastewater and the sale of biogas.

2.4.4 Details of significant items of expenditure

Water Segment

Significant expense items are mainly those regarding compensation, power, operation of wastewater treatment plant, depreciation of real estate and personal property, interest expense, income tax expense.

Non-Water Segment

Significant expense items are primarily those related to compensation, cost of materials for sale and income tax expense.

2.4.5 Explanation detail of the measurement of results, assets and liabilities of each segment

The measurement applicable to the segments corresponds to the grouping of those subsidiaries directly related to the segment.

The accounting criteria corresponds to the accounting recognition of those economic events in which rights and obligations arise in the same sense that arise between economic relations with third parties. What is particular, is that these records will generate committed balances in an asset and liability account according to the spirit of the transaction in each related company according to the segment in which it participates. These accounts, called Accounts Receivable or Payable with Related Parties, must be netted when consolidating financial statements in accordance with the consolidation rules explained in IAS 27.

There are no differences in the nature of the measurement of results, since according to the standard there are no accounting policies that express different cost allocation criteria or similar.

There are no differences in the nature of the measurement of assets and liabilities because of the fact that: According to the standard, there are no accounting policies that express different assignment criteria.

Reconciliation of income from ordinary activities	12/31/17 Th\$	12/31/16 Th\$
Revenue from ordinary activities of the segments	514,844,001	497,353,881
Elimination of intersegment ordinary activities	-5,303,424	-5,104,236
Income from ordinary activities	509,540,577	492,249,645
Earnings Reconciliation	12/31/17 Th\$	12/31/16 Th\$
Consolidation of total segment earnings (loss)	143,482,254	154,837,459
Consolidation of elimination of earnings (loss) between segments	-3,861,974	-4,261,793
Consolidation of earnings (loss)	139,620,280	150,575,666

Reconciliations of segment assets, liabilities and shareholders' equity	31-12-2017 Th\$	31-12-2016 Th\$
Reconciliation of assets		
Consolidation of total assets of the segments	1,804,648,766	1,777,043,865
Elimination of intersegment accounts	-7,768,630	-5,224,729
Total assets	1,796,880,136	1,771,819,136
Reconciliation of liabilities		
Consolidation of total liabilities of the segments	1,111,349,291	1,090,161,440
Elimination of intersegment accounts	-7,768,632	-5,224,729
Total liabilities	1,103,580,659	1,084,936,711
Equity Reconciliation		
Total equity consolidation of segments	642,630,776	634,157,180
Equity attributable to the owners of the parent company	642,630,776	634,157,180

2.4.6 Information on main Clients by Segment

Main clients of the Water Segment

- I. Municipalidad de Puente Alto

- Universidad de Chile
- I. Municipalidad de Santiago
- Ministerio de Obras Públicas
- I. Municipalidad de La Florida
- Adm. Centro Comunitario Alto Las Condes S.A.
- Centro de Detención Preventiva Santiago 1
- Embotelladoras Chilenas Unidas S.A.
- I. Municipalidad de Peñalolen
- Cervecera CCU Chile Ltda

Main clients of the Non-Water Segment

- Papeles Cordillera S.A.
- Soprole S.A.
- EME Serv. Generales Ltda.
- Cervecera CCU Chile Ltda.
- Inmobiliaria Constructora Nueva Pacífico
- Agroindustrial El Paico S.A
- Cartulinas CMPC S.A.
- Eulen Chile S.A.
- Watt's S.A.
- Cooperativa Agrícola y Lechera

2.4.7 Types of products by segment:

Water segment

The types of products and services for the Water Segment are:

- Production and distribution of potable water.
- Sewage collection and treatment.

Non-Water segment

The types of products and services for the Non-Water Segment are:

- Outsourcing service for industrial waste treatment plant operations and excess organic load treatment (Subsidiary Ecoriles S.A.).
- Physical, chemical and biological analysis of water, air and solids (Subsidiary Anam S.A.).
- Comprehensive engineering services and sale of products such as pipes, valves, hydrants and other related products (Subsidiary Gestión y Servicios S.A.).
- Energy projects (Subsidiary Aguas del Maipo S.A.).

2.5 Current Tariffs

The most important factor that determines the results of Aguas Andinas' operations and its financial position is the tariffs established for our regulated sales and services. As a water utility company we are regulated by the SISS and our tariffs are established in accordance with the Law of Sanitary Services Tariffs D.F.L. N°70 of 1988.

The tariff levels are reviewed every five years and, during this period, are subject to additional readjustments linked to an indexation polynomial, which are applied when the accumulated variation since the previous adjustment is 3.0% or higher, according to calculations based on various inflation indexes. Specifically, the readjustments are applied according to a formula that includes the Consumer Price Index, the Imported Goods Price Index for the Manufacturing Industry and the Producer Price Index for the Manufacturing Industry, all of which are measured by the National Statistics Institute of Chile.

In November 2014, Aguas Andinas and the SISS reached an agreement on the process of establishing tariffs for public potable water and wastewater services for the period 2015-2020. This agreement defines the tariff scenario for the next five years, while at the same time contemplating tariffs for the entry into operation of new supply assurance works to increase the continuity and quality of its services in events of extreme turbidity and power outages, and the entry into operation of works aimed at improving the quality of treated wastewater. Aguas Manquehue and Aguas Cordillera also completed their tariff processes and reached an agreement with the SISS in November 2014. These tariffs became effective during the year 2015. Finally, ESSAL S.A. concluded its tariff negotiation process in 2016, for the five-year period 2016-2021, and the tariffs entered into force in September 2016.

The tariffs for Aguas Andinas S.A., in force for the period 2015-2020 were approved by Decree of the Ministry of Economy, Development and Reconstruction No. 83 dated June 5, 2015, and entered into force on March 1, 2015 (published in the Official Gazette on September 3, 2015). The current tariffs for Aguas Cordillera S.A. and Aguas Manquehue S.A. for the period 2015-2020 were approved by Decree No. 152 and No. 139, respectively, and published in the Official Gazette on November 25, 2015. For Essal, the tariffs in force for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette on January 21, 2017.

The following tables show the value of the receipt for the provision of sanitary services that the water utility companies of the Aguas Group issue to their customers (peak period, \$, with VAT):

Aguas Andinas			
	20 m ³	40 m ³	60 m ³
Potable Water	7802	14956	22109
Sewerage	6,006	12,013	18,019
Wastewater Treatment	3,776	7,552	11,327
Totals	17,584	34,521	51,455
Aguas Cordillera			
	20 m ³	40 m ³	60 m ³
Potable Water	10275	19708	29142
Sewerage	4,029	8,058	12,088
Wastewater Treatment	3,776	7,552	11,327
Totals	18,080	35,318	52,557
Aguas Manquehue			
	20 m ³	40 m ³	60 m ³
Potable Water	14511	27680	40848
Sewerage	3,080	6,161	9,241
Wastewater Treatment	3,776	7,552	11,327
Totals	21,367	41,393	61,416
Essal			
	20 m3	40 m3	60 m3
Fixed Charge	709	709	709
Potable Water	10,735	21,471	32,206
Sewerage	12,251	24,501	36,752
Wastewater Treatment	6,115	12,230	18,344
Totals	29,810	58,911	88,011

Source: Aguas Andinas, December 2017

Note 1: The item for Potable water considers the fixed charge of clients

Note 2: The item Sewerage considers part of the interconnection service with Aguas Andinas, in the cases of Aguas Cordillera and Aguas Manquehue.

Note 3: Tariffs for Essal correspond to flat tariff in tariff group 2, Puerto Montt, Puerto Varas, Llanquihue, Frutillar, Ancud, La Unión and Futaleufú localities.

2.6 Investment Plan

As a result of the Development Plan approved by the SISS, Aguas Andinas has committed significant financial resources in its Investment Plan to be developed during the period 2015-2025.

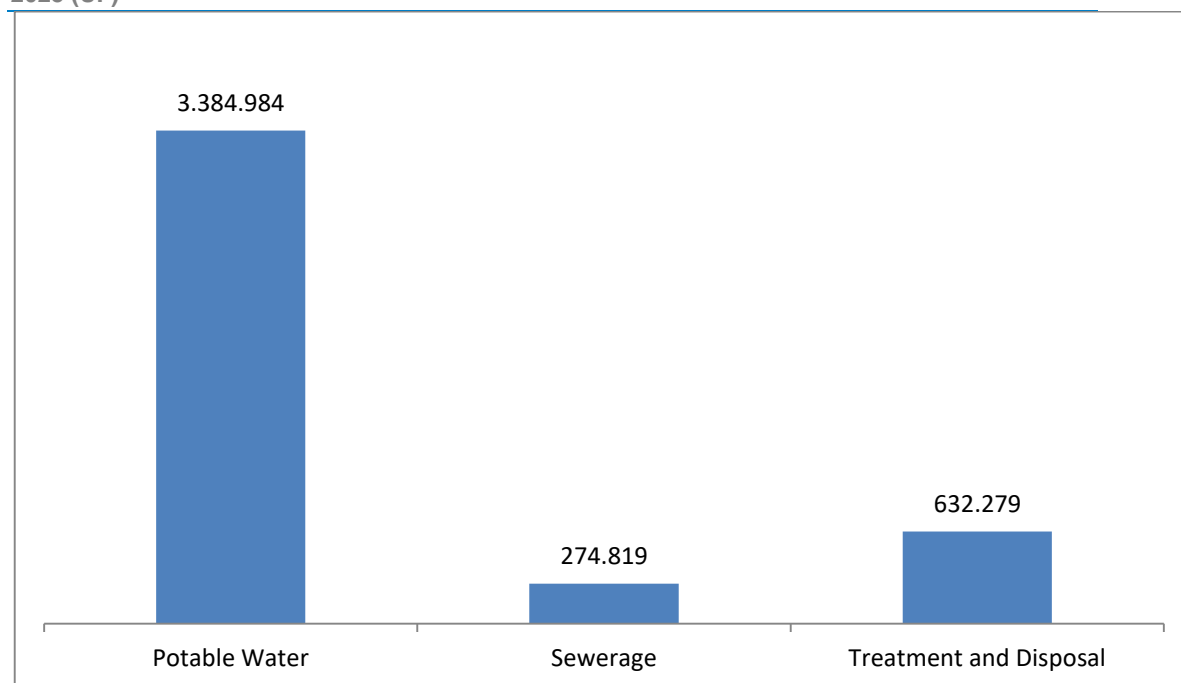
In total, the amount currently committed in the Development Plan for investments in that period is UF 4.3 million and, as shown in the following graph, a significant portion of these resources will be allocated to the Potable water item.

Due to the supply interruptions caused by force majeure events in January and February 2013, a new infrastructure investment plan was submitted to the SISS in April 2013 to assess whether additional investments were required. Based on this study delivered by the Company, on October 15, 2013, the SISS recommended the construction of a 1,500,000 m³. This dam will be built in the district of Pirque. With this work, plus the currently existing and under construction assurance works, 32 hours of autonomy would be achieved in Greater Santiago. In January 2014, the process of expropriating land (72 hectares) to make this investment began. In December 2015, the possession of this land was verified. In turn, during 2015 and 2016, the basic engineering studies of the project and the Environmental Impact Study were carried out. The latter was submitted for approval in August 2016 and was approved in September 2017. During 2017, detailed engineering studies were also carried out and the construction of the project was tendered. This dam is expected to be ready during the second half of 2019.

In addition, following the summer 2017 supply interruptions, the company is developing emergency works with the aim of increasing the company's autonomy by two hours in the event of turbidity events in the Maipo River. These works include the construction of 8 potable water reservoirs with a capacity of 54,000 cubic meters in the foothills, the construction of 4 new wells with a capacity of 400 liters per second in the district of Pedro Aguirre Cerda and Lo Espejo and the construction of 13 emergency wells with a capacity of 500 liters per second in the districts of Lo Prado, Independencia and Recoleta. These works will be ready during 2018.

Various options are also currently being evaluated to increase the company's autonomy to more than 48 hours. The proposal selected by the SISS will also be included in the company's Development Plan.

Graph N°15:
Consolidated Development Plan for Aguas Andinas committed to the SISS for the period 2015-2025 (UF)



Source: 2015 Management Report, Superintendence of Sanitary Services*

Notes: The data from the 2015 Management Report of the Superintendence of Services is used since this data was not updated in the 2016 MgtR, it does not include non-committed investments that are necessary to ensure the quality of the services, nor investments for asset renewal such as: network infrastructure and other investments, information systems, telecontrol systems and water rights purchase.

2.7 Corporate Structure

Figure N°2

Corporate structure of Aguas Andinas as of December 31, 2017



Source: Aguas Andinas, December 2017

In 2000, Aguas Andinas acquired 100% of Aguas Cordillera and 50% of Aguas Manquehue, companies in the industry whose concession areas are adjacent to Aguas Andinas. Between 2000 and 2001, the companies Gestión y Servicios, Ecoriles and Análisis Ambientales were incorporated. Gestión y Servicios currently operates in the market of commercialization of materials and equipment for maintenance, renovation and construction of potable water and sewerage networks. Análisis Ambientales provides analysis services for water, industrial wastewater, soils and sludge. Ecoriles participates in the market of services for the comprehensive management of industrial wastewater.

In January 2002, Aguas Andinas acquired the remaining 50% of the Aguas Manquehue property. In this way, Aguas Andinas consolidated its position as the water utility company for the Metropolitan Region, at the head of the group of companies that make up the Aguas Andinas Group.

During the first quarter of 2008, Aguas Andinas announced an agreement for the acquisition of Inversiones Iberaguas Limitada, the holding company of 51% of Essal, a company operating in the X Region of the Lakes (región de los lagos) and the XIV Region of the Rivers (región de los ríos), which was completed on July 10, 2008. In addition, on June 17, 2008, the Company made a public offer for 100% of the shares of Essal, which was declared successful on July 10, 2008 and resulted in the acquisition of an additional 2.5% of Essal's ownership.

2.7.1 Controller Group

In June 2010, Suez Environnement Company S.A. (Suez) indirectly acquired 75.31% of the total shares issued by Sociedad General de Aguas de Barcelona, S.A. (Agbar), which through various subsidiaries owns 56.6% of Inversiones Aguas Metropolitanas S.A., which in turn owns 50.1% of Aguas Andinas. On September 17, 2014, Suez indirectly acquired 24.14% of the total shares issued by Agbar and now holds 99.49% of its shares. Subsequently, during 2015, Suez acquired the remaining percentage of Agbar's shares. Thus, Suez is the controller of Aguas Andinas.

Suez S.A

Suez is a group of French-Belgian origin with more than 120 years of experience in the development of continuous advances for the improvement of people's quality of life. With more than 80,000 employees and a worldwide presence, it is a world leader dedicated exclusively to water and waste management services.

Suez has distinguished itself by promoting numerous initiatives aimed at the management of natural resources more efficiently, highlighting the development of specialized technology for the recycling of waste and the reuse of wastewater.

Sociedad General de Aguas de Barcelona, S.A.

Agbar, founded more than 145 years ago, is the head of a group of more than 150 companies with more than 16,000 employees. Agbar is one of the world's leading experts in processes regarding water management.

In Spain, Agbar provides services to 14 million inhabitants in more than a thousand districts and, throughout the world, to more than 26 million users in several countries, including Chile, the United Kingdom, Mexico, Cuba, Colombia, Algeria, Peru, Brazil, Turkey and the USA.

The Agbar Group is a world leader in comprehensive management of the water cycle. Its permanent investment in research and the extensive experience of its collaborators in the management of operations in Spain and internationally has allowed it to become one of the main suppliers of *know-how* and new technologies associated with comprehensive management of the water cycle worldwide.

The Agbar Group's business philosophy is based on a firm commitment to the continuous improvement of its processes, excellence in quality, technological innovation, capacity to adapt to society's new requirements and sound and efficient financial management, which generates value for its customers and shareholders.

2.7.2 Expected trends

The Company's by-laws establish that its sole purpose shall be to produce and distribute potable water, collect, treat and dispose of wastewater and provide other services related to such activities, in the manner and under the conditions established in DFL No. 382 of 1988, General Law of Sanitary Services, and other applicable regulations.

Accordingly, the Company will continue to operate in the Chilean water utility industry. These activities are expected to continue to be the Company's main source of revenue.

2.8 Risk factors

2.8.1 Operational risks

New investments

Aguas Andinas must fulfill an important investment plan in order to comply with the development plans committed to the SISS. This implies an important effort in economic, administrative and technical resources for the implementation and control of investments.

This risk is mitigated by the fact that the tariffs incorporate the new investments ensuring them a minimum return. In addition, the experience of the controlling group ensures the necessary *know-how* to carry out the required investment plans.

Regulated market

The water utility services industry is highly regulated due to its monopoly status and is therefore subject to changes in the established regulations. The current legal framework regulates both the operation of the concessions and the tariffs charged to customers, which are established every five years. Although the mechanism is based on technical criteria, there may be differences between the studies submitted by the Company and SISS, which, if no agreement is reached, it must be resolved by a commission of experts made up of representatives of each of the parties. As a result, it is possible that the negotiation of the Aguas Andinas tariff process or its subsidiaries may reduce its profitability.

During 2014, the sixth pricing process for Aguas Andinas was conducted, which ended in November 2014, with an agreement reached between Aguas Andinas and the SISS, which establishes a clear pricing scenario for the period between March 2015 and February 2020. Likewise, the tariffs for the five-year period in question were established for Aguas Manquehue for the period from May 2015 to April 2020, and for Aguas Cordillera for the period from June 2015 to May 2020. For Essal, the tariffs in force for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette on January 21, 2017.

Bill that Amends Sanitary Legislation

On December 21, 2016, the Chamber of Representatives approved Bill No. 10795-33, which seeks to amend the legislation applicable to public sanitary services, in the area of unregulated services, tariff fixing and compliance with development plans by service providers. This initiative has been submitted to the Senate in the second legislative procedure and is currently under review by the Public Works Committee. Changes in the pricing rules could have a relevant impact on the Company's profitability.

The bill includes six articles, which propose the amendment of rules laid down in the following regulatory instruments:

- Decree No. 382 of 1989 of the Ministry of Public Works, General Law on Sanitary Services, with force of law.

- Decree No. 70 of 1988 of the Ministry of Public Works on Tariffs for Sanitary Services, with force of law.
- Law No. 18,902, which created the Superintendence of Sanitary Services.

This initiative was submitted to the Senate in the second legislative procedure and, at the end of 2016, was in the Public Works Committee of the Senate. In this instance and throughout the year, two reports were requested: one on its constitutionality from the Segpres (Ministry of the General Secretariat of the Presidency) and the other to the MOP (Ministry of Public Works) to submit its formal position on the bill. In the first case, it was established that the initiative transgresses the regulations on the formation of the law and that it merits rejection by the Senate; and in the second case, the MOP indicated that it does not sponsor some changes, such as the reduction of the risk premium and the modifications to the composition and functioning of the Committee of Experts of the tariff setting process, among others.

To date, this bill is currently before the Senate Public Works Committee.

Law Amending Law No. 19,496 on the Protection of Consumer Rights.

On October 25, 2017, the Senate approved a bill strengthening the National Consumer Service ("Sernac"). The main changes that this law will imply for the sanitary industry are the following:

Fines:

- The suspension, stoppage or failure to provide basic potable water and sewerage services without justification shall be punishable by a fine of up to 1,500 UTM;
- The Court may apply a fine per consumer (up to 1,500 UTM);
- The multiplicity of fines will not apply when the company has fully and effectively repaired the damage caused to all affected consumers, only a lump sum would be charged, not more than 30% of sales during the suspension or double the economic earnings, the total fine shall not exceed 45,000 UTA.

Compensation for Unjustified Service interruptions:

- Direct and automatic compensation must be paid to the affected consumer.
- For each day of interruption, the amount equivalent to the average daily value of the previous bill multiplied by 10 must be paid. For this, an interruption day is defined as 4 or more continuous hours within a 24-hour period from the beginning of the event. In all other cases, proportionality applies.
- It only applies if the special law does not provide for such compensation.

Damages in Class Action Lawsuits:

- Damages are incorporated in the class action lawsuits.
- The judge may set a common minimum amount. Consumers who disagree may request the difference at a later stage.
- This common minimum amount may be proposed by the service provider, who may differentiate between groups or sub-groups of consumers.

To date, the bill is in the process of being enacted by the President of the Republic.

Risks of environmental pollution

The Company is subject to various risks of environmental pollution, including (i) possible environmental pollution as a result of discharges into natural waterways; (ii) possible odor pollution from wastewater treatment plants; (iii) possible presence of hydrocarbons in surface sources; and (iv) possible saturation of landfills where sludge from wastewater treatment plants is disposed of.

Weather conditions

Adverse weather conditions can eventually affect the optimal delivery of water utility services, because the processes of catchment and production of potable water depend to a large extent on the weather conditions in the river basins. Factors such as weather precipitation (snow, hail, rain, fog), temperature, humidity, sediment carry-over, river flows and turbidity determine the quantity, quality and continuity of raw water available in each possible uptake to be treated in a potable water treatment plant.

Currently, Aguas Andinas has production capacity and water rights that exceed the system's demand. On the other hand, the Company has the technical and human capacities and mitigation plans to deal with critical situations. After the episodes of turbidity in the summer of 2013, Aguas Andinas reached an agreement with the SISS to incorporate supply assurance works in two phases. The first phase, which was completed in the first quarter of 2014, consisted of the construction of seven new 500 liter per second wells, six potable water storage tanks with a volume of 225,000 m³ and a 4 m³/s duct connecting the El Yeso reservoir to the Las Vizcachas plant. The second stage of this assurance works to be carried out between 2015 and 2019 involves the construction of a 1,500,000 m³ raw water tank that will increase the system's autonomy to 32 hours.

Risks of the company's infrastructure

Natural disasters of great magnitude, such as earthquakes, mudslides or volcanic eruptions, could cause serious damage to aqueducts, potable water and sewerage systems, etc., or structural failures in the Company's reservoirs, causing the interruption of services provided by the Company for longer or shorter periods.

2.8.2 Financial risks

Credit risks

Credit risk is the possibility of financial loss arising from the failure of our counterparties (clients) to meet their obligations.

Aguas Andinas and its water utility subsidiaries have an atomized market, which implies that the credit risk of a specific customer is not significant.

The Company's objective is to maintain minimum levels of uncollectibility. There is a credit policy, which establishes the conditions and types of payment, as well as the conditions to be agreed upon by delinquent customers. The management processes are: control, estimate and evaluate bad debts in order to carry out corrective actions to achieve the proposed compliance. One of the main actions and measures to maintain low levels of bad debt is to interrupt the service. The method for analysis is based on historical data on accounts receivable from customers and other debtors.

Liquidity risk

Liquidity risk is the possibility that the Group may have difficulties in meeting its obligations associated with financial liabilities that are settled by delivery of cash or another financial asset and may not be able to finance the commitments acquired, such as long-term investments and working capital requirements, at reasonable market prices.

The management monitors the Group's liquidity reserve forecasts based on expected cash flows.

Several preventive measures are used to manage the liquidity risk, such as:

- Diversify financing sources and instruments.
- Agree with creditors on maturity profiles that do not concentrate high amortizations in one period.

Interest rate risk

Aguas Andinas has an interest rate structure that combines fixed and variable rates as detailed below:

Instruments	Rate	%
Bank Loans	Variable	11.1%
Bonds	UF	67.7%
AFR	UF	21.2%
Total		100.00%

Source: Aguas Andinas, December 2017.-

2.9 Corporate governance

Aguas Andinas has several corporate governance bodies and policies.

2.9.1 Board of directors

The highest corporate governance body of Aguas Andinas is the Board of Directors. Its composition, powers and operation are determined by the Company's by-laws.

The Board of Directors is composed of seven full members, each of whom has his or her respective alternate. The current Board of Directors was elected for a statutory period of three years at the 26th Ordinary Shareholders' Meeting held on April 27, 2016. The current board of directors is the following (*):

RUT	Name	Position
7.577.744-2	GUILLERMO PICKERING DE LA FUENTE	President
4.975.992-4	HERMAN CHADWICK PIÑERA	Vice-president
6.374.438-7	FERNANDO SAMANIEGO SANGRONIZ	Director
6.575.050-3	RODRIGO MANUBENS MOLTEDO	Director
7.939.734-2	PEDRO SIERRA BOSCH	Director
8.483.513-7	RICARDO ESCOBAR CALDERON	Director
25.374.056-6	LAUREANO CANO INIESTA	Director
7.289.989-K	SONIA LEONOR TSCHORNE BERESTESKY	Alternate Director
8.649.929-0	LORETO SILVA ROJAS	Alternate Director
9.011.344-5	RODRIGO TERRE FONTBONA	Alternate Director
0-E (Foreign)	CHRISTOPHE CROS O	Alternate Director

(*)To date, the following named directors have resigned: (1) Felipe Larrain Aspillaga; (2) Bruno Philippi Irarrazabal; (3) Nicole Nehme Zalaquett.

The directors of the Company do not hold executive positions in the Company and hold office for a period of three years, at the end of which they must be fully renewed. Notwithstanding the foregoing, the Board of Directors may be revoked in its entirety prior to the expiration of its mandate by resolution of the Ordinary or Extraordinary Shareholders' Meeting, in which case the same Shareholders' Meeting must elect the new Board of Directors. Hence, the individual or collective dismissal of one or more directors is not appropriate. In addition, directors may be re-elected indefinitely.

2.9.2 Directors' committee

Pursuant to the provisions of Article 50 bis of Law No. 18,046 on Corporations, the Company has a Directors' Committee. This Committee is currently made up of the named directors, Mr. Rodrigo Manubens, Mr. Pedro Sierra Bosch and Mr. Fernando Samaniego Sangroniz and their respective alternates. In accordance with Law 18,046 on Corporations and the Committee's internal regulations, the Committee holds ordinary meetings once a month and extraordinary meetings whenever these are required to deal with the matters entrusted to it by Article 50 bis) of Law 18,046 on Corporations.

2.9.3 Steering committee

The Steering Committee is an advisory board to the General Manager, composed of the management (senior executives) of:

- Sustainability and Development,
- Finance and Resilience
- Social Legitimacy
- Legal Affairs
- Organization, Persons and Work Environment
- Service Management
- Planning, Engineering and Systems
- Operations and Circular Economy
- Customer Service

The Management Committee meets periodically in order to know, analyze and discuss the execution and implementation of the main activities and operations that are part of the everyday management of the Company.

2.9.4 Audit and Internal Control Vice-Management

The Company has an Internal Audit and Control Vice-Manager, reporting to the General Manager of the Company, whose mission is to support management in meeting its objectives by providing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal control and corporate governance processes. The internal audit function is an independent and objective activity for the purpose of monitoring and evaluating the implementation and effectiveness of administrative, financial, operational and information systems and controls. The internal control and risk management system contemplates for this Vice-management the execution of programmed audits, self-assessment processes, risk testing of approved business processes, monitoring of compliance with the audit action plans and the internal control letter issued by the external auditors.

2.9.5 Chief Compliance Officer

The Company has a Compliance Officer who leads the Compliance vice-management.

The Compliance Officer is responsible for evaluating and managing the risk of non-compliance or non-observance of internal procedures and specific legal regulations, as well as the obligations linked to the Company's corporate ethics structure, promoting the development of appropriate policies and procedures and disseminating and training all employees in these matters, as well as in the best corporate practices established for this purpose.

The Compliance Officer also ensures compliance with the Crime Prevention Model, the Code of Ethics and the confidential management of investigations arising from complaints received through the channel that the Company has established and disseminated on its corporate website.

2.9.6 Code of ethics

Aguas Andinas has a Code of Ethics, which was approved by the Board of Directors of the Company in December 2012 and updated during 2017. Its fundamental principles are: compliance with laws and regulations; rooting the culture of integrity; displaying loyalty and honesty; and respect for all people. The Code also establishes how these principles should

apply to the Company's shareholders, its customers and competitors, the local community and the environment.

2.9.7 Conduct code

Within the framework of the implementation of best corporate governance rules, Aguas Andinas S.A. has a Code of Conduct applicable to the Company's directors regarding the situations of conflict of interest that they may face.

This code contains, among others:

- i) Identification of the main situations that make up a conflict of interest;
- (ii) Mechanisms to avoid conflicts of interest;
- (iii) Procedure for declaring conflicts of interest; and
- (iv) How to resolve conflicts of interest.

2.9.8 Crime prevention model

The Aguas Group has a Crime Prevention Model, certified since 2014, which describes the set of organizational, administrative and supervisory measures through which the Aguas Group fulfils the duties of management and supervision leading to the prevention of the commission of the crimes established in law N° 20,393.

This model establishes rules, protocols and procedures, as well as preventive measures for the commission of crimes, which workers, collaborators and suppliers of the Aguas Group must respect. For greater control in the application of the model, a compliance officer was appointed, known as the Crime Prevention Officer. In addition, the model includes an external complaints channel, which began operating in the fourth quarter of 2015.

2.9.10 Directors' professional profile

Guillermo Pickering De La Fuente President

He has served as president of the Association of Sanitary Services Companies (*Asociación Gremial de Empresas de Servicios Sanitarios*) (ANDESS), advisor to Aguas Andinas and director of ESSAL. Since April 2016, he has been Chairman of the Board of Directors of Aguas Andinas and Chairman of the Boards of Directors of Aguas Cordillera, Aguas Manquehue and ESSAL. Lawyer from the Universidad de Chile and expert in regulated markets.

Herman Chadwick Piñera Vice-president

Director of Enersis Americas, President of the Chile-Spain Business Committee (Sofofa), Vice-President of the following companies: Intervial Chile SA, Ruta del Maipo Soc. Concesionaria SA, Ruta del Maule Soc. Concesionaria SA, Bosque Soc. Concesionaria SA, Ruta de la Araucanía Soc, He is an Elective Counselor of the Sociedad de Fomento Fabril (SOFOFA), Director of Viña Santa Carolina S.A., Member of the Arbitration and Mediation Center of the Santiago Chamber of Commerce (CAM), Director of IAM, Member of the Academic Advisory Council for Military Studies and Research (CACEIM), President of El Golf 50 Club, President of Zapallar Development Corporation, former President of the National Television Council (CNTV). Director of Aguas Andinas since 2011. Lawyer from the Chilean Catholic University (Pontificia Universidad Católica de Chile) and freely practices his profession.

Fernando Samaniego Sangroniz
Named Director

Partner of Prieto y Cía. law firm, Member of the list of Arbitrators of the Mediation and Arbitration Center of the Santiago Chamber of Commerce and the National Arbitration Center. Director of Aguas Andinas since August 2013. Lawyer from the Pontificia Universidad Católica de Chile.

Rodrigo Manubens Moltedo
Named Director

Chairman of the Board of Directors of Banchile Seguros de Vida and SegChile Seguros Generales, Director of the Santiago Stock Exchange, Banco de Chile, Orión Seguros Generales and SM Chile. He has been a member of the Board of Directors of Banco de A. Edwards and Banco O'Higgins. He was also director and chairman of the board of Endesa Chile S.A. Current director of Aguas Andinas since July 2011. Commercial Engineer from Universidad Federico Santa María and Universidad Adolfo Ibáñez, and Master of Science from London School of Economics and Political Science, London, United Kingdom.

Pedro Sierra Bosch
Named Director

Corporate Manager of CORFO. Director of the National Mining Company (Enami) on behalf of CORFO. He has worked as a consultant for the Inter-American Development Bank (IDB) and the Ministry of Economy, in addition to his vast experience in the mining sector as an advisor to the Vice President of Development and Sustainability of Codelco, and as Manager of the Institute of Innovation in Mining and Metallurgy. Current director of Aguas Andinas since April 2016. Commercial Engineer with a degree in Economics from the Universidad de Chile, and a postgraduate degree in Economic Development and Planning Techniques from ISVE Italy.

Ricardo Escobar Calderon
Named Director

He was a member of the Foreign Investment Committee and then worked at Langton Clarke. He was a partner of the Carey y Cía. law firm; director of the Internal Revenue Service from 2006 to 2010; partner of EY Chile until 2013 and currently partner of Bofill Escobar Abogados. He is a professor at the Universidad de Chile Law School and a professor of Taxation in Latin America at the LLM program of the University of Miami Law School. He has been director of Aguas Andinas since August 2013. Lawyer from the Universidad de Chile and with a Master's Degree in Law from the University of California at Berkeley, United States.

Laureano Cano Iniesta
Named Director

He has vast experience in the Agbar Group, working as Economic and Financial Manager and member of the board of directors of several water utility companies. General Manager of IAM since May 2016. Director of Aguas Andinas since April 2016. With a degree in Economics and Business Administration from the Pompeu Fabra University in Barcelona, Spain.

Sonia Leonor Tschorne Berestesky
Alternate Director

Director of Neourbanism Management. Vast experience in the Chilean public sector where she was General Director of Public Works, Minister of National Assets, Minister and Undersecretary of Housing and Urban Development and National Director of Architecture. Director of Aguas Andinas since April 2016. Architect from Universidad de Chile with a Master's Degree in Urban Territorial Development from Universidad Católica de Chile.

Loreto Silva Rojas
Alternate Director

Partner of Bofill Escobar Abogados. She was Minister of Public Works from 2012 to 2014 and previously Deputy Minister of Public Works. She was also a partner in the law firm Morales & Besa and a lawyer in the Chilean Chamber of Construction. Director of Aguas Andinas since April 2016. Lawyer from the Universidad de Chile.

Rodrigo Terré Fontbona
Alternate Director

He has had outstanding management in companies such as Lucchetti, Inversiones Consolidadas Ltda., Canal 13 S.A., among others. Director of Aguas Andinas since July 2011. Civil Industrial Engineer from the Universidad de Chile.

Christophe Cros
Alternate Director

Senior Executive Vice President of Finance and Purchasing and Chief Financial Officer of the Suez Group. He has worked for the Suez Group since 1991, taking on various executive roles at Crédisuez, SITA and Suez Environnement. Director of Aguas Andinas since April 2016. Economist with a Master's degree in Economics from the Université de Paris.

2.9.11 Professional profile of senior executives

Narcís Berberena Sáenz
CEO

A professional with more than 21 years of experience, his professional career has been developed mainly in Agbar, holding positions of responsibility in different global water utility companies. He was Corporate Manager during the 2005-2007 period and, since 2016, returned to Aguas Andinas to take charge of the General Management. Industrial Civil Engineer, with studies of Master of New Technologies in Business Management from the School of Industrial Organization of Madrid, and Management Development Plan of the Instituto de Empresa, IE of Madrid, Spain, among others.

Iván Yarur Sairafi
Finance and Resiliency Director

He joined Aguas Andinas in 2000. Between 2011 and 2013, he was General Manager of Inversiones Aguas Metropolitanas S.A. (IAM), the parent company of Aguas Andinas. Director of Aguas Manquehue and Gestión y Servicios. Alternate Director of ESSAL. Civil Industrial Engineer and Master of Science from the University of Chile and Master of Science in Accounting and Finance from the London School of Economics and Political Science, London, United Kingdom.

Camilo Larraín Sánchez
Director of Legal Affairs

In Aguas Andinas since 2000. He was in charge of legal matters of Aguas Cordillera and as a lawyer for Grupo Enersis. Director of the subsidiaries Aguas Manquehue S.A. and Empresa de Servicios Sanitarios de Los Lagos S.A., Sociedad Canal del Maipo y Eléctrica Puntilla S.A. Lawyer from Universidad Diego Portales and Master in Law from Universidad de Los Andes.

Jorge Cabot Plé
Director of Planning, Engineering and Systems

In Aguas Andinas since 2015. With 30 years of experience in the water utility industry and water engineering, he has been Director of Planning at the Catalan Water Agency, Production Director of CLABSA (Barcelona sewerage system) and Director of Wastewater of the Barcelona Metropolitan Area at Aguas de Barcelona. Member of the Urban Drainage Expert Group of UNHABITAT. Road Engineer from the Polytechnic University of Catalonia, Spain.

Manuel Baurier Trias
Operations and Circular Economy Management

Joined Aguas Andinas in 2015. With 18 years of experience in the water utility industry, he has been Director of Concessions in Catalonia, Spain (AGBAR), and member of the Board of Directors of companies such as Aigües de Sabadell and Drenatges Urbans del Besòs. Industrial Engineer from the Polytechnic University of Catalonia, Spain, and MBA from the School of Business Administration of Barcelona (Polytechnic University of Catalonia) and PDD from ESADE Business School, Barcelona, Spain.

Eugenio Rodriguez Mingo
Service Management

In Aguas Andinas since 2005, he has served as Business Development Manager and Mapué Mountain Range Area Manager, to take over the position of Corporate Customer Service Manager in March 2012. Before joining the Company, he was Commercial Manager of Inmobiliaria Piedra Roja and Commercial Manager of the ENEA Project of the Enersis Group and Commercial Manager of Santander Leasing S.A. Commercial Engineer from the Universidad de Chile.

Sandra Andreu
Development and Sustainability Management

He joined Aguas Andinas in 2015. With 18 years of experience in the Suez Group, she has been Director of Water Resources at Suez Consulting, manager of subsidiaries that make up Suez Consulting and Director of the Cabinet of Suez Water Europe. Graduate in Civil Engineering from the Ecole Supérieure de la Hydraulique et de la Mécanique in Grenoble, France, with an MBA in Explorer Training from GDF Suez University and with training in Legal and Personal Management Control, among others.

Xavier Irázabal
Director of Organization, Persons and Working Environment

He joined Aguas Andinas in September 2017. Previously he worked for 3 years as Human Resources and Organization Director of Suez Spain in Alicante, Human Resources Director of Agbar and Head of Labor Relations and People Development at Agbar. He studied Labor Relations at the University of Lleida, Industrial Labor Relations at the University of Catalonia and Law at the same university.

Gonzalo Valenzuela
Social Legitimacy Management

He joined Aguas Andinas in September 2017. Previously for 5 years he was the Corporate Affairs Manager of Wal-Mart Chile. He was also a partner and Director of Communications at Extend Communications and Manager of Public Affairs at the Ministry of Mining and Energy. He is a journalist from the Universidad de Chile, with a degree in Political Science and Government from the University of Arizona and an MBA in International Management from the Thunderbird School of Global Management.

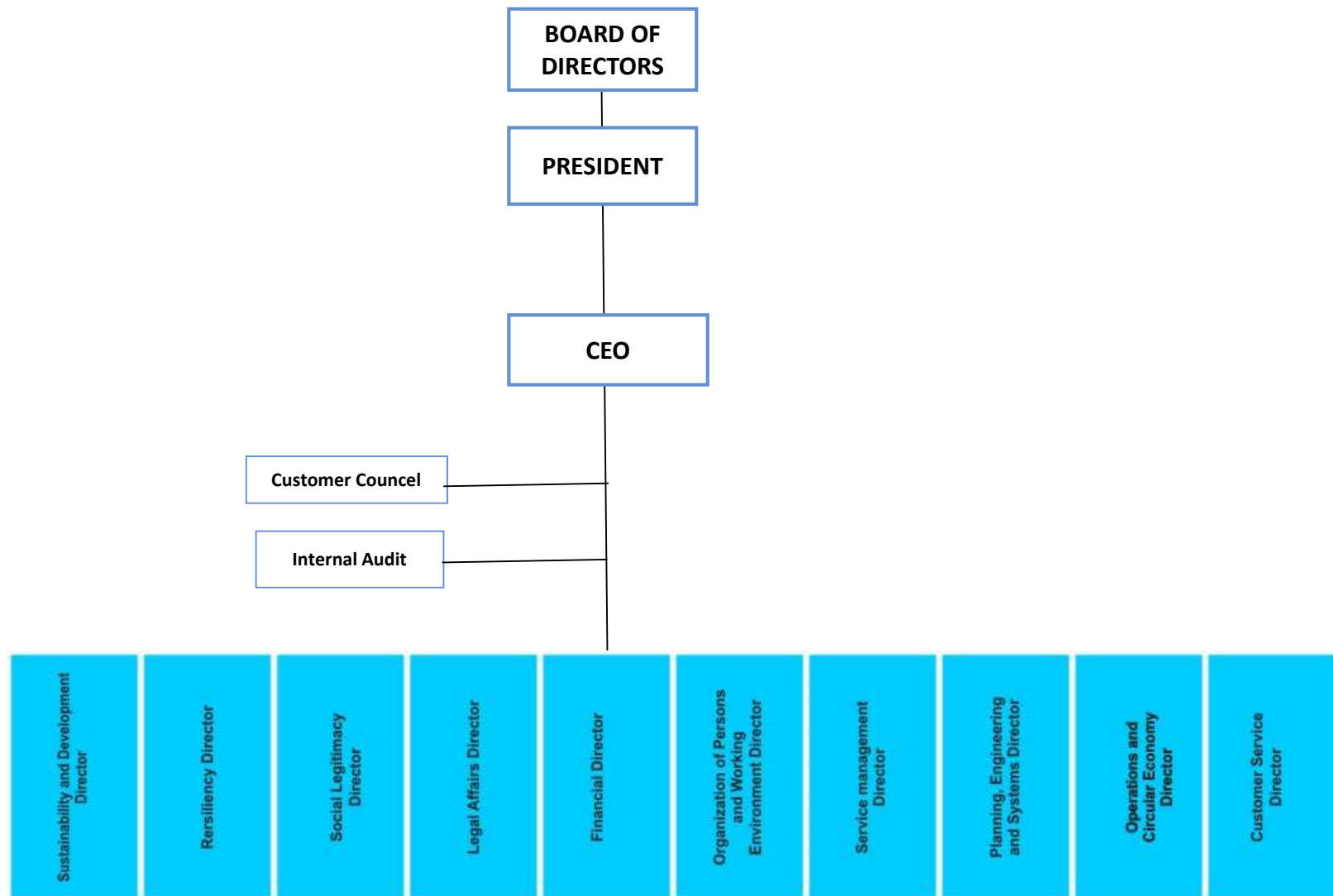
Alberto Blanco
Construction Management

He has been part of Aguas Andinas since September 2017. With 18 years of experience in the construction of large civil infrastructure, he has participated in some of the largest Spanish public works projects of the last decade, such as Madrid Barajas Airport, the AP36 Cartagena Vera Motorway, the Somport Tunnel, etc. In the last 5 years he has been a director of a construction company dedicated to large hydraulic public works. Civil Engineer from the Polytechnic University of Madrid and Master Executive MBA from the Instituto de Empresa (IE) of Madrid, Spain.

José Saez
Customer Service Management

He joined Aguas Andinas in 2008. With 29 years of experience in the water utility industry, he has been General Manager Essal S.A., Zone Manager, and Commercial Development Manager in Aguas Andinas. By profession, Commercial Engineer, University of Santiago, Master (c) in Human Behavior and Organizational Development, Universidad Diego Portales".

2.10 Company Organizational Chart



3.0 FINANCIAL BACKGROUND

3.1 Consolidated Financial Statements ("IFRS")

Below is the financial background of Aguas Andinas under the IFRS standard . The figures have been expressed in thousands of Chilean pesos. The Issuer's financial background is available on the Financial Market Commission's website at, www.cmfchile.cl.

3.2 Consolidated Financial Position Statements (Thousands of Pesos)

	Dec-17	Dec-16	Dec-15
Total current assets	150,618,761	182,071,355	148,629,745
Total non-current assets	1,646,261,375	1,589,747,781	1,542,568,103
Total Assets	1,796,880,136	1,771,819,136	1,691,197,848
Total current liabilities	237,111,903	211,931,051	232,407,312
Total non-current liabilities	866,468,756	873,005,660	787,200,069
Total equity	693,299,477	686,882,425	671,590,467
Total Equity and Liabilities	1,796,880,136	1,771,819,136	1,691,197,848

The total assets of Aguas Andinas Consolidated as of December 31, 2017 showed an increase of 1.4% when compared to December 31, 2016, from Th\$1,771,819,136 to Th\$1,796,880,136.

Current assets decreased by Th\$31,452,594, due mainly to the decrease in cash and cash equivalents by Th\$46,068,103 mainly due to the fact that the subsidiary Aguas Cordillera sold a large plot of land in the municipality of Vitacura in 2016. This is partially offset by trade debt and other accounts receivable by Th\$7,227,246 mainly explained by the increase in regulated sales, together with recoverable taxes for Th\$6.463.152.

Non current assets increased by Th\$56,513,594 mainly explained by the net increase in plant and equipment properties by Th\$57,193,730, associated with the investments made during the year.

Liabilities payable as of December 2017 increased by Th\$18,643,948 compared to December 2016.

Current liabilities increased by Th\$25,180,852. This change was mainly due to the reclassification of the J series Bond due to its maturity in 2018. This is partially offset by lower debt from Reimbursable Financial Contributions.

Non-current liabilities decreased by Th\$6,536,904 (0,7%), which mainly corresponds to a decrease in bank loan debt by Th\$5,283,345.

Total equity increased by Th\$6,417,052 and net equity attributable to the owners of the parent company increased by Th\$8,473,596.

3.3 Consolidated Income Statements by Source (Thousands of Pesos)

	Dec-17	Dec-16
Income from regular activities	509,540,577	492,249,645
Raw materials and consumables used	-34,924,849	-33,442,760
Employee benefit expenses	-55,548,304	-53,621,906
Other expenses, by nature	-120,462,471	-113,671,600
EBITDA[1]	298,604,953	291,513,379
Other (losses) earnings	2,608,255	14,597,521
Depreciation and amortization expense	-74,394,154	-67,009,703
Net Financial Costs	-25,059,261	-20,643,577
Exchange rate differences	8,988	-17,987
Results by readjustment units	-11,945,903	-20,159,712
Earnings before taxes	189,822,878	198,279,921
Income tax expense	-46,340,625	-43,442,462
Earnings, attributable to the owners of the pa	139,620,280	150,575,666
Earnings (loss) attributable to non-controlling i	3,861,973	4,261,793
Earnings	143,482,253	154,837,459

As of December 2017, the Company's revenues totaled Th\$509,540,577 a higher amount by Th\$17,290,923 (3.5%) to that obtained in December 2016. This increase was mainly explained by higher volumes supplied together with the tariff indexations registered during 2016 and 2017.

The costs amounted to Th\$210,935,624, up by a factor of 5.1%, due mainly to increased activity in network maintenance by Th\$3,767,241, higher power costs by Th\$2,240,197, higher personnel costs by Th\$1,926,398, increase in provision for uncollectibles by Th\$1,706,306 and higher costs due to increases in requests for modification of water utility infrastructure by Th\$1,018,933. This is partially compensated for by lower activity in works requested by clients for Th\$1,318,979 and lower cost of chemical inputs by Th\$577,806.

EBITDA for the period reached Th\$298,604,954, Displaying an increase of 2-4% compared to the same period last year.

The net income as of December 31, 2017 amounted to Th\$139,620,280, a lower figure by Th\$10,955,386 (7.3%) to that obtained at the close of the 2016 financial year.

3.4 Consolidated Cash Flow Statements (Thousands of Pesos)

	Dec-17	Dec-16
Cash and cash equivalents at beginning of the period	64,876,443	32,953,529
Net cash flows from operating activities	215,878,721	234,098,851
Net cash flows used in investment activities	-113,828,958	-93,180,602
Net cash flows used in financing activities	-148,117,866	-108,995,335
Net increase in cash and cash equivalents	-46,068,103	31,922,914
Cash and cash equivalents at the end of period	18,808,340	64,876,443

Cash flow from operating activities decreased by Th\$20,629,683, when comparing December 2017 with December 2016.

Disbursement for investment activities decreased by Th\$20,648,356, mainly due to the completion of the construction of the third Mapocho-Trebal wastewater treatment plant and the sale of land at Isla Lo Mata by Aguas Cordillera in 2016.

Financing activities generated a negative net cash flow of Th\$36,712,978, this is due to a higher repayment of loans for Th\$40,236,337, partially offset by the placement of Series C bonds by the subsidiary Essal in the fourth quarter of the year, for a total of UF 1.0 million..

3.5 Financial Ratios

	Dec-17	Dec-16
Indebtedness ¹	1.59	1.58
Financial Indebtedness ²	1.25	1.24
Total Current Liabilities / Total Liabilities ³	0.21	0.20
Short Term Financial Debt / Total Financial Debt ⁴	0.07	0.05

(5) (Total Current Liabilities + Total Non-Current Liabilities) / Total Equity

(6) (Other Current Financial Liabilities + Other Non-Current Financial Liabilities) / Total Equity

(7) Total Current Liabilities / (Total Current Liabilities + Total Non-Current Liabilities)

(8) Other Current Financial Liabilities / (Other Current Financial Liabilities + Other Non-Current Financial Liabilities)

3.6 Preferential Loans

As of the date of execution of the Issuing Agreement, the Issuer has no preferential loans on the securities other than those resulting from the application of the rules contained in Title XLI of Book IV of the Civil Code or special laws.

3.7 Restrictions on the Issuer regarding other creditors

Bond Line N°526 – There are no placements with charge to it.

As of March 31, 2009, to maintain a level of indebtedness not exceeding 1.5 times at the end of each quarter of the Issuer's Financial Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities are defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts. For the purposes of determining the index mentioned above, the amount of all guarantees, simple or joint and several sureties, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer; (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer; and (iii) those granted to public institutions to guarantee compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°580 –Series J Bond

Level of indebtedness measured by the Classified Financial Position Statements, defined as the ratio between current liabilities ("Current Liabilities, Total" plus "Non-Current Liabilities, Total") and "Equity, Total", not exceeding 1.5 times. As of 2010, the above limit will be adjusted according to existing inflation, up to a maximum of 2 times. In order to determine the Level of Indebtedness in the Classified Financial Position Statements, the amount of all guarantees, joint and several simple sureties, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer; and (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°581 – There are no placements with charge to it.

Level of Indebtedness: To maintain a level of indebtedness of no more than 1.5 times, measured on the basis of their consolidated balance sheet figures, in their quarterly financial statements as of March 31, 2009. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Non-Current Liabilities. For the purposes of determining the above-mentioned index, the amount of all guarantees, simple or joint and several sureties, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°629 – There are no placements with charge to it.

Level of indebtedness: Maintain, as of March 31, 2009, in its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio of Current Liabilities total Equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°630 – Series M Bond

Level of indebtedness: Maintain, as of March 31, 2009, in its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°654 – There are no placements with charge to it.

Level of indebtedness: Maintain, as of March 31, 2011, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of

determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°655 – Bonds Series P and Series Q

Level of indebtedness: Maintain, as of March 31, 2011, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°712 – Bonds Series R

Level of indebtedness: Maintain, as of March 31, 2011, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°713 - Bonds Series S and Series U

Level of indebtedness: Maintain, as of March 31, 2011, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, measured on the basis of figures from its Classified Financial Position Statements. Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°777 - Bonds Series Z

Level of indebtedness: Maintain, as of March 31, 2014 at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°778 - Bonds Series V and Series W

Level of indebtedness: Maintain, as of March 31, 2014 at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times, Beginning in 2010, the above limit will be adjusted according to the ratio between the Consumer Price Index for the month in which the level of indebtedness is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the accounts of Total Current Liabilities and Total Non-Current Liabilities. For the purposes of determining the aforementioned index, will be considered as a Current Liability in the Classified Financial Position Statements, the amount of all the guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that

the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°805 – There are no placements with charge to it.

Level of indebtedness: Maintain, as of March 31, 2015, at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times. Notwithstanding the foregoing, the above limit shall be adjusted in accordance with the ratio between the Consumer Price Index for the month in which the Debt Level is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in its Financial Statements. For the purposes of determining the aforementioned index, the Current liabilities include the amount of all guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces. In the Issuer's Financial Statements, the following shall be included in note sixteen entitled "Guarantees and Restrictions", letter b) "Restrictions on bond issuance", subparagraph i) "Aguas Andinas S.A.", A table containing all the information that will be used to calculate the Level of Indebtedness, including the additions by guarantees, simple or joint and several bonds, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, as well as the exceptions indicated in literals (i), (ii) and (iii) above. In addition, this note to the Financial Statements must include information on the variation in the limit of the Level of Indebtedness. For the foregoing purposes, the total Equity will correspond to the amount resulting from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in the Issuer's Financial Statements.

Level of indebtedness as of December 31, 2017: 1.57 times.

Bond Line N°806 - Bonds Series X and Series AA

Level of indebtedness: Maintain, as of March 31, 2015 at the closure of its quarterly Financial Statements, a level of indebtedness no greater than 1.5 times. Notwithstanding the foregoing, the above limit shall be adjusted in accordance with the ratio between the Consumer Price Index for the month in which the Debt Level is calculated and the Consumer Price Index for December 2009. But the above limit will be adjusted up to a maximum level of 2 times. For these purposes, the level of indebtedness will be defined as the ratio between Current Liabilities and total net equity. The Issuer's Current Liabilities shall be defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in its Financial Statements. For the purposes of determining the aforementioned index, the Current liabilities include the amount of all guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those

granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation and the execution of works in public spaces. In the Issuer's Financial Statements, the following shall be included in note sixteen entitled "Guarantees and Restrictions", letter b) "Restrictions on bond issuance", literal i) "Aguas Andinas S.A.", A table containing all the information that will be used to calculate the Level of Indebtedness, including the additions by guarantees, simple or joint and several bonds, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, as well as the exceptions indicated in literals (i), (ii) and (iii) above. In addition, this note to the Financial Statements must include information on the variation in the limit of the Level of Indebtedness. For the foregoing purposes, the total Equity will correspond to the amount resulting from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in the Issuer's Financial Statements.

Level of indebtedness as of December 31, 2017: 1.57 times.

3.8 Restrictions on the Issuer regarding this issuing.

As of March thirty-first, two thousand and seventeen, maintain at the closing of each quarter of the Issuer's Financial Statements, a Level of Indebtedness not exceeding one point five times. Notwithstanding the foregoing, the foregoing limit shall be adjusted in accordance with the ratio between the Consumer Price Index for the month in which the Level of Indebtedness is calculated and the Consumer Price Index for December two thousand nine. For these purposes, the Indebtedness Level will be defined as the ratio between the Net Current Liabilities and the total net equity. The Issuer's Net Current Liabilities shall be defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts minus the "Cash and Cash Equivalents" account of its Financial Statements. For the purposes of determining the aforementioned index, the Net Current Liabilities include the amount of all guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to guarantee compliance with water utility legislation, the execution of works in public spaces and the provision of advisory and technical inspection services for rural potable water projects. In the Issuer's Financial Statements, the following shall be included in note sixteen entitled "Guarantees and Restrictions", letter b) "Restrictions on bond issuance", literal i) "Aguas Andinas S.A.", A table containing all the information that will be used to calculate the Level of Indebtedness, including the additions by guarantees, simple or joint and several bonds, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, as well as the exceptions indicated in literals (i), (ii) and (iii) above. In addition, this note to the Financial Statements must include information on the variation in the limit of the Level of Indebtedness. For the foregoing purposes, the total Equity will correspond to the amount resulting from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in the Issuer's Financial Statements.

A table detailing each of the components of this restriction is shown below:

Indebtedness limit	1.57
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Name of Account	Dec-17
	Th\$
Total Current Liabilities	237,111,903
Total Non-Current Liabilities	866,468,756
Cash and cash equivalents	-18,808,340
Guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations.	40,556,790
With the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation, the execution of works in public spaces and the provision of technical advisory and inspection services for rural potable water projects.	-39,947,460
Net Current Liabilities	1,085,381,649
Name of Account	Dec-17
	Th\$
Issued Capital	155,567,354
Accumulated Earnings (Losses)	328,964,934
Other equity interests	-5,965,550
Issuance premiums	164,064,038
Non-controlling interests	50,668,701
Total Equity	693,299,477
Indebtedness Level	1.57 times

3.9 Definitions of Interest

"Essential Assets": The essential assets of the Issuer will be understood to be the public service concessions for the production and distribution of potable water and the collection and disposal of wastewater from the Greater Santiago system.

"Placement Agent": will be defined in each Complementary Deed.

"Reference Banks" means the following banks or their legal successors: (i) Banco de Chile; (ii) Banco Bilbao Vizcaya Argentaria, (Chile); (iii) Banco Santander-Chile; (iv) Banco del Estado de Chile; (v) Banco de Crédito e Inversiones; (vi) Scotiabank Chile; (vii) Itaú Corpbanca and (viii) Banco Security. However, reference banks are not considered to be those which in the future will be related to the Issuer.

"Bond or Bonds": means dematerialized long-term debt securities issued pursuant to the Contract of Issuing and its Supplementary Deeds.

"CMF" or "Commission" means the Financial Market Commission.

"Issuing Agreement" or "Agreement": means an agreement for issuing granted by public deed dated December 21, 2017 at the notary's office of Mr. Iván Torrealba Acevedo in Santiago, with its annexes, any subsequent deed modifying and/or supplementing it and the development tables and other instruments that are notarized for this purpose.

"DCV": means Depósito Central de Valores S.A., Depósito de Valores S.A., Depósito de Valores; sociedad anónima (Central Securities Repository S.A.) constituted in accordance with the DCV Act and DCV Regulations.

"Banking Business Day": means any day of the year other than Saturday, Sunday, holidays, December 31st or other day on which commercial banks are required or authorized by law or by the Superintendence of Banks and Financial Institutions to remain closed in the city of Santiago.

"Newspaper": means the "El Mercurio", newspaper and if it ceases to exist, the Official Gazette.

"Issuing Documents": means the Share Agreement, the Prospectus and any additional background information that has been provided to the CMF on the occasion of the registration of the Bonds.

"Duration" means the weighted average term of the cash flows of a given security.

"Complementary Deeds": means the respective complementary deeds to the Issuing Contract, which must be issued on the occasion of each issuing charged to the Line and which will contain the specifications of the Bonds to be issued charged to the Line, their amount, characteristics and other special conditions..

"Financial Statements": corresponds to the financial information that the companies registered in the Securities Registry must periodically submit to the Commission in accordance with current legislation. It is hereby stated that the references made in this contract to the accounts or items of the current Financial Statements prepared in accordance with IFRS correspond to those that are valid at the date of this deed.

"Consumer Price Index": corresponds to the Consumer Price Index published by the National Statistics Institute or the body that replaces it.

"Securities Market Law": means Law number eighteen thousand and forty-five on the Securities Market.

"Corporations Law": means Law number eighteen thousand and forty-six on Corporations.

"DCV Law" means that Law number eighteen thousand eight hundred and seventy-six on Securities Depositories and Custodianship Institutions.

"Line": shall mean the bond issue line referred to in the Bond Issue Agreement.

"Margin": shall correspond to that defined in the respective Complementary Deed, if the option of early redemption is contemplated.

"International Financial Reporting Standards "IFRS" or "IFRS": means the international financial regulations adopted in Chile and governing the Issuer to prepare and submit its Financial Statements, as of January 1, 2010.

"Peso": means the legal currency in the Republic of Chile.

"Prospectus": shall mean the prospectus or leaflet of the Line to be sent to the CMF in accordance with General Regulation 30 of the CMF.

"Securities Registry": means the Securities Registry maintained by the CMF in accordance with the Securities Market Law and its organic regulations.

"Regulation of the CSD": means the Supreme Decree of Finance number seven hundred and thirty-four, of nineteen ninety one.

"Bond Holders' Representative" or "Representative": means Banco de Chile, in its capacity as the representative of the Bond Holders, as indicated in the appearance of this instrument.

"Development Table": means the table setting the value of the coupons on the Bonds.

"Coverage Rate": Corresponds to the interest rate established in the respective complementary deeds in accordance with the provisions of Clause Six number six of the Issuing Agreement.

"Prepayment Rate": will mean the equivalent of the sum of the Benchmark Rate at the prepayment date plus a Margin, if the early redemption option is contemplated. The Prepayment Rate must be determined on the eighth Banking Business Day prior to the day the early redemption is to be made. For these purposes, the Issuer must make the corresponding calculation and notify the Bond Holders' Representative and the DCV by mail, fax or other electronic means, of the Prepayment Rate to be applied no later than seventeen hours on the eighth Banking Business Day prior to the day on which the early redemption is to be made.

"Benchmark Rate": the Benchmark Rate at a given date is determined as follows: the instruments comprising the Benchmark Categories of instruments issued by the Central Bank of Chile and the General Treasury of the Republic of Chile for operations in Unidades de Fomento or in Pesos shall be ordered from shorter to longer duration and reported by the "Benchmark Rate: One and Twenty PM" of the fixed-income instruments valuation system of the stock exchange computer system /"SEBRA HT"/, or the system that succeeds or replaces it. In the case of Bonds issued in Unidades de Fomento, the Benchmark Fixed Income Categories known as "UF-Zero Two", "UF-Zero Five", "UF-Zero Seven", "UF-Ten" and "UF-Twenty" will be used for the purpose of determining the Benchmark Rate, according to the criteria established by the Stock Exchange, obtaining a range of durations for each of the aforementioned categories. In the case of Bonds issued in pesos, the Benchmark Fixed Income Categories called "Pesos-zero two", "Pesos-zero five", "Pesos-zero seven" and "Pesos-ten" will be used for the purpose of determining the Reference Rate, according to the criteria established by the Exchange. If the Duration of the Bonus valued at the Cover Rate is contained within any of the Benchmark Fixed Income Category Duration ranges, the reference rate will be the rate of the leading instrument /"on the run"/ of the corresponding category. Otherwise, a linear interpolation will be made based on the Benchmark Duration and Benchmark Rates of the leading instruments in each of the aforementioned categories, considering the instruments whose Duration is similar to that of the bond placed. For these purposes, it will be understood that the /x/ instruments have a similar duration to the bond placed, the first security with a duration as close as possible but less than the duration of the bond to be redeemed, and /y/ the second security with a duration as close as possible but longer than the duration of the bond to be redeemed. If the Benchmark Fixed Income Categories of securities issued by the Central Bank of Chile and the General Treasury of the Republic are added, substituted or eliminated for operations in Unidades de Fomento or pesos by the Stock Exchange, the top instruments of those Benchmark Fixed Income Categories that are in force on the tenth Banking Business Day prior to the day on which the early redemption takes place will be used. To calculate the price and Duration of the instruments, the value determined by the "Benchmark Rate: one and twenty pm" of the fixed income instruments valuation system of the Computational System of the Stock Exchange /"SEBRA HT"/, or the system that succeeds or replaces it, will be used. If the Benchmark Rate cannot be determined in the manner indicated above, the Issuer must request the Bond Holder's Representative no later than ten Bank Business Days prior to the day on which the early redemption is to be made, that requests from at least three of the Reference Banks an interest rate quotation for the bonds equivalent to those considered in the Benchmark Fixed Income Categories of the Stock Exchange of securities issued by the Central Bank of Chile and the Tesorería General de la República, whose Duration corresponds to that of the Bond valued at the Cover Rate, both for an offer to buy and an offer to sell, which must be valid on the ninth Banking Business Day prior to the day on which the early redemption is to take place. The Bond Holders' Representative must deliver the information of the quotes received to the Issuer in writing within two Bank Business Days of the date on which the Issuer has given it the notice indicated above. The quotation of each Reference Bank will be considered to be the mid-point between the two listed

offers. The quotation of each Reference Bank so determined, will be averaged with those provided by the other Reference Banks, and the result of said arithmetic average will be the Reference Rate. The fee thus determined will be final for the parties, except where there is an obvious error. The Issuer must notify the Prepayment Rate in writing to the Bond Holders' Representative and the DCV no later than seventeen hours on the eighth Banking Business Day preceding the day on which the early redemption is to be made.

"Bond Holders" or "Holders" means any investor who has acquired and maintains an investment in Bonds issued under the Bond Agreement.

"Total of Assets": corresponds to the Total Assets account or record in the Issuer's Financial Statements.

"Unidad de Fomento" or "UF": means Unidades de Fomento, that is, the readjustable unit established by the Central Bank of Chile pursuant to article thirty-five number nine of Law number eighteen thousand eight hundred and forty or the one that officially succeeds or replaces it. In the event that the UF ceases to exist or its calculation is modified, the value of the UF at the date on which it ceases to exist, duly adjusted for the variation in the Consumer Price Index, will be considered to be that of the UF, calculated by the National Statistical Institute or the index or body replacing or succeeding it, between the first day of the calendar month in which the UF ceases to exist and the last day of the calendar month immediately preceding the calculation date.-

4.0 DESCRIPTION OF THE ISSUING

4.1 Deed of the Issuance

The deed of the issuing was granted at the Notary's Office of Santiago of Mr. Iván Torrealba Acevedo on December 21, 2017, Record No. 22,483-2017, modified by public deed executed at the same Notary's Office on January 15, 2018, Record No. 813-2018.

The Complementary Deed of the AD Series was granted in the Notary's Office of Santiago of Mr. Iván Torrealba Acevedo on March 12, 2018, Record No. 4.192-2018 (hereinafter, the "Complementary Deed").

4.2 Registration in the Securities Registry

The Line was registered in the Securities Registry under number 887, on February 13, 2018.

4.3 Mnemonic Code

Series AD: BAGUA-AD

4.4 Characteristics of the Issuing

4.4.1 Issuing by fixed amount or by line of debt securities

Bond Line.

4.4.2 Maximum amount of the issuing

The maximum amount of the present issue per Line will be the equivalent in Pesos to **4,000,000 Unidades de Fomento**, whether each placement made with a charge to the Line is in Unidades de Fomento or Pesos.

If issuings were made in Pesos with a charge to the Line, the equivalence in Unidades de Fomento will be determined according to the value of the Unidad de Fomento at the date of the respective Complementary Deed. In any event, the amount placed in UF may not exceed the authorized amount of the Line at the date of commencement of the placement of each Issuing. The foregoing is notwithstanding that, with the prior agreement of the Board of Directors of the Company, and within the 10 business days prior to the maturity of the Notes, the Issuer may make a new placement within the Line, for an amount of up to 100% of the maximum authorized amount of the Line, to finance exclusively the payment of the instruments that are about to mature.

Bonds issued against the Line may be placed in the general market, dematerialized pursuant to the provisions of Article eleven of the DCV Law and may be expressed in Pesos or Unidades de Fomento and will be payable in Pesos or their equivalent in Pesos, all as established in the respective Complementary Deeds. The nominal amount of capital of all issues charged to the Line will be determined in the respective Complementary Deeds together with the amount of the outstanding balance of the valid Bonds previously placed that correspond to other issuing charged to the Line, for which purpose the value of the Unidad de Fomento must be maintained at the date of the respective Complementary Deed that agreed upon the issuing. In those cases in which the Bonds are issued in Pesos, in addition to indicating the nominal amount of the new issuing and the unpaid balance of the previous issuings in Pesos, their equivalent in Unidades de Fomento will be established, for which purpose the value of the Unidad de Fomento will be valued at the date of the respective Complementary Deed.

Reduction of the amount of the Line and/or of one of the issuings charged to it.

The Issuer may waive the issuing and placement of the total amount of the Line and, in addition, reduce its amount to the equivalent of the nominal value of the Bonds issued against the Line and placed at the date of waiver, with the express authorization of the Representative of the Bondholders. This waiver and the consequent reduction in the nominal value of the Line must be evidenced by a public deed and communicated to DCV and the CMF. From the date on which such modification is registered with the Commission, the amount of the Line will be reduced to the amount actually placed. The Bond Holders' Representative and the Issuer shall be deemed to have the right to attend, together with the Issuer, the granting of the public deed in which the nominal value of the Line is reduced, and may agree with the Issuer on the terms of such deed without the need for prior authorization from the Board of Bond Holders.

4.4.3 Maturity term of the Line

The Bond Line has a maximum maturity term of 30 years from the date on which it is registered in the Securities Registry of the Commission, within which all obligations to pay the different issuings of Bonds made under this Line must be paid. Notwithstanding the foregoing, the last issue of Bonds corresponding to this Line may have payment obligations that mature after the end of the ten-year term, provided that it is recorded that the instrument or security of the issue is the last issue of the ten-year Line.

4.4.4 Bearer, to order or registered bonds

Bonds issued with charge on the Line will be Bearer Bonds.

4.4.5 Materialized or dematerialized bonds

The bonds will be dematerialized.

4.4.6 Procedure in the event of extraordinary amortization

A.- General

Unless otherwise stated for one or more series in the respective Supplementary Deeds, the Issuer may redeem in advance, in whole or in part, the bonds issued against the Line at any time / whether it is an interest payment or capital amortization date/ as of the date indicated in each Supplementary Deed for the respective series. In such a case, such early redemption will be governed by the following provisions.

The respective Complementary Deed will specify whether the Bonds of the respective series will have an extraordinary amortization option. If they do, the Bonds will be redeemed at a value equal to:

a) the unpaid balance of their capital or,

b) the higher value between /i/ the unpaid balance of the capital and /ii/ the sum of the present values of the remaining interest and amortization payments set forth in the respective Development Table, excluding accrued interest not paid up as of the date of prepayment, discounted at the Prepayment Rate.

In all cases, accrued interest not paid at the date of early redemption will be added together. Interest and readjustments on early redemption of the Bonds will cease and will be payable from the date when the redemption is carried out.

B.- Redemption Procedure

(i) In the event that a portion of the Bonds is redeemed early, the Issuer will conduct a Notary Draw to determine which of the Bonds will be redeemed. For this purpose, the Issuer must publish a notice in the Newspaper and must notify the Bond Holders' Representative and the DCV in a letter delivered at their addresses by a Notary Public at least 15 Bank Business Days prior to the date of the draw. Such notice must indicate the amount to be redeemed in advance, the Notary Public before whom the draw will be held, the day, time and place in which it will take place and, if applicable, the mechanism for calculating the Prepayment Rate, or else, a reference to the way of calculating it found in the definition of "Prepayment Rate" in Clause One, numeral Three of the Bond Issuing Agreement, and the time at which the Prepayment Rate will be communicated to the Bond Holders' Representative. The Issuer, the Representative and the Bond Holders who wish to attend the draw may do so. The early redemption procedure will not be invalidated if some of the above-mentioned persons do not attend the draw. On the day of the draw, the Notary Public will draw up a certificate of the proceeding, in which the number and series of the Bonds drawn will be recorded. The minutes shall be recorded in the public deed records of the Notary Public before whom the draw was held. The draw must be made at least 30 days before the date on which the early redemption is to take place. Within 5 days following the draw, a list of the Bonds that will be redeemed in advance according to the draw, with the number and series of each of them, will be published only once in the newspaper.

(ii) In the event that the early redemption covers all the outstanding Bonds, a notice indicating this fact will be published in the newspaper only once. This notice must be published at least 30 days before the date of the early redemption.

(iii) In the case of both partial and total extraordinary redemption of the bonds, the notice shall state: (y) the individual value of each of the bonds to be redeemed, in the event that the Bonds are redeemed at a value equal to the outstanding balance of their capital amount, or (z) the mechanism for calculating the Prepayment Rate, or a reference to the clause in the Share Agreement establishing how the Prepayment Rate is to be determined, if applicable. Also, and if appropriate, the notice must contain the time and date in which the Prepayment Rate will be communicated to the Representative of the Bondholders and the series of Bonds that will be extraordinarily amortized, as well as the time and date in which the redemption will be made.

(iv) The Issuer must send a copy of such notice to the Bond Holders' Representative and to the DCV in a letter delivered at their addresses by a Notary Public at least 15 Bank Business Days prior to the date of the early redemption.

(v) If the payment date on which the extraordinary redemption is to be made is not a Bank Business Day, it shall be held on the first following Bank Business Day.

(vi) The indexation/adjustments /in the case of Bonds expressed in Unidades de Fomento/ and the interest of the Bonds drawn or of the Bonds extraordinarily amortized, shall cease and will be payable from the date on which the corresponding amortization is made. The information in this item (vi) regarding the payment of interest and indexation of the Bonds drawn or of the Extraordinary Amortized Bonds, must be indicated in the notice referred to in the aforementioned items (i) and (ii).

4.4.7 Guarantees

The Bonds issued against the Line will not be guaranteed.

4.4.8 Use of the Funds

a) General use of the funds

The proceeds from the placement of the bonds issued under this line will be used to: (i) pay and/or prepay the short-term or long-term liabilities of the Issuer and/or its subsidiaries, regardless of whether they are denominated in local or foreign currency and/or (ii) finance the investments of the Issuer and/or its subsidiaries. The funds may be used exclusively for one of these two purposes, or simultaneously for both, and in the percentages indicated in the respective Supplementary Scriptures.

b) Specific use of the funds

The funds from the placement of the AD Series will be allocated in: /i/ The Issuer's M, P, Q, Q, R, S, U, V, W, X, Z and AA series of bonds during the year two thousand and eighteen, approximately forty-eight percent, to the payment of coupons as well as the payment of the Series J bonds maturing on December 1, two thousand and eighteen; and /ii/ the remaining fifty-two percent, to the financing of the investments related to the raw water works that the Issuer is carrying out in the municipality of Pirque.

4.4.9 Risk classifications

The risk classifications of the Bond Line of Series AD are as follows:

Fitch Chile Limited Risk Rating: AA+ (stable outlook).

ICR Risk Rating Company Limited : AA+ (stable trend).

The Financial Statements used by both risk classifiers to make their respective classifications correspond to September 2017.

During the last 12 months neither the Issuer nor the Bond Line for which registration is sought through this prospectus have been subject to solvency ratings or similar by credit rating agencies other than those mentioned in this section 4.4.9.

4.4.10 Taxation Regime

The AD Series Bonds are subject to the tax regime established in article one hundred and four of the Income Tax Law contained in Decree Law Number eight hundred and twenty-four, of nineteen seventy-four and its amendments.

For these purposes, in addition to the Cover Rate, the Issuer shall determine, after each placement, a fiscal interest rate for the purposes of calculating the accrued interest, in the terms established in numeral one of the referred article one hundred and four. The tax rate will be reported by the Issuer to the CMF on the same day as the placement in question.

It is hereby recorded that for the purposes of the withholding of applicable taxes in accordance with article seventy-four of the Income Tax Law, the Bonds of the respective series or sub-series must be subject to the form of withholding indicated in numeral eight of said article.

Taxpayers without address or residence in Chile must hire or appoint a representative, custodian, intermediary, securities repository or other person with an address or incorporated in the country, who is responsible for complying with the tax obligations that affect them.

4.4.11 Specific characteristics of the issuing

Issuing amount to be placed

The AD Series considers Bonds for a nominal value of up to 4,000,000,000 Unidades de Fomento.

It is expressly stated that the Issuer may only place Bonds for a maximum total nominal value of 4,000,000 Unidades de Fomento, considering together the AD Series Bonds, issued by means of the Complementary Deed, as well as the AB Series Bonds and AC Series Bonds, issued through a complementary deed granted on March 12, 2018 at the Notary Office of Santiago de Mr. Iván Torrealba Acevedo, under document number 4.191-2018, charged to the 10-year Bond Line, issued by means of a public deed issued at the same Notary's office on December 21, 2017, under document number 22,484-2017, modified by a public deed issued at the same Notary's office on January 15, 2018, under document number 814-2018.

The AD Series Bonds will be denominated in Unidades de Fomento and, therefore, the amount thereof will be adjusted according to the variation in the value of the Unidad de Fomento, and must be paid in its equivalent in Pesos on the date of maturity of the respective coupon. For these purposes, publications of the value of the Unidad de Fomento published in the Official Gazette by the Central Bank of Chile pursuant to article thirty-five, number nine, of Law No. eighteen thousand eight hundred and forty, or by the body replacing or succeeding it for these purposes, will be deemed valid.

Series:

Series AD.

Amount of bonds:

Series AD: 8,000 Bonds.

Cortes:

Series AD: UF 500

Nominal value of the series:

Series AD: UF 4,000,000

Readjustable/Non Readjustable:

The AD Series Bonds will be denominated in Unidades de Fomento and, therefore, the amount thereof will be adjusted according to the variation in the value of the Unidad de Fomento, and must be paid in its equivalent in Pesos on the date of maturity of the respective coupon. For these purposes, publications of the value of the Unidad de Fomento published in the Official Gazette by the Central Bank of Chile pursuant to article thirty-five, number nine, of Law No. eighteen thousand eight hundred and forty, or by the body replacing or succeeding it for these purposes, shall be deemed valid.

Interest rate:

AD Series: AD Series Bonds will accrue, on the unpaid capital expressed in Unidades de Fomento, an annual compound interest of 2.80%, matured, calculated on the basis of equal semesters of 180 days, equivalent to 1.39030% semiannually.

Beginning Date of Interest Accrual and Readjustments:

Interest on AD Series Bonds will accrue as of March 15, 2018.

Development tables:

Series AD:

DEVELOPMENT TABLE

COMPANY Aguas Andinas S.A.
SERIES AD

Nominal Value UF 500
Bonds amount 8.000
Interests Semiannual
Interest accrual start date 15/03/2018
Maturity date 15/03/2043
Annual interest rate 2,8000%
Semiannual interest rate 1,3903%

Coupon	Interest Quota	Amortizations Quota	Maturity date	Interest	Amortization	Quota Value	Unpaid Balance
1	1	0	15/09/2018	6,9515	0,0000	6,9515	500,0000
2	2	0	15/03/2019	6,9515	0,0000	6,9515	500,0000
3	3	0	15/09/2019	6,9515	0,0000	6,9515	500,0000
4	4	0	15/03/2020	6,9515	0,0000	6,9515	500,0000
5	5	0	15/09/2020	6,9515	0,0000	6,9515	500,0000
6	6	0	15/03/2021	6,9515	0,0000	6,9515	500,0000
7	7	0	15/09/2021	6,9515	0,0000	6,9515	500,0000
8	8	0	15/03/2022	6,9515	0,0000	6,9515	500,0000
9	9	0	15/09/2022	6,9515	0,0000	6,9515	500,0000
10	10	0	15/03/2023	6,9515	0,0000	6,9515	500,0000
11	11	0	15/09/2023	6,9515	0,0000	6,9515	500,0000
12	12	0	15/03/2024	6,9515	0,0000	6,9515	500,0000
13	13	0	15/09/2024	6,9515	0,0000	6,9515	500,0000
14	14	0	15/03/2025	6,9515	0,0000	6,9515	500,0000
15	15	0	15/09/2025	6,9515	0,0000	6,9515	500,0000
16	16	0	15/03/2026	6,9515	0,0000	6,9515	500,0000
17	17	0	15/09/2026	6,9515	0,0000	6,9515	500,0000
18	18	0	15/03/2027	6,9515	0,0000	6,9515	500,0000
19	19	0	15/09/2027	6,9515	0,0000	6,9515	500,0000
20	20	0	15/03/2028	6,9515	0,0000	6,9515	500,0000
21	21	0	15/09/2028	6,9515	0,0000	6,9515	500,0000
22	22	0	15/03/2029	6,9515	0,0000	6,9515	500,0000
23	23	0	15/09/2029	6,9515	0,0000	6,9515	500,0000
24	24	0	15/03/2030	6,9515	0,0000	6,9515	500,0000
25	25	0	15/09/2030	6,9515	0,0000	6,9515	500,0000
26	26	0	15/03/2031	6,9515	0,0000	6,9515	500,0000
27	27	0	15/09/2031	6,9515	0,0000	6,9515	500,0000
28	28	0	15/03/2032	6,9515	0,0000	6,9515	500,0000
29	29	0	15/09/2032	6,9515	0,0000	6,9515	500,0000
30	30	0	15/03/2033	6,9515	0,0000	6,9515	500,0000
31	31	0	15/09/2033	6,9515	0,0000	6,9515	500,0000
32	32	0	15/03/2034	6,9515	0,0000	6,9515	500,0000
33	33	0	15/09/2034	6,9515	0,0000	6,9515	500,0000
34	34	0	15/03/2035	6,9515	0,0000	6,9515	500,0000
35	35	0	15/09/2035	6,9515	0,0000	6,9515	500,0000
36	36	0	15/03/2036	6,9515	0,0000	6,9515	500,0000
37	37	0	15/09/2036	6,9515	0,0000	6,9515	500,0000
38	38	0	15/03/2037	6,9515	0,0000	6,9515	500,0000
39	39	0	15/09/2037	6,9515	0,0000	6,9515	500,0000
40	40	0	15/03/2038	6,9515	0,0000	6,9515	500,0000
41	41	0	15/09/2038	6,9515	0,0000	6,9515	500,0000
42	42	0	15/03/2039	6,9515	0,0000	6,9515	500,0000
43	43	0	15/09/2039	6,9515	0,0000	6,9515	500,0000
44	44	0	15/03/2040	6,9515	0,0000	6,9515	500,0000
45	45	0	15/09/2040	6,9515	0,0000	6,9515	500,0000
46	46	0	15/03/2041	6,9515	0,0000	6,9515	500,0000
47	47	1	15/09/2041	6,9515	125,0000	131,9515	375,0000
48	48	2	15/03/2042	5,2136	125,0000	130,2136	250,0000
49	49	3	15/09/2042	3,4758	125,0000	128,4758	125,0000
50	50	4	15/03/2043	1,7379	125,0000	126,7379	0,0000

Date of Extraordinary Amortization:

The Issuer may redeem in advance all or part of the AD Series Bonds as of March 15, 2023.

AD Series Bonds will be redeemed at the larger value between /i/ the unpaid balance of their capital and /ii/ the sum of the present values of the remaining interest and amortization payments set forth in the AD Series Development Table included in this Prospectus, excluding accrued interest not paid up to the date of prepayment, discounted at the Prepayment Rate. In all cases, unpaid accrued interest at the date of early redemption shall be added together. Interest and readjustments on early redemption of the bonds will cease and will be payable from the date of redemption.

For purposes of calculating the Prepaid Rate, the Margin will be considered to be 70 base points.

Placement Period:

The term of placement of the AD Series will be 36 months, counted from the date of issuance of the official letter by which the Financial Market Commission authorizes the issuance of the AD Series Bonds. Bonds that are not placed within this period will be void.

4.4.12 Procedure for Convertible Bonds

These bonds will not be convertible into shares of the Issuer.

4.5 Certificate or receipts and Covenants in favor of Bond Holders**4.5.1 Obligations, limitations and prohibitions of the Issuer**

Until the Issuer has paid to the Holders the total capital and interest of the Bonds issued and placed under this Line, the Issuer will be subject to the following obligations, limitations and prohibitions, notwithstanding those applicable to it under the general regulations of the relevant legislation:

A.- As of March 31, 2017, to maintain at the end of each quarter of the Issuer's Financial Statements, a level of indebtedness not exceeding one point five times.

Notwithstanding the foregoing, the foregoing limit shall be adjusted in accordance with the ratio between the Consumer Price Index for the month in which the Level of Indebtedness is calculated and the Consumer Price Index for December two thousand nine.

For these purposes, the indebtedness The Issuer's Net Current Liabilities shall be defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts minus the "Cash and Cash Equivalents" account in its Financial Statements.

For the purposes of determining the aforementioned index, the Net Current Liabilities include the amount of all guarantees, simple or joint and several guarantees, joint and several co-debts or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee obligations of third parties, with the exception of: (i) those granted by the Issuer or its subsidiaries for obligations of other subsidiaries of the Issuer, (ii) those granted by subsidiaries of the Issuer for obligations of the Issuer and (iii) those granted to public institutions to ensure compliance with water utility legislation, the execution of works

in public spaces and the provision of technical advisory and inspection services for rural potable water projects.

In the Issuer's Financial Statements, the following shall be included in note sixteen entitled "Guarantees and Restrictions", letter b) "Restrictions on bond issuance", subparagraph i) "Aguas Andinas S.A.". A table containing all the information that will be used to calculate the Level of Indebtedness, including the additions by guarantees, simple or joint and several bonds, joint and several co-debt or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to guarantee third-party obligations, as well as the exceptions indicated in (i), (ii) and (iii) above. In addition, this note to the Financial Statements must include information on the variation in the limit of the Level of Indebtedness. For the foregoing purposes, the total Net Equity will correspond to the amount resulting from the difference between the Total Assets accounts and the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in the Issuer's Financial Statements.

The Level of Indebtedness as of September 30, 2017 is 1.49 times, according to the calculation shown in item 3.8 above.

B.- Send to the Bond Holders' Representative, within the same period in which they must be delivered to the Financial Market Commission, copies of its quarterly and annual Financial Statements; and of any other public information that the Issuer provides to said Commission. In addition, it must send the representative copies of the risk rating reports no later than 5 business days after receiving them from its private risk classifiers.

C.- Inform the Bond Holders' Representative, within the same period in which the Financial Statements must be delivered to the Financial Market Commission, of the fulfillment of the obligations contracted under the Issuance Agreement. Notwithstanding the foregoing, the Issuer undertakes to notify the Bond Holders' Representative of any circumstance involving a default or breach of the conditions or obligations it enters into under the Issuance Agreement as soon as the event or breach becomes known to it. It will be understood that Bond Holders will be duly informed of the Issuer's background through the reports provided by the Issuer to the Representative.

D.- Establish and maintain adequate accounting systems on the basis of IFRS standards or such others that the competent authority may determine; and make provisions for adverse contingencies that, in the opinion of the Issuer's management and external auditors, should be reflected in the financial statements of the Issuer and/or its subsidiaries. The Issuer must ensure that its subsidiaries comply with this paragraph.

In addition, it must hire and maintain an external audit firm of well known prestige, from among those registered in the relevant Commission Registry, for the examination and analysis of the Financial Statements of the Issuer and its subsidiaries, regarding which such firm must issue an opinion regarding the Financial Statements as of December 31st of each year.

Notwithstanding the foregoing, it is expressly agreed that: /i/ if the Commission's Financial Market Commission decides to amend the accounting regulations currently in force, replacing or modifying the IFRS standards or the criteria for valuing the assets or liabilities recorded in said accounting, and this affects one or more obligations, limitations or prohibitions included in the Issuance Agreement, hereinafter the "receipt or certificate", and/or /ii/ if the body empowered to define IFRS accounting standards modifies the valuation criteria established for the accounting items of the current Financial Statements, and this affects one or more of the receipts or certificates, as soon as the new provisions have been reflected for the first time in its Financial Statements, the Issuer must disclose these changes to the Bond Holders' Representative and request its external auditors to adapt the respective receipts or certificates to the new accounting situation. The Issuer and the Representative must amend the Issuance Agreement in order to adjust it to what the said auditors determine in their report,

and the Issuer must submit to the Financial Market Commission the request for this amendment to the Agreement, together with the respective documentation, within the same period of time as the Issuer submits to the Commission the Financial Statements subsequent to those that reflected the new accounting criteria for the first time. The foregoing shall not require the prior consent of the Board of Bond Holders, notwithstanding the above, the Representative shall inform the Bond Holders of any amendments to the Contract by publication in the newspaper within 20 days of the approval of the Financial Market Commission of the amendment of the Contract.

In the cases mentioned above, and until the Contract is modified in accordance with the previous procedure, the Issuer will not be considered to have breached the Contract when, as a consequence of such circumstances, the Issuer ceases to comply with one or more receipts or certificates. It is hereby stated that the purpose of the procedure indicated in this provision is to modify the Contract exclusively to adjust it to changes in the applicable accounting standards and, under no circumstance, as a result of changes in market conditions affecting the Issuer.

On the other hand, it will not be necessary to modify the Contract in the event that only the names of the accounts or items in the Financial Statements currently in force are changed and/or new groupings of said accounts or items are made, affecting the definition of the accounts and items referred to in the Issuance Contract and this will not affect one or more of the Issuer's receipts or certificates. In this case, the Issuer must inform the Bond Holders' Representative within 30 days from the date on which the new provisions are first reflected in its Financial Statements, accompanied by a report from its external auditors explaining how the definitions of the accounts and items described in the Issuance Agreement have been affected.

E.- Maintain insurance policies that reasonably protect its operating assets, including its headquarters, buildings, plants, inventory, furniture and office equipment and vehicles, in accordance with usual practices for industries of the Issuer's nature. The Issuer must ensure that its subsidiaries also comply with this paragraph.

F.- The Issuer undertakes to ensure that the transactions it carries out with its subsidiaries or with other related natural or legal persons, as defined in article one hundred of the Securities Market Law, are carried out under conditions of fairness similar to those normally prevailing in the market. There are no complementary supervisory powers for the Bond Holders or the Representative of the Bond Holders.

4.5.2 Maintenance, Replacement or Renewal of Assets

The Issuer may not dispose of or lose ownership of one or more of the Essential Assets, except in the case of contributions or transfers of Essential Assets to subsidiaries.

4.5.3 Increased Protection Measures

The Bond Holders, through the Bond Holders' Representative and with the prior agreement of the Bond Holders' Meeting, adopted with the quorum established in article 124 of the Securities Market Law, that is, with the absolute majority of the votes of the Bonds present at a Meeting constituted with the attendance of the absolute majority of the votes of the circulating Bonds issued with charge to this Line, on first call, or with those attending, in the second call, may make the unpaid capital, the readjustments and the interest accrued on all the Bonds issued under this Facility fully and in advance demandable, accepting, therefore, that all the obligations undertaken with regarding the Bondholders under this Bond Issuance Agreement shall be deemed to be in matured on the same date on which the Bond Holders'

Meeting adopts the respective agreement, in the event of one or more of the following events occurring and for as long as the bonds remain valid:

A.- If the Issuer defaults or is simply late in paying any interest or capital repayments on the Bonds.

B.- If the Issuer fails to comply with any of the obligations to provide information to the Bond Holders' Representative, as stated in letters B and C of section 4.5.1 above, and such situation is not remedied within 15 days from the date on which it is required to do so by the Representative.

C.- Persistence in the breach or infringement of any other commitment or obligation undertaken by the Issuer by virtue of the Issuance Agreement or its Complementary Deeds, for a period equal to or greater than 60 days, except in the case of the Level of Indebtedness defined in point 4.5.1(A) above, after the Bond Holders' Representative has sent the Issuer, by certified mail, a written notice describing the default or violation and require remediation. In the event of default or breach of the Level of Indebtedness defined in paragraph 4.5.1(A) above, this period shall be 120 days after the Bond Holders' Representative has sent the above-mentioned notice to the Issuer by registered letter. The Representative must send the Issuer the aforementioned notice, as well as the notice mentioned in letter B above, within the business day following the date on which the respective non-compliance or infringement of the Issuer was verified and, in any event, within the period established by the Commission by means of a general regulation issued in accordance with the provisions of article 109, letter b/, of the Securities Market Act, if the latter term is lower.

D.- If the Issuer does not remedy within 45 business days a situation of default or simple delay in the payment of money obligations for an accumulated amount greater than the equivalent of 6% of Total Assets as recorded in its last quarterly Financial Statements, and the date of payment of the obligations included in that amount has not been expressly extended. Such amount shall not include obligations that (i) are subject to lawsuits or litigation for obligations not recognized by the Issuer in its accounts; or, (ii) correspond to the price of construction or acquisition of assets whose payment the Issuer has objected to by any of the means that the law or the corresponding contract authorizes it to do so, for defects thereof or for the failure of the respective constructor or seller to fulfill its contractual obligations, and which is evidenced in writing. For the purposes of this item D, the exchange rate or parity used in the preparation of the respective quarterly financial statements will be used as the basis for conversion.

E.- If any other creditor of the Issuer legitimately collects from the Issuer the totality of a credit for a money loan subject to a term, by virtue of having exercised the right to advance the maturity of the respective credit for a cause of default by the Issuer contained in the contract that gives notice thereof. However, with the exception of cases where the total amount of the loan collected in advance, in accordance with the provisions of this letter, does not exceed the equivalent of 3% of the Issuer's Total Assets, as recorded in its latest quarterly Financial Statements.

F.- If the Issuer or any of its subsidiaries in which the Issuer holds an investment representing more than twenty percent of the Issuer's Total Assets is the subject of a Liquidation Resolution under the framework of a bankruptcy liquidation proceeding, or if the nullity or breach of a reorganization agreement is declared, all of the foregoing in accordance with the provisions of Law No. 20,720, Law of Reorganization and Liquidation of Assets of Companies and Persons, or is in notorious insolvency or makes any declaration by means of which it recognizes its inability to pay its obligations in the respective maturities, without any of these facts being remedied within a period of sixty days counted from the respective resolution, declaration or insolvency situation. For purposes of calculating the percentage represented by the Issuer's investment in its subsidiaries, the information contained in the "Consolidated

and Individual Financial Statements" note, or the one that replaces it, of the Issuer's Financial Statements shall be used. The aforementioned percentage shall be the ratio resulting from dividing: (a) the total assets of the respective subsidiary, which corresponds to the sum of the "Current assets" and "Non-current assets" accounts of the respective subsidiary, or the accounts that replace them, by (b) the "Total assets" account of the Issuer's Financial Statements.

G.- If any statement made by the Issuer in the securities to be granted or subscribed in connection with the compliance with the information obligations contained in the Issuance Agreement or its Supplementary Deeds, or those to be provided when issuing or registering the Bonds issued under this Line, is or will prove to be manifestly false or fraudulently incomplete.

H.- If the term of the Issuer's duration is modified to a date prior to the term of validity of the Bonds issued under this Line; or if the Issuer is dissolved early; or if its subscribed and paid capital is reduced for any reason that does not comply with the index mentioned in section 4.5.1(A).

I.- If the Issuer disposes of or loses ownership of one or more of the Essential Assets, except in the case of contributions or transfers of Essential Assets to subsidiaries.

J.- If in the future the Issuer or any of its subsidiaries grants real guarantees in new bond issues, or in any other money credit transaction or in any other existing or future credit or obligation, except in the following cases:

One. Guarantees created to finance, refinance or amortize the purchase price or costs, including construction costs, of assets acquired subsequent to the Issuance Agreement, provided that the respective guarantee is provided for the assets expressed;

Two. Guarantees provided by the Issuer to its subsidiaries or vice versa to secure obligations between them;

Three. Guarantees given by a company that subsequently merges with the Issuer;

Four. Guarantees on assets acquired by the Issuer subsequent to the Issuance Agreement, which are constituted prior to their purchase;

Five. Guarantees provided by the Issuer or its subsidiaries for obligations with public bodies; and

Six. Extension or renewal of any of the guarantees mentioned in points One to Five, inclusive, of this letter. However, the Issuer or its subsidiaries may always grant real guarantees in new bond issues or in any other transaction involving money credit or other credit if, prior to and simultaneously, they constitute guarantees at least proportionately equivalent in favor of the Holders of the Bonds issued under this Line. In this case, the proportionality of the guarantees will be qualified at each opportunity by the Representative of the Bond Holders, who, if he deems it sufficient, will contribute to the granting of the instruments constituting the guarantees in favor of the Bond Holders. For this purpose, the Bond Holders' Representative must request an opinion on the rating of the guarantees from an external audit firm registered in the relevant Register of the Financial Market Commission, the costs of which are borne by the Issuer. With the sole merit of a favorable opinion issued by the external audit firm consulted, and without the need for the Representative to review or validate its opinion, the Representative will attend the granting of the instruments constituting the guarantees in favor of the Holders. In case of lack of agreement between the Representative of the Bond Holders, based on an unfavorable opinion of the mentioned external auditing firm, and the Issuer, regarding the proportionality of the real guarantees, the matter shall be submitted to the

attention and decision of the arbitrator appointed in accordance with Clause Fifteen of the Issuance Contract, who shall resolve the matter with the powers set forth therein and the guarantees may not be constituted until the said arbitrator has issued his ruling thereon.

4.5.4 Eventual Merger, Division or Transformation of the Issuer and Creation of Subsidiaries

A.- Merger: In the event of the merger of the Issuer with one or more other companies, whether by creation or incorporation, the new company to be incorporated or the absorbing company, as the case may be, shall assume each and every one of the obligations imposed on the Issuer by the Issuance Agreement.

B.- Division: If the Issuer divides, all the companies arising from the division will be jointly and severally liable for the obligations stipulated in the Issuance Contract, notwithstanding the fact that among them it may be stipulated that the obligations to pay the Bonds will be proportional to the amount of the Total Equity of the Issuer assigned to each of them or any other proportion agreed upon.

C.- Transformation: If the Issuer alters its legal nature, all the obligations arising from the Issuance Contract will be applicable, without exception, to the transformed company.

D.- Creation of Subsidiaries: In the event of the creation of a direct subsidiary, this will not affect the rights of the Bond Holders or the obligations of the Issuer under the Issuance Agreement.

E.- Acquisition of Subsidiaries: In the even of the acquisition of a direct subsidiary, this will not affect the rights of the Bond Holders or the obligations of the Issuer under the Issuance Agreement.

5.0 DESCRIPTION OF THE PLACEMENT

5.1 Placement mechanism

The placement of the Bonds will be made through intermediaries using the method agreed upon by the parties, which may be firm, best effort or other. This may be done by means of one or all of the mechanisms allowed by the law, such as auction in the stock exchange, private placement, etc. Due to the dematerialized nature of the issue, i.e., the security exists in the form of an electronic record and not as a physical sheet, a custodian must be designated, which in this case is the Central Securities Repository S.A., which by means an electronic system of book entries, will receive the securities in deposit, and then register the placement by performing the corresponding electronic transfer.

The assignment or transfer of bonds, given their dematerialized nature, and the fact that they are deposited in the Central Securities Repository, the Deposit of Securities, shall be made by debiting the account of the transferor and crediting the account of the transferee, based on a written communication by electronic means that the interested parties deliver to the custodian. This communication to the DCV shall be sufficient to affect such a transfer.

5.2 Placers

BBVA Stock Brokers Limited (BBVA Corredores de Bolsa Ltda.).

5.3 Relationship with the placers

There is none.

6.0 INFORMATION TO THE BOND HOLDERS

6.1 Place of payment

Payments shall be made at the Banco de Chile office, in its capacity as Paying Bank, located at Ahumada 251, Santiago, during normal banking hours.

6.2 Way in which bond holders will be notified of the payments

Information will be provided through the Issuer's website, www.aguasandinasinversionistas.cl.

6.3 Financial reports and other information the Issuer will provide to Bond Holders

The Issuer must send the Bond Holders' Representative copies of its quarterly and annual Financial Statements and any other public information that the Issuer may provide to the Financial Market Commission within the same time period in which they are to be delivered to the Financial Market Commission. In addition, it must send copies of the risk rating reports no later than five business days after receiving them from its private classifiers.

The Issuer must send to the Bond Holders' Representative, together with copies of its consolidated quarterly and annual Financial Statements, a letter signed by its legal representative, certifying compliance with its obligations under the Issuance Agreement.

7.0 OTHER INFORMATION

7.1 Representative of the Bond Holders

Banco de Chile, with address at Ahumada 251, city and district of Santiago.

Contact: Cristóbal Larrain Santander

E-mail: clarrain@bancochile.cl

Telephone:(56 2) 22653 4604

7.2 On charge of custody

Not applicable.

7.3 Qualified expert(s)

Not applicable.

7.4 Extraordinary Administrator

Not applicable.

7.5 Relationship with the Representative of the bond holders, custodian, qualified expert(s) and extraordinary administrator.

Not applicable.

7.6 External legal advisors

Prieto Law Firm (Prieto Abogados)

7.7 External Auditors

Ernst & Young Professional Audit and Advisory Services Limited. (Ernst & Young Servicios Profesionales de Auditoría y Asesorías Limitada.)