

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS (“QIBs”) (WITHIN THE MEANING OF RULE 144A UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)) OR (2) NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this page, and you are advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE OFFERING MEMORANDUM AND THE OFFER OF THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD, OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (“EEA”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED, THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THE CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 (THE “PROSPECTUS REGULATION”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA, HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION. IN ADDITION, THE OFFERING MEMORANDUM AND THE OFFER OF THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD, OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “EUWA”); (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT THE INSURANCE DISTRIBUTION DIRECTIVE, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF THE PROSPECTUS REGULATION AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PROSPECTUS REGULATION”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY THE PRIIPS REGULATION AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION. IN THE UNITED KINGDOM THE OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO QUALIFIED INVESTORS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLES 19(5) AND 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS “RELEVANT PERSONS”). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EEA OTHER THAN THE UNITED KINGDOM, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. IN ADDITION, NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY, WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”), RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE NOTES OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO US.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States. This offering memorandum is being sent at your request and, by accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act) and that the electronic mail address that you gave us and to which this offering memorandum has been delivered is not located in the United States, and (2) that you consent to delivery of such offering memorandum by electronic transmission.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchaser or any affiliate of the initial purchaser is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchaser or such affiliate on behalf of the issuer in such jurisdiction.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the initial purchaser, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between this offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchaser.

U.S.\$1,098,618,000

Alfa Desarrollo SpA

(organized as a stock corporation (sociedad por acciones) under the laws of the Republic of Chile)

4.550% Senior Secured Notes due 2051

Alfa Desarrollo SpA (the “Issuer”), a corporation (*sociedad por acciones*) duly organized and validly existing under the laws of the Republic of Chile (“Chile”), is offering U.S.\$1,098,618,000 aggregate principal amount of its 4.550% Senior Secured Notes due 2051 (the “Notes”). The Issuer will pay interest on the Notes semi-annually in arrears on March 27 and September 27 of each year, commencing on March 27, 2022. Principal on the Notes will be payable semi-annually on the same date as interest commencing on March 27, 2022, as described in this offering memorandum. The final maturity of the Notes is September 27, 2051. See “Description of the Notes.”

The Issuer is an indirect, wholly-owned subsidiary of certain investment funds managed by Celeo Redes, S.L.U. (“Celeo Redes”) and APG Energy & Infra Investments, S.L. (“APG”), formed in connection with the expected acquisition by Celeo Redes and APG of Colbún Transmisión S.A. (“Colbún Transmisión”), as more fully described elsewhere in this offering memorandum (the “Acquisition”).

The Issuer intends to use the proceeds from the issuance of the Notes to (1) finance most of the Acquisition Date Purchase Price and the Colbún Transmisión Indebtedness Owed to Colbún (as such terms are defined elsewhere in this offering memorandum), subject to certain purchase price adjustments provided in the SPA, including changes in the total working capital and net debt of Colbún Transmisión, and (2) pay transaction costs and expenses in connection with the Acquisition and the offering of the Notes. See “Use of Proceeds.”

If the issuance of the Notes occurs before the consummation of the Acquisition, except as provided herein, the Issuer will deposit the net proceeds from this offering into an escrow account until the date the Issuer delivers an officer’s certificate and certain other documentation certifying that the escrow conditions are satisfied. The Escrow Conditions (as defined elsewhere in this offering memorandum) include, among other things, the satisfaction or waiver of all the conditions required for the consummation of the Acquisition. If the Acquisition is consummated on or prior to the date that is 180 days from the Issue Date (as defined elsewhere in this offering memorandum) (such date, the “Redemption Deadline”) and the other Escrow Conditions are satisfied, the amounts held in the Escrow Account (as defined elsewhere in this offering memorandum) will be released to, and used by, the Issuer to finance the Acquisition as described in this offering memorandum. If (i) the Acquisition and the other conditions to the release of the amounts in the Escrow Account set forth in the Escrow Agreement have not occurred or (ii) the SPA (as defined elsewhere in this offering memorandum) is terminated, in each case, on or prior to the Redemption Deadline, the Notes will be subject to a special mandatory redemption at a redemption price equal to 101% of the aggregate principal amount of the Notes plus accrued and unpaid interest thereon to, but not including, the Redemption Date (as defined elsewhere in this offering memorandum) (the “Special Mandatory Redemption”). Following such Special Mandatory Redemption, any amounts remaining in the Escrow Account would be returned to the Issuer. See “Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.”

After the Acquisition Effective Date, on the Colbún Transmisión Joinder Date (each as defined elsewhere in this offering memorandum), the Notes will be fully, unconditionally, jointly and severally guaranteed (the “Note Guarantee”) on a senior secured basis, by Colbún Transmisión, a direct subsidiary of the Issuer, until it merges with and into the Issuer, after which the Issuer will assume all assets and liabilities of Colbún Transmisión, and, thereafter, by each additional Restricted Subsidiary (as defined elsewhere in this offering memorandum) that the Issuer may form or acquire from time to time in accordance with the terms of the Indenture (together with Colbún Transmisión, the “Guarantors”). It is expected that, as of the Acquisition Effective Date, the Issuer will have no Restricted Subsidiaries other than Colbún Transmisión.

The Notes and any Note Guarantee will be the direct and unconditional senior secured obligations of the Issuer and the Guarantors, will rank *pari passu* in right of payment with all of the Issuer’s and each Guarantor’s existing and future senior secured obligations (other than obligations preferred by statute or by operation of law) and certain other permitted debt, senior in priority of payment to all present and future unsecured obligations (to the extent of the value of the collateral securing the Notes and any such Note Guarantee (the “Collateral”) and any such Note Guarantee) or subordinated obligations and effectively subordinated to all of the Issuer’s or each Guarantor’s future indebtedness secured by liens on assets that do not secure the Notes, to the extent of the value of the assets securing such indebtedness. On the Colbún Transmisión Joinder Date, the Notes and the Note Guarantee will be secured by the security interests over all the shares or equity interests of the Issuer and over all the equity interests of Colbún Transmisión and, subject to certain Permitted Liens (as defined elsewhere in this offering memorandum), certain assets of Colbún Transmisión as described in this offering memorandum. The Collateral securing the Notes and the Note Guarantee will also secure other indebtedness to be entered into on the Release Date in connection with the Acquisition and may also secure additional indebtedness incurred in the future, subject to certain conditions described herein. The Note Guarantee and security interests will be subject to contractual and legal limitations under relevant local laws and may be released under certain limited circumstances. See “Description of the Notes—Note Guarantees” and “Description of the Notes—Intercreditor Agreement—Sharing; Collateral.”

The Notes may be redeemed, at the Issuer’s option, in whole or in part, on any date prior to March 27, 2051 at a redemption price based on a “make-whole” premium and, on or after March 27, 2051, at a redemption price equal to 100% of the principal amount of the Notes being redeemed, in each case, plus accrued and unpaid interest and any additional amounts related thereto, to, but not including, the date of redemption. In addition, if certain changes in applicable tax law occur, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the then-outstanding principal amount of the Notes, plus accrued and unpaid interest to, but excluding, the date of redemption, plus any additional amounts related thereto. See “Description of the Notes—Redemption of the Notes—Optional Redemption—Optional Redemption with Make-Whole Premium,” “—Optional Redemption without Make-Whole Premium,” and “—Optional Redemption for Changes in Tax.” Upon the occurrence of certain casualty events, certain expropriation events, the termination of Dedicated Contracts (as defined elsewhere in this offering memorandum), the failure to satisfy distribution conditions for four consecutive periods and certain asset dispositions, the Issuer will be required to offer to purchase the Notes at a purchase price equal to 100% of the portion of the outstanding principal balance represented by the Notes to be repurchased, plus all accrued and unpaid interest thereon, to but excluding the purchase date, plus any additional amounts (but without payment of any premium). See “Description of the Notes—Offers to Purchase Notes under Certain Circumstances.” The Issuer is also mandatorily required to redeem the Notes under certain circumstances. See “Description of the Notes—Mandatory Redemption,” “Description of the Notes—Mandatory Redemption—Purchase Price Adjustment Reimbursement Redemption,” and “Description of the Notes—Mandatory Redemption—Target Note Balance Cash Sweep Mandatory Redemption.” Upon the occurrence of a Change of Control Ratings Downgrade Event (as defined elsewhere in this offering memorandum), the Issuer will be required to offer to purchase the Notes at a purchase price equal to 101% of the portion of the outstanding principal balance represented by the Notes to be repurchased, plus all accrued and unpaid interest thereon, to but excluding the purchase date, plus any additional amounts. See “Description of the Notes—Repurchase Upon a Change of Control Ratings Downgrade Event.” Upon the occurrence of an Acceleration Event (as defined elsewhere in this offering memorandum) or following the exercise of remedies pursuant to a Remedies Instruction (as defined elsewhere in this offering memorandum) all proceeds realized in connection therewith must be applied to pay the holders of the Notes and other required amounts in accordance with the priority set forth in the Indenture. See “Description of the Notes—Intercreditor Agreement—Allocation of Collateral Proceeds.”

There is currently no public market for the Notes. Approval in-principle has been received for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective consolidated subsidiaries and associated companies (if any), the Notes or the Note Guarantee. The Notes will be traded on the SGX-ST in a minimum bond lot size of U.S.\$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. We cannot assure you that the Notes will receive final approval or will remain listed.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 59.

The Notes and the Note Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). Prospective purchasers are hereby notified that the sellers of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfers of the Notes, see “Plan of Distribution” and “Transfer Restrictions.”

The Notes may not be offered or sold, directly or indirectly, by means of a “Public Offer” (as defined under Law No. 18,045, as amended (the “Chilean Securities Market Law”) in Chile or to any resident in Chile, except as permitted by applicable Chilean law. The Notes will not be registered under Chilean Securities Market Law with the Financial Market Commission (*Comisión para el Mercado Financiero*, the “CMF”) and, accordingly, the Notes may not and will not be offered or sold to persons in Chile except in circumstances which have not resulted and will not result in a public offering under Chilean law, and in compliance with Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, as amended by Rule (*Norma de Carácter General*) No. 452 dated February 22, 2021, both issued by the CMF (“CMF Rule 336”). Pursuant to CMF Rule 336, the Notes may be privately offered in Chile to certain “qualified investors,” identified as such therein (which in turn are further described in Rule No. 216, dated June 12, 2008, of the CMF) and in compliance with regulations applicable to such investors.

Price for Notes: 100.000% plus accrued interest, if any, from September 20, 2021

We expect that delivery of the Notes will be made to investors in book-entry form through the facilities of The Depository Trust Company (“DTC”), for the accounts of its direct and indirect participants, including Euroclear Bank S.A. /N.V., as operator of the Euroclear System (“Euroclear”), and Clearstream Banking, *société anonyme* (“Clearstream”), on or about September 20, 2021.

Sole Global Coordinator and Joint Book-Runner

J.P. Morgan

Joint Book-Runners

Citigroup

Santander

SMBC Nikko

The date of this offering memorandum is September 9, 2021.

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In this offering memorandum, unless otherwise specified or the context requires otherwise, references to (1) “Issuer,” “Alfa” or “Buyer” are to Alfa Desarrollo SpA, a stock corporation (*sociedad por acciones*) incorporated under the laws of the Chile; (2) “Colbún Transmisión” are to Colbún Transmisión S.A., a closely held stock corporation (*sociedad anónima cerrada*) duly organized and validly existing under the laws of Chile, registered with the CMF in the Special Informing Entities Registry (*Registro Especial de Entidades Informantes*) under No. 264; (3) “Obligors” are to the Issuer and, after the Acquisition Effective Date, Colbún Transmisión; (4) “Celeo Redes” are to Celeo Redes, S.L.U.; (5) “APG” are to APG Energy & Infra Investments, S.L.; (6) “Sponsors” are to Celeo Redes and APG; (7) “Colbún” are to “Colbún S.A.,” an open stock corporation (*sociedad anónima abierta*) duly organized and validly existing under the laws of Chile; and (8) “Sellers” are to Colbún S.A. and Colbún Desarrollo SpA, each of which is individually referred to as “Seller.” The terms “we,” “us” and “our” are to the Issuer and Colbún Transmisión. The term “United States” refers to the United States of America. The term “Chile” refers to the Republic of Chile. In this offering memorandum, references to the “Initial Purchasers” are to J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Santander Investment Securities America, Inc. and SMBC Nikko Securities America, Inc.

This offering memorandum has been prepared solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. You are not authorized to distribute this offering memorandum to any person other than a person retained to advise you with respect to a purchase. Each prospective purchaser, by accepting delivery of this offering memorandum, agrees to the foregoing stipulations.

This offering memorandum is based on information provided by us and other sources that we believe to be reliable. After having made all reasonable inquiries, we confirm that the information contained in this offering memorandum is true and correct in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held, that there are no other facts the omission of which would make this offering memorandum as a whole misleading, and that we accept responsibility for this offering memorandum accordingly. This offering memorandum summarizes certain documents and other sources of information, and we refer prospective purchasers of the Notes to those sources for a more complete understanding of the information contained therein. Copies of certain documents referred to herein will be made available to prospective purchasers, free of charge, upon request to us, or at the office of the principal paying agent and any other paying agent.

By purchasing the Notes, prospective purchasers will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading “Transfer Restrictions” in this offering memorandum. The Notes will bear a legend referring to the transfer restrictions. As a prospective purchaser of the Notes, you should be aware that you may be required to bear the financial risks of your investment in the Notes for an indefinite period of time. Please refer to the sections in this offering memorandum entitled “Plan of Distribution” and “Transfer Restrictions.”

There is currently no market for the Notes and there can be no assurance that one will develop or, if one develops, that it will continue. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST.

You hereby acknowledge that you have been afforded an opportunity to request from us, and have received, all information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained herein, and that you have had the opportunity to review all the documents described herein.

In making an investment decision with respect to the Notes, you must rely on your own examination of our business and the terms of the offering, including the merits and risks involved. You should not construe anything in this offering memorandum as legal, business, accounting, regulatory or tax advice. Before investing in the Notes, you should consult with your own business, legal, accounting, regulatory and tax advisors to determine the appropriateness and consequences of an investment in the Notes in your specific circumstances and arrive at an independent evaluation of the investment based upon, among other things, your own views as to the risks associated with the Notes or us.

If your investment authority is subject to legal restrictions, you should consult your legal advisors to determine whether and to what extent the Notes constitute legal investments for you. Neither we nor any of the Initial Purchasers is making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations.

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

None of the CMF, the U.S. Securities and Exchange Commission (“SEC”), any state securities commission or any other regulatory authority in the United States has approved or disapproved the Notes, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The Notes and the Note Guarantee will not be registered under the Securities Act or any state securities laws in the United States. Therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold in the United States only to QIBs in accordance with Rule 144A and outside the United States to non-U.S. persons in accordance with Regulation S. Prospective purchasers of the Notes in the United States that are QIBs are hereby notified that we may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Neither the Initial Purchasers nor their agents have independently verified the information contained in this offering memorandum and make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or future. We have furnished the information contained in this offering memorandum.

Section 309B Notification—The Issuer has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “IDD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

NOTICE TO INVESTORS IN CHILE

THE FOLLOWING INFORMATION IS PROVIDED TO PROSPECTIVE INVESTORS PURSUANT TO CMF RULE 336:

1. DATE OF COMMENCEMENT OF THE OFFER: SEPTEMBER 1, 2021. THE OFFER OF THE NOTES IS SUBJECT TO CMF RULE (*NORMA DE CARÁCTER GENERAL*) No. 336, DATED JUNE 27, 2012, AS AMENDED, ISSUED BY THE CMF.

2. THE SUBJECT MATTER OF THIS OFFER ARE SECURITIES NOT REGISTERED WITH THE SECURITIES REGISTRY (*REGISTRO DE VALORES*) OR THE FOREIGN SECURITIES REGISTRY (*REGISTRO DE VALORES EXTRANJEROS*) KEPT BY THE CMF. AS A CONSEQUENCE, THE NOTES ARE NOT SUBJECT TO THE OVERSIGHT OF THE CMF.

3. SINCE THE NOTES ARE NOT REGISTERED IN CHILE, THE ISSUER IS NOT OBLIGED TO PROVIDE PUBLIC INFORMATION ABOUT THE NOTES IN CHILE.

4. THE NOTES SHALL NOT BE SUBJECT TO PUBLIC OFFERING IN CHILE UNLESS REGISTERED WITH THE RELEVANT SECURITIES REGISTRY KEPT BY THE CMF.

NOTICE TO INVESTORS IN CERTAIN COUNTRIES

For information for investors in certain countries, see “Plan of Distribution” and “Transfer Restrictions.”

AVAILABLE INFORMATION

While any Securities remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of Securities, the information required pursuant to Rule 144A(d)(4)(i) under the Securities Act, during any period in which we (1) are not subject to, and in compliance with, Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), or (2) become exempt from such reporting requirements pursuant to, and in compliance with, Rule 12g3-2(b) of the Exchange Act (as amended from time to time and including any successor provision).

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. See “Listing and General Information.”

GLOSSARY OF CERTAIN DEFINED TERMS

AEIR.....	Adjustment for the Effect of the Corporate Income Tax Expense (<i>Ajuste por Efecto de Impuesto a la Renta</i>).
Acquisition	Acquisition by the Issuer, directly or indirectly, of all of the shares issued in the share capital of Colbún Transmisión from the Sellers in accordance with the terms of the SPA.
AVI.....	<p>Annual Investment Value (<i>Anualidad del Valor de Inversión</i>) is an annual fee payable by consumers to transmission companies in monthly installments. Transmission companies receive a separate AVI per facility.</p> <p>The AVI is calculated for each facility based on the following components:</p> <ol style="list-style-type: none"> (1) the VI of such facility, (2) a discount rate established by the CNE, which ranges from 7% to 10% after taxes, and (3) the service life of such facility, which is a fixed number of years established by the CNE based on the type of facility (e.g., transmission line, substation or transformer), <p>each of which is subject to certain parameters set forth under the Chilean Electricity Law.</p>
Black & Veatch	Black & Veatch Management Consulting, LLC.
CAGR.....	Compound annual growth rate.
CEN.....	The coordinator of the National Electric System (<i>Coordinador Independiente del Sistema Eléctrico Nacional</i>) is an autonomous authority with powers to coordinate the operation of the SEN (as defined below) and the operation of generation assets to satisfy the electricity demands of the Chilean electricity system. The CEN replaced the Economic Load Dispatch Center (<i>Centro de Despacho Económico de Carga</i> , “CDECs”) in 2017.
Central Bank of Chile.....	Chilean Central Bank (<i>Banco Central del Chile</i>).
Central Bank Compendium	Compendium of Foreign Exchange Regulations (<i>Compendio de Normas de Cambios Internacionales</i>) of the Central Bank of Chile.
Chilean Bankruptcy Law	Law No. 20,720 published in 2014, as amended.
Chilean Electricity Law.....	Decree with Force of Law (<i>Decreto con Fuerza de Ley</i>) No. 4/20,018 of the Ministry of Economy, Development and Reconstruction, General Law of Electric Services (<i>Ley General de Servicios Eléctricos, contenida en el Decreto con Fuerza de Ley N° 4/2006, del Ministerio de Economía, Fomento y Reconstrucción</i>), as amended, including amendments made pursuant to the Chilean Transmission Law.
Chilean IPC	Consumer Price Index (<i>Índice de Precios al Consumidor</i>), as calculated and reported by the Chilean National Institute of Statistics (<i>Instituto Nacional de Estadísticas</i>).
Chilean Transmission Law	Law No. 20,936, published on July 20, 2016, which amended the Chilean Electricity Law, particularly with regard to electricity transmission regulations.

CMF	Financial Market Commission (<i>Comisión para el Mercado Financiero</i>) is a governmental entity in charge of regulating Chilean public companies, the local securities markets, the local insurance sector and the banking sector.
CNE.....	National Energy Commission (<i>Comisión Nacional de Energía</i>) is the governmental authority responsible for: (1) developing and coordinating plans, policies and standards for the energy industry, (2) overseeing and advising the Chilean government on energy matters, (3) calculating node prices, which are either (a) long-term tariffs applicable to Regulated Consumers, or (b) the short-term prices paid by generation companies, in each case for the sale of electricity, and (4) preparing four-year grid expansion plans in respect of the National and Zonal Transmission Systems.
COMA.....	Operation, maintenance and administration costs (<i>Costos de Operación, Mantenimiento y Administración</i>) payable by consumers to transmission companies that are determined in accordance with the parameters set by the Chilean Electricity Law.
Dedicated Contract.....	A privately negotiated contract between a Dedicated Customer, which may be a power generation company or Unregulated Consumer, and a transmission company, which establishes the terms and tariffs for transmission services in connection with assets in the Dedicated Transmission System.
Dedicated Customers.....	Unregulated Consumers and generation companies that have entered into Dedicated Contracts for the use of the Dedicated Transmission System.
Dedicated Transmission System ..	Dedicated Transmission System (<i>Sistema de Transmisión Dedicado</i>), defined in Article 76 of the Chilean Electricity Law, consists of all transmission lines and substations used to connect generation companies and Unregulated Consumers to the National and Zonal Transmission Systems. The Dedicated Transmission System allows generation companies to inject electricity into the SEN and Unregulated Consumers to withdraw electricity from the system to supply their energy needs. Under certain limited circumstances, Regulated Consumers may also use the Dedicated Transmission System.
Development Zone System	The Development Zone System (<i>Sistema de Transmisión para Polos de Desarrollo</i>) is defined in Article 75 of the Chilean Electricity Law and comprises all transmission lines and substations used for the transportation of energy generated from development zones, as defined under Chilean Law, to the National Transmission System. The Development Zone System aims at increasing the efficiency of energy transmission from development zones to different parts of Chile.
DTC.....	The Depository Trust Company.
Equator Principles	A risk management framework for determining, assessing and managing environmental and social risk in projects.
Experts Panel.....	Entity with powers to settle controversies between authorities and companies and between companies in the Chilean electricity sector, pursuant to the Chilean Electricity Law.
FERC.....	U.S. Federal Energy Regulatory Commission.

Financial Model.....	Certain unaudited projected financial data reviewed by the Independent Engineer, including forecasts, forward-looking statements, assumptions and estimates, beginning on page 7-1 of the Independent Engineer Report attached hereto as Appendix A.
Financing Transactions.....	The financing transactions in connection with the Acquisition and as specified in “The Transactions—The Financing Transactions.”
G&A	General and Administrative.
Gigawatt (GW)	One billion watts; a unit of power.
Gigawatt hour (GWh).....	One gigawatt of power supplies or demanded for one hour, or one billion watt-hours; a unit of energy.
IASB.....	International Accounting Standards Board.
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board.
INE	The Chilean National Institute of Statistics (<i>Instituto Nacional de Estadísticas de Chile</i>).
Independent Engineer.....	Black & Veatch.
Independent Engineer Report.....	Technical and Environmental Due Diligence Report, dated August 30, 2021, produced by the Independent Engineer at the request of Celeo Redes Chile Limitada.
Kilometer (km).....	One thousand meters; a unit of distance.
Kilovolt (kV)	One thousand volts; a unit of electric voltage.
Kilowatt (kW)	One thousand watts; a unit of power.
Kilowatt hour (kWh)	One kilowatt of power supplied or demanded for one hour, or one thousand watt-hour; a unit of energy.
Megawatt (MW)	One million watts; a unit of power.
Megawatt hour (MWh)	One megawatt of power supplied or demanded for one hour, or one million watt-hours; a unit of energy.
Ministry of Economy.....	The Chilean Ministry of Economy, Development and Tourism (<i>Ministerio de Economía, Fomento y Turismo</i>).
Ministry of Energy	The Chilean Ministry of Energy (<i>Ministerio de Energía</i>).
Ministry of Health	The Chilean Ministry of Health (<i>Ministerio de Salud</i>).
MVA.....	Megavolt Ampere; a unit of apparent power.
National Transmission System.....	National Transmission System (<i>Sistema de Transmisión Nacional</i>), defined in Article 74 of the Chilean Electricity Law, is the backbone of the SEN transmission system, with transmission lines distributed from Arica, in the north, to Chiloé, in the south of Chile. The flow of electricity in the National Transmission System is bidirectional, depending on supply and demand, and serves a wide and unspecified range of suppliers and consumers.
O&M	Operation and maintenance.
OECD.....	Organisation for Economic Cooperation and Development.

Permitted Merger	The corporate merger, subject to the laws of Chile, pursuant to which Colbún Transmisión is expected to merge with and into the Issuer, provided that, to the extent that such merger is consummated, the Issuer will be the surviving entity and will assume all assets, liabilities and obligations of Colbún Transmisión.
Project Decree	Decree by which the Ministry of Energy awards the right to develop, construct, own, operate and maintain a transmission project to a bidder, in accordance with Chilean Electricity Law.
RCA.....	Environmental Qualification Resolution (<i>Resolución de Calificación Ambiental</i>).
Regulation S	Regulation S of the Securities Act of 1933, as amended.
Regulated Consumers.....	Residential and small industrial and commercial electricity consumers with a connected capacity that is less than or equal to 5,000kW, subject to price regulation, except for such consumers with a connected capacity between 500 kW and 5,000kW that elect to be treated as Unregulated Consumers.
Regulated System	The National Transmission System and the Zonal Transmission System, collectively.
Rule 144A	Rule 144A of the Securities Act of 1933, as amended.
SDEC.....	Superintendence of Electricity and Fuels (<i>Superintendencia de Electricidad y Combustibles</i>), a governmental entity in charge of supervising the Chilean electricity market and of imposing administrative penalties upon breaches of applicable electric law and regulations, among other functions.
Securities Market Law.....	Law No. 18,045 published in 1981, as amended.
Securities Registry.....	Securities Registry pursuant to Article 5 of the Securities Market Law.
SEN	Chilean National Electric System (<i>Sistema Eléctrico Nacional</i>).
SG&A.....	Selling, general and administrative expenses.
Short Law	Law No. 19,940 published in 2004 as an amendment to the Chilean Electricity Law.
SIC.....	Central Interconnected Electricity System (<i>Sistema Interconectado Central</i>), Chile's former main interconnected power transmission grid, covering most of Chile except the North and the extreme South.
SING.....	Far North Electricity System (<i>Sistema Interconectado del Norte Grande</i>), Chile's former second largest power grid. It was mainly used by mining operations.
SGX-ST	Singapore Exchange Securities Trading Limited.
SMA	Environmental Enforcement and Compliance Superintendence (<i>Superintendencia de Medio Ambiente</i>), a governmental entity responsible for regulating, evaluating and enforcing activities that have potential environmental impact.
Substation	The combination of equipment that switches and changes or regulates the voltage of electricity in a transmission line or distribution facility.

Tariff Decree	Decree issued every four years by the Ministry of Energy to set the VATT applicable to each transmission facility in the National and Zonal Transmission System, except for new or upgraded facilities that were awarded pursuant to a Project Decree.
TFVS	Transmission Facilities Valuation Study, an assessment made by the CNE to establish tariffs in the electric system.
Transaction	The Acquisition and the Financing Transactions, collectively.
UF	Chilean Inflation-Indexed Unit (<i>Unidad de Fomento</i>) is a Chilean inflation-indexed <i>peso</i> -denominated monetary unit.
Urbanism and Construction General Law	Decree with Force of Law (<i>Decreto con Fuerza de Ley</i>) No. 458 of the Ministry of Housing and Urban Planning (<i>Ley General de Urbanismo y Construcciones, del Ministerio de Vivienda y Urbanismo</i>), published in 1976, as amended.
Unregulated Consumers	Consists of (1) Electricity consumers with a connected capacity of more than 5,000 kW who pay privately negotiated tariffs established in Dedicated Contracts, and (2) residential and small industrial and commercial electricity consumers with a connected capacity between 500 kW and 5,000kW that elect to be treated as Unregulated Consumers.
Unregulated System	Dedicated Transmission System.
U.S. CPI.....	Consumer Price Index, as calculated and reported by the Bureau of Labor Statistics of the United States Department of Labor.
VATT	Annual Transmission Value per Section (<i>Valor Anual de Transmisión por Tramo</i>), is an annual fee payable by consumers to transmission companies. For assets in the Regulated System, the VATT is calculated as the sum of AVI, COMA and AEIR. For most assets in the Dedicated Transmission System, the VATT is calculated as the sum of the AVI and COMA.
VI.....	Investment Value (<i>Valor de la Inversión</i>), defined by the Chilean Electricity Law, is the replacement value of transmission facility, calculated as the sum of the replacement values of the various components of a transmission facility (e.g., circuits and conductors) at current market prices.
Volt.....	The basic unit of electric force, equivalent to one joule of energy per coulomb of charge.
Watt	The basic unit of electrical power.
Zonal Transmission System	Zonal Transmission System (<i>Sistema de Transmisión Zonal</i>), defined in Article 77 of the Chilean Electricity Law, consists of transmission facilities that connect the National Transmission System with distribution concession areas, subject to open access obligations. See “Regulatory, Permits and Environmental Matters—Chilean Electricity Law—Power Transmission System.”

FORWARD-LOOKING STATEMENTS

This offering memorandum includes “forward-looking statements” within the meaning of the securities laws of certain applicable jurisdictions. The words “believe,” “anticipate,” “expect,” “intend,” “estimate,” “plan,” “assume,” “will,” “may,” “should” and other similar expressions, which are predictions of or indicate future events and future trends, identify forward-looking statements. In addition, this offering memorandum includes forward-looking statements relating to our potential exposure to various types of market risks, such as interest rate risk and foreign exchange rate risk. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in certain cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- the impact of the novel coronavirus (“COVID-19”) on business and economic conditions in Chile, Latin America and globally, as well as any restrictive measures imposed by governmental authorities to combat the pandemic;
- our ability to implement, in a timely and efficient manner, any measure necessary to respond to or mitigate the impacts of the COVID-19 pandemic on our business, operations, cash flow, prospects, liquidity and financial condition;
- legislative and regulatory changes (including any changes in taxation laws and regulations);
- actions and the timing of actions by legislative, legal, regulatory, governmental and environmental bodies in Chile and other countries, including actions relating to Chilean energy regulatory reforms and requirements and changes in the regulation of the energy sector in Chile;
- any delays in payments by, or contractual disputes with, significant customers;
- loss of significant suppliers or customers;
- reliance on energy infrastructure and services that we do not own or control;
- the accuracy of assumptions and estimates used in the preparation of the Independent Engineer Report included elsewhere in this offering memorandum, including the projections presented therein;
- the accuracy of the assumptions, estimates, projections and forward-looking statements included in the Financial Model presented in the Independent Engineer Report included elsewhere in this offering memorandum;
- early termination of contracts in case of material breaches, contract expirations or non-renewals before the maturity of the Notes;
- services, credit support and financing provided to us or our affiliates and third parties;
- the ability to win competitive bids for infrastructure projects against a number of strong competitors;
- wars, terrorist attacks, organized crime, weather conditions, natural disasters and catastrophic accidents;
- developments in energy markets, including the timing and extent of changes and volatility in commodity prices;
- the timing and success of maintenance, construction and other capital projects, including risks inherent in the ability to obtain, and the timing of granting of, permits, licenses and other authorizations;

- deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among regulated energy service providers and their stakeholders, including customers and shareholders and other providers, and delays in regulatory agency authorizations to recover costs through rates collected from customers;
- our ability to obtain, train and retain qualified personnel and third-party contractors;
- difficulties and delays in integrating Colbún Transmisión including through the Permitted Merger, which may result in us failing to achieve the anticipated benefits from the Acquisition in a timely manner or at all;
- risks posed by working with volatile and hazardous materials;
- the availability of electric power, natural gas and diesel, including disruptions caused by explosions and equipment failures;
- risks posed by attacks on, and cybersecurity threats to, the information and systems used to operate our businesses, the energy grid, natural gas storage and pipeline infrastructure and the confidentiality of our proprietary information and the personal information of our customers and employees;
- local, national and international economic, business and political developments, as well as social conditions and developments;
- government expropriation of assets, changes in contractual conditions and title and other property disputes;
- inflation, interest rates and exchange rates;
- temporary or permanent disruption of operations at our transmission lines due to acts of God, force majeure or other events outside of our control;
- capital markets and financial conditions, including the availability of credit and the liquidity of our investments, and inflation, interest and currency exchange rates;
- potential changes in regulation and free trade agreements as a result of the recent U.S. and Chilean presidential and congressional elections;
- risks posed by decisions and actions of third parties who control the operations of investments in which we do not have a controlling interest, and risks that our partners or counterparties will be unable (due to liquidity issues, bankruptcy or otherwise) or unwilling to fulfill their contractual commitments; and
- risks and uncertainties discussed under “Risk Factors” and elsewhere in this offering memorandum.

The forward-looking statements herein are based on a number of assumptions and/or estimates and are subject to known and unknown risks, uncertainties and other factors that may or may not occur in the future. As such, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we intend to operate, may differ materially from those expressed or implied by our forward-looking statements.

We urge you to read the sections of this offering memorandum entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business Overview” and “Regulatory, Permits and Environmental Matters” for a more complete discussion of the factors that could affect our future performance and the markets in which we intend to operate. The forward-looking statements herein speak only as of the date on which the statements were made. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

ENFORCEMENT OF CIVIL LIABILITIES

Chile

Service of Process and Enforcement of Civil Liabilities

Colbún Transmisión is a corporation (*sociedad anónima cerrada*) duly organized and validly existing under the laws of Chile. Substantially all of its directors, officers and controlling persons reside outside the United States. Substantially all of its assets and substantially all of the assets of its directors, officers and controlling persons are located outside the United States. As a result, except as explained below, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against us or them, in U.S. courts, judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

We have been advised by Carey y Cía. Limitada, our external Chilean counsel, that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments, except in case of arbitration in which arbitral awards may be enforced under the New York Convention (Recognition and Enforcement of Foreign Arbitral Awards, 1958). However, Chilean courts have enforced final judgments rendered by U.S. courts by virtue of the legal principles of reciprocity and comity, subject to review in Chile of any such U.S. judgment by the Chilean Supreme Court in order to ascertain whether certain basic principles of due process and public law and principles of public policy have been respected, without reviewing the merits of the subject matter. If a U.S. court grants a final judgment for the payment of money, enforceability of this judgment in Chile will be subject to obtaining the relevant exequatur (*i.e.*, recognition of enforceability of the foreign judgment) in a proceeding before the Chilean Supreme Court, according to Chilean civil procedure law in effect at that time and satisfying certain legal requirements. Currently, the most important of these requirements are (except when a treaty between the United States and Chile exists for the reciprocal enforcement of foreign judgments):

- the judgment will be enforced if there is reciprocity, as to the enforcement of judgments (*i.e.*, the relevant U.S. court would enforce a judgment of a Chilean court under comparable circumstances). If reciprocity cannot be proven, the foreign judgment will not be enforced in Chile;
- if reciprocity cannot be proven, the foreign judgment will be enforced, nonetheless, if: (i) it does not contain anything contrary to Chilean law, notwithstanding the differences in procedural rules; (ii) it is not contrary to Chilean jurisdiction and public policy; (iii) it has been duly served, although the defendant may prove that, for other reasons, he or she was prevented from using a defect in service of process as a defense; and (iv) it is final under the laws of the country where the judgment or arbitral award, as the case may be, was rendered. With respect to service of process, the Chilean Supreme Court has decided that, to determine that process was duly served, service should be considered valid in the jurisdiction where the case was decided and it can be proven that the defendant had actual knowledge of the suit; and
- in any event, the foreign judgment must not be contrary to the public policy of Chile or Chilean jurisdiction and must not affect in any way any property located in Chile, which are, as a matter of Chilean law, subject exclusively to the jurisdiction of Chilean courts.

If the exequatur is granted, then the judgment may be enforced by a lower court through a collection proceeding under the Chilean civil procedure law.

We have been advised by Carey y Cía. Limitada that there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely on the U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws. In addition, it may be necessary for investors to comply with certain procedures, including evidence of timely payment of stamp taxes (currently 0.8% of the value of the debt security), to file a lawsuit concerning the Notes in a Chilean court.

In addition, foreign judgments specifically related to properties located in Chile, including the attachment of liens on such properties, could be considered to violate Chilean law because such properties are subject exclusively to Chilean law and to the jurisdiction of Chilean courts.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

This offering memorandum includes the following financial information:

- Alfa Desarrollo SpA's audited financial statements as of and for the six-month period ended June 30, 2021, together with the notes thereto (the "Issuer Stand-Alone Financial Statements").
- Colbún Transmisión's audited interim financial statements as of and for the six-month period ended June 30, 2021, which includes comparative figures for the six-month period ended June 30, 2020, together with the notes thereto (the "2021 Audited Interim Financial Statements");
- Colbún Transmisión's audited financial statements as of and for the year ended December 31, 2020, which includes comparative figures as of and for the year ended December 31, 2019, together with the notes thereto and the independent auditor's report (the "2020 Audited Financial Statements");
- Colbún Transmisión's audited financial statements as of and for the year ended December 31, 2019, which includes comparative figures as of and for the year ended December 31, 2018, together with the notes thereto and the independent auditor's report (the "2019 Audited Financial Statements"); and

We refer to the 2021 Audited Interim Financial Statements, the 2020 Audited Financial Statements and the 2019 Audited Financial Statements collectively as "Colbún Transmisión's Financial Statements."

The Issuer Stand-Alone Financial Statements and Colbún Transmisión's Financial Statements have been prepared in accordance with IFRS as issued by the IASB.

The Acquisition

On March 30, 2021, the Buyer and the Sellers entered into a Share Purchase Agreement, as amended on April 20, 2021 and as may be further amended from time to time prior to the consummation of the Acquisition (the "SPA"), whereby the Sellers agreed to sell and the Buyer agreed to buy all of the outstanding shares of Colbún Transmisión. The consummation of the Acquisition is subject to customary closing conditions, including but not limited to the absence of a material adverse effect, as such term is defined in the SPA, obtaining regulatory approval and the delivery of closing certificates. On August 3, 2021, the Acquisition was approved by the Chilean Economic Prosecutor's Office ("*Fiscalía Nacional Económica*"). As of the date of this offering memorandum, we expect the Acquisition to close on or before September 30, 2021; however, we cannot assure you that the conditions to the closing will otherwise be met by that date or at all. The SPA contains customary termination provisions, including the option of the parties to terminate the SPA if the Acquisition has not closed on or prior to October 1, 2021. See "Summary—The Transactions—The Acquisition" and "The Transactions—The Acquisition" and "Risk Factors—Risks Related to the Acquisition—The Acquisition is subject to significant uncertainties and may not be consummated timely or at all, which may adversely affect our business, financial condition, results of operations and prospects."

Impact of the COVID-19 Pandemic

In early March 2020, the Chilean government, the Central Bank of Chile and the CMF announced a series of measures aimed at mitigating the effects that the COVID-19 pandemic might have on the Chilean economy. On March 19, 2020, the Chilean President announced a series of extraordinary economic relief measures aimed at protecting health, salaries and employment in light of the COVID-19 pandemic and its impact on the global economy. As COVID-19 has continued to affect the world, the Chilean government has further implemented additional social, economic and financial relief measures to support its citizens and its economy.

As of the date of this offering memorandum, the COVID-19 pandemic has not had a material adverse impact on the business of transmission companies, such as Colbún Transmisión, as these companies have maintained the

same level of operations and continue to receive the same revenues for their services. For further information, see “Summary—Recent Developments—Impact of the COVID-19 Pandemic.”

For additional information regarding the impact of the COVID-19 pandemic on us, see “Summary—Recent Developments—Impact of the COVID-19 Pandemic” and “Risk Factors—Risks Related to Chile—The COVID-19 pandemic and its impact on business and economic conditions may negatively affect our business, results of operations and financial condition.”

Special Note about Non-IFRS Financial Measures

In this offering memorandum, we present Adjusted EBITDA, Adjusted EBITDA Margin and working capital of Colbún Transmisión, each of which is a non-IFRS financial measure. We define Adjusted EBITDA as the net profit (loss) for the period before financial result, income tax expense and depreciation and amortization expense, where financial result is calculated as the sum of finance income, finance costs and foreign currency translation differences. We define Adjusted EBITDA Margin as Adjusted EBITDA *divided by* revenue for the period. We define working capital as current assets *minus* current liabilities. We present Adjusted EBITDA and Adjusted EBITDA Margin in this offering memorandum because we believe that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information regarding a company’s ability to service and incur indebtedness. We present working capital in this offering memorandum because we believe working capital is a useful tool to analyze short-term liquidity for any given period.

Management uses Adjusted EBITDA, Adjusted EBITDA Margin and working capital as measures of evaluating Colbún Transmisión’s performance, and we believe such measurements are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and similar financings. Adjusted EBITDA, Adjusted EBITDA Margin and working capital are not measurements of operating performance under IFRS and should not be considered a substitute for revenue, net profit, cash flows from operating activities or other income statement data, or as a measure of profitability or liquidity. Adjusted EBITDA, Adjusted EBITDA Margin and working capital do not necessarily indicate whether cash flow will be sufficient or available for cash requirements. Adjusted EBITDA, Adjusted EBITDA Margin, working capital and other related measures should be viewed as supplemental to Colbún Transmisión’s Financial Statements included elsewhere in this offering memorandum and may not be indicative of Colbún Transmisión’s historical operating results, nor are they meant to be predictive of potential future results. Because all companies do not calculate such measures identically, the presentation in this offering memorandum may not be comparable to similarly titled measures of other companies, and you are cautioned not to place undue reliance on such financial information.

For more information about non-IFRS measures related to Colbún Transmisión presented in this offering memorandum, see “Summary Historical Financial and Operating Data—Colbún Transmisión—Non-IFRS Financial Measures.” For a reconciliation of our Adjusted EBITDA, Adjusted EBITDA Margin and working capital, see “Summary Historical Financial and Operating Data—Colbún Transmisión—Non-IFRS Financial Measures—Reconciliation of Adjusted EBITDA, Adjusted EBITDA Margin and Working Capital.”

Currency Information

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to “\$,” “U.S.\$,” “U.S. dollars” and “dollars” are to United States dollars, references to “Chilean *pesos*,” “*pesos*” or “CLP\$” are to Chilean *pesos* and references to “UF” are to *Unidades de Fomento*, an inflation-indexed Chilean monetary unit with a value in Chilean *pesos* that changes on a daily basis to reflect changes in the Chilean IPC. The UF is calculated by the Central Bank of Chile and published monthly in the Official Gazette (*Diario Oficial of Chile*) and appears on Bloomberg page “CHUF.”

This offering memorandum contains certain translations of amounts in Chilean *pesos* into U.S. dollars at specified rates. Unless otherwise indicated and other than information derived from Colbún Transmisión’s Financial Statements prepared in U.S. dollars in accordance with IFRS, the U.S. dollar equivalent for information in Chilean *pesos* is based on the observed exchange rate reported by the Central Bank of Chile. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean *pesos*. On August 12, 2021, the observed exchange rate

for Chilean *pesos* was CLP\$773.01 to U.S.\$1.00. You should not construe these translations as representations that the amounts in Chilean *pesos* actually represent such dollar amounts or could be converted into U.S. dollars at the rates indicated or at any other rate. See “Exchange Rate Information” and “Exchange Controls.” Unless otherwise specified, references to the depreciation or the appreciation of the Chilean *peso* against the U.S. dollar are in nominal terms (without adjusting for inflation) based on the observed exchange rates published by the Central Bank of Chile for the relevant period.

Rounding

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

Industry and Market Data

We obtained information regarding production costs and estimated market shares from our own industry research and third parties, including the annual statistical compendium published by the CEN; public documents published by the CNE, the INE, the Chilean Generation Companies Association (*Asociación de Generadoras de Chile*) and BN Americas. Although we believe our estimates and the estimates of the CEN and the CNE are reliable, the accuracy and completeness of such estimates are not guaranteed, and these estimates have not been confirmed by other independent sources. To the extent any such data or other information relates to the Chilean government or Chilean macroeconomic data or other third-party publications or sources, such data or information has not been independently verified by us or the Initial Purchasers.

Prior to November 2017, Chile was divided into four electricity grids, the SIC, the SING, Magallanes and Aysén. The SIC was Chile’s main interconnected power grid, and covered most of Chile, except for the North, which was covered by the SING, and the extreme South of Chile, which was covered by Magallanes and Aysén. The SING was the second largest power grid and covered the Northern regions of Chile (Regions of Tarapacá, Antofagasta, Arica and Parinacota). The SING and the SIC were interconnected in November 2017 to comprise the SEN. The SEN became fully operational in May 2019, when the last segment of the Cardones-Polpaico transmission line was completed. For consolidated information on the SEN for 2020, 2019 and 2018, and six-month periods ended June 30, 2021 and 2020, see “Industry Overview and Competition—Overview.”

While we believe that the forward-looking information provided by each of these sources, including the estimates of the CEN, the CNE and the Ministry of Energy, are based on reasonable assumptions, they are themselves subject to assumptions and involve judgments and estimates. Neither we nor the Initial Purchasers have independently verified such data, and neither we nor the Initial Purchasers make any representations as to the accuracy of such information. Similarly, we believe our internal research is based on reasonable assumptions, but it has not been verified by any independent sources. The source of third-party information is identified where used.

Description of Contracts and Permits

This offering memorandum contains summary descriptions of material provisions of various commercial agreements, permits and other contracts, including the Indenture governing the Notes offered hereby and the Note Guarantee, the intercreditor agreement (the “Intercreditor Agreement”), the agreements creating the first priority security interests on the collateral securing the Notes (the “Senior Security Documents”) and the agreements described under “Description of Certain Material Project Documents” and “Description of Principal Financing Agreements.” Such descriptions do not purport to be complete or exhaustive, and, as with any contract or legal instrument, the terms thereof may be subject to interpretation. Copies of the Notes, Indenture, Escrow Agreement and other Financing Documents, as well as copies of our organizational documents, will be made available for inspection, once available, upon request to us at our address listed on the inside back cover page of this offering memorandum. As such, reference is hereby made to the actual agreements and documents for complete information

contained in those agreements and documents. All summaries to such agreements and documents are qualified in their entirety by this reference.

SUMMARY

This summary highlights certain information about Colbún Transmisión and the Issuer described elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. The summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this offering memorandum, including the Financial Statements. You should carefully read the entire offering memorandum to understand Colbún Transmisión's and the Issuer's business, the nature and terms of the Notes and other considerations that are important to your decision to invest in the Notes, including without limitation, the risks discussed under the section titled "Risk Factors," "Presentation of Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Historical Financial and Operating Data." Moreover, certain statements are forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements."

The Issuer

Alfa Desarrollo SpA is a newly formed stock corporation (*sociedad por acciones*) organized and existing under the laws of Chile. The Issuer was incorporated on March 17, 2021 solely to consummate the Acquisition, subsequently merge with Colbún Transmisión, subject to regulatory approval, and directly own Colbún Transmisión's transmission and substation assets. If such merger is consummated, the Issuer will be the surviving entity. See "—Recent Developments." As of the date of this offering memorandum, the Issuer has not engaged in any activities and has no material assets or liabilities.

The Issuer is wholly-owned indirectly by Celeo Redes and certain investment funds managed by APG. APG, a Dutch pension fund, owns 80% of our equity interest, and Celeo Redes, a company formed in 2011 to target investments in the Latin American transmission sector, owns the remaining 20% of our equity interest. Elecnor S.A. ("Elecnor"), through its subsidiary Celeo Concesiones e Inversiones S.L., owns 51% of Celeo Redes' equity interest and APG owns the remaining 49%. See "—Our Sponsors and Principal Shareholders."

In connection with the Acquisition, the Issuer will be required to modify its corporate structure from a stock corporation (*sociedad por acciones*) to a closely held stock corporation (*sociedad anónima cerrada*). This change, which would be effected through an amendment to the Issuer's bylaws, is one of the steps required to consummate the Permitted Merger and comply with the Chilean Electricity Law, which requires legal entities that own transmission assets in the Regulated System to be organized as closely held stock corporations (*sociedad anónima cerrada*). We expect this amendment to the Issuer's bylaws to be effective by the Acquisition Effective Date.

Overview of Colbún Transmisión

Colbún Transmisión at a Glance

As of the date of this offering memorandum, Colbún Transmisión is a closely-held corporation (*sociedad anónima cerrada*) duly organized and validly existing under the laws of Chile, incorporated by public deed on June 28, 2012. Colbún Transmisión's business focuses on the O&M of power transmission facilities in Chile. As of the date of this offering memorandum, Colbún Transmisión is one of the largest transmission companies in Chile, with 42 transmission lines that have a total length of 899 km and 27 substations throughout the SEN, which is Chile's largest power grid. As of the date of this offering memorandum, Colbún Transmisión's market share, measured based on the length of its transmission lines, was 4.2%. See "Business Overview—Competition."

The Colbún Transmisión portfolio is located in an area that is inhabited by 74% of the Chilean population, encompasses 66% of Chile's Gross Domestic Product ("GDP") and represents 57% of Chile's electricity consumption. Colbún Transmisión operates and maintains transmission assets within the National, Zonal and Dedicated Transmission Systems of the SEN.

Colbún Transmisión has two main sources of revenue: (i) tariff revenue as established in Tariff Decrees and Project Decrees for power transmission services of assets in the Regulated System; and (ii) tariff revenue as agreed in Dedicated Contracts with Dedicated Customers for the operation of its transmission lines in the Dedicated

Transmission System, which contracts are subject to terms and conditions similar to the AVI and COMA calculation method used to calculate tariffs for assets in the Regulated System. We believe these two revenue sources generate stable cash flow over time. Colbún Transmisión's revenue depends on the availability of its transmission lines, not on electricity demand or price, transmission volume or its market share.

Both Regulated and Unregulated Consumers pay tariffs for transmission services provided by Colbún Transmisión's assets in the Regulated System. Regulated Consumers pay the tariff through electricity distribution companies, while Unregulated Consumers, such as industrial and mining companies, pay the tariff through their respective power suppliers. In contrast, tariffs for transmission services provided by Colbún Transmisión's assets in the Dedicated Transmission System are paid directly to Colbún Transmisión by the Dedicated Customers pursuant to the terms of the applicable Dedicated Contract.

As of June 30, 2021 and December 31, 2020, Colbún Transmisión had total assets of U.S.\$454.7 million and U.S.\$417.7 million, respectively. For these respective periods, 78% and 81% of total assets consisted of real estate property, plant and equipment. For the six-month period ended June 30, 2021, Colbún Transmisión's net profit and Adjusted EBITDA were U.S.\$10.9 million and U.S.\$20.7 million, respectively. For the years ended December 31, 2020 and 2019, Colbún Transmisión's net profit was U.S.\$41.9 million and U.S.\$43.6 million, respectively, and Colbún Transmisión's Adjusted EBITDA was U.S.\$66.1 million and U.S.\$71.9 million, respectively. As of June 30, 2021, Colbún Transmisión did not have any third-party financial indebtedness.

As of the date of this offering memorandum, Colbún Transmisión is a wholly-owned subsidiary of Colbún. Following the consummation of the Acquisition, Colbún Transmisión will become a subsidiary of the Issuer until the Permitted Merger, after which the Issuer will be the surviving entity.

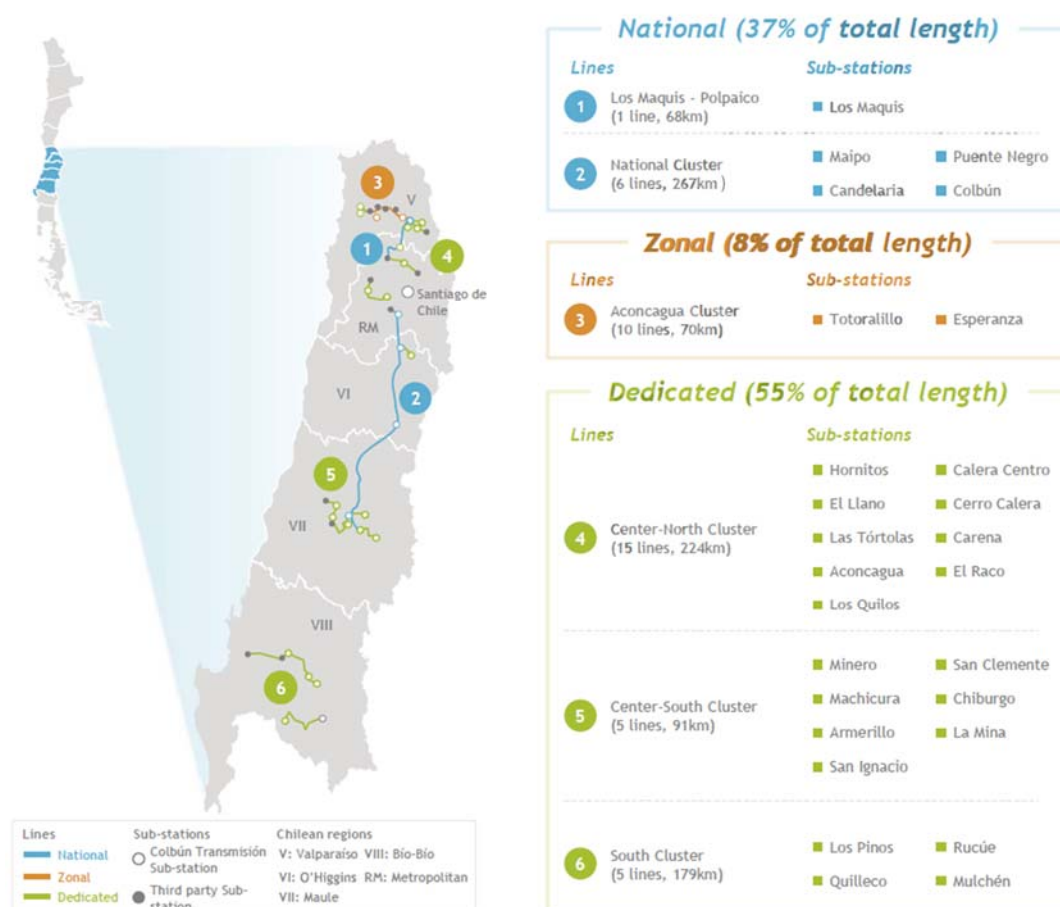
The Colbún Transmisión Portfolio

Colbún Transmisión's assets are located across the SEN's National, Zonal and Dedicated Transmission Systems, which provide a diversified and stable source of revenue. The transmission lines in the Regulated System serve Regulated Consumers, Unregulated Consumers and power generation companies through the National and Zonal Transmission Systems. The transmission assets in the National Transmission System consist of seven transmission lines with total length of 335 km and six substations, and the revenue for assets in this system accounted for 31%, 37% and 26% of Colbún Transmisión's total revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively. The transmission assets in the Zonal Transmission System consist of ten transmission lines with a total length of 70 km and two substations, and the revenue for assets in this system accounted for 3%, 4% and 10% of Colbún Transmisión's total revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively.

The transmission lines in the Unregulated System serve certain Unregulated Consumers and power generation companies that are a party to Dedicated Contracts through the Dedicated Transmission System. Colbún Transmisión's assets in the Dedicated Transmission System consist of 25 transmission lines, with a total of 494 km in length, and 19 substations. For the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, revenue from assets in the Dedicated Transmission System represented 66%, 59% and 64%, respectively, of Colbún Transmisión's total revenue.

Colbún Transmisión's principal counterparties in Dedicated Contracts include a variety of industrial clients and power generators, including Unregulated Consumers such as Anglo American, the Corporación Nacional del Cobre de Chile ("Codelco") and generation companies, such as Colbún. As a result of this diversified base of counterparties, the Colbún Transmisión portfolio is subject to low concentration risk.

The map below sets forth the locations of Colbún Transmisión's main assets as of the date of this offering memorandum.



The following table summarizes Colbún Transmisión's assets per transmission system. For a detailed description, see "Business Overview—Overview of Colbún Transmisión—Colbún Transmisión Portfolio."

Transmission lines	Length (km)	% of total portfolio length
System		
National Transmission System	334.8	37.23%
Zonal Transmission System	70.1	7.79%
Dedicated Transmission System	494.4	54.98%
Total	899.3	100.00%
Substations	Number of Substations	% of total portfolio
System		
National Transmission System	6	22.22%
Zonal Transmission System	2	7.41%
Dedicated Transmission System	19	70.37%
Total	27	100.00%

The majority of Colbún Transmisión's revenue is denominated in dollars and indexed to the U.S. CPI. Other revenues that are not dollar-denominated are indexed to a combination of the Chilean *peso*-U.S. dollar exchange rate and inflation in Chile.

In Chile, transmission assets, including those in the Colbún Transmisión portfolio, are privately owned and considered perpetual by nature, meaning the owner is entitled to benefit from the exploitation of such asset for as long as it owns such asset. The compensation for transmission services in the National and Zonal Transmission Systems is subject to a tariff review process that occurs every four years, except for new projects or upgrades, which are entitled to the VATT awarded in the relevant tender for an initial 20-year period, after which the quadriennial tariff setting process applies. New facilities under construction, which were awarded pursuant to the CNE's most recent tender of the Zonal Transmission System's expansion plan, are subject to revocation of the applicable Project Decree and termination by the CEN in the event of a material breach, with the Ministry of Energy's consent. For additional information, see "Risk Factors—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión expects to receive revenue pursuant to certain Project Decrees associated with new facilities in the Zonal Transmission Systems, and these Project Decrees may be revoked in case of material breaches."

Assets in the Dedicated Transmission System are also privately owned, and the transmission services are established in long-term private contracts with certain power generation companies and Unregulated Consumers from different industrial sectors, who would need to build alternative infrastructure to receive or transmit electricity if they decided to terminate or not renew their contracts with us. Tariffs for assets in the Regulated and Unregulated Systems depend on the availability of the transmission lines and not on energy demand or consumption. For additional information about the risks related to the potential termination of these services, see "Risk Factors—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión expects to receive revenue pursuant to certain Project Decrees associated with new facilities in the Zonal Transmission System, and these Project Decrees may be revoked in case of material breaches" and "Risk Factors—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión receives revenue pursuant to Dedicated Contracts, which may expire and not be renewed or may be terminated early in case of material breaches before the maturity of the Notes."

Assets in the Regulated System: National and Zonal Transmission Systems

Colbún Transmisión's assets in the National Transmission System are located between the regions of Valparaíso and Maule, in central Chile. These assets represented 37%, 37% and 36% of Colbún Transmisión's total length and contributed to 31%, 37% and 26% of its revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively. The longest line in the National Transmission System is the Puente Negro-Colbún line (220 kV), with a total length of 128 km.

All of Colbún Transmisión's lines in the Zonal Transmission System are in the Valparaíso region, the longest one of which is the 20.5 km Chagres-San Felipe line. These assets represented 8%, 8% and 7% of Colbún Transmisión's total length and contributed to 3%, 4% and 10% of its revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively.

The CNE determines the compensation for the operation of assets in the Regulated Systems based on the VATT. This compensation is calculated based on three components: (i) the AVI over a particular asset, (ii) the AEIR, and (iii) the COMA. AVI is an annual fee calculated by applying a discount rate to the VI of an asset in the Regulated System over the asset's technical useful life. COMA is calculated as the sum of the operation, maintenance and administrative costs for each transmission segment, and AEIR ensures the tariff received covers the income tax expense. The AVI, AEIR and COMA are adjusted monthly according to an indexation formula, with a component indexed to U.S. CPI and another component indexed to a combination of the Chilean *peso*-U.S. dollar exchange rate and inflation in Chile. For the existing assets in the Regulated System, the tariff is subject to review every four years. For new and mandatory expansion projects, the tariff is set for an initial 20-year period, with subsequent adjustments every four years thereafter. In the case of Colbún Transmisión, this 20-year period tariff will apply for expansions that are underway as of the date of this offering memorandum and any future mandatory expansion projects. After the Acquisition, we do not intend to bid for new construction projects in the transmission sector.

The respective VATTs of the transmission lines and substations operating in the Regulated System are determined by the CNE based on evaluation studies of the transmission systems by a consultant chosen through an international public tender. The VI used to determine a project's AVI is based on the CNE's estimation of what the

cost to develop and construct an identical new project at that time would be, while allowing real post-tax return on the investment value of the project of between 7% and 10% after taxes. The return level is determined by the CNE every four years. As of the date of this offering memorandum, the discount rate used to calculate AVI is equal to 10% before taxes. In 2019, the CNE announced a discount rate of 7% after taxes for the 2020-2023 tariff period, which will be implemented retroactively upon the conclusion of the Ongoing Tariff Review Process.

As of the date of this offering memorandum, the CNE is reviewing the applicable tariffs for the 2020-2023 tariff period with a panel of technical experts, which is expected to be completed by the end of 2021 (the “Ongoing Tariff Review Process”), and this new tariff will be applied retroactively from January 1, 2020, once the review process is completed. Pending conclusion of the Ongoing Tariff Review Process, transmission companies continue invoicing under the previous tariff structure, and compensation or reimbursements, based on the new tariff, will be applied once this process is completed. Following the conclusion of this process, the values of the different components used to calculate the VATT and tariffs applicable to the relevant facilities (including VI, AVI, COMA and indexation formulas, among others) may differ from the values currently in place, which would result in corresponding changes in the tariffs due to Colbún Transmisión.

According to the CNE Valuation Report (as defined elsewhere in this offering memorandum), the reference VI for Colbún Transmisión’s operating assets (excluding expansions in operation), including lines, substations and easements, in the Regulated System is U.S.\$159.2 million, and the VATT payments in connection with these assets totals U.S.\$16.7 million. The Financial Model (as defined elsewhere in this offering memorandum) presents information and forecasts considering the figures contained in the CNE Valuation Report, which is the most recent report available as of the date of this offering memorandum and which is subject to change based on the outcome of the Ongoing Tariff Review Process. The amounts of the tariff components presented in the CNE Valuation Report are lower than the tariff components established in the previous tariff period, and we expect that the revised tariffs established upon the conclusion of the Ongoing Tariff Review Process will be lower than the tariffs established in the previous tariff period. In the event that the revised tariffs are lower, we expect that Colbún Transmisión will be required to reimburse amounts received in excess of the revised tariff rate since January 1, 2020 (the “Tariff Reimbursements”). See “Risk Factors—Risks Related to Colbún Transmisión’s Business and Industry—Changes in the valuation of Colbún Transmisión’s existing facilities in the National or Zonal Transmission Systems could negatively alter its return on investments.” and “Third-Party Financial Projections.”

In addition, previously energy generation companies would pay transmission companies for the use of the Regulated System. The Chilean Transmission Law modified this regime so that end customers now pay transmission fees in their entirety, while distribution companies and power generation companies have the obligation to collect and transfer the tariffs from these end customers and distribute such payments to the transmission companies.

For assets operating in the National Transmission System, the Chilean Transmission Law established a transition period between 2019 and 2034 to gradually replace the former compensation and payment systems with this new payment regime. Since 2019, generation companies and end customers have agreed to accelerate adoption of the new payment systems, and regulated tariffs for assets in the National Transmission System have been paid by end customers through mandatory flat rates that the CNE sets semi-annually in a technical report. For assets in the Zonal Transmission System, the new regime was implemented in 2018 through a single zonal transmission charge due by end customers to transmission companies. The changes in the compensation and payment system are not expected to affect the amount of payments due to transmission companies.

Assets in the Unregulated System: Dedicated Transmission System

Colbún Transmisión’s assets in the Dedicated Transmission System consist of 25 transmission lines, with a total of 494 km in length, and 19 substations, all of which are operational. This system represented 66%, 59% and 64% of Colbún Transmisión’s total revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively. Of these assets, 11 transmission lines with a total of 342 km in length and 11 substations transmit electricity from Colbún’s generation facilities. The assets in the Dedicated Transmission System are located in the region of Valparaíso, Santiago, Maule, O’Higgins and Bio-Bio in Chile. Through its portfolio assets, Colbún Transmisión transmits energy from several of Colbún’s generation assets to

the interconnected system and transmits energy to important industrial clients in the mining, cement, and paper mill sectors, including Anglo American, Codelco and CMPC.

Revenue from the use of facilities belonging to the Dedicated Transmission System is based on the contractual terms contained in the transmission agreements between Colbún Transmisión and its respective counterparties. Usually, the price is established by the sum of the AVI and the COMA, as mutually agreed by the parties. Most of Colbún Transmisión's contracts have a U.S. dollar-denominated fixed tariff and are indexed to the U.S. CPI during the contractual period. In certain contracts, the COMA is indexed based on the Chilean pesos-to-U.S. dollar exchange rate. Revenue from assets in this system is considered highly stable because, without the existing contracts with Colbún Transmisión, the counterparties would need to build alternative infrastructure to receive or transmit electricity. In addition, generation and industrial facilities served by Colbún Transmisión have long-term useful life, which indicates that they require long-term interconnection and transmission services. Although most of Colbún Transmisión's Dedicated Contracts are expected to expire before the maturity of the Notes, we believe these counterparties are likely to renew these Dedicated Contracts prior to their expiration because of the high investment costs of building alternative infrastructure, as well as the lengthy regulatory and environmental approval process related to building new transmission lines in Chile. However, we cannot assure you that any Dedicated Contracts will be renewed. For more information, see "Risk Factors—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión receives revenue pursuant to Dedicated Contracts, which may expire and not be renewed or may be terminated early in case of material breaches before the maturity of the Notes." We intend to work closely with our counterparties and provide quality services with the goal of continuing to service our customers and renew such Dedicated Contracts throughout the useful life of our counterparties' assets.

For details about the Colbún Transmisión portfolio, see "Business Overview—Overview of Colbún Transmisión—The Colbún Transmisión Portfolio."

Financial Highlights

The following table presents key consolidated financial data of Colbún Transmisión for the periods indicated:

	For the Six-Month Period Ended June 30,		For the Year Ended December 31,		
	2021	2020	2020	2019	2018
	<i>(in thousands U.S.\$, except percentages)</i>				
Revenue	26,464	44,024	80,218	83,424	40,060
Profit from Operations	15,118	31,329	55,003	60,824	21,342
Net profit	10,906	22,070	41,907	43,635	15,509
Adjusted EBITDA ⁽¹⁾	20,698	36,769	66,050	71,881	29,753
Adjusted EBITDA Margin ⁽¹⁾	78.2%	83.5%	82.3%	86.2%	74.3%

(1) For the definition of Adjusted EBITDA and Adjusted EBITDA Margin, see "Presentation of Financial and Other Information—Special Note about Non-IFRS Financial Measures," and for a reconciliation of net profit (loss) to Adjusted EBITDA and Adjusted EBITDA Margin, see "—Summary Historical Financial and Operating Data—Colbún Transmisión—Non-IFRS Financial Measures."

Legal Framework

The Chilean electricity sector and its transmission segment are subject to a regulatory framework that has existed for approximately four decades. This framework has fostered the development of an industry with a high-level of private capital participation. The electricity sector and its private participants are subject to several regulations and the supervision of various technical bodies.

The Chilean Electricity Law establishes the main legal framework of the energy sector and aims to maximize efficiency and resource allocation while simplifying the legal regime. It establishes a transparent process to determine tariffs and limits the Chilean government's discretionary power by setting objective standards. This legal framework allows competitive return rates on investment that stimulate private investment and ensures that electricity service is available throughout Chile.

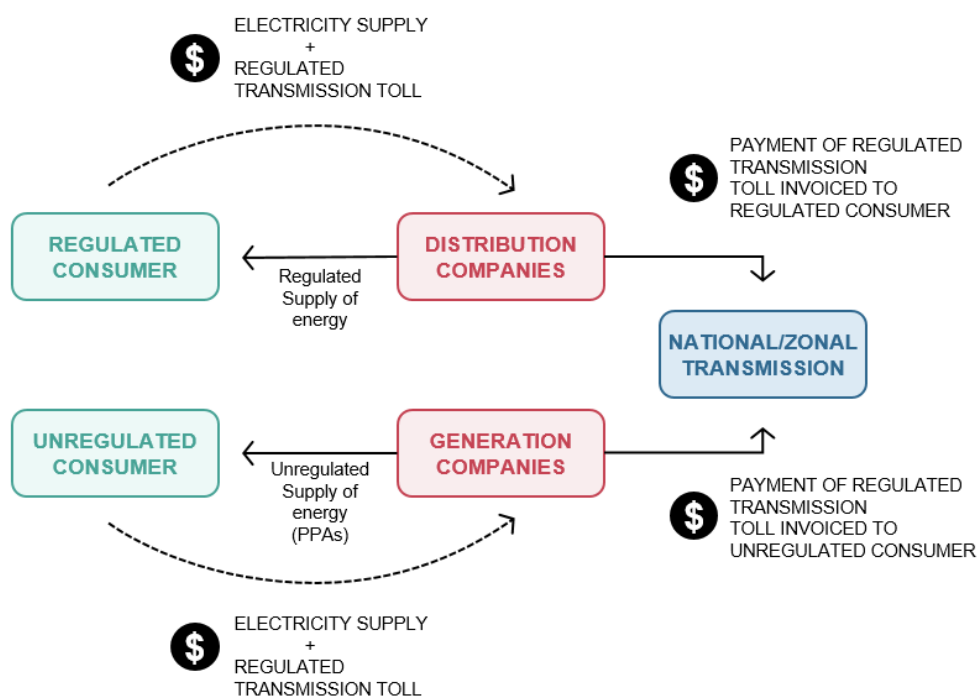
The main authorities of the Chilean electricity sector and the energy transmission segment, in particular, are the Ministry of Energy, the CNE, the SDEC and the CEN. Both the Ministry of Energy and the CNE are involved in expansion projects and the tariff determination processes of the Regulated System. The SDEC oversees regulatory compliance and has the power to investigate service failures and impose sanctions. The CEN is in charge of operating the electricity systems, maintaining service security, guaranteeing efficient operation and safeguarding open access to transmission systems.

The transmission segment provides stable revenue, generally operates as a public service and is regulated. The primary transmission systems within the transmission sector are (i) the National Transmission System (formerly known as the trunk transmission system), which this is the core high voltage section of the system, where electricity flows according to supply and demand; (ii) the Zonal Transmission System (formerly known as the sub-transmission system), which allows the supply of energy to distribution concession areas; and (iii) the Dedicated Transmission System (formerly known as the additional system), through which Unregulated Consumers receive energy and generators inject the energy produced into the network. Existing transmission facilities, other than facilities in the National and Zonal Transmission System that were the result of public tender, are classified every four years into one of these transmission systems by the CNE.

In terms of compensation, facilities in the Dedicated Transmission System are subject to the terms of the relevant Dedicated Contract with the Dedicated Customer (that is, power generation companies or Unregulated Consumers who are a party to Dedicated Contracts). By contrast, facilities in the National and Zonal Transmission Systems, other than those resulting from a public tender, are subject to a tariff determination process carried every four years by the CNE. See “—Overview of Colbún Transmisión—The Colbún Transmisión Portfolio—Assets in the Regulated System: National and Zonal Transmission Systems” and “—Overview of Colbún Transmisión—The Colbún Transmisión Portfolio—Assets in the Unregulated System: Dedicated Transmission System.”

The Dedicated Customer that is a party to a Dedicated Contract directly pays the tariff for the use of facilities in the Dedicated Transmission System to the owner of the dedicated facility. In contrast, Regulated and Unregulated Consumers pay the tariff for the use of transmission facilities in the Regulated System. Since Regulated and Unregulated Consumers do not have a contractual relationship with the owners of these facilities, power generation companies invoice the tariff to their Unregulated Consumers and distribution companies invoice the tariff to Regulated Consumers. Power generation companies and distribution companies pay the owners of facilities in the Regulated System an amount equivalent to the tariff invoiced to their Regulated Consumer.

The following graph sets forth the flow of funds relating to transmission tolls charged for the use of transmission facilities in the Regulated System, where distribution companies collect fees from Regulated Consumers, and generation companies collect fees from Unregulated Consumers and subsequently transfer these fees to transmission companies:



Chilean Energy Transmission Sector

The Chilean electricity sector's current regulatory framework has existed for approximately four decades. This has led to regulatory predictability and enabled the development of a dynamic industry with 100% private ownership. The sector has been able to meet growing energy demand, with electric generation growing at an average annual rate of approximately 3.2% between 2010 and 2019, slightly below the annual GDP growth of 3.1% during the same period.

Chile has three interconnected systems: the SEN and two smaller isolated networks, Aysén and Magallanes. Colbún Transmisión operates in the SEN, which extends from Arica in the North to the Isla Grande de Chiloé ("Chiloé") in the South. As of 2019, consumption in the SEN represented more than 99% of Chile's electricity demand and served more than 98% of the Chilean population, while the two smaller systems jointly accounted for less than 1% of the country's power demand.

In terms of length of their respective transmission lines, the other most important transmission companies in Chile are Transelec S.A., Interchile S.A. and Celeo Redes, which have lines that cover 28.1%, 5.5% and 2.3%, respectively, of the total transmission lines in Chile. Upon the Acquisition, Celeo Redes will become an indirect shareholder of the Issuer and Colbún Transmisión. Following the consummation of the Acquisition, we expect Celeo Redes to own the third largest portfolio of transmission assets in Chile, with an expected market share of 6.6% in terms of length of transmission lines, according to data from the CEN.

Competitive Strengths

We believe that Colbún Transmisión's business is supported by the following competitive strengths:

Provision of Essential Services

Colbún Transmisión provides an essential service for the development of the Chilean economy. Colbún Transmisión's assets connect power companies to the electricity grid located in Chile's Valparaíso, Santiago, Maule, O'Higgins and Bio-Bio regions, where approximately 74% of Chile's population resides and where 57% of the country's power is consumed. Colbún Transmisión's assets in the Dedicated Transmission System are particularly important to Chile's development because they connect important industrial entities and generation facilities to the SEN. As of December 31, 2020, Colbún Transmisión's transmission assets subject to Dedicated Contracts provided 92% of the capacity of Colbún's electricity generation and more than 10% of the total electricity generation capacity of the portfolio connected to the SEN. Despite the essential nature of these transmission services, as of the date of this offering memorandum, the National Transmission System usage charges account for a relatively small fraction of an average end user's power bill. Considering the relatively low share that power transmission costs represent relative to the overall cost of electricity in Chile and the characterization of electricity transmission services as essential services to our clients, we believe that Colbún Transmisión operates a stable business that is capable of steadily and consistently collecting revenue.

Strong Regulatory Framework

The regulations in Chile governing the electricity transmission industry have been in force for approximately four decades, notwithstanding the amendments to the regulatory regime implemented by the Chilean Transmission Law. All transmission assets in Chile are privately owned and may earn stable revenue in the long term as long as they continue to provide transmission service.

The regulatory changes introduced in 2016 implemented by the Chilean Transmission Law improved the development process of transmission projects and reinforced the existing regulatory system by introducing, among other features: (1) a rate of return for the calculation of regulated transmission tariffs determined on a post-tax basis, which reduces the risk of changes in tax rates for the relevant transmission line owner; (2) an expansion in the planning horizon from ten to twenty years, which provides greater visibility to the National Transmission System on the need to perform new works; (3) participation of creditworthy distribution companies alongside existing generation companies as part of the compensation structure for transmission line owners; and (4) a cap on the penalties levied in the event of a transmission line outage, which provides greater certainty about the maximum liability in case of a service interruption that affects end users, which in turn increases certainty about the expected cash flow of transmission line owners. See "Regulatory, Permits and Environmental Matters—Chilean Electricity Law."

Competitive Positioning in the Chilean Power Transmission Market

We believe the strength of Colbún Transmisión's business lies on the type of revenue it collects, which is based on tariffs for transmission services established in Project Decrees, Tariff Decrees and long-term Dedicated Contracts. Colbún Transmisión's portfolio is diversified both geographically and across the three transmission systems (Dedicated, Zonal and National Transmission Systems), which strengthens its market position. Moreover, we believe Colbún Transmisión will also benefit from the relationship with Celeo Redes, which has a sound understanding of the Chilean transmission market, based on the operation of its own transmission assets in Chile.

Solid Presence in Industry with High Barriers to Entry

The highly technical and regulatory characteristics of the transmission business are natural barriers to the entry of new players into the power transmission market, which protects Colbún Transmisión's revenue base from its assets in the Regulated and Unregulated Systems. Our assets in the Unregulated System serve industrial and generation customers with long asset lives and stable businesses. Most of our Dedicated Customers are power generation companies or large industrial or mining companies, including Anglo American, Codelco and CMPC,

which have high electricity demands that cannot be met without our transmission assets or significant additional infrastructure.

To meet their industrial needs, our Dedicated Customers would need to build alternative infrastructure to receive or transmit electricity. Such alternative infrastructure entails high financial, procedural and timing costs, such as entry costs to (i) obtain rights of way, (ii) prepare impact studies on the community, and (iii) follow the complex environmental permitting regime related to the development of substitute transmission lines to connect to the SEN. By maintaining their contracts with Colbún Transmisión, these companies can continue to focus on their core business. The longevity of our contractual relationship with these Dedicated Customers illustrates Colbún Transmisión's positive track record and strong and balanced relationship with its Dedicated Contract counterparties.

Diversified, High Quality, Stable and Predominantly Dollar-Denominated Revenue Base

The Colbún Transmisión portfolio consists of various transmission lines and substations located across different regions in Chile. Colbún Transmisión's revenue is composed of a mix of revenue from assets in the (i) Regulated System pursuant to Tariff or Project Decrees, and (ii) Unregulated System pursuant to contracts with creditworthy clients of prominent industrial sectors in Chile.

Tariffs due to operators for the use of assets in the Regulated System are established in Tariff and Project Decrees. The tariffs applicable to services provided by these assets are subject to revisions every four years, except that such revisions are not applicable to new assets and upgrade works resulting from public tenders that generally have a tariff applicable for 20 years, pursuant to the relevant Project Decree. The revenue formula is based on tariff payments supported by what we believe to be strong regulatory mechanisms that provide stable returns on capital, as well as provisions for cost recovery for operating and maintenance expenses. Most of Colbún Transmisión's revenue from its assets in the Regulated System is denominated in U.S. dollars and indexed to U.S. CPI. The remainder of the revenue is indexed to a combination of the Chilean *peso*-U.S. dollar exchange rate and inflation in Chile.

Services for assets in the Unregulated System benefit from long-term private contracts with mostly investment-grade counterparties in the power generation, mining, cement, and paper mill sectors, including Colbún, Anglo American, Codelco and CMPC. These counterparties generally own long-life generating assets or operate in energy-intensive industries, which pose low risk of early contract termination or lack of renewal at the end of the contractual term. According to the Independent Engineer Report, it is reasonable to assume that the useful life of energy generation power plants connected to Colbún Transmisión's assets in the Dedicated Transmission System will extend beyond 2070. Transmission lines in the Dedicated Transmission System are considered essential infrastructure, and most of these clients are large industrial or mining companies that have high electricity demands that cannot be met without transmission assets or significant additional infrastructure.

Moreover, the Colbún Transmisión portfolio has a long remaining technical useful life. According to the Independent Engineer Report, with proper maintenance, the technical useful life is expected to extend beyond 2071. The longevity in the revenue stream, from assets in both the Regulated and Unregulated Systems and the long remaining life of the assets contribute to the long-term, diversified and predictable characteristics of the projected revenue generation of the portfolio.

Strong Sponsorship with Sector and Country Experience

Our Sponsors, APG and Celeo Redes, have vast experience in the Latin American energy sector.

Celeo Redes has been present in Chile since 2011. As of the date of this offering memorandum, it operates 825 km of transmission lines in Chile and is developing an additional 550 km. During this period, Celeo Redes has developed a deep understanding of the regulatory environment and of the different participants in the Chilean transmission market. Celeo Redes is a leading developer of electricity transmission projects in Latin America, including in Brazil and Chile. In Brazil, Celeo Redes has been present for nearly 20 years and, as of the date of this offering memorandum, it operates 15 transmission line concessions.

APG is also a key player in the Chilean transmission market and owns 49% of the equity stake in Celeo Redes' parent company, Celeo Concesiones e Inversiones S.L., in partnership with Elecnor. For more information, see "—Our Sponsors and Principal Shareholders."

As of the date of this offering memorandum, Celeo Redes had a 2.3% market share in Chile measured by length of transmission lines, according to data from the CEN. Following the consummation of the Acquisition, we expect Celeo Redes to own the third largest portfolio of transmission assets in Chile, with an expected market share of 6.6%, measured by the length of transmission lines, according to data from the CEN.

Business Strategy

Our business strategy is comprised of the following key objectives:

Continue to Provide Highly Reliable Service Availability While Maximizing Efficiency

Colbún Transmisión's system and operations are monitored in real time in order to ensure proper functioning and to react quickly to address any potential disruptions. After the Acquisition, we believe we can leverage the experience of our Sponsors in the transmission sector to improve Colbún Transmisión's O&M program. After the Acquisition, we will operate with a focus on optimizing the service and maintenance of the assets to improve their lifespan and capacity while minimizing costs and exploring synergies with Celeo Redes' existing operations in Chile. Celeo Redes has established relationships with proven and experienced contractors who provide maintenance and repair services and, where applicable, engineering and construction services, for their facilities.

Maintain and Strengthen Long-Term Contractual Relationships

Colbún Transmisión's revenue derived from assets in the Dedicated Transmission System are generated pursuant to valuable long-term contractual relationships and their continuous renewal. Upon the consummation of the Acquisition, we will continue to operate our assets in the Dedicated Transmission System with a focus on the quality of the service we provide to our Dedicated Customers. We intend to continue working with our Dedicated Customers to ensure Dedicated Contracts continue to be easily extended and renewed without service interruptions.

Maximize Return on Assets

Upon the consummation of the Acquisition, our portfolio of transmission assets will provide transmission services to both regulated and unregulated end users in the National Transmission System. We will continuously seek and implement plans to enhance the efficiency of our operations and internal processes within the National Transmission System.

We believe we have proactive and constructive relationships with regulatory authorities, which allow us to participate in relevant industry discussions to support the continuing development of the power transmission regulatory framework. Except for capital expenditures required to maintain existing assets and projects, we do not intend to develop new construction assets.

Maintain a Stable and Efficient Capital Structure

We expect to maintain a capital structure that will protect our investment grade ratings while providing attractive returns for our shareholders. In addition, we will seek to tailor our debt portfolio to ensure the debt partially amortizes throughout the life of the contracts, ensuring a reasonable cost of capital that can be supported by the stable nature of our asset base. We are also focused on maintaining appropriate levels of liquidity and expect to reinforce our capital structure with debt service and O&M reserve accounts backed by letters of credit from credible institutions.

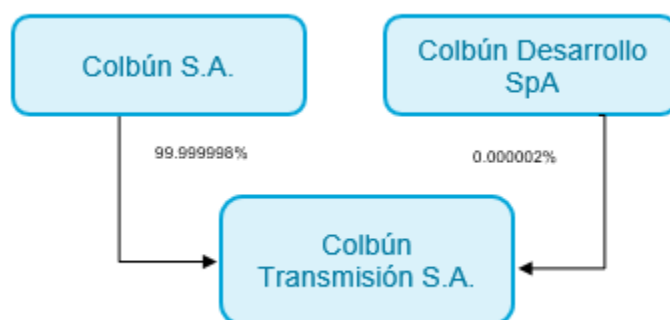
Develop and Maintain Dialogue with all Stakeholders in the Community and Protect the Environment

Upon the consummation of the Acquisition, we intend to continue to work proactively to identify, evaluate and work to control safety risks and mitigate their negative impact on our employees and contractors, as well as the

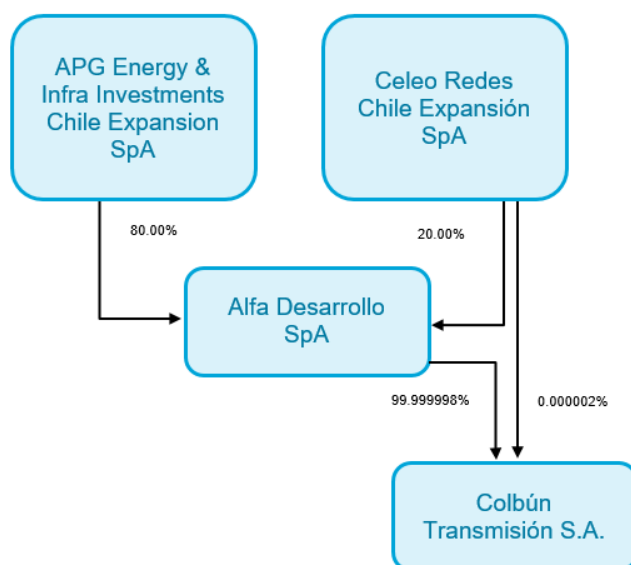
communities and the environment in the vicinity of our projects and existing assets. We intend to continue to implement strict policies for environmental protection with participation from our environmental teams at all stages of development and operations. Our goal is to develop trustworthy relationships based on transparency and mutual benefit with the communities, workers, subcontractors, suppliers, clients and other relevant stakeholders.

Corporate Structure

The following diagram illustrates Colbún Transmisión's simplified corporate structure as of the date of this offering memorandum and prior to the consummation of the Acquisition.



The following diagram illustrates our expected simplified corporate structure immediately after giving effect to the Acquisition.



In order to comply with the Chilean Electricity Law, which requires legal entities that own transmission assets in the Regulated System to be organized as closely held stock corporations (*sociedad anónima cerrada*), the Issuer will be required to modify its corporate structure. We expect this amendment to the Issuer's bylaws to be effective by the Acquisition Effective Date.

Our Sponsors and Principal Shareholders

APG is a Dutch pension fund manager that serves over 4.7 million Dutch citizens. It manages funds in different sectors, such as education and construction, and is responsible for a portfolio of €587 billion as of May 2021. This makes APG one of the largest pension asset managers in the world. APG focuses on long-term, stable investments in tangible assets located in regulated infrastructure sectors and has been an active investor in infrastructure since 2004. Its rigorous investment criteria allows APG to identify investments that have the right fit

in terms of ticket size, risk exposure, geographical location and asset class. APG is a global investor and has offices in New York, Hong Kong and Amsterdam.

Celeo Redes was originally formed in 2011 through the consolidation of all of Elecnor's transmission activities in operation and has been present in Chile since 2011. Celeo Redes has 20 years of experience in the transmission market, is present in 55 communes and seven regions in Chile and has 298 highly qualified employees. Celeo Redes has a demonstrated commitment to sustainability. It has published sustainability reports and adopted several sustainable development goals, including achieving gender equality, affordable and clean energy, decent work and economic growth, responsible consumption and production and commitments to climate action. Celeo Redes's sustainability policy is based on five principles: (1) quality of service and continuous improvement; (2) occupational and health safety; (3) compliance, which includes the fight against corruption; (4) social responsibility; and (5) environmental protection, including pollution prevention and efficient use of resources.

Elecnor is a leading company in electricity generation and transportation, telecommunications, gas and other facilities and infrastructures and is present in more than 55 countries, including Chile, Mexico, Brazil, Peru and Colombia, among other countries in Latin America and globally. Elecnor has more than 68 transmission projects in 14 countries and is publicly listed in the Madrid Stock Exchange through the Spanish Stock Market Interconnection System. In September 2014, Elecnor and APG created a Latin American power transmission joint venture, Celeo Redes Concesiones e Inversiones, S.L., and APG agreed to purchase 49% of the shares. As of the date of this offering memorandum, Celeo Redes is jointly and indirectly owned by Elecnor, which holds a 51% equity stake, and APG, which holds the remaining 49%.

During this time, Celeo Redes has developed a deep understanding of the regulatory environment and of the different participants in the Chilean transmission market. It has a strong track record in the development and operation of major transmission projects with an aggregated investment value of over U.S.\$2 billion over 10 years. As of the date of this offering memorandum, Celeo Redes operates 825 km of transmission lines in Chile and is developing an additional 550 km. Celeo Redes holds 99.99% of Celeo Redes Chile Limitada, which in turn manages and operates the Alto Jahuel Transmisora de Energía S.A. ("AJTE"), Charrúa Transmisora de Energía S.A. ("CHATE") and Diego de Almagro Transmisora de Energía S.A. ("DATE") projects, and is currently developing the Casablanca Transmisión de Energía S.A. ("CASTE") and Mataquito Transmisora de Energía S.A. ("MATE") projects. Once these projects are operational, Celeo Redes will provide the O&M services. Celeo Redes provides asset management services for all its transmission line assets in Chile and expects to continue doing so, including to us, after the Acquisition.

As of the date of this offering memorandum, Celeo Redes had 2.3% market share in Chile measured by length of transmission lines, according to data from the CNE. Following the consummation of the Acquisition, Celeo Redes would own the third largest portfolio of transmission assets in Chile, with an expected market share of 6.6%, measured by the length of transmission lines, according to data from the CNE. In addition, we expect the assets obtained through the Acquisition to benefit from the synergies derived from Celeo Redes' operational knowledge and strong industry relations in Chile.

In the Latin American transmission sector, Celeo Redes is among the leading developers of electricity transmission projects in Brazil and Chile in terms of headcount. In Brazil, Celeo Redes has been present for nearly 20 years and, as of the date of this offering memorandum, operates 15 transmission line concessions. In addition, Celeo Redes was recently awarded two projects: a 138km transmission line and a 220 kV substation in the North of Peru.

The Transactions

The Acquisition

On March 30, 2021, the Issuer and Colbún entered into the SPA, pursuant to which the Sellers agreed to sell and the Buyer agreed to buy all of the outstanding share capital of Colbún Transmisión for an initial purchase price of U.S.\$1,349,016,363 (the "Base Purchase Price"), subject to certain purchase price adjustments, as described below.

The consummation of the Acquisition is subject to customary representations, warranties and covenants, including covenants related to Colbún Transmisión's business operations during the period between the execution of the SPA and the consummation of the Acquisition and the Sellers' undertakings to cooperate with the Buyer in order to consummate the Acquisition. The Buyer and the Sellers have agreed to indemnify each other for losses due to breach of the SPA's representation and warranties and other potential liabilities. Certain indemnities are subject to restrictions as to time and amount. The SPA is also subject to customary closing conditions, including but not limited to the absence of a material adverse effect, as such term is defined in the SPA, obtaining regulatory approval and the delivery of closing certificates. On August 3, 2021, the Acquisition was approved by the Chilean Economic Prosecutor's Office ("*Fiscalía Nacional Económica*"). As of the date of this offering memorandum, we expect the Acquisition to be consummated by September 30, 2021. However, we cannot assure you that the conditions to the closing of the Acquisition will be met by such date or at all. See "Risk Factors—Risks Related to the Acquisition—The Acquisition is subject to significant uncertainties and may not be consummated timely or at all, which may adversely affect our business, financial condition, results of operations and prospects."

The Notes and Note Guarantees will be the direct and unconditional senior secured obligations of the Issuer and, upon the consummation of the Acquisition, will rank *pari passu* in right of payment with all of the Issuer's and Colbún Transmisión's existing and future unsubordinated obligations (other than obligations preferred by statute or by operation of law) and certain other permitted debt. The Notes and Note Guarantees will be senior in priority of payment to all present and future unsecured obligations (to the extent of the value of the collateral securing the Notes and any such Note Guarantee) and subordinated obligations, and they will be effectively subordinated to all of the Issuer's and Colbún Transmisión's future indebtedness secured by liens on assets that do not secure the Notes, to the extent of the value of the assets securing such indebtedness.

Adjustments to the Purchase Price of the Acquisition

As set forth above, under the terms of the SPA, the Buyer and the Sellers initially agreed to the Base Purchase Price.

Under the terms of the SPA, the Base Purchase Price is subject to upward or downward adjustments based on a number of variables (the Base Purchase Price, as adjusted pursuant to the SPA on the Acquisition Effective Date, the "Acquisition Date Purchase Price"), including, among others: (1) changes in the total working capital and net debt of Colbún Transmisión (including changes in the Colbún Transmisión Indebtedness Owed to Colbún (as defined below)) until the Acquisition Effective Date, (2) the total amount of Colbún Transmisión's capital expenditures paid by Colbún prior to the Acquisition Effective Date, (3) publication of the new tariff rate that will apply to Colbún Transmisión's operations in the Regulated System following the conclusion of the Ongoing Tariff Review Process, and (4) Tariff Reimbursements, if any, that may be payable by Colbún Transmisión following the conclusion of the Ongoing Tariff Review Process. Following the consummation of the Acquisition and the conclusion of the Ongoing Tariff Review Process, the Acquisition Date Purchase Price may be further adjusted upward or downward based on the factors listed in clauses (3) and (4) above (the "Final Purchase Price"). For more information about the effect of the Ongoing Tariff Review Process on the Acquisition Date Purchase Price, see "—Impact of the Ongoing Tariff Review Process on the Purchase Price."

As of the date of this offering memorandum, based on calculations prepared by us and reviewed by the Independent Engineer, we estimate that, assuming the Acquisition Effective Date occurs on or before September 30, 2021, (i) the purchase price for the Acquisition, taking into account the various purchase price adjustments provided for in the SPA (the "Buyer Calculated Purchase Price"), and (ii) the amount we will pay Colbún Transmisión to repay liabilities, including dividends and indebtedness, among others, owed by it to Colbún and its Affiliates (the "Colbún Transmisión Indebtedness Owed to Colbún," together with the Buyer Calculated Purchase Price, the "Estimated Payments to Colbún"), would collectively total approximately U.S.\$1,195.5 million.

Following the execution of the SPA, Colbún published a material fact (*hecho esencial*) on March 30, 2021 announcing the sale of Colbún Transmisión for a purchase price of U.S.\$1,295 million (the "Initial Seller Calculated Purchase Price"). Following the publication of the CNE Valuation Report, on August 10, 2021, Colbún published a material fact (*hecho esencial*) announcing a revised purchase price of U.S.\$1,185 million (the "Current Seller Calculated Purchase Price" and, together with the Initial Seller Calculated Purchase Price, the "Seller Calculated

Purchase Price”). We believe the methodology used by Colbún to calculate the Seller Calculated Purchase Price may be materially different from the methodology used by us to calculate the Buyer Calculated Purchase Price, and such calculations of the acquisition price are subject to change. The Sellers and the Buyer continue to be in discussions regarding these adjustments and expect to consummate the Acquisition at the Acquisition Date Purchase Price on or before September 30, 2021.

Impact of the Ongoing Tariff Review Process on the Purchase Price

The outcome of the Ongoing Tariff Review Process will have both a prospective and a retroactive impact on Colbún Transmisión’s invoicing.

Future Cash Flows. The new tariff rates will affect Colbún Transmisión’s revenue from existing assets in the Regulated System moving forward. A higher tariff rate would increase future cash flows of Colbún Transmisión to be received from customers, while a lower tariff rate would decrease future cash flows from customers, as compared to amounts collected as of the date of this offering memorandum, based on the tariffs established in the previous tariff period.

In addition, as mentioned in clause (3) of “—Adjustments to the Purchase Price of the Acquisition” above, pursuant to the SPA, the Acquisition Date Purchase Price could be adjusted upward or downward as a result of the publication of the new tariff that will apply to assets in the Regulated System upon the conclusion of the Ongoing Tariff Review Process. If the tariff review process results in a tariff increase, as compared to rates agreed upon by the parties on the Acquisition Effective Date, the Acquisition Date Purchase Price would increase and the Buyer, directly or through its affiliates, would be required to pay an additional amount to the Sellers. If the tariff review process results in a tariff decrease, as compared to levels agreed upon by the parties at the Acquisition Effective Date, the Acquisition Date Purchase Price would be reduced and the Buyer would be entitled to a reimbursement from the Sellers. The amounts of the tariff components presented in the CNE Valuation Report are lower than the tariff components established in the previous tariff period, and we expect that the revised tariffs established upon the conclusion of the Ongoing Tariff Review Process will be lower than the tariffs established in the previous tariff period. See “Risk Factors—Risks Related to Colbún Transmisión’s Business and Industry—Changes in the valuation of Colbún Transmisión’s existing facilities in the National or Zonal Transmission Systems could negatively alter its return on investments” for information about the risks related tariff variations for assets in the Regulated System.

Retroactive Adjustment. As of the date of this offering memorandum and pending the conclusion of the Ongoing Tariff Review Process, transmission companies have continued invoicing under the previous tariff structure, which could result in excess payments or payment deficits to transmission companies, depending on whether the new tariff rates are higher or lower than the previous tariff structure. Once the review process is completed and the new tariff rates have been set, the new tariff will be applied retroactively from January 1, 2020, until the date of the conclusion of the Ongoing Tariff Review Process. Based on the CNE Valuation Report, we expect that the tariffs that will be determined once the Ongoing Tariff Review Process is concluded will be lower than the tariffs established in the previous tariff period. As such, we expect that Colbún Transmisión will be required to make Tariff Reimbursements.

As mentioned in clause (4) of “—Adjustments to the Purchase Price of the Acquisition” above, pursuant to the terms of the SPA, the Acquisition Date Purchase Price is expected to be reduced by the estimated amount of such Tariff Reimbursements applicable to the period from January 1, 2020 until the date of the consummation of the Acquisition, which is expected to occur on September 30, 2021, and the Sponsors are expected to make a corresponding equity contribution on the Release Date (as defined elsewhere in this offering memorandum). See “Description of the Notes—Deposits into and Transfers from Project Accounts—Issuer USD Tariff Readjustment Reserve Account.” As of the date of this offering memorandum, we expect such contribution to be in an aggregate amount of approximately U.S.\$24.4 million, subject to adjustments. In addition, a portion of the Acquisition Date Purchase Price may be reserved in an escrow account in order to partially cover these Tariff Reimbursements, if any, that would be payable by Colbún Transmisión from January 1, 2020 until the date of the consummation of the Acquisition.

The Tariff Reimbursements, if any, would occur over a period of time to be determined at the conclusion of the Ongoing Tariff Review Process, and we cannot be certain as to the amounts or process by which such Tariff Reimbursements would be made. For example, Colbún Transmisión may be instructed by the CNE to (1) pay Tariff Reimbursements to transmission companies whose tariffs increase upon the conclusion of the Ongoing Tariff Review Process relative to the previous tariff period and, as a result, have a payment deficit for the period commencing on January 1, 2020, and/or (2) allow Colbún Transmisión's existing customers to offset excess amounts they paid to Colbún Transmisión from January 1, 2020 until the conclusion of the Ongoing Tariff Review Process. For additional information, see "Description of the Notes—Deposits into and Transfers from Project Accounts—Issuer USD Tariff Readjustment Reserve Account" and "The Transactions—The Acquisition—The Share Purchase Agreement."

Although we expect that the purchase price adjustments set forth in the SPA and the funds reserved for Tariff Reimbursements, if any, will partially offset the effects of these variations, the outcome of the Ongoing Tariff Review Process may negatively affect our financial condition and results of operations. In the event that the Ongoing Tariff Review Process figures are lower than the figures in our projections, we will have the option to redeem up to U.S.\$75.0 million of the outstanding principal amount of the Notes to prevent a Rating Downgrade (as defined elsewhere in this offering memorandum). For additional information, see "Risk Factors—Risks Related to the Acquisition—The Acquisition is subject to significant uncertainties and may not be consummated timely or at all, which may adversely affect our business, financial condition, results of operations and prospects," "Risk Factors—Risks Related to the Acquisition—Changes in the tariff level could result in an upward purchase price adjustment or require us to redeem the Notes" and "Description of the Notes—Redemption of the Notes—Purchase Price Adjustment Reimbursement Redemption."

Repayment of Colbún Transmisión's Intercompany Obligations

As of June 30, 2021, the aggregate principal amount of the Colbún Transmisión Indebtedness Owed to Colbún is U.S.\$84.2 million. Pursuant to the terms of the SPA, the Colbún Transmisión Indebtedness Owed to Colbún is expected to be fully repaid, settled or cancelled on the Acquisition Effective Date. As a result, the proceeds of this offering may be used, in part, to settle such intercompany obligations.

The Financing Transactions

In connection with the Acquisition, we expect to enter into the following Financing Transactions:

- this offering of Notes;
- a senior secured letter of credit facility in an amount of approximately U.S.\$31.5 million, subject to adjustments (the "Letter of Credit Facility");
- equity contributions to the Issuer (including in the form of subordinated loans) in an estimated aggregate amount of U.S.\$192.8 million from Celeo Redes, APG and/or any of their respective affiliates, subject to any adjustments to the Acquisition Date Purchase Price under the SPA; and
- a Construction Letter of Credit (as described elsewhere in this offering memorandum) with no recourse to the Issuer.

If the issuance of the Notes occurs before the consummation of the Acquisition, the Issuer will deposit the net proceeds from this offering into the Escrow Account (as defined elsewhere in this offering memorandum) until the date that the Escrow Conditions (as defined elsewhere in this offering memorandum) are satisfied. In addition, the Sponsors will deposit into the Escrow Account certain additional amounts required in connection with a potential Special Mandatory Redemption, including an amount equal to 1% of the aggregate principal amount of the Notes and an amount equal to interest payments for a period of six months, which is the maximum escrow period. The Escrow Conditions include, among other conditions, the satisfaction of all the conditions required for the consummation of the Acquisition. If the Acquisition is consummated on or prior to the Redemption Deadline and the other Escrow Conditions are satisfied, the amounts held in the Escrow Account (as defined elsewhere in

this offering memorandum) will be released to, and used by, the Issuer to finance the Acquisition and to repay the Colbún Transmisión Indebtedness Owed to Colbún as described in this offering memorandum. If (i) the Acquisition and the other conditions to the release of the amounts in the Escrow Account set forth in the Escrow Agreement have not occurred (including as a result of either of the Sponsors failing to make equity contributions in an amount that, together with the Escrowed Funds, is sufficient to (x) consummate the Acquisition, and (y) pay fees, costs and expenses in connection with the consummation of the Acquisition payable to Seller to the extent payment of any such amounts is required under the SPA), or (ii) the SPA is terminated on or prior to the Redemption Deadline, the Notes will be subject to the Special Mandatory Redemption, at a redemption price equal to 101% of the aggregate principal amount of the Notes plus accrued and unpaid interest thereon to, but not including, the Redemption Date. Following such Special Mandatory Redemption, any amounts remaining in the Escrow Account would be returned to the Issuer. See “Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.”

We expect to pay the Acquisition Date Purchase Price and to repay the Colbún Transmisión Indebtedness Owed to Colbún using a combination of the proceeds of the Notes and equity contributions to the Issuer (including in the form of subordinated loans). The aggregate amount of the equity contributions to the Issuer (including in the form of subordinated loans) will be equal to: (1) the Acquisition Date Purchase Price and the Colbún Transmisión Indebtedness Owed to Colbún *plus* the transaction costs and expenses incurred in connection with the Acquisition and this offering, *minus* (2) the net proceeds of the Notes. As of the date of this offering memorandum, assuming the Acquisition Effective Date occurs on or before September 30, 2021, we estimate that the Estimated Payments to Colbún collectively would total approximately U.S.\$1,195.5 million and the net proceeds of the Notes will be approximately U.S.\$1,087.4 million. As a result, as of the date of this offering memorandum, we estimate that the equity contributions to the Issuer (including in the form of subordinated loans) will be equal to an aggregate amount of approximately U.S.\$192.8 million. In addition, the Sponsors will provide a Construction Letter of Credit to cover Construction Costs (as defined elsewhere in this offering memorandum), which would increase our exposure to equity contributions from our Sponsors by approximately U.S.\$68.9 million.

We expect to use the Letter of Credit Facility to fund our debt service reserve and O&M reserve obligations under the Indenture and the Notes. See “Description of Principal Financing Agreements” for a description of the Letter of Credit Facility.

The following table illustrates the estimated sources and uses of funds for the offering of Notes and the Acquisition, assuming the Acquisition is consummated by September 30, 2021. This scenario is for illustrative purposes only, and amounts included in the table below may vary significantly and depend on several factors, including timing of the Acquisition, purchase price adjustments under the SPA, total indebtedness levels, including as a result of the sale of the Notes, and equity investments.

	Amounts	
	<i>(in millions of U.S.\$)</i>	<i>(%)</i>
Sources		
Equity contributions to the Issuer (including in the form of subordinated loans)	192.8	14.9
Gross Proceeds of the Notes	1,098.6	85.1
Total sources	1,291.4	100.0
Uses:		
Estimated Payments to Colbún	1,195.5	92.6
Cash reserved to pay contingent tariff reimbursement	24.4	1.9
Transaction costs and fees relating to the Acquisition and the offering of the Notes ⁽¹⁾	71.5	5.5
Total uses	1,291.4	100.0

- (1) Includes estimated fees and expenses related to the Financing Transactions, including discounts and commissions payable to the Initial Purchasers, legal, accounting and advisory fees, fees associated with the Financing Transactions, interest rate hedging and other transaction costs. An increase in actual fees and expenses will result in a corresponding increase in cash on the balance sheet.

Independent Engineer Report

Black & Veatch has prepared the Independent Engineer Report and consented to its inclusion in this offering memorandum. Black & Veatch is an independent international consulting firm that provides technical consulting services covering, among other industries, the energy and utilities sector. The Independent Engineer Report summarizes Black & Veatch's analysis, provides an overview of Colbún Transmisión's transmission portfolio, a review of the portfolio's material agreements and historical performance, an assessment as to the reasonableness of Colbún Transmisión's construction budgets and operating costs, maintenance plan, as well as an environmental and permit review and assessment, including with respect to the Equator Principles.

Black & Veatch and its affiliates do not approve or endorse, directly or indirectly, any product, service, or Notes offered by Alfa Desarrollo SpA.

Key Findings

Black & Veatch performed a site visit to observe the conditions of Colbún Transmisión portfolio of assets during the week of November 30, 2020 through December 4, 2020. The Independent Engineer Report's key findings are as follows:

- Colbún Transmisión's revenue appears to be modeled consistently with the compensation amounts and formulas presented in the applicable decrees and Dedicated Contracts to which it is a party and appear to be consistent with the CNE's methodology for the approximation of the portfolio's investment value;
- based on visual observations, a review of available documentation and interviews with management at the plant, the assets are considered to be in good operating condition, consistent with the available documents provided to Black & Veatch for review. The O&M personnel onsite were found to be well trained, with vast experience in the company and proficiency in conducting their respective activities. See "Certain Relationships and Related Party Transactions—Pre-Acquisition" for details about the O&M agreement between Colbún Transmisión and Colbún and indebtedness in connection with this agreement;
- the general design characteristics of the Colbún Transmisión portfolio of assets appear to be consistent with industry practices and the broader Chilean electric power system. The technical requirements are generally consistent with global industry standards (such as the standards from the American Society of Civil Engineers ("ASCE") and the Institute of Electrical and Electronic Engineers ("IEEE")) and take into account local code requirements for natural risk factors;
- the Independent Engineer considers Colbún Transmisión's maintenance strategy to be adequate and consistent with industry standards;
- the scope of maintenance covered under the maintenance contracts with qualified contractors are considered to be adequate to ensure the correct operations of the lines. Black & Veatch understands that maintenance activities will be performed by Celeo Redes after the Acquisition;
- Colbún Transmisión uses a number of contracts to support and define the requirements for transmission services, O&M activities, real estate and joint development partnerships;
- Colbún Transmisión's key agreements appear to be consistent with similar agreements with which the Independent Engineer is familiar, with reasonable terms and fees;
- Colbún Transmisión appears to be in compliance with the applicable permit conditions for its operating projects, as set forth under the RCA; and
- based on the age distribution of Colbún's generation units associated with Colbún Transmisión's dedicated assets and site visit observations, the Independent Engineer does not foresee that any of Colbún Transmisión's dedicated assets will become idle in the near future as the result of anticipated retirement of the associated generation units or industrial facilities who are Colbún Transmisión's Dedicated Consumers.

For additional information about the Independent Engineer Report, including information about the Financial Model, see “Third-Party Financial Projections.”

Recent Developments

Amendment to SPA

As of the date of this offering memorandum, in connection with the development and construction of recently awarded projects, namely the new substations of Codegua and Loica, the new transmission line 2x220 kV of Loica-Portzuelo and the expansion of the substation of Portezuelo (the “New Projects”), the Issuer and Colbún are in the process of negotiating a potential amendment to the SPA, which would allow Colbún Transmisión, on the Acquisition Effective Date, to enter into either (1) the Colbún Construction Services Agreement (as defined elsewhere in this offering memorandum), substantially in the form of Exhibit G to the SPA, or (2) the Colbún EPC Agreement (as defined elsewhere in this offering memorandum), subject to the conditions set forth in “Description of the Notes—Covenants—Negative Covenants—Material Project Documents.” As of the date of this offering memorandum, there can be no assurance about whether this amendment will be agreed upon, what final terms would be included in the amendment, whether the final terms of such amendment would be more favorable than the current terms under the SPA and what obligations such amendment would encompass. For additional information, see “Risk Factors—Risks Relating to the Acquisition—The Acquisition is subject to significant uncertainties and may not be consummated timely or at all, which may adversely affect our business, financial condition, results of operations and prospects,” “Description of the Notes—Covenants—Negative Covenants—Material Project Documents,” and “Description of the Notes—Certain Definitions—“Projects Development Agreement” and “Description of Certain Material Project Documents—Overview of Certain Project Development Agreements.”

Antitrust Approval of the Acquisition

On August 3, 2021, the Chilean Economic Prosecutor’s Office issued a recommendation approving the Acquisition. The recommendation is based on an analysis of the economic activities of the Chilean energy transmission economic group comprised of Elecnor Chile S.A., an entity affiliated with Elecnor in Chile, Celco Redes Limitada and Colbún Transmisión, based on potential market concentration per transmission system, geographic location and construction activities in the transmission market. The recommendation concludes that the Acquisition is permissible because, in principle, it does not have the potential to substantially reduce competition in the Chilean energy transmission market.

CNE Valuation Report

On August 2, 2021, the CNE published a revised valuation report covering the tariffs for transmission assets in the National, Zonal and Dedicated Transmission Systems (the “CNE Valuation Report”). The CNE Valuation Report is a part of the Ongoing Tariff Review Process to determine the transmission tariffs due for the 2020-2023 tariff period. It provides valuation information to determine (1) the VI due per transmission section; (2) the VATT, which includes AVI, COMA and AEIR; (3) the annual tariff rate for the use of assets in the Dedicated Transmission System by Regulated Consumers; and (4) the revised indexation formula. According to the CNE Valuation Report, the reference VI for Colbún Transmisión’s operating assets (excluding expansions in operation), including lines, substations and easements, in the Regulated System is U.S.\$159.2 million, and the VATT payments in connection with these assets totals U.S.\$16.7 million. The amounts of the tariff components presented in the CNE Valuation Report are lower than the tariff components established in the previous tariff period, and we expect that the revised tariffs established upon the conclusion of the Ongoing Tariff Review Process will be lower than the tariffs established in the previous tariff period. In the event that the revised tariffs are lower, we expect that Colbún Transmisión will be required to make Tariff Reimbursements. These figures are subject to change based on the Ongoing Tariff Review Process.

For additional information about the risks related to the Ongoing Tariff Review Process, see “Risk Factors—Risks Related to Colbún Transmisión’s Business and Industry—Changes in the valuation of Colbún Transmisión’s existing facilities in the National or Zonal Transmission Systems could negatively alter its return on investments.”

Impact of the COVID-19 Pandemic

In early March 2020, the Chilean government, the Central Bank of Chile and the CMF announced a series of measures aimed at mitigating the effects that the COVID-19 pandemic might have on the Chilean economy. On March 19, 2020, the Chilean President announced a series of extraordinary economic relief measures aimed at protecting health, salaries and employment in light of the COVID-19 pandemic and its impact on the global economy. As COVID-19 has continued to affect the world, the Chilean government has further implemented additional social, economic and financial relief measures to support its citizens and its economy. For example, on August 5, 2020, the Chilean Congress enacted Law No. 21,249, to prevent distribution companies from interrupting or discontinuing delivery of electricity until December 31, 2021 to Regulated Consumers who fail to pay their invoices. This law has allowed distribution companies to collect unpaid amounts in installments. Furthermore, by means of Decree No. 646 as amended, which initially became effective on December 12, 2020, the Constitutional State of Emergency was recently extended until September 30, 2021. As of the date of this offering memorandum, the COVID-19 pandemic has not had a material adverse impact on the business of transmission companies, including Colbún Transmisión, as transmission companies have maintained the same level of operations and continue to receive the similar level of revenues for their services, given that distribution and power companies, as well as Unregulated Consumers, have continued to make the relevant transmission-related payments.

In response to the COVID-19 pandemic, Colbún Transmisión developed and implemented a comprehensive action plan and sanitation protocol to safeguard the well-being of the Colbún personnel, third-party contractors and their families, while ensuring the continuity of its operations. These measures included temperature screening before access to the facilities, mask mandates and work from home arrangements whenever possible.

As a result of the pandemic and the measures to address it, companies throughout the energy industry, including Colbún Transmisión, have experienced temporary procurement and construction delays that have affected their mandatory expansion projects. Nevertheless, Colbún Transmisión's projects are generally on track for timely completion. The impacts of the COVID-19 pandemic on Colbún Transmisión's revenues are limited, given that transmission tariffs depend on the availability of the transmission lines, not on consumption. Other than the impacts and measures described in this paragraph, the impact of the COVID-19 pandemic on Colbún Transmisión's operations has been consistent with the overall impact of the pandemic on the Chilean transmission sector as a whole.

As of the date of this offering memorandum, the COVID-19 pandemic continues to adversely affect the global economy and Latin America. Nevertheless, Chile is one of the leading countries in Latin America in terms of COVID-19 vaccination rates, with a majority of its population having received at least one dose of the COVID-19 vaccine.

Change of Colbún Transmisión's Name

As a result of the Acquisition, we intend to amend Colbún Transmisión's bylaws to remove the word "Colbún" from its name, as required by the SPA. In addition, we will cease to use any name, letterhead, office materials, marketing materials, advertisement or any documentation or media containing the word "Colbún" or any word or name that is substantially identical to, deceptively similar to or likely to be mistaken for or confused with the word "Colbún."

Merger of Colbún Transmisión with the Issuer

Subsequent to the consummation of the Acquisition, Colbún Transmisión is expected to merge with and into the Issuer. As a result, to the extent such Permitted Merger is consummated the Issuer will be the surviving entity and will assume all assets, liabilities and obligations of Colbún Transmisión. The Permitted Merger will be permissible pursuant to the terms of the Indenture.

Cash Flow Waterfall

Unless a Secured Obligation Event of Default has occurred and is continuing and a Notice of Default has been received from the Onshore Collateral Agent, the amounts deposited into (i) the Issuer CLP Revenue Account and (ii) the Issuer USD Revenue Account, in each case, will be withdrawn and transferred by the Onshore Depository on each Monthly Transfer Date, as applicable, and payment will be applied in accordance with the order of priority established in the Collateral Accounts Agreement.

Subject to the immediately preceding sentence, the amounts deposited into the Issuer CLP Revenue Account will be withdrawn and transferred by the Onshore Depository on each Monthly Transfer Date in the following order of priority pursuant to a Confirmed Transfer Certificate:

first, to pay (pro rata to the extent of insufficient funds) any and all CLP-denominated Secured Obligations comprising any fees, costs and expenses due and payable to any Secured Party under and in accordance with the Secured Obligation Documents;

second, after the application of funds provided in clause *first*, to fund (pro rata to the extent of insufficient funds and without duplication) (A) to fund the Issuer CLP Performance Guarantee Cash Collateral Account in an amount consistent with the requirements of the applicable Performance Guarantee Instrument and (B) the Issuer CLP O&M Payment Account, in an aggregate amount equal to the excess, if any, of: (1) the amount needed to pay the aggregate amount of CLP-denominated Operating Costs of the Issuer projected to be due and payable in the next Monthly Period beginning on such Monthly Transfer Date over (2)(x) the aggregate amount then on deposit in the Issuer CLP O&M Payment Account *minus* (y) any such amounts on deposit that have been previously designated for payment of CLP-denominated Operating Costs of the Issuer that have not yet been paid; and

third, after the application of funds provided in clauses *first* and *second*, convert the funds then standing to the credit of the Issuer CLP Revenue Account to USD and transfer the entire balance thereof to the Issuer USD Revenues Account.

Subject to the first sentence under the heading “Cash Flow Waterfall” above, the amounts deposited into the Issuer USD Revenue Account will be withdrawn and transferred by the Onshore Depository on each Monthly Transfer Date in the following order of priority pursuant to a Confirmed Transfer Certificate:

first, to transfer (pro rata to the extent of insufficient funds and without duplication) to the Issuer USD O&M Payment Account, an aggregate amount equal to the excess, if any, of: (A) the amount needed to pay the aggregate amount of Dollar-denominated Operating Costs of the Issuer projected to be due and payable in the next Monthly Period beginning on such Monthly Transfer Date over (B)(1) the aggregate amount then on deposit in the USD O&M Payment Account *minus* (2) any such amounts on deposit that have been previously designated for payment of Dollar-denominated Operating Costs of the Issuer that have not yet been paid;

second, after the application of funds provided in clause *first*, to pay (pro rata to the extent of insufficient funds) any and all Dollar-denominated Secured Obligations comprising (without duplication of any such amounts paid in accordance with clause *first*) any fees, costs and expenses due and payable to any Senior Secured Party under and in accordance with the Secured Obligation Documents;

third, after the application of funds provided in clauses *first* and *second*, to fund (pro rata to the extent of insufficient funds and without duplication), the Issuer USD Debt Service Accrual Account in an amount equal to (A) the USD Debt Service Accrual Requirement or (B) to the extent the balance standing to the credit of the Issuer USD Debt Service Accrual Account is not sufficient to pay unfunded obligations under the Secured Obligation Documents, including (I) principal and interest due and payable under any Secured Obligation Document, (II) any applicable Reserve LC Reimbursement Obligations, (III) any ordinary course settlement payments, termination payments and other obligations under any Secured Hedging Agreement, (IV) any other Secured Obligation that is then due and payable, (V) Specified Permitted Indebtedness outstanding on any Monthly Transfer Date that is a repayment date, the payment of any such unfunded obligations denominated in Dollars and (VI) any other fees,

costs and expenses due and payable to the Senior Secured Parties under and in accordance with the Secured Obligation Documents;

fourth, after the application of funds provided in clauses *first*, *second* and *third*, to fund the Issuer USD Debt Service Reserve Account to the extent necessary to cause the balance therein (when added to (A) the amounts on deposit therein and (B) the undrawn amount of all Reserve LCs credited thereto) to equal the then-required Issuer USD Debt Service Reserve Account Requirement; and

fifth, after the application of funds provided in clauses *first*, *second*, *third* and *fourth*, to fund the Issuer USD O&M Reserve Account to the extent necessary to cause the balance therein (when added to (A) the amounts on deposit therein and (B) the undrawn amount of all Reserve LCs credited thereto) to equal the then-required O&M Reserve Requirement;

sixth, after the application of funds provided in clauses *first*, *second*, *third*, *fourth* and *fifth*, to fund the Issuer USD Mandatory Capex Account in an amount equal to any and all dollar-denominated Mandatory Capex that are reasonably expected to become due and payable during the immediately succeeding 45-day period *minus* the balance already on deposit in the Issuer USD Mandatory Capex Account on such date;

seventh, after the application of funds provided in clauses *first*, *second*, *third*, *fourth*, *fifth* and *sixth* transfer to the Issuer USD Construction Costs Payment Account, an amount equal to the Construction Costs that are reasonably expected to become due and payable during the immediately succeeding 180 days minus the balance already on deposit in the Issuer USD Construction Costs Payment Account on such date; and

eighth, after the application of funds provided in clauses *first*, *second*, *third*, *fourth*, *fifth*, *sixth*, and *seventh* to the Issuer USD Restricted Payment Retention Account.

Information about the Issuer and Colbún Transmisión

The Issuer's principal executive offices are located at Apoquindo 4501, Office 1902, Las Condes, Santiago, Chile.

THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see “Description of the Notes” in this offering memorandum.

Issuer	Alfa Desarrollo SpA
Guarantors	Following the Acquisition Effective Date (and, in the case of Colbún Transmisión, on the Colbún Transmisión Joinder Date), any other existing or future Restricted Subsidiary that executes a Note Guarantee in accordance with the provisions of the Indenture.
Sponsor	APG Energy & Infra Investments S.L.U. and Celeo Redes S.L.U.
Acquisition	The acquisition by the Issuer of all of the shares in the issued capital stock of Colbún Transmisión from Colbún S.A. and Colbún Desarrollo SpA in accordance with the terms of the SPA.
Notes Offered	U.S.\$1,098,618,000 in aggregate principal amount of 4.550% Senior Secured Notes due 2051 to be issued under the Indenture.
	Subject to the limitations described under “Description of the Notes—Covenants—Negative Covenants—Indebtedness,” we may also issue additional notes of the same series as the Notes offered hereby under the Indenture from time to time after this offering (the “Additional Notes” and, together with the Notes, the “Indenture Notes”); <i>provided, however</i> , that unless the Additional Notes are issued under a separate CUSIP number, the Additional Notes must be fungible with the Notes issued on the Issue Date for U.S. federal income tax purposes. Any Additional Notes, if issued, will rank <i>pari passu</i> in right of payment and with respect to rights in the Collateral to the Notes issued on the Issue Date and will vote on all matters as one class with the Notes issued on the Issue Date. No offering of any Additional Notes is being or will in any manner be deemed to be made by this offering memorandum. Subject to the limitations described under “Description of the Notes—Covenants—Negative Covenants—Indebtedness,” the Indenture will also permit the Issuer to issue an unlimited amount of Indenture Notes.
Interest	Interest on the outstanding principal of the Notes will accrue at a rate equal to 4.550% <i>per annum</i> from the Issue Date or from the immediately preceding interest payment date on which interest has been paid, as applicable, and be payable semi-annually in arrears on March 27 and September 27 of each year, commencing on March 27, 2022 to the applicable holder of record as of the Record Date. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.
Maturity Date	September 27, 2051.

Amortization.....

Installments of principal will be payable semi-annually on each Scheduled Payment Date commencing on March 27, 2022, *pro rata* (subject to the procedures of the depositary for the Notes) to the registered holder thereof on the immediately preceding Record Date in accordance with the following schedule:

Scheduled Payment Dates	% of Original Principal Amount Payable	Amount Payable (in U.S.\$)
March 27, 2022	0.269582%	2,961,676
September 27, 2022	0.094953%	1,043,171
March 27, 2023	0.128463%	1,411,318
September 27, 2023	0.130882%	1,437,893
March 27, 2024	0.082051%	901,427
September 27, 2024	0.190124%	2,088,736
March 27, 2025	0.299327%	3,288,460
September 27, 2025	0.356809%	3,919,968
March 27, 2026	0.361288%	3,969,175
September 27, 2026	0.362203%	3,979,227
March 27, 2027	0.366196%	4,023,095
September 27, 2027	0.330941%	3,635,777
March 27, 2028	0.266753%	2,930,596
September 27, 2028	0.212117%	2,330,356
March 27, 2029	0.252617%	2,775,296
September 27, 2029	0.315525%	3,466,414
March 27, 2030	0.374841%	4,118,071
September 27, 2030	0.435937%	4,789,282
March 27, 2031	0.457794%	5,029,407
September 27, 2031	0.491050%	5,394,764
March 27, 2032	0.536929%	5,898,799
September 27, 2032	0.597949%	6,569,175
March 27, 2033	0.682130%	7,494,003
September 27, 2033	0.753746%	8,280,789
March 27, 2034	0.748169%	8,219,519
September 27, 2034	0.738241%	8,110,449
March 27, 2035	0.712221%	7,824,588
September 27, 2035	0.681096%	7,482,643
March 27, 2036	0.713284%	7,836,266
September 27, 2036	0.742383%	8,155,953
March 27, 2037	0.795619%	8,740,814
September 27, 2037	0.844399%	9,276,719
March 27, 2038	0.813997%	8,942,718
September 27, 2038	0.697995%	7,668,299
March 27, 2039	0.739086%	8,119,732
September 27, 2039	0.857281%	9,418,243
March 27, 2040	0.888137%	9,757,233
September 27, 2040	0.892356%	9,803,584
March 27, 2041	0.839028%	9,217,713
September 27, 2041	0.786604%	8,641,773
March 27, 2042	0.907694%	9,972,090
September 27, 2042	1.027718%	11,290,695
March 27, 2043	1.064358%	11,693,229
September 27, 2043	1.097773%	12,060,332

March 27, 2044	1.159272%	12,735,971
September 27, 2044	1.265792%	13,906,219
March 27, 2045	1.348902%	14,819,280
September 27, 2045	1.401194%	15,393,769
March 27, 2046	1.393460%	15,308,802
September 27, 2046	1.378778%	15,147,503
March 27, 2047	1.561852%	17,158,787
September 27, 2047	1.745614%	19,177,630
March 27, 2048	1.764170%	19,381,489
September 27, 2048	1.777066%	19,523,167
March 27, 2049	1.886427%	20,724,627
September 27, 2049	1.991308%	21,876,868
March 27, 2050	2.081779%	22,870,799
September 27, 2050	2.168594%	23,824,564
March 27, 2051	2.138146%	23,490,057
September 27, 2051	Remaining Balance	

Note Guarantees Prior to the Colbún Transmisión Joinder Date, there will be no Guarantors of the Notes under the Indenture.

Following the Acquisition Effective Date (or in the case of Colbún Transmisión, from the Colbún Transmisión Joinder Date), the due and punctual payment of all amounts payable under the Notes, including principal, premium, if any, and interest, together with all other payment obligations of the Issuer under the Indenture and the Notes, will be unconditionally and irrevocably guaranteed on a senior secured basis by Colbún Transmisión and all future Restricted Subsidiaries of the Issuer to the extent required pursuant to the covenants described in clauses (p), (q), (r) and, solely with respect to Colbún Transmisión, (u), or, with respect to any other Restricted Subsidiary, (v), under the heading “Description of the Notes—Covenants—Affirmative Covenants” (the “Note Guarantees”). These Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under Applicable Law. This provision may not, however, be effective to protect a Note Guarantee from being voided under fraudulent transfer law, or may reduce the applicable Guarantor’s obligation to an amount that effectively makes its Note Guarantee worthless. If a Note Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, a Guarantor’s liability on its Note Guarantee could be reduced to zero.

Ranking The Notes will constitute the Issuer’s direct and unconditional senior secured obligations, secured, prior to the Release Date, by a first priority security interest in the Escrow Property and, from the Release Date by a first priority security interest in the Collateral held or owned by the Issuer as of such date and in all Equity Interests in the Issuer and, following the Colbún Transmisión Joinder Date, by a first priority security interest in all the Collateral, and will:

- be senior obligations of the Issuer;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- rank senior to any existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively senior to all of the Issuer's existing and future senior unsecured Indebtedness, to the extent of the value of the Collateral that is subject to Liens securing the Notes; and
- be effectively subordinated to any future Indebtedness of the Issuer that is secured by Liens on assets that do not secure the Notes, to the extent of the value of the assets securing such Indebtedness.

With respect to each Guarantor, from the effective date of its Note Guarantee until the Note Guarantee Release Date of such Guarantor, the Note Guarantees will constitute direct, unconditional, senior, secured obligations of each Guarantor and will:

- be senior obligations of such Guarantor;
- rank *pari passu* in right of payment with any existing and future Indebtedness of such Guarantor that is not subordinated in right of payment to the Notes;
- rank senior to any existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to the Notes;
- be effectively senior to all of such Guarantor's existing and future senior unsecured Indebtedness, to the extent of the value of the Collateral that is subject to Liens securing the Notes and the Note Guarantees; and
- be effectively subordinated to any future Indebtedness of such Guarantor that is secured by Liens on assets that do not secure the Notes and the Note Guarantees, to the extent of the value of the assets securing such Indebtedness.

Collateral

Prior to the Release Date, the Notes will be secured only by a first priority security interest in the Escrow Property.

From the Release Date (or, in the case of Collateral held or owned by Colbún Transmisión, the Colbún Transmisión Joinder Date), the Notes, the Note Guarantees (if and when issued), the Additional Notes (if and when issued) and other Secured Obligations will be secured by a first priority security interest, subject to perfection requirements set forth below, which will rank senior in priority of payment to any other Indebtedness of the Issuer and the Guarantors, in certain existing and future assets of shareholders of the Issuer (limited to their equity interests in the Issuer and any subordinated loans provided by the shareholders to

the Issuer or any Guarantor), the Issuer and the Guarantors (collectively, the “Collateral”), for the benefit of the Senior Secured Parties, including the following:

- (a) all Equity Interests in the Issuer;
- (b) until the consummation of the Permitted Merger, all Equity Interests in Colbún Transmisión;
- (c) the collection rights under all Material Project Documents, Construction Agreements, Agreements for Use of Physical Spaces of Colbún Transmisión Facilities and Lease Agreements; and under any credit support, performance guarantee or other financial support instrument provided (or caused to be provided) by any counterparty to any of the foregoing to or in favor of the Issuer or Colbún Transmisión, *provided* that the Collateral shall include collection rights under Project Decrees solely to the extent permitted under Applicable Law;
- (d) the Transmission Lines and Substations and all tangible assets of the Issuer or Colbún Transmisión, including machinery and equipment of the Issuer and Colbún Transmisión, whether now owned or at any time acquired after the Issue Date;
- (e) the Real Estate Rights of the Issuer or Colbún Transmisión in the sites where the Substations are located (to the extent perfection of a security interest is possible under Applicable Law over such Real Estate Rights, including, easements and rights of way granted by any electrical concession);
- (f) the Project Accounts (other than any *cuentas corrientes*) and any cash, Cash Equivalents and Permitted Investments maintained therein; *provided, for the avoidance of doubt*, that the Issuer CLP Performance Guarantee Cash Collateral Account and the Issuer USD Distribution Account shall not constitute Collateral;
- (g) all related party subordinated loans to the Issuer and the Guarantors, which will be subject to corresponding subordination agreements (*convenios de subordinación*); and
- (h) all proceeds (including condemnation and eminent domain proceeds) of the foregoing.

The Collateral (other than the Equity Interests in the Issuer and, following the Colbún Transmisión Joinder Date, Colbún Transmisión) shall be subject to Permitted Liens.

Prior to the Release Date, the defined term “Collateral” will be deemed to refer solely to the first priority security interest in the Escrow Property pursuant to the Escrow Agreement. From the Release Date and prior to the Colbún Transmisión Joinder Date, the defined term “Collateral” will be deemed to refer solely to the first priority security

interest in the Equity Interests in the Issuer and the Collateral held or owned by the Issuer, in each case pursuant to the Senior Onshore Security Documents and the Collateral Accounts Agreement. From and after the Colbún Transmisión Joinder Date, the defined term “Collateral” will be deemed to refer to all the Collateral.

The Indenture will also provide that, in the event that any additional Restricted Subsidiary is established after the Issue Date other than Colbún Transmisión, whether through formation, acquisition, designation or otherwise, the Notes, the Note Guarantees and any other Secured Obligations will be secured by a first priority security interest in certain existing and future assets of such Restricted Subsidiary to the same extent as set forth above, *mutatis mutandis*, in respect of the Issuer and any Guarantors (which assets shall be included in the Collateral); *provided* that in the event that the granting of a first priority security interest over any such property or assets shall reasonably be determined by the Issuer to be impracticable to be granted after using commercially reasonable efforts, as set forth in an Officer’s Certificate to the Indenture Trustee, such property or assets need not be included in the Collateral; *provided, however* that the following shall be pledged in each case as Collateral without regard to the foregoing proviso:

- (a) all shares or other equity interests in such Restricted Subsidiary;
- (b) all material project documents of the Restricted Subsidiary, including the engineering, procurement and construction agreement and its guarantee, if applicable, and the operations and maintenance agreement relating to the Project operated by such Restricted Subsidiary, and any credit support, performance guarantee or other financial support instrument provided (or caused to be provided) by any counterparty to any of the foregoing to or in favor of such Restricted Subsidiary, in each case solely to the extent permitted by Applicable Law;
- (c) all leaseholds and other real estate property of such Restricted Subsidiary owned or at any time acquired after the establishment of such Restricted Subsidiary solely to the extent such Restricted Subsidiary may grant a security interest in accordance with Applicable Law; *provided* that, if any consents, acceptances or acknowledgements from third parties (including Third-Party Consents) are required in order to grant a first priority security interest in the assets listed in this clause (c), (1) the Issuer shall use its commercially reasonable efforts to ensure that such consents are obtained such that the Notes, the Note Guarantees and any other Secured Obligations shall be so secured and (2) to the extent any such assets are not included in the Collateral, notwithstanding anything to the contrary herein, neither the Issuer nor any Restricted Subsidiary shall create,

assume or suffer to exist any Lien or other encumbrance in respect of such assets;

- (d) all accounts relating to the project operated by such Restricted Subsidiary other than non-Project Accounts required or permitted to be established or maintained in accordance with the Indenture and the Collateral Accounts Agreement;
- (e) all related party subordinated loans to the Restricted Subsidiary, which will be subject to corresponding subordination agreements (*convenios de subordinación*); and
- (f) all proceeds (including condemnation and eminent domain proceeds) of the foregoing.

For a full description of the requirements and time periods to register for the priority and perfection of the security interests, see “Description of the Notes—Collateral.”

Non-Recourse Obligation

All obligations in connection with the Notes are solely obligations of the Issuer and any Guarantors, secured, prior to the Release Date, under the Escrow Agreement by a first priority Lien on the Escrow Property, from the Release Date, (or, in the case of Collateral held or owned by Colbún Transmisión, the Colbún Transmisión Joinder Date), by a first priority security interest in all the Collateral, with no recourse to any other Person or entity.

None of the Sponsors or any shareholders’ parent companies or any affiliates of any of the foregoing (other than the Issuer and any Guarantors) or their respective incorporators, stockholders, members, directors, managers, officers, representatives, employees or any other Person or entity (each, a “Non-Recourse Person”), will guarantee the payment of the Notes or will have any liability for any of the Issuer’s obligations under the Notes, the Indenture, the other Financing Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. By accepting a Note, each holder of Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Intercreditor Agreement

On the Release Date, the Issuer, the Intercreditor Agent, the Collateral Agents, the Reserve LC Facility Agent and the Indenture Trustee will enter into an intercreditor agreement (the “Intercreditor Agreement”), governing the rights of the Senior Secured Parties with respect to the Collateral. In addition, upon the entry by the Issuer or any Guarantor into any agreement under which the Issuer or such Guarantor incurs Subsequent Senior Debt Obligations, the Intercreditor Agent and the Issuer will enter into a joinder to the Intercreditor Agreement with the Designated Representative for such Subsequent Senior Debt Obligations.

Under the Intercreditor Agreement, the holders of the Notes and any Additional Notes will be represented by the Indenture Trustee, the Reserve LC Lenders will be represented by the Reserve LC Facility Agent, and any future holders of Subsequent Senior Debt Obligations will

be represented by their Designated Representative. The Intercreditor Agreement will provide for *pari passu* treatment and voting of the Senior Secured Parties and set forth other relative rights among the holders of the Notes and the holders of any other Secured Obligations.

Escrow of Proceeds Before Special
Mandatory Redemption.....

In the event that the Issue Date occurs before the Acquisition Effective Date, concurrently with the closing of the offering of the Notes on the Issue Date, the Issuer will enter into the Escrow Agreement with the Indenture Trustee and the Escrow Agent, pursuant to which the Initial Purchasers will deposit, or cause to be deposited, the gross proceeds (net of the Initial Purchasers' discount and certain expenses) to be received by the Issuer from this offering (the "Offering Proceeds"), in an escrow account in New York (the "Escrow Account") pending consummation of the Acquisition, and the Issuer will deposit, or cause to be deposited, such additional funds as are required (the "Additional Funds" and, together with the Offering Proceeds and any amounts subsequently deposited in the Escrow Account by the Issuer, the "Escrowed Funds"), such that the Escrowed Funds on deposit in the Escrow Account on the Issue Date will be equal to the sum of (x) 101% of the aggregate principal amount of the Notes and (y) the equivalent of six months of interest that would accrue on the Notes for the period from the Issue Date to, but excluding, the Redemption Deadline.

Special Mandatory Redemption

If either the SPA is terminated or the Acquisition has not been consummated on or prior to the date that is one Business Day prior to the Redemption Deadline, the Issuer will issue a notice of a Special Mandatory Redemption no later than the earlier of the Business Day after the date of such termination or one Business Day prior to the Redemption Deadline in the event the Acquisition has not yet been consummated and the Notes will be redeemed no later than one Business Day following the date of such notice. In the event that a Special Mandatory Redemption notice is provided because the Acquisition has not been consummated by the date that is one Business Day prior to the Redemption Deadline such notice will be revocable by the Issuer until 11:00 a.m. (Eastern time) on the Redemption Deadline upon consummation of the Acquisition, and delivery of the Escrow Officer's Certificate and the Indenture Trustee's Release Certificate. If the Escrow Officer's Certificate and the Indenture Trustee's Release Certificate are not received by 11:00 a.m. (Eastern time) on the Redemption Deadline then the Escrow Agent shall, without the requirement of notice to or action by the Issuer, or any other person, promptly release the Escrowed Funds to the Indenture Trustee to redeem the Notes on the Redemption Deadline at 101.0% of the aggregate principal amount thereof plus accrued and unpaid interest thereon to, but not including, the Redemption Date (which date will, in any event, not be later than the Redemption Deadline).

Mandatory Redemption.....

The Issuer will be required to redeem all or a portion of the Notes without a Make-Whole Premium (as defined below) at a redemption price equal to (a) 100% of the outstanding principal amount of the Notes being redeemed, *plus* (b) accrued and unpaid interest on the Notes being redeemed to (but excluding) the Redemption Date *plus* (c) Additional Amounts, if any, payable in respect of such Notes, and to the extent required and in accordance with the Intercreditor Agreement, to redeem

any other Secured Obligations, to the extent amounts received upon the occurrence of certain events as described in “Offers to Purchase Notes Under Certain Circumstances,” below exceed U.S.\$100.0 million, individually or in the aggregate.

Purchase Price Adjustment
Reimbursement Redemption

The Issuer shall, within 90 days after the occurrence of such Purchase Price Adjustment Reimbursement Event, redeem up to U.S.\$75.0 million of the Notes, corresponding to the Purchase Price Adjustment Reimbursement (as defined elsewhere in this offering memorandum), without premium or penalty, on a *pro rata* basis among all holders and applied to reduce the remaining scheduled payments on the Notes on a *pro rata* basis across scheduled amortization payments, at a redemption price equal to (a) 100% of the principal amount of the Notes being redeemed, plus (b) accrued and unpaid interest on the principal amount of such Notes to, but not including, the Redemption Date, plus (c) Additional Amounts, if any, payable in respect of such Notes.

“Purchase Price Adjustment Reimbursement Event” means the occurrence of both (i) the receipt by the Issuer or any of its Affiliates of a Purchase Price Adjustment Reimbursement and (ii) a Purchase Price Adjustment Reimbursement Ratings Downgrade.

“Purchase Price Adjustment Reimbursement Ratings Downgrade” means a Ratings Downgrade within 60 days (or 90 days if the rating for the Notes is publicly announced to be in consideration for possible downgrade due to a Purchase Price Adjustment Reimbursement) after the date the Issuer notifies any Rating Agency rating the Notes (a) that the Ongoing Tariff Review Process has concluded, (b) the Issuer will receive a Purchase Price Adjustment Reimbursement and (c) of the amount of such Purchase Price Adjustment Reimbursement as agreed between the Issuer and Colbún in accordance with the SPA; *provided, however*, that such Purchase Price Adjustment Reimbursement Ratings Downgrade will not be considered to be attributable to the Purchase Price Adjustment Reimbursement if, before receipt of such Purchase Price Adjustment Reimbursement, the Issuer has obtained a Ratings Reaffirmation for the Notes stating that such Purchase Price Adjustment Reimbursement will not cause a Purchase Price Adjustment Reimbursement Ratings Downgrade.

Target Note Balance Cash Sweep
Mandatory Redemption

On each Scheduled Payment Date after June 1, 2043, the Issuer shall apply cash standing to the balance of the Issuer USD Restricted Payment Retention Account in excess of U.S.\$2.0 million on each such Scheduled Payment Date to mandatorily redeem the Notes without a Make-Whole Premium, in whole or in part, at a price equal to (i) 100% of the outstanding principal amount of the Notes being redeemed, plus (ii) accrued and unpaid interest on such Notes to (but excluding) the Scheduled Payment Date *plus* (iii) Additional Amounts, if any, payable in respect of such Notes up to the applicable Target Note Balance as of such Scheduled Payment Date; *provided* that no Default or Event of Default will occur in the event that the balance of the Issuer USD Restricted Payment Retention Account being so applied is less than the amount needed to cause the outstanding principal amount of the Notes to equal the Target Note Balance as of such Scheduled Payment Date. See

“Description of the Notes—Redemption of the Notes—Target Note Balance Cash Sweep Mandatory Redemption.”

Optional Redemption

Prior to March 27, 2051 (the “Par Call Date”), the Issuer may redeem the Notes, in whole or in part, at any time on such selected Redemption Date, at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed or (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable if redemption had not been made (exclusive of any interest accrued and unpaid to the Redemption Date) discounted from the dates on which the principal and interest would have been payable if the redemption had not been made, to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30 day months) using a discount rate equal to the Treasury Rate, *plus* 40 basis points (the “Make-Whole Premium”); plus (i) accrued and unpaid interest on the principal amount of the Notes to, but not including, the redemption date, and (ii) Additional Amounts, if any.

At any time and from time to time on or after the Par Call Date, the Issuer may, at its option, redeem all or a portion of the Notes, without premium or penalty, prior to the stated maturity thereof, at a redemption price equal to (a) 100% of the principal amount of the Notes being redeemed, *plus* (b) accrued and unpaid interest on the principal amount of such Notes to, but not including, the Redemption Date, *plus* (c) Additional Amounts, if any, payable in respect of such Notes.

Optional Tax Redemption

If certain changes in applicable tax law occur and apply to the Issuer which became effective on or after the Issue Date, such that withholding taxes or other deductions on the payments on the Notes would be imposed, and as a result the Issuer is required, after taking all reasonable measures to avoid the following requirements, to pay Additional Amounts on payments of interest due on the Notes in excess of 4.00%, then the Issuer may elect to redeem the Notes, in whole but not in part, at a redemption price equal to (a) 100% of the principal amount of the Notes plus (b) any Additional Amounts and accrued and unpaid interest (if any) on the principal amount of the Notes to, but not including, the Redemption Date.

Offers to Purchase Notes Under Certain Circumstances.....

The Issuer will be required to use the net cash proceeds received from the occurrence of any of the events listed below, after the payment of all outstanding obligations then due and payable to the Intercreditor Agent, the Collateral Agents, the Indenture Trustee, the Transfer Agent, the Paying Agent and the registrar, as applicable, to offer to purchase all or a portion the Notes, on a *pro rata* basis among all holders, without a Make-Whole Premium, at a price equal to (i) 100% of the outstanding principal amount of the Notes being repurchased, *plus* (ii) accrued and unpaid interest on the Notes to (but excluding) the purchase date *plus* (iii) Additional Amounts, if any, payable in respect of such Notes:

- (a) a Casualty Event and the receipt by the Issuer or any Restricted Subsidiary of any proceeds of insurance (other than business interruption proceeds) relating to such Casualty Event in excess of U.S.\$20.0 million or its equivalent on the date of receipt, *provided* that this clause (a) shall not apply in the event that (x)

the Issuer has submitted a certificate from an authorized officer of the Issuer within the later of (1) 90 days after the occurrence of the Casualty Event or (2) 60 days after the Issuer receives such proceeds of insurance to the effect that the Issuer intends to invest such proceeds of insurance in replacement property and/or other assets (including property or assets for any other Project) and (y) such proceeds of insurance are in fact invested in Replacement Assets within 360 days of receiving such proceeds of insurance or, if so committed within such period, invested within 180 days thereafter;

- (b) an Expropriatory Action and the receipt by the Issuer or any Restricted Subsidiary of any Expropriation Compensation in excess of U.S.\$20.0 million or its equivalent on the date of receipt, *provided* that this clause (b) shall not apply in the event that (i) such Expropriatory Action does not result in any cessation or material disruption of the operations of the affected Project and (ii) (A) the Issuer has submitted a certificate from an authorized officer of the Issuer within the later of (x) 90 days after the occurrence of the Expropriatory Action or (y) 60 days after the Issuer or such Restricted Subsidiary receives such Expropriation Compensation to the effect that the Issuer intends to invest the proceeds of such Expropriation Compensation in Replacement Assets (including property or assets for any other Project) and (B) such proceeds of Expropriation Compensation are in fact invested in Replacement Assets within 360 days of receiving such proceeds of insurance or, if so committed within such period, invested within 180 days thereafter;
- (c) a failure by the Issuer to meet the Restricted Payment condition set forth in clause (l)(i)(D) in the Restricted Payments section of “Description of the Notes—Covenants—Negative Covenants” for a period of four (4) consecutive semi-annual periods (on a rolling basis);
- (d) the early termination of any Dedicated Contract and the receipt of Termination Proceeds by the Issuer or any Restricted Subsidiary in excess of U.S.\$20.0 million in the aggregate, or its equivalent, solely to the extent such payments are expressly provided for pursuant to the terms of such Dedicated Contract; or
- (e) an Asset Sale by the Issuer or any Restricted Subsidiary for which the direct or indirect Asset Sale Proceeds received by the Issuer or such Restricted Subsidiary, taken together with all other Asset Sale Proceeds received from all other Asset Sales since the Issue Date, exceeds U.S.\$30.0 million in the aggregate (or U.S.\$10.0 million on an annual basis after the U.S.\$30.0 million threshold has been met), other than Asset Sale Proceeds that are reinvested (or committed to be reinvested) in permitted capital expenditures and other Replacement Assets of the Issuer or such Restricted Subsidiary within 360 days of such sale or disposition or, if so committed within such period, reinvested

within 180 days thereafter which shall not count against the foregoing threshold.

Within 30 days following (i) the receipt of Loss Proceeds in excess of U.S.\$20.0 million related to a Casualty Event not allocated to repair or replace affected property as set forth in clause (a) above, (ii) the receipt of Expropriation Compensation in excess of U.S.\$20.0 million not allocated to replace affected property as set forth in clause (b); (iii) the occurrence of any such event in (c); (iv) the receipt of Termination Proceeds by the Issuer or any Restricted Subsidiary in respect of Dedicated Contracts in excess of U.S.\$20.0 million in the aggregate as set forth in clause (d) above; or (v) the date on which the aggregate amount of Asset Sales Proceeds exceed U.S.\$30.0 million as set forth in clause (e) (or U.S.\$10.0 million on an annual basis after the U.S.\$30.0 million threshold has been met), the Issuer will deliver, by first-class mail or, if the Notes are in global form, in accordance with DTC's applicable procedures, a notice to each Holder, offering to purchase the Notes as described above (a "*Purchase Offer*"), *provided however* that in the event of the receipt of any such amounts in (i) through (v) of this paragraph, which exceed U.S.\$100.0 million, individually or in the aggregate, then the Issuer shall be obligated to redeem the Notes as described above in "Mandatory Redemption."

Repurchase Upon a Change of
Control Ratings Downgrade Event..

If the Issuer undergoes a Change of Control Ratings Downgrade Event (as defined below), the Issuer will be required to offer to purchase all of the Notes then outstanding, and pay to the holders of Notes that have been tendered in such offer a purchase price equal to 101% of the portion of the principal balance represented by such Notes *plus* (i) all accrued and unpaid interest (if any) thereon to but excluding the purchase date *plus* (ii) Additional Amounts, if any, payable in respect of such Notes.

"Change of Control" means:

- (a) Celeo Redes ceasing to own, directly or indirectly, at least 20% of the economic interest in, or voting power of, the capital stock of the Issuer or, from the Acquisition Effective Date until the consummation of the Permitted Merger, Colbún Transmisión or;
- (b) Celeo Redes and APG, collectively, ceasing to (i) own, directly or indirectly, more than 50% of the economic interest in, or voting power of, the capital stock of the Issuer or, from the Acquisition Effective Date until the consummation of the Permitted Merger, Colbún Transmisión or, (ii) have the power to direct the appointment of a majority of the Competent Body of the Issuer's or, from the Acquisition Effective Date until the consummation of the Permitted Merger, Colbún Transmisión's board of directors or (iii) have the power to direct the management and/or the policies of the Issuer or, from the Acquisition Effective Date until the consummation of the Permitted Merger, Colbún Transmisión or; or
- (c) the Issuer (including through a majority-owned subsidiary thereof) at any time ceasing to exercise operational management over any Restricted Subsidiary.

“Change of Control Ratings Downgrade Event” means the Ratings Downgrade of the Notes within 60 days (or 90 days if the rating for the Notes is under publicly announced consideration for possible downgrade due to the Change of Control) (a “Change of Control Ratings Downgrade”) after the earlier of (a) the date of public announcement of the Change of Control and (b) the date the Issuer notifies any rating agency rating the Notes that a Person intends to effect the Change of Control; *provided, however*, that such Change of Control Ratings Downgrade will not be considered to be attributable to a Change of Control if, before such Change of Control Ratings Downgrade, the Issuer has obtained a Ratings Reaffirmation for the Notes stating that such Change of Control will not cause a Change of Control Ratings Downgrade.

“Ratings Downgrade” means the downgrade of the rating of the Notes by one or more rating agencies.

Additional Amounts

Subject to customary exceptions described in the “Description of the Notes—Additional Amounts,” any and all payments by (or on behalf of) the Issuer to the holders of the Notes under or with respect to the Notes, will be made without deduction or withholding for or on account of, any Taxes imposed, assessed, levied or collected by (or on behalf of) the competent taxing authority of Chile, any other jurisdiction in which the Issuer or a Guarantor (or, in each case, a successor thereof) is then organized or resident or doing business for tax purposes (or any political subdivision or taxing authority thereof or therein) or any jurisdiction from or through which payments on the Notes are made (or any political subdivision or taxing authority thereof or therein) (a “Taxing Jurisdiction”), unless such Taxes are required by any Applicable Law to be deducted or withheld.

If any Taxes are required by Applicable Law of any Taxing Jurisdiction to be deducted or withheld with respect to any such payment, then the Issuer, subject to the exceptions described below, will be required to: (i) pay to the Indenture Trustee (for the benefit of the applicable recipient of such payment) such Additional Amounts as may be necessary so that the recipient of such payments will receive the full amount otherwise payable in respect of such payments had no such Taxes (including any such Taxes payable in respect of such Additional Amounts) been required to be so deducted or withheld, (ii) deduct or withhold such Taxes, and (iii) pay the full amount of Taxes deducted or withheld to the relevant Taxing Jurisdiction in accordance with Applicable Law.

Use of Proceeds

We expect to use the net proceeds from the offering of the Notes to (1) finance most of the Acquisition Date Purchase Price and the Colbún Transmisión Indebtedness Owed to Colbún, subject to certain purchase price adjustments provided in the SPA, including changes in the total working capital and net debt of Colbún Transmisión, and (2) pay transaction costs and expenses in connection with the Acquisition and the offering of the Notes.

Collateral Accounts Agreement

In connection with this offering, the Issuer shall enter into the Collateral Accounts Agreement on the Release Date with the Indenture Trustee, the Offshore Collateral Agent, the Offshore Depositary, the Onshore

Depository and the Onshore Collateral Agent. The Collateral Accounts Agreement will be governed by the laws of the State of New York.

The Collateral Accounts Agreement will provide for the establishment of certain Project Accounts of the Issuer, which funds therein from time to time will become part of the Collateral, and for deposits into, and withdrawals from, the Project Accounts.

Priority of Payments Unless a Secured Obligation Event of Default has occurred and is continuing and a Notice of Default has been received from the Onshore Collateral Agent, the amounts deposited into (i) the Issuer CLP Revenue Account and (ii) the Issuer USD Revenue Account, in each case, will be withdrawn and transferred by the Onshore Depository on each Monthly Transfer Date, as applicable, and payment will be applied in accordance with the order of priority established in the Collateral Accounts Agreement. See “Description of the Notes—Priority of Payments” and “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

Project Accounts..... The Collateral Accounts Agreement will require the establishment and maintenance of the following accounts:

Onshore Accounts:

- a *peso*-denominated revenue account in the name of the Issuer (the “Issuer CLP Revenue Account”);
- a *peso*-denominated loss proceeds account in the name of the Issuer (the “Issuer CLP Loss Proceeds Account”);
- a *peso*-denominated performance guarantee cash collateral account in the name of the Issuer (the “Issuer CLP Performance Guarantee Cash Collateral Account”);
- a *peso*-denominated disposition proceeds account in the name of the Issuer (the “Issuer CLP Disposition Proceeds Account”);
- a dollar-denominated distribution account in the name of the Issuer (the “Issuer USD Distribution Account”);
- a dollar-denominated revenue account in the name of the Issuer (the “Issuer USD Revenue Account”);
- a dollar-denominated mandatory capital expenditure account in the name of the Issuer (the “Issuer USD Mandatory Capex Account”);
- a dollar-denominated construction costs payment account in the name of the Issuer (the “Issuer USD Construction Costs Payment Account”);
- a dollar-denominated O&M payment account in the name of the Issuer (the “Issuer USD O&M Payment Account”); and

- a *peso*-denominated O&M payment account in the name of the Issuer (the “Issuer CLP O&M Payment Account”).

Offshore Accounts:

- a dollar-denominated debt service accrual account in the name of the Issuer (the “Issuer USD Debt Service Accrual Account”);
- a dollar-denominated loss proceeds account in the name of the Issuer (the “Issuer USD Loss Proceeds Account”);
- a dollar-denominated disposition proceeds account (the “Issuer USD Disposition Proceeds Account”);
- a dollar-denominated debt service reserve account in the name of the Issuer (the “Issuer USD Debt Service Reserve Account”);
- a dollar-denominated O&M reserve account in the name of the Issuer (the “Issuer USD O&M Reserve Account”);
- a dollar-denominated debt proceeds account (the “Issuer USD Debt Proceeds Account”);
- a dollar-denominated tariff readjustment reserve account (the “Issuer USD Tariff Readjustment Account”); and
- a dollar-denominated prepayment account (the “Issuer USD Prepayment Account”); and
- a dollar-denominated restricted payment retention account (the “Issuer USD Restricted Payment Retention Account”).

Reserve LC Facility Agreement On the Release Date, the Issuer shall enter into the Reserve LC Facility Agreement with the Reserve LC Facility Agent and the letter of credit issuing banks party thereto from time to time, such letter of credit facility to initially fund the Issuer USD Debt Service Reserve Account and the Issuer USD O&M Reserve Account obligations of the Issuer under the Indenture and the Notes.

Construction Costs The Indenture will provide that the Issuer and its Restricted Subsidiaries may make or cause to be made (i) all capital expenditures (excluding Mandatory Capex) required to be undertaken under Project Decrees and Dedicated Contracts in effect as of the Issue Date in respect of each Project as set forth in the SPA, (ii) all maintenance costs, for fiscal year 2021 in respect of each Project set forth in the SPA, and (iii) all maintenance costs for fiscal year 2022 in respect of each Project, as certified from time to time by the Issuer, in the event of an increase, and confirmed by the Independent Engineer.

“*Construction Letter of Credit*” means one or more unconditional, irrevocable, stand-by letters of credit (i) substantially in the form provided in the Indenture, (ii) issued by an Acceptable Financing Institution in favor of the Issuer, (iii) payable in Dollars, (iv) in respect of which neither the Issuer nor any subsidiary of the Issuer has any reimbursement or other obligations to the issuer of such Construction Letter of Credit and (v) having a face amount available for drawing

thereunder equal to no less than the Construction Letter of Credit Required Face Amount.

“*Construction Letter of Credit Required Face Amount*” means U.S.\$68.9 million, provided that such amount (i) may be reduced or increased, as the case may be if (a) on or around the date on which the Escrowed Funds are released from escrow in accordance with the terms of the Escrow Agreement, the Independent Engineer delivers a certificate (substantially in the form provided in the Indenture) to the Indenture Trustee stating that the remaining Construction Costs are expected to be less or more, as the case may be, than the initial required face amount, or (b) otherwise from time to time upon written notice from the Issuer delivered in accordance with the Indenture following any increase in the maintenance costs for all Projects during the fiscal year 2022, and (ii) reduced from time to time by (a) cash on deposit in the Issuer USD Construction Costs Payment Account, and (b) any cash contributions received by the Issuer from any Affiliate (other than the Issuer or any Restricted Subsidiary) which have been applied to pay Construction Costs from time to time as set forth in a certificate from the Issuer to the Indenture Trustee.

Certain Negative Covenants

Subject to customary qualifications (including with respect to materiality), which will, except under limited circumstances, significantly limit its ability to, among other things:

- incur any indebtedness other than certain permitted indebtedness;
- create any lien upon any of its property other than certain customary permitted liens;
- change the nature of its business or projects, except certain permitted business;
- consolidate, merge or permit or suffer any change to the legal form of the Issuer or any Restricted Subsidiary, other than in connection with the Permitted Merger;
- make loans or investments;
- establish or maintain any bank accounts other than the Project Accounts, certain existing accounts of Colbún Transmisión and any other accounts of any other Restricted Subsidiaries, any other non-Project Accounts required or permitted under the Indenture and the Collateral Accounts Agreement, until the time it is closed in accordance with the Escrow Agreement, the Escrow Account and any Unrestricted Account;
- buy or acquire any asset other than pursuant to the Material Project Documents;
- cancel, terminate or modify any Material Project Documents;
- enter into agreements or other arrangements with affiliates;
- enter into any hedge agreement other than in the ordinary course of business and not for speculative purposes;

- make distributions or restricted payments;
- issue or transfer any equity interests; and
- designate any Subsidiaries as Unrestricted Subsidiaries.

All of these covenants and related restrictions are subject to a number of significant qualifications, thresholds, limitations and exceptions. See “Description of the Notes—Covenants—Negative Covenants.”

Certain Affirmative and Reporting
Covenants

The Issuer will agree under the Indenture to, and will cause the Restricted Subsidiaries to comply with, certain affirmative covenants and reporting covenants, subject to customary qualifications (including with respect to materiality), including, among other things, covenants to:

- other than in connection with the Permitted Merger, preserve and maintain its corporate existence;
- maintain proper books of record and account;
- comply with all applicable laws (including any applicable environmental laws);
- obtain and maintain in full force and effect all Governmental Approvals and third-party consents required with respect to the Projects and the performance of the Issuer’s and the Restricted Subsidiaries’ obligations under the Transaction Documents;
- maintain the Projects in accordance with prudent electricity transmission industry practices in Chile;
- use the net proceeds of the Notes in the manner set forth under “Use of Proceeds”;
- keep and maintain in full force and effect good and valid rights to all Property material to the conduct of its business, maintain or cause to be maintained such Property in good working order and condition, make or cause to be made all repairs and replacements thereto as are reasonably required to maintain the effectiveness of manufacturer’s warranties, and preserve the Collateral, including in respect of newly acquired Property constituting Collateral;
- perform, observe, comply and fulfill all of its obligations, covenants and conditions contained in each Material Project Document to which the Issuer or any Restricted Subsidiary is a party, except to the extent disputed in good faith;
- preserve, protect, maintain and enforce all of its material rights and remedies under the Material Project Documents to which the Issuer or any Restricted Subsidiary is a party;
- make or cause to be made all filings and registrations required under Applicable Law to be made in connection with the Indenture and the Senior Security Documents and deliver evidence thereof to the Collateral Agents, or that the Collateral

Agents from time to time may reasonably request, to assure and confirm that the Collateral Agents hold, for the benefit of the holders of the Notes, duly created and enforceable and perfected Liens upon the Collateral;

- take all actions, and cause each Restricted Subsidiary to take all actions, as are necessary to (i) grant a security interest or pledge and (ii) secure payment of all of the Secured Obligations and constitute liens on any property of any Restricted Subsidiary other than Colbún Transmisión (including, without limitation, any assets, rights, real estate, contracts, shares and/or equity interests) (A) which is not already subject to a perfected first priority security interest in favor of the Indenture Trustee or Collateral Agents, (B) as to which no governmental authority or other third-party consent acceptance or acknowledgements or consents from third parties is required for a first priority Lien be created upon such property or has been obtained and solely to the extent such first priority Lien is permitted under Applicable Law to be created upon such property, and (C) which is not subject to any third-party Lien;
- on the Colbún Transmisión Joinder Date, to cause Colbún Transmisión to enter into and deliver to the Indenture Trustee the Financing Documents and on the Restricted Subsidiary Joinder Date of any other Restricted Subsidiary, to cause such Restricted Subsidiary to enter into and deliver to the Indenture Trustee the Financing Documents;
- exercise commercially reasonable efforts to maintain ratings on an international scale from at least two rating agencies; and
- comply with certain notice and information requirements, including delivering an annual budget.

All of these covenants are subject to a number of significant qualifications, thresholds, limitations and exceptions. See “Description of the Notes—Covenants.”

Events of Default..... The Indenture will provide that, subject to applicable grace periods, certain events, acts, occurrences or conditions will constitute an event of default (an “Event of Default”) with respect to the Notes, including, among other things:

- failure to pay when and as the same will become due (whether by scheduled maturity or required prepayment or by acceleration or otherwise): (i) any principal of or premium (if any) on the Notes, any payments with respect to the payment of any applicable redemption price to be paid pursuant to the events described under “—Redemption of the Notes” or any payments due with respect to any tender offer described in “—Repurchase Upon a Change of Control Ratings Downgrade Event;”
- failure to perform or observe any of covenants, obligations, conditions or agreements (other than those referenced elsewhere

under “—Events of Default”) under any Financing Document (including the Indenture) or the Senior Security Documents;

- the Indenture, any Note, any Note Guarantee or any other Financing Document (or any provision thereof) is declared to be void, invalid or unenforceable against any party thereto by any Governmental Authority having jurisdiction over any party thereto or the subject matter thereof, or the performance of the obligations thereunder of any party thereto becomes illegal under Applicable Law;
- the Issuer or any Restricted Subsidiary that is party to any Financing Document repudiates its obligations thereunder in writing, denies in writing that it has any further liability or obligation under such Financing Document or challenges the validity or enforceability of any of the Financing Documents (or any provision thereof);
- The Issuer or any Restricted Subsidiary (i) defaults in the payment of any principal of or interest on any mortgage, indenture, or instrument securing or evidencing any Indebtedness for Borrowed Money other than the Notes outstanding and Note Guarantees thereof (whether at stated maturity or otherwise) and such default continues beyond any applicable grace period set forth in the agreements or instruments evidencing or relating to such Indebtedness, or (ii) Indebtedness for Borrowed Money other than the Notes outstanding and Note Guarantees thereof becomes due (or required to be prepaid, repurchased, redeemed or defeased) and payable prior to the scheduled maturity thereof other than as a result of failure to pay principal of such Indebtedness, and in each case, the principal amount of such Indebtedness, together with all other Indebtedness subject to (i) and (ii) above, aggregates to U.S.\$10.0 million or more;
- an Abandonment occurs and the Abandonment gives rise to a Material Adverse Effect;
- the early termination due to breach or default by the Issuer or any Restricted Subsidiary of any Project Decree or Dedicated Contract which gives rise to a Material Adverse Effect;
- an Expropriatory Action occurs and a Material Adverse Effect as a result thereof has occurred;
- a final and non-appealable judgment or judgments for the payment of money are rendered against the Issuer or any Restricted Subsidiary in an aggregate amount exceeding U.S.\$25.0 million that (x) is not covered by available insurance as acknowledged in writing by the provider of such insurance or as certified to the Indenture Trustee by an insurance consultant is entered against the Issuer or any Restricted Subsidiary by one or more courts, administrative tribunals or other bodies having jurisdiction over the Issuer or such Restricted Subsidiary and the same is not paid or discharged, or for which no bond is posted,

for a period of sixty (60) consecutive days after its entry or (y) is not effectively stayed within ninety (90) days after its entry;

- a Total Loss occurs that has had or could reasonably be expected to have a Material Adverse Effect;
- the Issuer's failure to offer to purchase or redeem the Notes when required to do so and such failure continues for a period of thirty (30) days or more;
- the Escrow Agreement is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, other than in accordance with its terms and the terms of the Indenture or (ii) except as permitted by the Indenture, any Lien purported to be granted under the Escrow Agreement ceases to be an enforceable and perfected Lien and such failure to be enforceable and perfected continues for ten (10) days; and
- the Issuer fails to consummate the Special Mandatory Redemption if required in accordance with the Indenture.

For additional details and a discussion of Events of Default that will permit acceleration of the principal of the Notes plus accrued interest, and any other amounts due with respect to the Notes, see "Description of the Notes—Events of Default."

Governing Law.....	The Indenture, the Notes, the Note Guarantees and the Intercreditor Agreement will be expressly stated to be governed by and construed in accordance with the laws of the State of New York. The Collateral Accounts Agreement will be governed by and construed in accordance with the laws of the State of New York and the Senior Onshore Security Documents will be governed by and construed in accordance with the laws of Chile.
Transfer Restrictions	<p>The Issuer has not and will not register the Notes under the Securities Act, the Chilean Securities Market Law or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."</p> <p>The Notes have not been and will not be registered under Chilean Securities Market Law with the CMF and, accordingly, the Notes may not and will not be offered or sold to persons in Chile except in circumstances which will not result in a public offering under CMF Rule 336.</p>
Form and Denominations	The Notes will be issued in fully registered global certificate form in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Notes will be book-entry only and registered in the name of a nominee of DTC.
Listing.....	Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Approval in-principle

for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective consolidated subsidiaries and associated companies (if any), the Notes or the Note Guarantee. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 (or its equivalent in foreign currencies) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Indenture Trustee, Registrar, Paying Agent, Transfer Agent and Offshore Collateral Agent	Citibank, N.A.
Onshore Collateral Agent	Banco de Chile.
Offshore Depositary	Citibank, N.A.
Onshore Depositary	Banco de Chile.
Singapore Listing Agent.....	Allen & Gledhill LLP
Clearing System	DTC and Euroclear/Clearstream.
Risk Factors	Investing in the Notes involves substantial risks and uncertainties. See “Risk Factors” and other information included in this offering memorandum for a discussion of factors you should carefully consider before deciding to purchase any Notes.

SUMMARY HISTORICAL FINANCIAL AND OPERATING DATA

Issuer

The following table presents summary financial data for the Issuer as of June 30, 2021. The summary financial data as of June 30, 2021 has been derived from the Issuer Stand-Alone Financial Statements and the corresponding notes thereto included elsewhere in this offering memorandum.

The following tables should be read in conjunction with “Presentation of Financial and Other Information,” “Use of Proceeds,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Issuer Stand-Alone Financial Statements included in this offering memorandum. The financial data for the historical periods included in the following table are not necessarily indicative of the financial performance to be expected for future periods.

Alfa’s Statement of Financial Position Data

	As of June 30, 2021
	(thousands of U.S.\$)
Assets:	
Current assets:	
Cash and cash equivalents	1
Other current financial assets ⁽¹⁾	20,020
Total current assets	20,021
Non-current assets:	
Other financial non-current assets	102
Total non-current assets	102
Total assets	20,123
Liabilities and equity:	
Current liabilities:	
Other current financial liabilities ⁽¹⁾	21,240
Trade payables due to related parties, current	102
Total current liabilities	21,342
Non-current liabilities:	
Total non-current liabilities	—
Total liabilities	21,342
Equity:	
Share capital	1
Retained earnings (loss)	—
Other reserves	(1,220)
Equity attributable to the owners of the parent	(1,219)
Total equity	(1,219)
Total equity and liabilities	20,123

(1) Reflects government bond put option transaction. See note 7 to the Issuer Stand-Alone Financial Statements.

Colbún Transmisión

The following tables present summary financial and operating data for Colbún Transmisión for each of the periods presented. The summary financial information as of December 31, 2020, 2019 and 2018 and for the years ended December 31, 2020, 2019 and 2018 has been derived from Colbún Transmisión's 2020 Audited Financial Statements and 2019 Audited Financial Statements and the corresponding notes thereto included elsewhere in this offering memorandum. The summary financial information as of June 30, 2021 and for the six-month period ended June 30, 2021 has been derived from the 2021 Audited Interim Financial Statements and the corresponding notes thereto included elsewhere in this offering memorandum.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Colbún Transmisión's Financial Statements included in this offering memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact Colbún Transmisión's future financial condition and results of operations.

Comprehensive Income Statement Data

	For the Six-Month Period Ended June 30,		For the Year Ended December 31,		
	2021	2020	2020	2019	2018
	(thousands of U.S.\$)				
Revenue	26,464	44,024	80,218	83,424	40,060
Raw materials and consumables used	(5,614)	(6,804)	(12,283)	(10,202)	(9,789)
Depreciation and amortization expense.....	(5,580)	(5,440)	(11,047)	(11,057)	(8,411)
Other expenses, by nature	(383)	(382)	(1,006)	(959)	(527)
Other gains (losses)	231	(69)	(879)	(382)	9
Profit from operations	15,118	31,329	55,003	60,824	21,342
Finance income	4	88	94	27	—
Finance costs	(176)	(17)	(110)	(20)	(2)
Foreign currency translation differences	21	(1,148)	2,439	(858)	(91)
Profit before income taxes	14,967	30,252	57,426	59,973	21,249
Income tax expense	(4,061)	(8,182)	(15,519)	(16,338)	(5,740)
Profit from continuing operations	10,906	22,070	41,907	43,635	15,509
Net profit for the period.....	10,906	22,070	41,907	43,635	15,509

Statement of Financial Position Data

	As of June 30, 2021	As of December 31, 2020 2019 2018 (thousands of U.S.\$)		
Assets:				
Current assets:				
Cash and cash equivalents.....	33,228	12,082	22,288	50
Other non-financial assets, current.....	583	138	92	25
Trade and other receivables, current	20,862	18,790	12,027	13,940
Receivables due from related parties, current.....	—	1,932	—	7
Inventories, current	1,042	899	562	531
Current tax assets	4,813	5,232	214	1,022
Total current assets	60,528	39,073	35,183	15,575
Non-current assets:				
Trade and other receivables, non-current.....	—	1,868	—	—
Intangible assets other than goodwill	39,413	39,132	40,049	40,111
Property, plant and equipment	354,547	337,487	339,410	328,062
Right-of-use assets	228	167	—	—
Total non-current assets	394,188	378,654	379,459	368,173
Total assets.....	454,716	417,727	414,642	383,748
Liabilities and equity:				
Current liabilities:				
Other financial liabilities, current.....	—	—	177	—
Current lease liabilities.....	208	99	—	—
Trade and other payables.....	21,899	872	1,416	3,294
Payables due to related parties, current	68,933	—	37,890	45,203
Other current provisions.....	1,220	1,220	—	—
Current tax liabilities.....	—	—	2,863	—
Other non-financial liabilities, current	3,514	5,042	3,883	1,027
Total current liabilities	95,774	7,233	46,229	49,524
Non-current liabilities:				
Other financial liabilities, non-current	—	—	30	—
Non-current lease liabilities	30	50	—	—
Accounts payable to related parties, non-current	15,236	15,079	—	—
Deferred tax liabilities.....	57,821	57,193	58,106	62,546
Other non-financial liabilities, non-current	13,542	14,450	14,522	6,469
Total non-current liabilities.....	86,629	86,772	72,658	69,015
Total liabilities	182,403	94,005	118,887	118,539
Equity:				
Share capital.....	99,235	99,235	99,235	99,235
Retained earnings.....	11,300	62,314	32,192	858
Other reserves	161,778	162,173	164,328	165,116
Total equity	272,313	323,722	295,755	265,209
Total liabilities and equity	454,716	417,727	414,642	383,748

Operating Data

	For the Six- Month Period Ended June 30, 2021	For the Year Ended December 31, 2020 2019 2018 (in km)		
Transmission lines				
National Transmission System.....	335	335	335	330
Zonal Transmission System.....	70	70	70	80
Dedicated Transmission System.....	494	494	532	530
Total.....	899	899	937	940
Substations	27	27	27	30

Non-IFRS Financial Measures

	As of June 30,	For the Year Ended December 31,		
	2021	2020	2019	2018
	<i>(thousands of U.S.\$, except percentages)</i>			
Adjusted EBITDA ⁽¹⁾	20,698	66,050	71,881	29,753
Adjusted EBITDA Margin ⁽¹⁾	78.2%	82.3%	86.2%	74.3%
Working Capital ⁽²⁾	(35,246)	31,840	(11,046)	(33,949)

(1) For the definition of Adjusted EBITDA and Adjusted EBITDA Margin, as well as for an explanation for why it is included in this offering memorandum, please see “Special Note about Non-IFRS Financial Measures.”

(2) Working capital is calculated as current assets minus current liabilities.

Reconciliation of Adjusted EBITDA, Adjusted EBITDA Margin and Working Capital

Reconciliation of our Net Profit to Adjusted EBITDA and Adjusted EBITDA Margin

The table below sets forth a reconciliation of our net profit to Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated.

	For the Six-Month Period Ended June 30,		For the Year Ended December 31,		
	2021	2020	2020	2019	2018
	<i>(thousands of U.S.\$)</i>				
Net profit for the period	10,906	22,070	41,907	43,635	15,509
Financial result ⁽¹⁾	151	1,077	(2,423)	851	93
Income tax expense	4,061	8,182	15,519	16,338	5,740
Depreciation and amortization expense.....	5,580	5,440	11,047	11,057	8,411
Adjusted EBITDA⁽²⁾.....	20,698	36,769	66,050	71,881	29,753
Revenue	26,464	44,024	80,218	83,424	40,060
Adjusted EBITDA Margin⁽²⁾.....	78.2%	83.5%	82.3%	86.2%	74.3%

(1) Financial result comprises the sum of finance income, finance costs and foreign currency translation differences from our comprehensive income statement.

(2) For purposes hereof, “Adjusted EBITDA” is defined as the net profit (loss) for the period before financial result, income tax expense and depreciation and amortization expense and “Adjusted EBITDA Margin” is defined as Adjusted EBITDA divided by revenue. We present Adjusted EBITDA and Adjusted EBITDA Margin in this offering memorandum because management uses these as a measure of evaluating Colbún Transmisión’s performance and because we believe such measurements are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and similar financings. Adjusted EBITDA and Adjusted EBITDA Margin are not measurements of operating performance under IFRS and should not be considered a substitute for revenue, net profit, cash flows from operating activities or other income statement data, or as a measure of profitability or liquidity. Adjusted EBITDA and Adjusted EBITDA Margin do not necessarily indicate whether cash flow will be sufficient or available for cash requirements. Adjusted EBITDA, Adjusted EBITDA Margin and other related ratios should be viewed as supplementary to Colbún Transmisión’s Financial Statements included elsewhere in this offering memorandum and may not be indicative of Colbún Transmisión’s historical operating results nor are they meant to be predictive of potential future results. Because all companies do not calculate such measures identically, the presentation may not be comparable to similarly entitled measures of other companies and you are cautioned not to place undue reliance on such financial information.

Reconciliation of Our Working Capital

The table below sets forth a reconciliation of our working capital as of the dates indicated.

	As of June 30,	As of December 31,		
	2021	2020	2019	2018
	<i>(thousands of U.S.\$)</i>			
Current assets	60,528	39,073	35,183	15,575
Current liabilities.....	95,774	7,233	46,229	49,524
Working capital⁽¹⁾.....	(35,246)	31,840	(11,046)	(33,949)

(1) Working capital is calculated as current assets *minus* current liabilities.

THIRD-PARTY FINANCIAL PROJECTIONS

This offering memorandum presents certain forecasts, forward-looking statements, assumptions and estimates based on certain unaudited projected financial data reviewed by the Independent Engineer and included in the Independent Engineer Report under the section “Financial Model.” We believe the estimates and projections contained in the Financial Model reflect current good faith estimates about future events and are based on current business and growth strategies. The Financial Model incorporates and is based on information from the CNE Valuation Report. The Financial Model and the technical and financial assumptions used therein (the “Assumptions”) have been reviewed by the Independent Engineer and deemed to be reasonable, and the Independent Engineer’s conclusions and assessments regarding the Assumptions are included in the Independent Engineer Report.

The applicable VI and VATT presented in this offering memorandum, including in the Independent Engineer Report included elsewhere in this offering memorandum, are based on the CNE Valuation Report. The CNE Valuation Report is subject to review by the Experts Panel, which is expected to occur in the coming months before the conclusion of the Ongoing Tariff Review Process and the publication of the definitive tariff. The figures presented in this offering memorandum, including in the Independent Engineer Report included elsewhere in this offering memorandum, were calculated using public information published by the CNE, and these serve as the basis for the regulated forecasted revenues in the Financial Model discussed in the Independent Engineer Report. For the avoidance of doubt, the outcome of the Ongoing Tariff Review Process is expected to result in a decrease in the tariffs for the 2020-2023 tariff period, as compared to the immediately preceding tariff period.

You should not assume that our future performance will be consistent with the forward-looking financial information in the Financial Model or our historical operating and financial performance, or that of other companies in the electricity transmission industry in Chile or elsewhere. Forward-looking statements and estimates necessarily involve risks and uncertainties that could cause actual results to differ materially from our expectations and estimates. We cannot ensure or guarantee that forward-looking statements and estimates about future events, including forward-looking financial information, will become true and/or realized, in whole or in part. We caution prospective investors to carefully consider the various factors and variables assumed in the formation of such forward-looking statements and estimates.

We also caution prospective investors to carefully read, consider and analyze the factors described under “Forward-Looking Statements” and “Risk Factors” in this offering memorandum, since these factors may, in the future (along with other factors): (a) affect (i) the forward-looking statements and estimates about the future included herein and/or (ii) our capacity to implement our business and growth strategies or our ability to achieve our expected financial and operating results; and (b) cause our actual financial or operating results to differ materially from those estimated or projected.

We believe that the projections contained in the Financial Model have been prepared on a reasonable basis and represent, to the best of our management’s knowledge, our expected course of action as of the date hereof. Forward-looking statements and estimates about future events, including forward-looking financial information and the other information contained in the Financial Model should not be considered, in whole or in part, by prospective investors as a substitute for the exercise of personal judgment and assessment. Any opinion, judgment, estimate or valuation expressed herein is subject to change without notice. We do not intend to update or otherwise revise the Independent Engineer Report or the Financial Model to reflect circumstances existing after the date of this offering memorandum, including to reflect the occurrence of unanticipated events or changes in economic, regulatory or industry conditions, even if all of the assumptions described below are found to be in error. We disclaim any obligation to update the information contained in this offering memorandum (including its appendices) or to disclose any difference between actual and estimated or projected results. We do not assume any responsibility for any loss or damage of any kind arising from the use of such information.

The Financial Model was not prepared in compliance with guidelines issued by the SEC, the International Federation of Accountants, IFRS, the Generally Accepted Accounting Principles in the United States (“U.S. GAAP”) or any other body or rules regarding projections or forecasts and is based on numerous assumptions concerning factors that are beyond our control and which may or may not materialize. These estimates and forecasts

should be read in conjunction with information included in this offering memorandum, specifically the sections entitled “Presentation of Financial and Other Information,” “Summary Historical Financial and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business Overview,” as well as the Issuer Stand-Alone Financial Statements and Colbún Transmisión’s Financial Statements included herein. Our independent auditors have not compiled, reviewed, audited or performed any procedures on the forward-looking financial information in the Financial Model, and our independent auditors disclaim any association with such information.

FOR THE ABOVE REASONS AND BECAUSE WE ARE SUBJECT TO NUMEROUS RISKS, UNCERTAINTIES AND OTHER FACTORS, INCLUDING THOSE DESCRIBED UNDER “RISK FACTORS” IN THIS OFFERING MEMORANDUM, AN INVESTMENT DECISION SHOULD NOT BE BASED ON THE FORWARD-LOOKING STATEMENTS AND ESTIMATES, INCLUDING FORWARD-LOOKING FINANCIAL INFORMATION, AND THE OTHER INFORMATION CONTAINED IN THIS SECTION. ACTUAL RESULTS MAY DIFFER FROM THOSE CONTAINED IN THIS SECTION, AND THE DIFFERENCES MAY BE MATERIAL. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN LEGAL, REGULATORY, TAX, BUSINESS, INVESTMENT, FINANCIAL AND ACCOUNTING ADVISORS AS THEY DEEM NECESSARY AND MUST MAKE THEIR INVESTMENT DECISION BASED ON THEIR OWN JUDGMENT AND ASSESSMENT OF AN INVESTMENT IN US OR THAT OF SUCH ADVISORS AS THEY DEEM NECESSARY.

Based on its analysis to the Financial Model, the Independent Engineer concludes that:

- in general, the forecasted revenue in the Financial Model appears to be below its historical basis but in accordance with the CNE Valuation Report. The revenue appears to escalate year-over-year due to different indexation schemes, and the revenue profile experiences certain variations in certain years;
- overall, the Colbún Transmisión’s revenue appears to be modeled consistently with the remuneration amounts and formulas shown their respective Project Decrees and Dedicated Contracts, and consistent with CNE’s methodology for the approximation of the Colbún Transmisión’ portfolio’s investment value;
- the projected operational expenditure is within the range of average transmission operational expenditure costs;
- the Independent Engineer considers reasonable the base case in the Financial Model to not forecast incremental expansion capital expenditure beyond the amounts associated with the identified mandated expansions; and
- the forecasted maintenance capital expenditure profile considers the replacements of key components at defined intervals, as signaled by the end of the respective equipment’ useful life. The useful life estimates were obtained from the most recent transmission valuation study from the CNE. The Independent Engineer considers the maintenance capital expenditure estimation methodology and forecasted values to be reasonable.

Financial Model Outputs

The table below, which is included as shown in Appendix E to the Independent Engineer Report, presents the base case projection of the Colbún Transmisión portfolio cash flow and debt balance summary to 2070, expressed in millions of dollars.

Year		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash Flow (USD MM)											
Regulated Revenues	USD '000	23,320	24,706	25,354	33,963	36,448	37,113	37,851	38,888	39,782	40,697
Dedicated Revenues	USD '000	47,359	49,020	49,954	45,960	46,807	47,671	45,776	41,245	42,193	44,484
Total Revenues	USD '000	70,679	73,726	75,308	79,922	83,255	84,784	83,627	80,133	81,974	85,181
O&M Costs	USD '000	(8,177)	(3,988)	(3,865)	(3,901)	(3,939)	(3,952)	(4,001)	(4,093)	(4,187)	(4,284)
SG&A	USD '000	(2,163)	(1,546)	(1,569)	(1,592)	(1,615)	(1,638)	(1,675)	(1,714)	(1,753)	(1,794)
Other Costs ³	USD '000	(1,710)	(2,343)	(2,392)	(2,442)	(2,493)	(2,544)	(2,603)	(2,663)	(2,724)	(2,786)
Total Costs & Expenses	USD '000	(12,051)	(7,876)	(7,826)	(7,935)	(8,047)	(8,134)	(8,279)	(8,470)	(8,664)	(8,864)
Interest Pre-Funded	USD '000	-	5,000	-	-	-	-	-	-	-	-
Change in WC	USD '000	(11,760)	(716)	(254)	(1,054)	(257)	(252)	351	440	(293)	(383)
Cash Taxes	USD '000	-	-	-	-	-	-	-	-	-	-
Capex Maintenance ¹	USD '000	(5,455)	(4,199)	(1,468)	(846)	(363)	(2,097)	(2,634)	(2,533)	(689)	(655)
Taxes, WC and Others	USD '000	(17,215)	85	(1,722)	(1,900)	(620)	(2,349)	(2,283)	(2,093)	(983)	(1,038)
Interest Payment	USD '000	-	(49,742)	(49,588)	(49,463)	(49,265)	(48,916)	(48,548)	(48,218)	(47,974)	(47,653)
Debt Principal Payment	USD '000	-	(4,190)	(3,042)	(3,190)	(7,416)	(8,162)	(7,878)	(5,487)	(6,475)	(9,149)
L/C Costs & Wht	USD '000	-	(2,496)	(2,490)	(2,485)	(2,477)	(2,463)	(2,447)	(2,434)	(2,464)	(2,451)
Total Debt Service	USD '000	-	(56,428)	(55,120)	(55,138)	(59,158)	(59,540)	(58,873)	(56,138)	(56,914)	(59,252)
Refinancing Net Disbursement & Transaction Costs	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Refinancing Debt Service	USD '000	-	-	-	-	-	-	-	-	-	-
Capex Expansion ²	USD '000	(35,812)	(28,049)	(15,822)	(3,027)	-	-	-	-	-	-
Debt Cash Sweep	USD '000	-	-	-	-	-	-	-	-	-	-
Additional Equity	USD '000	-	19,075	5,346	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD '000	41,414	9,506	10,640	14,949	15,430	14,761	14,191	13,432	15,414	16,027
CFADS Last 12-months from payment in 2H of the calendar year	USD '000	67,570	65,991	68,886	74,061	74,604	73,877	70,663	71,739	74,809	
DSCR Last 12-months from payment in 2H of the calendar year	x	1.20	1.20	1.25	1.25	1.25	1.25	1.26	1.26	1.26	
Debt Balance (USD MM)											
Opening Balance	USD '000	1,106,904	1,106,904	1,102,714	1,099,672	1,096,482	1,089,066	1,080,905	1,073,027	1,067,540	1,061,065
Amortization	USD '000	-	(4,190)	(3,042)	(3,190)	(7,416)	(8,162)	(7,878)	(5,487)	(6,475)	(9,149)
Cash Sweep	USD '000	-	-	-	-	-	-	-	-	-	-
Balloon	USD '000	-	-	-	-	-	-	-	-	-	-
Closing Balance	USD '000	1,106,904	1,102,714	1,099,672	1,096,482	1,089,066	1,080,905	1,073,027	1,067,540	1,061,065	1,051,916
Refinancing Opening Balance	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Amortization	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Closing Balance	USD '000	-	-	-	-	-	-	-	-	-	-

Year		2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Cash Flow (USD MM)											
Regulated Revenues	USD '000	41,633	44,336	45,355	46,398	47,465	48,656	49,774	50,918	52,090	66,094
Dedicated Revenues	USD '000	45,507	46,555	47,625	48,720	49,841	50,988	52,160	53,360	54,587	41,518
Total Revenues	USD '000	87,140	90,891	92,980	95,118	97,306	99,644	101,934	104,278	106,677	107,612
O&M Costs	USD '000	(4,382)	(4,483)	(4,586)	(4,692)	(4,800)	(4,910)	(5,023)	(5,138)	(5,257)	(5,378)
SG&A	USD '000	(1,835)	(1,877)	(1,920)	(1,964)	(2,010)	(2,056)	(2,103)	(2,151)	(2,201)	(2,252)
Other Costs ³	USD '000	(2,851)	(2,916)	(2,983)	(3,052)	(3,122)	(3,194)	(3,267)	(3,342)	(3,419)	(3,498)
Total Costs & Expenses	USD '000	(9,068)	(9,276)	(9,490)	(9,708)	(9,931)	(10,160)	(10,393)	(10,632)	(10,877)	(11,127)
Interest Pre-Funded	USD '000	-	-	-	-	-	-	-	-	-	-
Change in WC	USD '000	(173)	(613)	(333)	(342)	(349)	(375)	(365)	(375)	(383)	(138)
Cash Taxes	USD '000	-	-	-	(4,679)	(7,061)	(7,853)	(8,667)	(9,323)	(10,111)	(10,527)
Capex Maintenance ¹	USD '000	(1,032)	(1,724)	(349)	(580)	(1,253)	(1,742)	(1,155)	(5,614)	(846)	(1,949)
Taxes, WC and Others	USD 000	(1,205)	(2,337)	(682)	(5,600)	(8,663)	(9,969)	(10,187)	(15,311)	(11,340)	(12,614)
Interest Payment	USD '000	(47,220)	(46,720)	(46,112)	(45,381)	(44,685)	(43,995)	(43,247)	(42,425)	(41,688)	(40,855)
Debt Principal Payment	USD '000	(10,672)	(12,722)	(16,034)	(15,681)	(15,188)	(16,157)	(18,182)	(16,774)	(17,703)	(19,724)
L/C Costs & Wht	USD '000	(2,433)	(2,412)	(2,387)	(2,357)	(2,328)	(2,299)	(2,268)	(2,234)	(2,203)	(2,169)
Total Debt Service	USD 000	(60,325)	(61,855)	(64,533)	(63,419)	(62,201)	(62,450)	(63,697)	(61,433)	(61,594)	(62,748)
Refinancing Net Disbursement & Transaction Costs	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Refinancing Debt Service	USD 000	-	-	-	-	-	-	-	-	-	-
Capex Expansion ²	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Cash Sweep	USD '000	-	-	-	-	-	-	-	-	-	-
Additional Equity	USD '000	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD 000	16,542	17,423	18,275	16,391	16,511	17,065	17,657	16,902	22,866	21,124
CFADS Last 12-months from payment in 2H of the calendar year	USD '000	76,821	78,866	82,307	80,877	79,312	79,638	81,240	79,445	83,274	84,444
DSCR Last 12-months from payment in 2H of the calendar year	x	1.27	1.28	1.28	1.28	1.28	1.28	1.28	1.29	1.35	1.35
Debt Balance (USD MM)											
Opening Balance	USD 000	1,051,916	1,041,244	1,028,523	1,012,489	996,808	981,620	965,463	947,282	930,507	912,804
Amortization	USD 000	(10,672)	(12,722)	(16,034)	(15,681)	(15,188)	(16,157)	(18,182)	(16,774)	(17,703)	(19,724)
Cash Sweep	USD 000	-	-	-	-	-	-	-	-	-	-
Balloon	USD 000	-	-	-	-	-	-	-	-	-	-
Closing Balance	USD 000	1,041,244	1,028,523	1,012,489	996,808	981,620	965,463	947,282	930,507	912,804	893,081
Refinancing Opening Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Amortization	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Closing Balance	USD 000	-	-	-	-	-	-	-	-	-	-

Year		2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Cash Flow (USD MM)											
Regulated Revenues	USD '000	67,623	69,178	70,814	77,233	79,008	80,825	82,684	84,685	86,631	88,624
Dedicated Revenues	USD '000	42,473	43,450	44,450	45,473	46,519	47,589	48,685	49,806	50,951	52,124
Total Revenues	USD '000	110,096	112,628	115,264	122,707	125,527	128,414	131,369	134,491	137,583	140,748
O&M Costs	USD '000	(5,501)	(5,628)	(5,757)	(5,890)	(6,025)	(6,164)	(6,305)	(6,450)	(6,599)	(6,751)
SG&A	USD '000	(2,303)	(2,356)	(2,410)	(2,466)	(2,523)	(2,581)	(2,640)	(2,701)	(2,763)	(2,826)
Other Costs ³	USD '000	(3,578)	(3,661)	(3,745)	(3,831)	(3,919)	(4,009)	(4,102)	(4,196)	(4,292)	(4,391)
Total Costs & Expenses	USD '000	(11,383)	(11,645)	(11,913)	(12,187)	(12,467)	(12,754)	(13,047)	(13,347)	(13,654)	(13,968)
Interest Pre-Funded	USD '000	-	-	-	-	-	-	-	-	-	-
Change in WC	USD '000	(396)	(404)	(421)	(1,227)	(451)	(462)	(473)	(501)	(494)	(506)
Cash Taxes	USD '000	(11,203)	(11,972)	(12,824)	(15,104)	(16,288)	(17,313)	(18,826)	(20,144)	(21,589)	(23,316)
Capex Maintenance ¹	USD '000	(7,595)	(3,106)	(3,979)	(4,071)	(4,164)	(8,552)	(930)	(4,134)	(1,840)	(718)
Taxes, WC and Others	USD 000	(19,194)	(15,482)	(17,224)	(20,402)	(20,903)	(26,327)	(20,228)	(24,779)	(23,923)	(24,540)
Interest Payment	USD '000	(39,979)	(39,152)	(38,128)	(36,624)	(34,815)	(32,885)	(30,889)	(28,569)	(26,156)	(23,519)
Debt Principal Payment	USD '000	(18,021)	(21,422)	(23,910)	(26,794)	(30,359)	(30,595)	(36,467)	(39,024)	(42,709)	(46,788)
L/C Costs & Wht	USD '000	(2,133)	(2,098)	(2,112)	(2,049)	(1,974)	(1,894)	(1,811)	(1,715)	(1,615)	(1,511)
Total Debt Service	USD 000	(60,133)	(62,672)	(64,150)	(65,468)	(67,148)	(65,375)	(69,168)	(69,309)	(70,480)	(71,818)
Refinancing Net Disbursement & Transaction Costs	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Refinancing Debt Service	USD 000	-	-	-	-	-	-	-	-	-	-
Capex Expansion ²	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Cash Sweep	USD '000	-	-	(6,374)	(12,313)	(12,492)	(11,967)	(14,448)	(13,515)	(14,748)	(15,196)
Additional Equity	USD '000	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD 000	19,386	22,829	21,977	24,650	25,009	23,959	28,926	27,056	29,526	30,422
CFADS Last 12-months from payment in 2H of the calendar year	USD '000	80,932	84,377	86,359	89,311	92,257	90,464	96,314	97,229	99,547	102,134
DSCR Last 12-months from payment in 2H of the calendar year	x	1.35	1.35	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.42
Debt Balance (USD MM)											
Opening Balance	USD 000	893,081	875,060	853,638	823,354	784,247	741,396	698,833	647,918	595,379	537,922
Amortization	USD 000	(18,021)	(21,422)	(23,910)	(26,794)	(30,359)	(30,595)	(36,467)	(39,024)	(42,709)	(46,788)
Cash Sweep	USD 000	-	-	(6,374)	(12,313)	(12,492)	(11,967)	(14,448)	(13,515)	(14,748)	(15,196)
Balloon	USD 000	-	-	-	-	-	-	-	-	-	-
Closing Balance	USD 000	875,060	853,638	823,354	784,247	741,396	698,833	647,918	595,379	537,922	475,938
Refinancing Opening Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Amortization	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Closing Balance	USD 000	-	-	-	-	-	-	-	-	-	-

Year		2051	2052	2053	2054	2055	2056	2057	2058	2059	2060
Cash Flow (USD MM)											
Regulated Revenues	USD '000	90,662	92,847	94,981	97,165	99,400	101,786	104,125	106,520	108,970	111,576
Dedicated Revenues	USD '000	53,324	54,552	55,807	57,092	58,406	59,752	61,126	62,534	63,973	65,448
Total Revenues	USD '000	143,986	147,399	150,788	154,257	157,806	161,538	165,251	169,053	172,943	177,024
O&M Costs	USD '000	(6,906)	(7,065)	(7,227)	(7,393)	(7,563)	(7,737)	(7,915)	(8,097)	(8,284)	(8,474)
SG&A	USD '000	(2,891)	(2,958)	(3,026)	(3,096)	(3,167)	(3,240)	(3,314)	(3,390)	(3,468)	(3,548)
Other Costs ³	USD '000	(4,492)	(4,514)	(4,617)	(4,723)	(4,832)	(4,944)	(5,057)	(5,143)	(4,913)	(5,026)
Total Costs & Expenses	USD '000	(14,289)	(14,537)	(14,870)	(15,212)	(15,562)	(15,921)	(16,286)	(16,630)	(16,665)	(17,048)
Interest Pre-Funded	USD '000	-	-	-	-	-	-	-	-	-	-
Change in WC	USD '000	(518)	(547)	(541)	(555)	(568)	(598)	(593)	(608)	(622)	(654)
Cash Taxes	USD '000	(19,266)	(29,052)	(30,504)	(32,250)	(34,183)	(36,046)	(37,896)	(39,787)	(41,445)	(42,354)
Capex Maintenance ¹	USD '000	(1,314)	(3,194)	(2,665)	(1,212)	(2,178)	(90)	(6,170)	(5,213)	(2,983)	(4,261)
Taxes, WC and Others	USD 000	(21,098)	(32,794)	(33,711)	(34,017)	(36,929)	(36,734)	(44,660)	(45,608)	(45,050)	(47,269)
Interest Payment	USD '000	(20,670)	-	-	-	-	-	-	-	-	-
Debt Principal Payment	USD '000	(466,275)	-	-	-	-	-	-	-	-	-
L/C Costs & Wht	USD '000	(1,392)	-	-	-	-	-	-	-	-	-
Total Debt Service	USD 000	(488,338)	-	-	-	-	-	-	-	-	-
Refinancing Net Disbursement & Transaction Costs	USD '000	415,845	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	(21,153)	(19,074)	(16,182)	(13,060)	(9,765)	(6,183)	(2,421)	-	-
Refinancing Debt Principal Payment	USD '000	-	(27,017)	(58,141)	(63,304)	(66,781)	(72,934)	(73,193)	(72,091)	-	-
Refinancing L/C Costs & Wht	USD '000	(3,468)	(895)	(809)	(688)	(559)	(422)	(273)	(115)	-	-
Total Refinancing Debt Service	USD 000	412,377	(49,065)	(78,023)	(80,175)	(80,399)	(83,121)	(79,648)	(74,627)	-	-
Capex Expansion ²	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Cash Sweep	USD '000	(9,662)	-	-	-	-	-	-	-	-	-
Additional Equity	USD '000	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD 000	32,638	51,003	24,183	24,853	24,915	25,761	24,657	32,187	111,228	112,706
CFADS Last 12-months from payment in 2H of the calendar year	USD '000	107,476	102,610	102,086	104,732	105,668	108,411	105,914	96,219	-	-
DSCR Last 12-months from payment in 2H of the calendar year	x	1.41	2.09	1.31	1.31	1.31	1.30	1.33	1.29	-	-
Debt Balance (USD MM)											
Opening Balance	USD 000	475,938	-	-	-	-	-	-	-	-	-
Amortization	USD 000	(23,539)	-	-	-	-	-	-	-	-	-
Cash Sweep	USD 000	(9,662)	-	-	-	-	-	-	-	-	-
Balloon	USD 000	(442,737)	-	-	-	-	-	-	-	-	-
Closing Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Opening Balance	USD 000	433,462	433,462	406,445	348,304	285,000	218,218	145,284	72,091	-	-
Refinancing Amortization	USD 000	-	(27,017)	(58,141)	(63,304)	(66,781)	(72,934)	(73,193)	(72,091)	-	-
Refinancing Closing Balance	USD 000	433,462	406,445	348,304	285,000	218,218	145,284	72,091	-	-	-

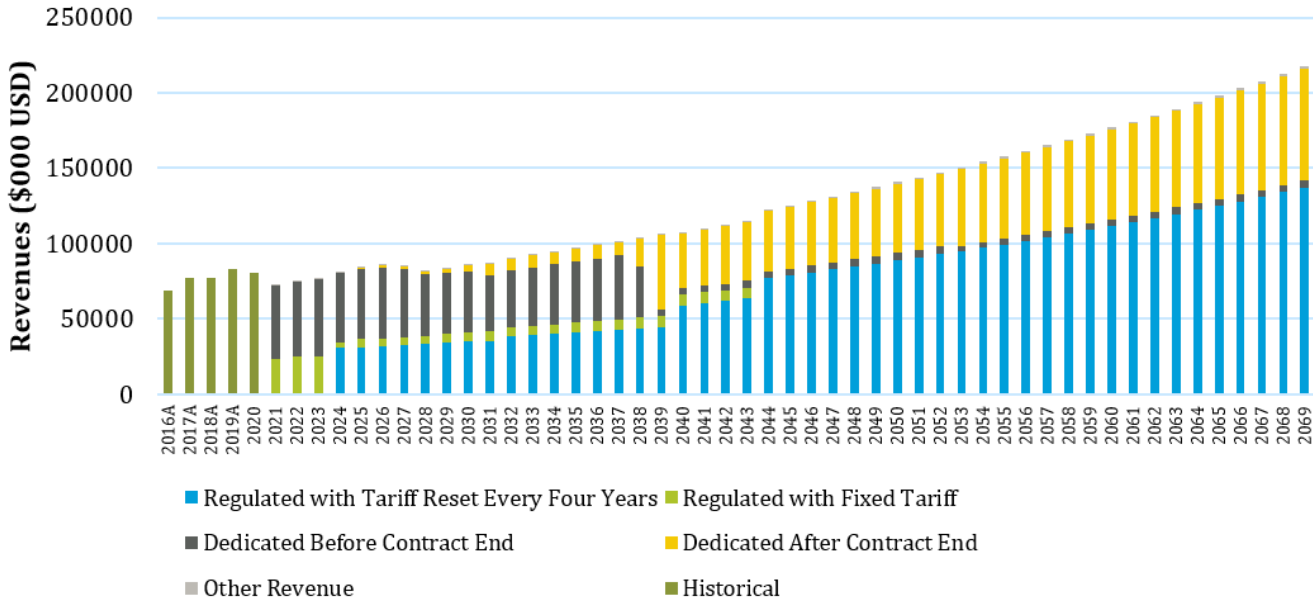
Year		2061	2062	2063	2064	2065	2066	2067	2068	2069	2070
Cash Flow (USD MM)											
Regulated Revenues	USD '000	114,140	116,765	119,451	122,299	125,109	127,986	130,930	134,042	137,122	-
Dedicated Revenues	USD '000	66,954	68,496	70,073	71,688	73,338	75,027	76,756	78,525	80,333	-
Total Revenues	USD '000	181,094	185,261	189,524	193,987	198,447	203,013	207,685	212,567	217,455	-
O&M Costs	USD '000	(8,669)	(8,868)	(9,072)	(9,281)	(9,494)	(9,713)	(9,936)	(10,165)	(10,399)	-
SG&A	USD '000	(3,630)	(3,713)	(3,799)	(3,886)	(3,975)	(4,067)	(4,160)	(4,256)	(4,354)	-
Other Costs ³	USD '000	(5,142)	(5,260)	(5,381)	(5,505)	(5,632)	(5,761)	(5,894)	(6,029)	(6,168)	-
Total Costs & Expenses	USD '000	(17,441)	(17,842)	(18,252)	(18,672)	(19,101)	(19,541)	(19,990)	(20,450)	(20,920)	-
Interest Pre-Funded	USD '000	-	-	-	-	-	-	-	-	-	-
Change in WC	USD '000	(650)	(667)	(682)	(715)	(713)	(731)	(747)	(782)	30,336	-
Cash Taxes	USD '000	(43,237)	(44,122)	(44,982)	(46,086)	(47,101)	(48,341)	(49,494)	(50,777)	(52,098)	-
Capex Maintenance ¹	USD '000	(6,891)	(7,050)	(7,212)	(1,753)	(2,538)	(1,975)	(4,801)	-	-	-
Taxes, WC and Others	USD '000	(50,778)	(51,838)	(52,876)	(48,555)	(50,352)	(51,047)	(55,042)	(51,560)	(21,762)	-
Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Debt Service	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Net Disbursement & Transaction Costs	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Refinancing Debt Service	USD '000	-	-	-	-	-	-	-	-	-	-
Capex Expansion ²	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Cash Sweep	USD '000	-	-	-	-	-	-	-	-	-	-
Additional Equity	USD '000	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD '000	112,875	115,581	118,396	126,760	128,993	132,426	132,653	140,557	174,773	-
CFADS Last 12-months from payment in 2H of the calendar year	USD '000	-	-	-	-	-	-	-	-	-	-
DSCR Last 12-months from payment in 2H of the calendar year	x	-	-	-	-	-	-	-	-	-	-
Debt Balance (USD MM)											
Opening Balance	USD '000	-	-	-	-	-	-	-	-	-	-
Amortization	USD '000	-	-	-	-	-	-	-	-	-	-
Cash Sweep	USD '000	-	-	-	-	-	-	-	-	-	-
Balloon	USD '000	-	-	-	-	-	-	-	-	-	-
Closing Balance	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Opening Balance	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Amortization	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Closing Balance	USD '000	-	-	-	-	-	-	-	-	-	-

Source: Independent Engineer Report

- (1) Capital expenditure maintenance for 2021 and 2022 are not included in the debt-service coverage ratio as it is backstopped by the Construction Letter of Credit.
- (2) Capital expenditure expansions are not included in the debt-service coverage ratio as it is backstopped by the Construction Letter of Credit. In addition, the capital expenditure expansion associated with the Portezuelo Substation Expansion is modeled as the net of the associated EPC costs minus related EPC revenues.
- (3) Insurance, land lease, municipal taxes, among others.

Historical and Forecasted Revenues

Below is a chart (included as shown in section 7.1 of the Independent Engineer Report) showing Colbún Transmisión’s historical and forecasted annual revenues from 2016 to 2069 per revenue source:



The small variations observed in 2024 and 2040 are due to a reclassification of certain assets from the Dedicated Transmission System to the National Transmission System (Angostura-Mulchén T-Line in 2024 and Santa María—Charrúa T-Line in 2040), which are then subject to national VATT remuneration.

The Financial Model does not consider any revenue discounts or penalties associated with low availability. Given Colbún Transmisión’s historical performance, the Independent Engineer considers this assumption to be reasonable for the base case of the Financial Model.

Pending the conclusion of the Ongoing Tariff Review Process, transmission companies have continued invoicing under the previous tariff structure. Once the review process is completed and the new tariff rates have been set, the new tariff will be applied retroactively from January 1, 2020 until the date of the conclusion of the Ongoing Tariff Review Process. Based on the CNE Valuation Report, we expect that the tariffs that will be determined once the Ongoing Tariff Review Process is concluded will be lower than the tariffs established in the previous tariff period. As such, we expect that Colbún Transmisión will be required to make Tariff Reimbursements.

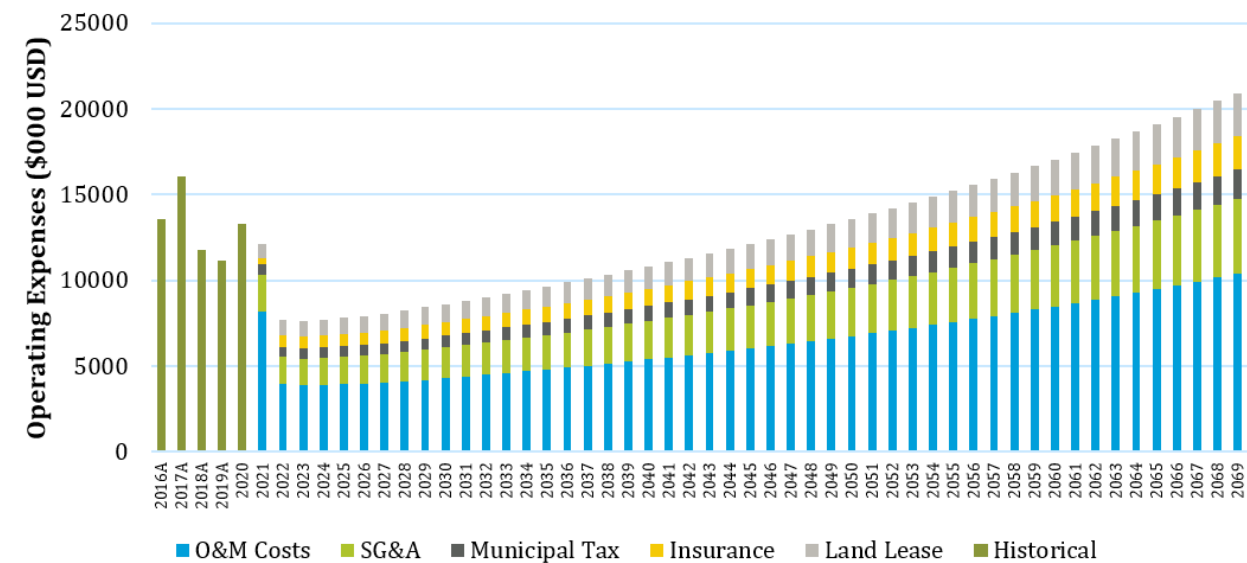
Pursuant to the terms of the SPA, the Acquisition Date Purchase Price is expected to be reduced by the estimated amount of such Tariff Reimbursements applicable to the period from January 1, 2020 until the date of the consummation of the Acquisition, which is expected to occur on September 30, 2021, and the Sponsors are expected to make a corresponding equity contribution on the Release Date. See “Description of the Notes—Deposits into and Transfers from Project Accounts—Issuer USD Tariff Readjustment Reserve Account.” As of the date of this offering memorandum, we expect such contribution to be in an aggregate amount of approximately U.S.\$24.4 million, subject to adjustments. In addition, a portion of the Acquisition Date Purchase Price may be reserved in an escrow account in order to partially cover these Tariff Reimbursements, if any, that would be payable by Colbún Transmisión from January 1, 2020 until the date of the consummation of the Acquisition.

The Tariff Reimbursements, if any, would occur over a period of time to be determined at the conclusion of the Ongoing Tariff Review Process, and we cannot be certain as to the amounts or process by which such Tariff Reimbursements would be made. For example, Colbún Transmisión may be instructed by the CNE to (1) pay Tariff Reimbursements to transmission companies whose tariffs increase upon the conclusion of the Ongoing Tariff

Review Process relative to the previous tariff period and, as a result, have a payment deficit for the period commencing on January 1, 2020, and/or (2) allow Colbún Transmisión’s existing customers to offset excess amounts they paid to Colbún Transmisión from January 1, 2020 until the conclusion of the Ongoing Tariff Review Process. For additional information, see “Description of the Notes—Deposits into and Transfers from Project Accounts—Issuer USD Tariff Readjustment Reserve Account” and “The Transactions—The Acquisition—The Share Purchase Agreement.”

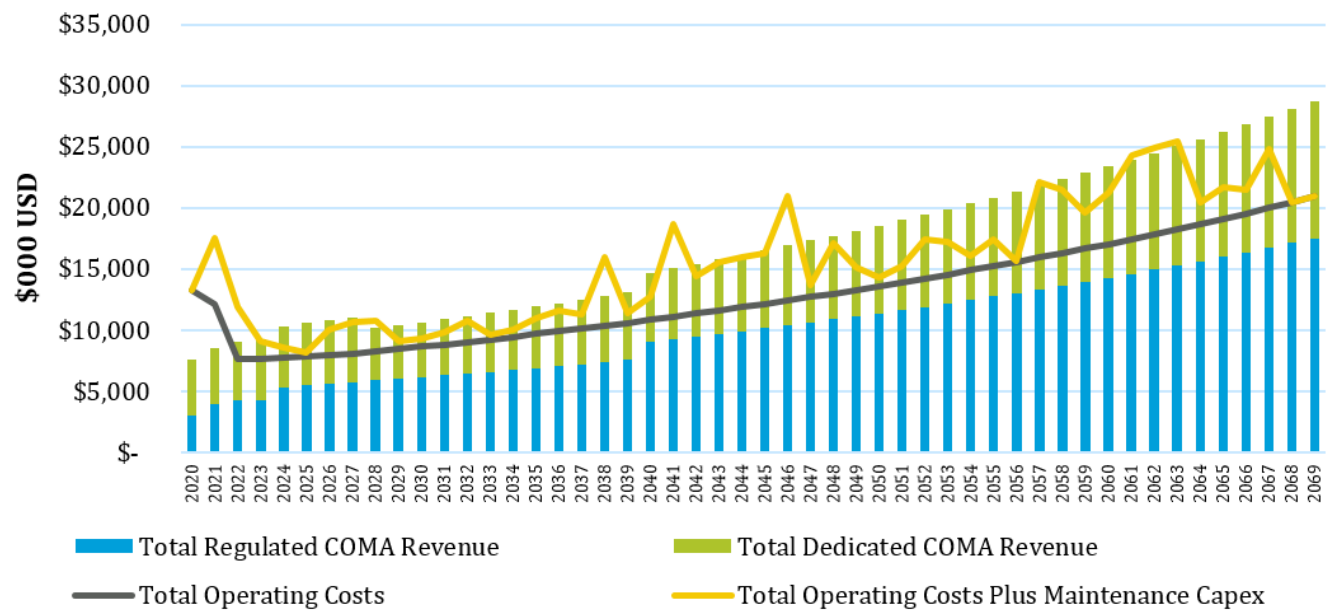
Overall, Colbún Transmisión’s revenue appears to be modeled consistently with the remuneration amounts and formulas set forth in the respective Tariff Decree, Project Decrees and Dedicated Contracts, and consistent with CNE’s methodology for the approximation of Colbún Transmisión’s VI and VATT.

The following graph, which appears in section 7.2 of the Independent Engineer Report, sets forth Colbún Transmisión’s historical and forecasted operating expenses from 2016 to 2069 per expense type:



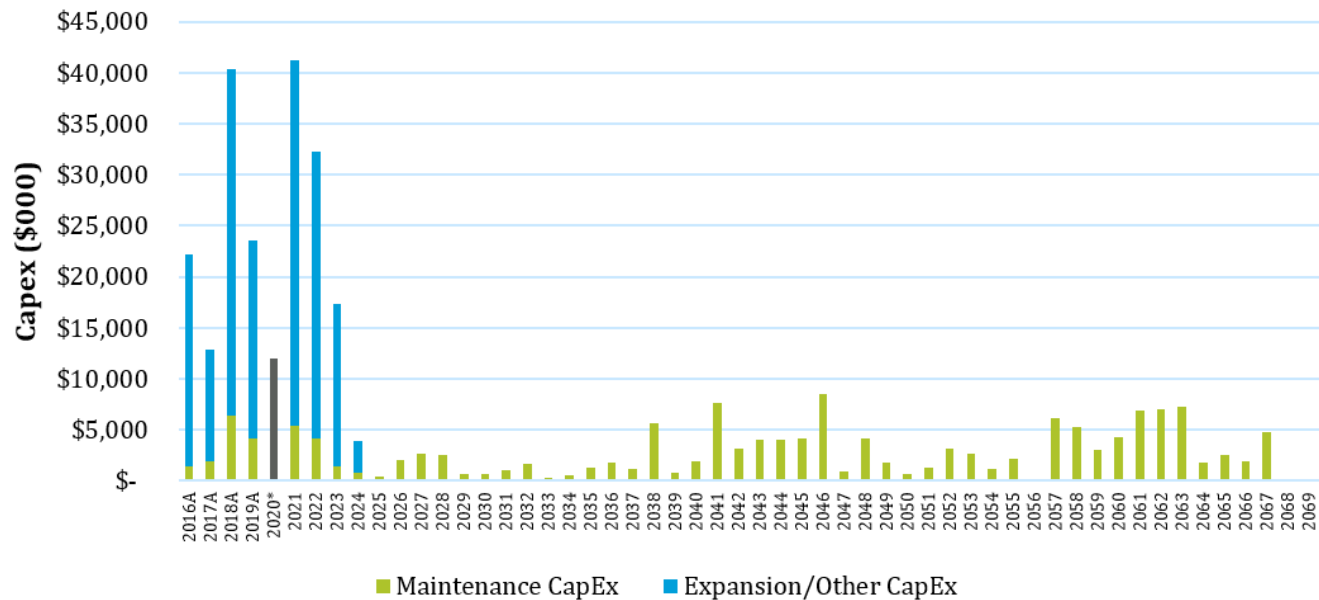
Colbún Transmisión’s primary operating expenses are (i) total O&M costs, which includes O&M costs with third-parties and O&M expenditures with Colbún, and (ii) SG&A expenses, which include SG&A expenses with Colbún and with third parties. The remaining operating expenses consist of municipal taxes, insurance fees and land lease payments. The Financial Model anticipates a reduction in aggregate operating expenses levels in 2021 as a result of the transition period in which Celeo Redes is expected to assume our O&M activities, and the Issuer expects to benefit from a combination of synergies with current Celeo Redes operations in Chile and expertise in the transmission business. Subsequently, beginning in 2022, aggregate levels are expected to remain generally stable in nature and escalating year over year due to inflation.

The following graph, which appears in section 7.2 of the Independent Engineer Report, sets forth a comparison, with respect to Colbún Transmisión’s projects, of (1) the projected total annual operating costs and capital expenditures relating to maintenance, and (2) the projected total annual COMA revenues in the Regulated and Unregulated Systems, as set forth in the Financial Model. This comparison suggests that, after the initial transition years, the COMA payments would be able to cover the projected operating expenses and the projected capital expenditure related to maintenance activities for Colbún Transmisión’s regulated assets.



According to the Independent Engineer Report, Colbún Transmisión’s forecasted operating expenses levels appear to be reasonable.

The following graph, which appears in section 7.3 of the Independent Engineer Report, sets forth Colbún Transmisión’s historical and forecasted expansion and maintenance capital expenditures from 2016 to 2069:



Expansion expenses are associated with construction costs required to execute the expansion projects mandated by the SEN. Upon completion of these projects, the expansion assets will be categorized as assets in the Regulated System and will be subject to VATT remuneration. The Independent Engineer considers the base case in the Financial Model, which does not forecast incremental expansion capital expenditures beyond those amounts associated with the identified mandated expansions, to be reasonable.

In the Financial Model, the forecasted maintenance capital expenditures, which were prepared by Celeo Redes, considers the replacements of key components, such as transformers, switches, wave traps, reactors, lightning rods and compensation equipment, at defined intervals based on the respective equipment's useful life. The useful life estimates were obtained from the most recent transmission valuation study published by the CNE. As a result, the forecasted maintenance capital expenditures are incurred periodically. According to the Independent Engineer Report, (i) the methodology for estimating maintenance capital expenditures and forecasted values seem reasonable, and (ii) Colbún Transmisión's overall forecasted capital expenditure levels appear to be reasonable.

The Independent Engineer Report notes that Celeo Redes is contemplating financing the acquisition of the Colbún Transmisión portfolio through a bond offering, in which the Sponsors post a construction letter of credit, with no recourse to the Issuer, to backstop certain construction capital expenditure costs. Under the financing agreements, the Construction Costs are defined as (i) the projected budget of the expansion capital expenditures (excluding mandatory capital expenditures) required to be undertaken under Project Decrees and Dedicated Contracts in effect as of the date of this offering memorandum in respect of each Project set forth SPA, and (ii) the projected budget of the maintenance capital expenditures for the fiscal years ended December 31, 2021 and 2022 in respect of each Project set forth in the SPA. Based on the latest information available, the remaining budget of the abovementioned Construction Costs, which is expected to be executed by Celeo Redes after the Acquisition, is approximately U.S.\$68.9 million. This amount may be reduced or increased, as the case may be, on or around the date of the Acquisition, if the Independent Engineer delivers a certificate to the Indenture Trustee of the bond offering stating that the remaining Construction Costs are expected to change. Given the scope of the projects and the work to be done within the scope of Construction Costs, it is reasonable to assume that these will be concluded by 2024, as projected, or by 2025 at the latest.

RISK FACTORS

An investment in the Notes involves significant risks. In addition to the other information contained in this offering memorandum, you should carefully consider the following risk factors before making an investment in the Notes. Any of the following risks below could adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes, which, in turn, could have an adverse effect on our ability to make payments under the Notes. The risks described below are not the only ones facing the Issuer or other companies in Chile. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. If any of the risks described below materializes or occurs, the value of the Notes could decline and you may lose some or all of your investment.

Risks Related to Colbún Transmisión's Business and Industry

We depend on the adequate conditions and availability of our infrastructure.

Our business depends on our ability to maintain adequate and reliable infrastructure to access and conduct our operations. The availability and cost of this infrastructure affects capital and operating costs and our ability to maintain expected levels of availability of our transmission facilities. Unusual weather or other natural phenomena, sabotage or other interference in the maintenance or provision of such infrastructure could affect the development of a project, reduce or delay the availability and operations of our transmission lines. Furthermore, the technical useful life of certain of our assets may be shorter than expected, which may cause an increase in risks and costs.

Any such issues arising with respect to our transmission activities could adversely affect our business, results of operations or financial condition. Our revenue may be adversely affected if we fail to meet the required availability levels, unless such availability is caused by force majeure. Any failure or unavailability of our operational infrastructure, including equipment failure or disruption to our current facilities in the Dedicated Transmission System, could adversely affect the production output from or to our Dedicated Customers, which could jeopardize continuance or renewal of their Dedicated Contracts. Likewise, any failure or unavailability of our operational infrastructure, including equipment failure or disruption to our current zonal or national facilities may lead to fines by the SDEC and compensation in favor of Regulated and Unregulated Consumers.

Changes in the valuation of Colbún Transmisión's existing facilities in the National or Zonal Transmission Systems could negatively alter its return on investments.

Colbún Transmisión's facilities in the National and Zonal Transmission Systems are subject to extensive tariff regulation. The revenue and associated index formulas for these facilities are mostly fixed under a Tariff Decree that is revised every four years by the CNE in its TFVS and then set by the Ministry of Energy in a new Tariff Decree.

According to Chilean Transmission Law, the tariff review process sets the replacement value of the relevant assets at a post-tax internal rate of return, or IRR, between 7% and 10% after taxes over the useful life of the asset to determine the AVI, the VATT (including their components, such as AVI, COMA and AEIR) and the indexation formulas used to calculate such components, which take into account variations in the Chilean peso-U.S. dollar exchange rate, inflation in the United States and Chile, as well as other variables that are subject to change during the tariff review process. For more information about the tariff review process, see "Regulatory, Permits and Environmental Matters—Chilean Electricity Law—Remuneration." Therefore, the total valuation will be determined based on the estimated rebuild cost by comparable companies participating in the electric transmission system. If the CNE's tariff adjustments are adverse to our interests and expectations, they could have a material adverse effect on Colbún Transmisión's revenue and on our ability to make payments under the Notes.

Moreover, any significant technological changes in Colbún Transmisión's equipment could lower the CNE's valuation, which could prevent partial recovery of investments Colbún Transmisión has made. The regulated income index formulas, which consider portions of the total VATT in Chilean pesos and U.S. dollars to determine our annual revenue, may not be able to completely offset inflation or exchange rate variations throughout the

relevant period. Although inflation has been stable over the last decade in Chile, it has been subject to variation in the past. There is no guarantee that inflation in Chile or the United States will stay within expected ranges. Any such inflation-related variations in the Chilean *peso* or in the U.S. dollar that are not reflected in the exchange rate used to calculate VATT could negatively impact Colbún Transmisión's revenue and our ability to make payments under the Notes.

As of the date of this offering memorandum, the CNE is reviewing tariffs to be charged for the 2020-2023 tariff period. This process is expected to be completed by the end of 2021, and the new tariff will be applied retroactively from January 1, 2020, once the Ongoing Tariff Review Process is completed. Colbún Transmisión may be adversely affected if tariffs decrease and it be required to make Tariff Reimbursements.

The projections presented in the Financial Model reviewed by the Independent Engineer and discussed in the Independent Engineer Report include parameters related to the tariff, such as the VI and VATT, which are based on the CNE Valuation Report published in connection with the Ongoing Tariff Review Process. This CNE Valuation Report does not establish the definitive tariffs and is still pending conclusion of the process. The figures presented in the CNE Valuation Report are lower on average than the figures established in the previous tariff review period, which form the basis of the tariffs charged as of the date of this offering memorandum. We cannot predict when the Ongoing Tariff Review Process will be concluded or whether the definitive tariffs announced following the conclusion of such process will be the same as or higher than the existing tariff levels. In the event that the tariffs applicable to Colbún Transmisión's operations are reduced our future cash flows, financial condition and results of operations could be materially adversely affected. This material impact could adversely affect the Issuer's ability to make payments on the Notes, which could require the Issuer to redeem the Notes to reduce its indebtedness. See “—Risks Related to the Acquisition—Changes in the tariff level could result in an upward purchase price adjustment or require us to redeem the Notes.”

Moreover, there are other inherent risks associated with the tariff review and adjustment process. For example, the CNE may delay the tariff review process, and the tariff adjustments determined by the CNE may not accurately reflect the replacement value of the operation, construction and maintenance costs of the transmission infrastructure. In addition, the regulatory framework in Chile may be amended. These regulatory changes may have material adverse impacts on our business, results of operations and financial condition.

Colbún Transmisión receives revenue pursuant to Dedicated Contracts, which may expire and not be renewed or may be terminated early in case of material breaches before the maturity of the Notes.

Colbún Transmisión's revenue from its assets in the Dedicated Transmission System depends on transmission of electricity through its own facilities pursuant to the Dedicated Contracts with generation companies and other Unregulated Consumers. These counterparties may choose not to renew their Dedicated Contracts or want to renegotiate new terms that are less favorable to Colbún Transmisión for future extensions. Colbún Transmisión's rights to receive revenue under these Dedicated Contracts are per term, and parties to these contracts are not required to agree to extensions. In addition, Colbún Transmisión's counterparties in such Dedicated Contracts have the right to early termination in case of material breach by Colbún Transmisión. However, most of these contracts do not specify what may constitute a material breach, and determination of whether a violation constitutes a material breach is based on the evidence rendered by the parties to the dispute and determined by the relevant court. In the event of an early termination due to a material breach by Colbún Transmisión, Colbún Transmisión would not receive any compensation. The termination of any of these contracts may have a material adverse effect on our cash flow, financial condition and results of operations, and could impair our ability to make payments under the Notes.

Colbún Transmisión's assets in the Dedicated Transmission System consist of 495 km of transmission lines and 19 substations. For the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, assets in the Dedicated Transmission System represented 66%, 59% and 64%, respectively, of Colbún Transmisión's total revenue. In addition, Colbún is one of Colbún Transmisión's most relevant Dedicated Customers. As of December 31, 2020, 36% of Colbún Transmisión's total sales were derived from contracts to transmit energy from Colbún's generation facilities, and most of these contracts are expected to expire in 2038. Moreover, Colbún Transmisión also has Dedicated Contracts to provide transmission and transformation services

to third parties, including to generating stations, mining companies and industrial companies. The terms of these Dedicated Contracts with third parties generally range from five to 30 years, with certain Dedicated Contracts expiring in 2060. Unless extended by the parties, most of Colbún Transmisión's Dedicated Contracts will expire before the maturity of the Notes. See "Description of Certain Material Project Documents—Overview of Dedicated Contracts—Dedicated Contracts with Third Parties."

Depending on market conditions and regulatory requirements, it may be difficult for us to renew, replace or negotiate similar terms for Dedicated Contracts as those currently in place with our Dedicated Customers. We cannot assure you that we will be able to renew or replace these contracts upon expiration, or that the terms of any renegotiated contract will be as favorable as those in the existing contract. If we are unable to renew, extend and/or replace these contracts, if we renew the contracts on less favorable terms or if the contracts are terminated or revoked before the expiration of their respective terms, our cash flows, financial condition and results of operations may be negatively affected, which, in turn, may have a material adverse effect on our ability to make payments under the Notes.

Colbún Transmisión depends on a few large Dedicated Customers to generate a significant portion of its revenue.

Colbún Transmisión's three largest Dedicated Customers are Colbún, Codelco and Anglo American. Although power transmission is an operating cost our clients are required to pay to operate, the financial condition and results of operations of our clients, including Unregulated Consumers, energy generation companies and energy distribution companies could impact their ability to pay us, which affects our revenue. These negative effects may be due to events such as extensive droughts that reduce hydroelectric production, natural disasters, technological changes, which can affect our customers' ability to generate or consume the electricity that we transmit through our infrastructure, or the deterioration of our client's credit due to changes in their business plan or shutdown of their industrial facilities. We cannot guarantee Colbún Transmisión's major clients or any other clients will remain financially strong, maintain their corporate credit ratings or pay us the amounts due in a timely manner.

Changes in the classification of Colbún Transmisión's facilities could adversely affect its return on investments and/or lead to disputes regarding agreed-upon fees.

All transmission facilities connected to the SEN are subject to reclassification by the CNE every four years. Under certain conditions, facilities classified as in the National, Zonal and Dedicated Transmission Systems can be reclassified and subject to rules of other transmission systems, including with respect to the applicable remuneration scheme. The change in classification from a National or Zonal Transmission System facility to a Dedicated Transmission System facility, or from a Dedicated Transmission System facility to a National or Zonal Transmission System facility, may result in a change in the remuneration structure for the use of such facility. In the event of a reclassification from a National or Zonal Transmission System facility to a Dedicated Transmission System facility, the regulated tariffs set by the authority will no longer apply to the applicable facility, and Colbún Transmisión and the Dedicated Customers would be required to agree on a new tariff for their respective Dedicated Contracts, which may be lower than the previous regulatory tariff or may result in a delay in the payment of such contractual amounts pending negotiation of the underlying Dedicated Contracts.

In the event of a reclassification from a Dedicated Transmission System facility to a National or Zonal Transmission System facility, the applicable regulatory tariff would apply based on a valuation of the underlying asset, and the fees of the applicable Dedicated Contract may be replaced by such regulatory tariff, which may be lower than the full tariff previously set in the Dedicated Contract, and Colbún Transmisión may be unable to recover the difference. Moreover, the valuation process and, consequently, tariff payments may be delayed, and, if Colbún Transmisión continues to receive amounts pursuant to the Dedicated Contract while the valuation of the underlying assets is pending, Colbún Transmisión may be required to reimburse such amounts.

In the past, certain of Colbún Transmisión's facilities have been reclassified. We cannot assure you that the classification of Colbún Transmisión's facilities will remain the same over time, that the tariffs applied and paid in connection with reclassified assets will not be disputed and, if disputed, that we would prevail in such disputes. As a result, the reclassification of any of Colbún Transmisión's facilities may have a material adverse impact on

our cash flows, financial condition and results of operations and could impair our ability to make payments under the Notes.

Operational hazards, including equipment failures, machinery breakdowns or accidents, could have a material adverse effect on Colbún Transmisión's business, results of operations and financial condition.

Colbún Transmisión's transmission lines are subject to equipment failures and accidents. Unplanned transmission line breakdowns and subsequent unavailability of the transmission lines may negatively affect our operations. Government authorities may also impose fines if there is a failure to provide services or meet established availability levels. See "—Risks Related to Colbún Transmisión's Business and Industry—Regulatory authorities may impose fines on Colbún Transmisión as a result of energy supply failures."

Many of our employees work with complex and often dangerous equipment and machinery and accidents may occur. These accidents may cause shutdowns, which may lead to fines or other sanctions. Defending or settling a legal claim arising from accidents could affect our financial results. Also, our current insurance coverage may be insufficient to protect against these risks in the future. See "—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión's insurance coverage may be insufficient or inadequate to cover its losses."

In addition, Chile is located in a seismic area that exposes Colbún Transmisión's facilities to breakdowns due to earthquakes. For further discussion, please refer to "—Risks Related to Chile—Natural disasters (including seismic events) may damage Colbún Transmisión's facilities and affect its operations and financial condition."

Information included in the Independent Engineer Report and our Financial Model, including projections of future revenue, expenditures and expenses, and other reports that may prove to be incorrect may affect our ability to profit.

This offering memorandum contains expert opinions on matters related to projected tariffs, capacity prices, demand factors, node factors, supply of and demand for electricity and the engineering of Colbún Transmisión. The projections contained in our Financial Model and the information provided in the Independent Engineer Report were made using various analytical methodologies and are based on several assumptions, including assumptions in respect of material contingencies and other matters beyond our control, including, among others, the Chilean GDP, availability factors of each of our transmission lines, the assumed coupon and tenor of the Notes and government macroeconomic policies. Our Financial Model and the Independent Engineer Report contain important discussions of the projections and of the assumptions, estimates, and forecasts used in the preparation of the same.

We urge you to read the Independent Engineer Report in its entirety before making a decision to invest in the Notes. The Independent Engineer prepared its opinions on the basis of assumptions that the Sponsors believed to be reasonable at the time. However, the assumptions and estimates, as set forth in the Independent Engineer Report may not be accurate, and actual results may be materially different. Even if the assumptions and estimates are accurate, the actual revenues, expenditures, expenses and energy demand may differ materially from those expressed in our Financial Model and the Independent Engineer Report. We urge you not to place undue reliance on any projections included in our Financial Model or elsewhere in the Independent Engineer Report, the latter of which is included elsewhere in this offering memorandum.

No undue reliance should be placed on forward-looking statements included in the models and projections included herein.

The Independent Engineer Report, including the Financial Model, both of which are discussed elsewhere in this offering memorandum, contain forward-looking statements and estimates, including certain forecasted financial results for the period from 2020 to 2069. These forward-looking statements and estimates reflect current expectations and projections about future events based on present facts and circumstances, including the CNE Valuation Report, and assumptions about future events, any of which may fail to occur. These statements and estimates are not necessarily indicative of future results and involve risks and uncertainties that could cause actual results to differ materially from our expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an adverse effect on us, include those described under

“Forward-Looking Statements,” “—Risks Related to Colbún Transmisión’s Business and Industry—Changes in the valuation of Colbún Transmisión’s existing facilities in the National or Zonal Transmission Systems could negatively alter its return on investments” and elsewhere in this “Risk Factors” section.

The forward-looking information included in the Financial Model was not prepared in compliance with the published guidelines of the SEC, the International Federation of Accountants, IFRS or any other relevant organization, regarding projections or forecasts, and are based on numerous assumptions relating to factors that are outside of our control and may or may not be realized. For the foregoing reasons, and because our business is subject to numerous risks, uncertainties and other factors, including those set forth in this “Risk Factors” section, investors should not place undue reliance on the information and forward-looking information in the Financial Model as an estimate or prediction of future performance. Actual results may differ from those reflected in the forward-looking information included in the Financial Model, and the differences could be material. Other than the Independent Engineer, neither our independent auditors nor any other independent accountant, or any other person, including the Initial Purchasers and the Sponsors, has compiled or examined the forward-looking information in the Financial Model, and our independent auditors disclaim any association with such forward-looking information. We disclaim any obligation to update the information in the Financial Model or disclose any difference between our actual results and those reflected in such forward-looking information.

Easements, rights of way and other property rights that are critical to Colbún Transmisión’s facilities and transmission lines may be subject to legal challenge or termination.

Significant portions of Colbún Transmisión’s facilities are located on property over which we have acquired property rights due to mandatory easements and other agreements. Although we believe we lawfully obtained these easements and rights of way, we may face legal challenges with respect to the recording of such property rights with the relevant authorities, the scope or priority of such rights, or compliance with the terms of such easements and agreements. We may also be liable for damages caused to third parties’ private property. Furthermore, the Chilean Electricity Law establishes certain procedures to terminate an energy concession when the right holder does not comply with its obligation under easements or relevant agreements underlying the transmission line. Violations of easement and property agreements include material delay to reach construction deadlines under the Project Decree or to operate and maintain transmission assets according to applicable regulations. If any such delays occur in the completion, operation or maintenance of a transmission line and related facilities, Colbún Transmisión may not have all necessary property rights to successfully perform its business.

These legal challenges and termination risks may have an impact on Colbún Transmisión’s cash flows, financial condition and operation results and could impair our ability to make payments under the Notes.

The Chilean government could seize or expropriate our assets under certain circumstances.

According to Article 19 No. 24 of the Chilean Constitution, the Chilean government may exercise its eminent domain powers in respect to Colbún Transmisión’s assets if the government considers the action required to protect the public interest. According to Decree with Force of Law (*Decreto con Fuerza de Ley*) No. 2,186 of 1978, the Chilean government may exercise eminent domain powers through administrative expropriation process, which is subject to review in civil court.

In case of expropriation, Colbún Transmisión would be entitled to compensation for the expropriated assets. Nevertheless, the compensation may be lower than the market price of the asset or its value as part of an ongoing business. As such, seizure and expropriation of assets may adversely affect our ability to make payments under the Notes. In addition, upon an expropriation event above a certain threshold, we will be required to use such proceeds to conduct an offer to purchase the Notes at par. See “Description of the Notes—Offers to Purchase Notes under Certain Circumstances.”

Distribution and power generation companies may fail to pay mandatory fees on behalf of its customers.

Since January 1, 2019, generation and distribution companies collect and pay a mandatory flat charge for the National Transmission System to transmission companies on behalf of end customers. See “Regulatory, Permits

and Environmental Matters—Chilean Electricity Law.” If generation or distribution companies fail to make a monthly transmission service payment, we will bear the risk of such non-payment.

Moreover, Law No. 21,249, enacted in August 2020 to address the impacts of the COVID-19 pandemic, has prevented distribution companies from interrupting or discontinuing delivery of electricity until December 31, 2021 to Regulated Consumers who fail to pay their invoices. This law has led distribution companies to collect unpaid amounts in installments. As a result, distribution companies’ revenue has been adversely affected, and they may not be able to pay the mandatory flat charge for the National and Zonal Transmission Systems to transmission, including Colbún Transmisión, which may affect our results and financial conditions. We cannot assure you that this law will not be extended for a longer period, which could potentially adversely affect our results and financial condition in the future.

Chile’s energy agenda (Ruta Energética 2018-2022) and other proposed regulations and policies may lead to significant changes in the energy generation industry, particularly in respect of energy sources for energy generation activities and related approvals.

In an effort to increase the use of renewable energy and begin the process of decarbonizing the Chilean energy generation matrix, the Chilean government and the member companies of the Association of Energy Generators of Chile (*Asociación Gremial de Generadoras de Chile*), including, among others, AES Gener S.A. (today, AES Andes S.A.), Enel Generación Chile S.A., Engie Energía Chile S.A. (“Engie”) and Colbún, entered into a non-binding agreement pursuant to which they agreed (i) not to start or support the development of new coal power plants that do not have carbon capture and storage systems or other equivalent technologies, (ii) to set up a working group to analyze a gradual shut-down of coal-fired power plants that do not have carbon capture and storage systems or other equivalent technologies, and (iii) to source 70% of national electricity generation from renewables by 2050. Decarbonization initiatives such as these may lead to significant changes in our industry and sources of energy and related approvals. As of the date of this offering memorandum, there is a proposed decarbonization bill that could force the closure of coal-fired power plants or prohibit the establishment of new plants in the future, which could affect certain of Colbún Transmisión’s counterparties whose power plants may be decommissioned as a result of this plan, including Colbún’s Santa María coal plant. These changes may affect the activities of our clients that are energy generation companies, who may be unable to transition their business in a timely fashion or at all. As a result, these policy changes could adversely affect our business, financial condition and results of operations.

We cannot assure you that the Chilean government will not pass additional regulations that affect our clients’ businesses. Furthermore, the Chilean government held a “Decarbonization Workshop” directed by the Ministry of Energy, in which market players held discussions about the technical, economic, environmental and social feasibility of decommissioning of coal plants. A variety of studies, including those conducted by the Ministry of Energy, have indicated that the decarbonization process would significantly affect the reliability, investment costs and transmission of energy in Chile. While regulations have not been enacted based on these studies or workshops, any such future regulations could have a material adverse effect on our business, financial condition and results of operations.

Government regulations, including environmental laws, may impose additional costs that may adversely affect Colbún Transmisión’s business, results of operations and financial condition.

Potential changes in power and transmission industry regulations may adversely impact Colbún Transmisión’s results, operations and financial condition. Material adverse changes in the regulatory framework for power generation and energy transmission may affect direct and variable costs, supplies, governmental licenses and other key aspects of our business. We cannot guarantee that the laws or regulations in Chile will not change. Also, we cannot guarantee that laws and regulations in Chile will not be interpreted or applied in manners that could adversely affect us. For details about laws and regulations that may affect our business, see “Regulatory, Permits and Environmental Matters—Chilean Electricity Law—Environmental Regulation.”

Colbún Transmisión’s operations are subject to a wide range of environmental regulations. Colbún Transmisión has made, and expects to continue to make, expenditures to fully comply with these environmental

regulations. However, any breach of environmental regulations may lead to fines, environmental damages claims, remediation obligations, revocation of environmental licenses or the temporary or permanent closure of facilities. Furthermore, Chilean environmental regulations have become stricter over recent years, particularly in connection with approvals for new projects and enforcement of existing legal and permit requirements. This trend is likely to continue in the near future. New environmental requirements or changes in application, interpretation or enforcement of existing requirements could substantially increase our capital, operating and compliance costs or restrict our operations. Therefore, stricter air and wastewater emission requirements or new regulations related to climate change could limit the availability of funds for other purposes, which could have a material adverse effect on Colbún Transmisión's business, results of operations and financial condition.

Failure to maintain and renew all necessary authorizations and certifications required for the operation of Colbún Transmisión's transmission lines and changes in licensing regimes may have a material adverse effect on its operations.

Colbún Transmisión's operations require several permits and authorizations from Chilean government agencies. The process to maintain and renew these necessary permits and authorizations is complex and time-consuming. We cannot guarantee that Colbún Transmisión will be able to maintain its permits and authorizations in good standing in the future. In addition, Chilean governmental agencies that regulate the National Transmission System may require Colbún Transmisión to maintain certain additional quality and safety certifications and targets.

If Colbún Transmisión fails to maintain or renew any required permits or authorizations or does not meet the requirements for certifications and quality and safety targets, it may be subject to legal disputes, fines, penalties or other liabilities. These developments could have a material adverse effect on Colbún Transmisión's cash flows, financial condition and operation results.

Colbún Transmisión expects to receive revenue pursuant to certain Project Decrees associated with new facilities in the Zonal Transmission Systems, and these Project Decrees may be revoked in case of material breaches.

Colbún Transmisión's rights to own, operate and receive revenue in connection with its Loica and Codegua substations and the new Loica-Portezuelo transmission line, all of which are connected to the Zonal Transmission System, depend on the terms of their respective Project Decrees granted by the Ministry of Energy. However, the Ministry of Energy may revoke Project Decrees in case of material breach of our obligations under these decrees. Under current law, it is unclear which violations constitute a material breach that could lead to the termination of a decree. Neither the Chilean Electricity Law nor the Project Decrees define the scope of a "material breach." It may be difficult to determine what breaches may constitute a "material breach" because the determination of whether a violation constitutes a material breach is based on investigations conducted by the CEN, and there are no precedents for the termination of a Project Decree under these circumstances in Chile.

In the event of a termination, Colbún Transmisión would not receive any compensation. In addition, the transfer of transmission line assets to third parties may not be possible after the termination of these Project Decrees. As such, the termination of Colbún Transmisión's Project Decrees may have a material adverse effect on our cash flow, financial condition and results of operations, which could limit our ability to make payments under the Notes.

Regulatory authorities may impose fines on Colbún Transmisión as a result of energy supply failures.

In Chile, Colbún Transmisión may be subject to regulatory fines for any breach of current regulations. Any electricity company supervised by the SDEC may be subject to these fines in cases when, in the opinion of the SDEC, the company is responsible for operational failures that affected the regular energy supply to the system, even when the failure is not under the company's control. A transmission company may also have the duty to compensate Regulated and Unregulated Consumers affected by electricity shortages. The Transmission Law of 2016 establishes the amounts of compensation for unsupplied energy. The maximum fine that the SDEC can impose for a transmission line failure is approximately U.S.\$8.5 million per infringement. Fines imposed by the SDEC can be appealed before the relevant court of appeals, whose decision may be further reviewed by the Supreme Court of Chile. For more information about regulatory requirements applicable to Colbún Transmisión, see "Regulatory, Permits and Environmental Matters—Chilean Electricity Law—Fines and Compensation."

Colbún Transmisión depends on third parties to construct its transmission lines and facilities.

Colbún Transmisión depends, to some extent, on third-party contractors, over whom it has little or no control, to provide goods and services that are necessary for the construction of its transmission lines. A breach of obligations by any of these third parties may impair Colbún Transmisión's ability to continue operating its transmission lines or fulfill its obligations under Project Decrees and, consequently, prevent us from fulfilling our obligations under the Notes. For further information about the New Projects, see "Description of the Notes—Covenants—Negative Covenants—Material Project Documents," and "Description of Certain Material Project Documents."

A mandatory expansion of Colbún Transmisión's power transmission infrastructure may subject it to construction and other risks and capital expenditures that may adversely affect its financial condition and results of operations.

Under Chilean law, Colbún Transmisión may be required to undertake mandatory capital expenditures or expand the capacity of its existing power transmission business and existing infrastructure. These expansions and new constructions will be compensated by additional revenue based on the construction costs of the respective asset under the existing regulatory framework. Colbún Transmisión must follow these mandatory capital expenditure directives to comply with government requirements under relevant provisions of the Chilean Electricity Law and the Project Decrees. The expansion of its existing infrastructure creates various regulatory, developmental and operational risks, including risks that:

- Colbún Transmisión may fail to obtain all necessary regulatory approvals, permits and local authorizations, particularly environmental approvals, or property rights, including easements and right of way, in due time or on terms that it considers acceptable;
- potential changes to national and local statutes and regulations (including environmental requirements), fines or penalties related to the construction of additional facilities and opposition from local communities may prevent Colbún Transmisión's projects from proceeding, increase their anticipated cost or delay their implementation;
- Colbún Transmisión may not be able to conclude its projects at the anticipated costs or that it may have cost overruns due to inflation or increases in equipment, materials and labor costs or other factors beyond its control;
- Colbún Transmisión's Engineering, Procurement and Construction ("EPC") contracts for such mandatory expansions may not establish sufficient grounds for claims against contractors who fail to perform their obligations, including warranty periods; and
- Colbún Transmisión may fail to comply with the expected commercial operation date expected for such projects.

As a result, expansion of existing infrastructure may not achieve the expected investment return, which could adversely affect Colbún Transmisión's financial condition or results of operations.

Moreover, we may fund capital expenditures in connection with a mandatory expansion with cash generated internally from our consolidated operations and if necessary, with proceeds of equity contributions from our shareholders and debt financing. Any such debt that we incur may have priority in right of payment and security to the Notes. See "Risk Factors—Risks Related to the Notes, the Note Guarantee and the Collateral—We may incur additional indebtedness that could adversely affect holders of the Notes."

We cannot guarantee that we will obtain sufficient funds from internal or external sources to fund Colbún Transmisión's capital expenditure requirements in the future.

Colbún Transmisión's business requires capital expenditures.

The energy transmission business is capital intensive. Repairing, replacing and upgrading Colbún Transmisión's transmission facilities will require capital expenditures in the future. Responding to increases in competition, meeting customer demands and improving the capabilities of our energy transmission facilities may also result in increased capital expenditures in the future. We may also need to invest capital to modernize Colbún Transmisión's existing facilities to comply with regulatory requirements. If we are unable to finance any such capital expenditures, our business could be adversely affected.

Future litigation, administrative, regulatory and arbitral proceedings may result in unfavorable decisions or financial penalties that negatively affect Colbún Transmisión's business.

Colbún Transmisión may be subject to future litigation, administrative, regulatory or arbitral proceedings in Chile that could result in unfavorable decisions or financial penalties against us. Litigation, administrative, regulatory or arbitral proceedings of this nature are often unpredictable and may result in excessive damages or restrictive measures against us. Adverse outcomes in lawsuits and investigations could result in significant monetary damages, including indemnification payments, or injunctive relief that could adversely affect our ability to conduct our business and may have a material adverse effect on our financial condition and results of operations. In addition, investigations related to potential claims and lawsuits could result in expenses, which could significantly divert management's attention and efforts, which could also have a material adverse effect on our financial condition, results of operations or liquidity of our operations.

Judgments may be rendered in foreign currency, exposing us to exchange rate risk.

The Notes will be governed by the laws of the State of New York. Certain of Colbún Transmisión's transmission assets, tariff decrees, Dedicated Contracts and O&M agreements, among other project documents, are governed by Chilean law and denominated in U.S. dollars. Under Chilean law, payments made in Chile in foreign currency, by agreement or upon judgment of a Chilean court, may be discharged in Chilean *pesos* at the exchange rate at the time of payment. Thus, any recovery sought against any party to these contracts in U.S. dollars for any breach of contracts could potentially be satisfied in Chilean *pesos* and not U.S. dollars.

Furthermore, we make no representation that Chilean *peso* or U.S. dollar amounts referred to herein could be converted into U.S. dollars or Chilean *pesos*, as the case may be, at the rates indicated, at any particular rate or at all. Therefore, to the extent we are required to make mandatory prepayments under the Notes or offer to purchase the Notes in U.S. dollars under the Indenture, we could be exposed to exchange rate risk. See "Exchange Rates Information" and "Exchange Controls."

Potential legislative and regulatory environmental actions could significantly affect Colbún Transmisión and the electricity transmission industry and lead to cost increases.

Chilean environmental, health and safety laws and regulations are complex, change frequently and have become increasingly stringent over time, especially in connection with the approval of new projects and enforcement of existing legal and permit requirements. The environmental impact of our projects or prospective mandatory expansions also attracts public interest and, therefore, may be subject to political and social considerations, as well as litigation that we cannot control. Changes to current environmental laws and regulations or additional environmental laws and regulations may be proposed in the future, any of which could (i) prevent expansion of our operations into certain areas, (ii) require us to obtain additional permits, and (iii) result in increased costs and potential delays. In addition, community and environmental activist groups have protested the development of certain mines and mining projects in Chile. These efforts could result in higher standards for socially responsible and environmentally sustainable practices, which may lead to a substantial increase in capital, operating or compliance costs, cause operational delays, result in the creation or revision of government regulations and policies in Chile that may affect various industries and lead to litigation, any of which could adversely affect Colbún Transmisión's business and results of operations.

We maintain environmental management systems designed to monitor and achieve compliance with applicable environmental laws and regulations. We cannot assure you that current levels of expenditures and capital commitments will be sufficient to achieve future compliance, that new proceedings or civil actions will not be brought against us or that fines and other sanctions will not be imposed for non-compliance in the future. Any such developments could adversely affect our business, results of operations or financial condition. In addition, a more stringent approach to enforcement of, or changes in, existing laws and regulations, the adoption of additional laws and regulations or the discovery of new facts resulting in increased liabilities could adversely affect our business, results of operations and financial condition.

Colbún Transmisión is subject to Chilean and international anti-corruption, anti-bribery, anti-money laundering and international trade laws. Failure to comply with these laws could adversely impact its business and operations.

Colbún Transmisión is required to comply with all applicable laws and regulations with respect to corruption, anti-money laundering, receipt of stolen property, sanctions and other regulatory matters. Although Colbún Transmisión has policies and processes to comply with these laws, we cannot ensure that these compliance policies and processes will prevent intentional, reckless or negligent acts committed by its officers or employees.

If Colbún Transmisión fails to comply with any applicable anti-corruption, anti-bribery, receipt of stolen property or anti-money laundering laws, we and our officers and employees may be subject to criminal, administrative or civil penalties. Any investigation of potential violations of anti-corruption, anti-bribery or anti-money laundering laws by governmental authorities in Chile or other jurisdictions could prevent us from preparing our consolidated financial statements in a timely manner. This could adversely impact our reputation, ability to access financial markets and ability to obtain contracts, assignments, permits and other government authorizations necessary to participate in our industry. This could have adverse effects on Colbún Transmisión's business, operation results and financial condition.

A cyber-attack could adversely affect Colbún Transmisión's business, financial condition and results of operations.

Information and processing systems are vital to Colbún Transmisión's ability to monitor the operations and performance of its projects, operate efficiently and meet service targets and standards. Colbún Transmisión's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and cyber intrusions, usage errors, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cyber-intrusion may compromise the confidentiality, integrity or availability of Colbún Transmisión's information resources.

A successful cyber-attack, such as unauthorized access, malicious software or other violations on the systems that control Colbún Transmisión's transmission lines and facilities could severely disrupt its business operations, diminish competitive advantages through reputation damages, increase operational costs, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information. The breach of certain business systems could affect Colbún Transmisión's ability to correctly record, process and report information. A major cyber incident could result in significant expenses to investigate and repair security breaches or system damage and could lead to litigation, fines, other remedial action, heightened regulatory scrutiny and damage to our reputation. For these reasons, a significant cyber incident could materially and adversely affect our business, financial condition and results of operations.

Colbún Transmisión's inability to attract and retain key personnel and third-party contractors after the Acquisition could have a material adverse effect on our business, financial condition and results of operations.

As of the date of this offering memorandum, Colbún Transmisión did not have any employees and operated its business with labor from Colbún personnel and third-party contractors. Following the consummation of the Acquisition, Colbún Transmisión will enter into certain Transition Services Agreements (as defined elsewhere in this offering memorandum) with Colbún, pursuant to which Colbún Transmisión will hire certain key personnel

from Colbún and third-party contractors to conduct Colbún Transmisión's operations for a period of up to 12 months. See "Business Overview—Operations and Maintenance—The Transition Services Agreements." Following the expiration of the Transition Services Agreement, we expect to operate our projects pursuant to an O&M Agreement and an Administration Services Agreement with Celeo Redes. See "Certain Relationships and Related Party Transactions—Post-Acquisition." We may encounter competition from other transmission companies in our efforts to hire experienced professionals, which could make it difficult for us to identify sufficiently skilled and qualified people or to obtain all the necessary expertise locally or at reasonable rates due to the shortage of appropriately qualified individuals. Failure to obtain services from key personnel and/or third-party contractors with critical skills could adversely affect Colbún Transmisión's business, results of operations and financial condition.

Colbún Transmisión's insurance coverage may be insufficient or inadequate to cover its losses.

Colbún Transmisión's insurance may be insufficient to cover losses that it might incur. As of the date of this offering memorandum, Colbún Transmisión maintained full-risk insurance coverage for its physical assets, including machinery malfunctions and damage due to stoppages and earthquakes for all of its transmission lines. Colbún Transmisión's insurance policies are subject to deductibles and coverage limits and may not be adequate to cover claims against it. Moreover, the insurance market remains cyclical and catastrophic events can change the state of the insurance market, leading to sudden and unexpected increases in premiums and deductibles and unavailability of coverage due to reasons totally unconnected with our business. Upon the Acquisition, Colbún Transmisión will need to replace its current insurance policies, and we cannot guarantee the policies will not have terms that are less favorable to Colbún Transmisión than the policies it currently has.

In addition, we are subject to a significant number of risks and hazards, including adverse environmental conditions, industrial accidents, contaminations, labor disputes, unusual or unexpected geological conditions, equipment failure, ground or slope failures, changes in the regulatory environment and other natural phenomena such as earthquakes, inclement weather conditions and floods. Such occurrences could result in damage to, or destruction of, properties or transmission facilities, human exposure to pollution, personal injury or death, environmental and natural resource damage, damage to our properties or to the properties of others, monetary losses and possible legal liability. Although we contract physical damage and business interruption insurance and our liability insurance covers Colbún Transmisión's assets, our contractors and directors and officers, such insurance coverage may not include the full amount of property damage, liability or the consequences of such business interruptions or insurance policy exclusions may apply to certain events.

The occurrence of significant adverse events, losses or other damages that are not partially or fully covered by insurance or that exceed Colbún Transmisión's insurance limits could result in unexpected additional costs and may have a material adverse effect on our business, financial condition and results of operations.

Colbún Transmisión's projects may impact the lifestyle and conditions of local communities

Historically, large infrastructure projects are subject to high levels of scrutiny by political parties, environmental groups and other organized advocacy groups. The perception that a local community's lifestyle or environment may be endangered by the development, construction and operation of a project may trigger protests, which may become violent, spur political action, result in legal remedies or generate negative press, any of which may threaten the long-term viability of a project, delay construction or disrupt operations.

We cannot assure you that Colbún Transmisión's attempts to minimize negative impacts on local communities will not be subject to delays or disruptions, which may deviate resources and attention of our personnel and ultimately affect Colbún Transmisión's financial condition and result of operations.

Colbún Transmisión has contractual relationships with certain of its affiliates, which could lead to a conflict of interest.

Colbún Transmisión has contractual relationships with Colbún and its affiliates, including an O&M agreement and a management services agreement. See "Description of Certain Material Project Documents—

Overview of Maintenance Agreements.” Upon the Acquisition, Colbún Transmisión is expected to have contractual relationships with the affiliates of Celeo Redes, one of its Sponsors. See “Certain Relationships and Related Party Transactions—Post-Acquisition.” As such, Colbún Transmisión may have conflicts of interest in determining whether to enforce or make claims against its affiliates in connection with any breach of any of such contracts both before and after the Acquisition.

Colbún Transmisión may be exposed to behaviors incompatible with our ethics and compliance standards.

Given the large number of contracts that Colbún Transmisión has with clients, third-party contractors, including local and foreign suppliers, technical and legal consultants and advisors hired in the ordinary course of business, and given the variety of parties with which Colbún Transmisión interacts in the course of its business, Colbún Transmisión is subject to the risk that such third parties may misappropriate its assets, manipulate its assets or information or engage in money laundering, bribery or the financing of terrorism for its own personal or business advantage. Colbún Transmisión’s systems and controls for identifying and monitoring these risks may not be effective to fully mitigate against such risks. Such acts may result in material financial losses or reputational harm to us.

Changes or unfavorable interpretations to Chilean tax law may increase our tax liability and adversely affect our profitability.

In the last decade, the Chilean income tax system has been subject to substantial amendments, including increases in corporate and personal income tax rates.

For instance, in February 2020, the Chilean Congress enacted Law No. 21,210, which amended the tax system and aimed at raising taxes to finance the government’s response to recent social unrest (the “2020 Tax Reform”).

The 2020 Tax Reform, includes, among other measures: (i) an increase from 35% to 40% in the personal income tax bracket for taxpayers with a gross monthly income in excess of approximately CLP\$15.0 million; (ii) a progressive tax ranging from 0.075% to 0.275% on real estate properties owned by a taxpayer with a total taxable value exceeding approximately CLP\$400 million; (iii) stricter requirements for private investment funds to benefit from preferential tax treatment; (iv) the creation of a new special tax regime for small- and medium-sized enterprises, with a 25% tax rate; (v) a partially integrated regime as a single tax system for large companies, with a 27% tax rate that will be partially deductible from the final tax to be paid by the owners of the taxpayer entity, who will have a maximum tax burden of 44.5%; (vi) the discontinuation of the provision allowing Chilean holding companies that incur tax losses to claim a refund of the corporate income tax paid by their Chilean affiliates on dividends received by such holding company; (vii) a more restrictive treatment for capital gains taxation; (viii) a special tax contribution of 1% on investments in fixed assets in excess of U.S.\$10 million (for the part of the excess) for the benefit of regions hosting projects that exceed U.S.\$10 million when a given project requires submission to the environmental approval system; (ix) an accelerated depreciation regime of 50% of the value of new fixed assets imported or acquired between October 31, 2019 and December 31, 2021, with the remaining 50% to be subject to accelerated depreciation; (x) amendments to the tax on emissions from thermal power plants, pursuant to Law No. 20,780, which changes the “taxable event” from emissions from boilers and turbines with a thermal capacity of 50 MW or more, to emissions of polluted compounds or CO₂ to the extent that they exceed legally-mandated thresholds; and (xi) the extension of the ability to credit 100% of the corporate income tax to December 31, 2026 for investors residing in countries with which Chile has signed a tax treaty before January 1, 2020, even if such a treaty is not yet in force.

These and further changes to the Chilean tax system or variations in the interpretation of Chilean tax authorities may lead to an increase in our tax liabilities, which could adversely affect industry profitability, increase costs, restrict Colbún Transmisión’s ability to do business and cause negative effects to its financial results. We cannot assure you that Colbún Transmisión will be able to maintain its projected cash flow and profitability following any increases in Chilean taxes applicable to us and our operations.

Risks Related to Chile

Currency exchange rate fluctuations and the depreciation and volatility of the Chilean peso could have a material adverse effect on Colbún Transmisión's financial condition and the results of its operations.

Colbún Transmisión's currency exchange risk is mainly due to currency variations as a result of: (i) cash held in accounts, costs and disbursements that are denominated in currencies other than U.S. dollars, its functional currency; and (ii) accounting mismatch between assets and liabilities denominated in currencies other than the U.S. dollar, mainly in Chilean *pesos*. Based on the Financial Model, we estimate that, for the period from 2022 to 2024, on average 77% of the Free Cash Flow (as defined elsewhere in this offering memorandum) of the Colbún Transmisión portfolio will be denominated in U.S. dollars, and the remaining 23% will be denominated in Chilean *pesos*, as set forth in the Independent Engineer Report.

The Chilean *peso* has been subject to volatility in the past (including in the past twelve months, ranging from CLP\$697 and CLP\$870 per U.S.\$1.00) and could be subject to significant fluctuations in the future given the prevalence of a free float exchange regime. The main drivers of exchange rate volatility in past years have been the significant fluctuations of commodity prices as well as general uncertainty and trade imbalances in the global markets and, more recently, the impact of the COVID-19 pandemic and political uncertainty surrounding Chile's new constitution and related protests. For example, in 2015 the value of the Chilean *peso* fell precipitously on market fears of a drop in copper prices, but the Central Bank of Chile declined to intervene at that time. The Central Bank of Chile has intervened more recently in 2019 and 2020 in response to the political uncertainty and the COVID-19 pandemic, but the Chilean *peso* has nevertheless fluctuated during this period. The value of the Chilean *peso* against the U.S. dollar may continue to fluctuate significantly in the future. Any significant currency devaluations or foreign exchange fluctuations in the future may adversely affect the performance of the Chilean economy and Colbún Transmisión's business, financial condition and results of operations.

The COVID-19 pandemic and its impact on business and economic conditions may negatively affect our business, results of operations and financial condition.

In March 2020, the virus causing the COVID-19 pandemic surfaced in nearly all regions around the world and was declared a pandemic by the World Health Organization. This resulted in governments in affected areas taking unprecedented steps to put restrictions on international, national and local travel and social gatherings, in each case, leading to economic, business and societal slowdowns and, in certain cases, shutdowns. COVID-19 has had a negative impact on our customers and on the Chilean economy, which could adversely affect our business, results of operations and financial condition. See "Summary—Recent Developments—Impact of the COVID-19 Pandemic."

On March 18, 2020, the Chilean government first mandated lockdown measures, specifically aimed at restricting the free movement of people, including a government-set night curfew, selective quarantines (by district), the prohibition of large events, and temporary non-essential business closures, among other measures. Since then, the measures established by the relevant authority have been gradually revisited in order to lift restrictions in accordance with the plan by the Ministry of Health. We cannot assure you that, as a response to rises in case numbers or to setbacks due to new variants, additional measures to prevent the spread of COVID-19 will not be implemented by the Chilean authorities.

As a result of the COVID-19 pandemic and the measures to address it, Colbún Transmisión, similarly to other transmission companies, has experienced procurement and construction delays that have affected its mandatory expansion projects, and we cannot assure you that these delays will not affect Colbún Transmisión's ability to complete these projects in a timely fashion. If we are unable to complete construction of mandatory expansion projects by the relevant deadlines, we would be subject to loss of revenue and fines and the Ministry of Energy may collect certain Colbún Transmisión bank bonds, which could adversely affect our business, results of operations and financial condition.

Social unrest and the Chilean political landscape could materially and adversely affect Chile's economy and our results of operations and financial conditions

Starting in October 2019, protests erupted throughout Chile, initially sparked over an increase in Santiago metro system fares. The social unrest caused commercial disruptions throughout the country, especially in Santiago and other major cities, including Valparaíso and Concepción. After three weeks of nationwide protests against the government, Chilean President Sebastián Piñera announced in November 2019 that he would initiate a process to draft a new constitution for Chile.

The social unrest, number of protests and commercial disruptions in Chile substantially declined after the announcement and the government set a first date for a referendum in April 2020, which was subsequently delayed as a result of the COVID-19 pandemic. A national referendum was ultimately held on October 25, 2020, to determine whether a new constitution should be drafted and, if so, whether it should be drafted by (i) members to be elected to form a new constitutional convention or (ii) members of a mixed constitutional convention composed half by members of the Chilean Congress and half by directly elected citizens. As a result, 78% of the votes cast agreed to adopt a new constitution and 79% opted for a new constitutional convention (without participation of existing representatives in the Chilean Congress). A second vote to elect the members of the constitutional convention was held on May 15 and 16, 2021, and 155 members of the constitutional convention were selected. The constitutional convention was established for a term of nine months, extendable for up to 12 months. Once the constitutional convention prepares the draft of the new constitution, it will deliver a copy to the Chilean President, who will call a referendum within the following 60 days. The voters will then decide whether to approve or reject the constitutional draft. There is still significant uncertainty regarding the process to approve a new constitution and further protests and political instability cannot be ruled out. Furthermore, the existing constitution has been in place since November 11, 1980 and any new constitution could change the political situation in Chile, potentially affecting the Chilean economy and business outlook, including the regulatory framework applicable to our business.

Social unrest may affect demand for securities from Chile and we cannot offer any assurance as to the effect of unrest or actions the government may take to address such unrest on the Chile's economy sovereign ratings. If any of these events were to occur, it could have a negative effect on Colbún Transmisión's business, financial condition, result of operations and the market for the Notes.

Macroeconomic conditions in Chile and the global financial markets could have a material and adverse effect on Colbún Transmisión's business, financial condition and results of operations.

Our business, results of operations and financial condition considerably depend on Chilean and global economic conditions. In spite of the growth of the Chilean economy for the ten years preceding the COVID-19 pandemic, the pandemic has caused a significant contraction of the Chilean economy for the year ended December 31, 2020. Moreover, the Chilean economy depends on export of raw materials, such as copper, and the market varies according to international commodity prices. When commodity prices decrease, copper export also decreases, which reduces the demand from our generation and industrial clients whose businesses are sensitive to fluctuations in copper pricing and production. We cannot assure you that the Chilean economy will resume the same rate of growth in the future, nor can we assure you that future developments in or affecting the Chilean economy will not impair Colbún Transmisión's ability to proceed with its business plan or materially adversely affect its business, financial condition or results of operations.

The spread of COVID-19 has caused severe disruptions in the global economy, including in energy demand, movement of people, availability of services and predictability of future conditions. These disruptions may affect our business and operations. The virus has spread rapidly across the globe, including in Chile. The continued spread and related government preventive measures, including quarantines, medical screenings, travel restrictions and suspension of certain activities, have affected and may continue to affect us. While the significance of the long-term impact of the pandemic on our activities is still uncertain, a material adverse effect on our customers, counterparties, or service providers could significantly impact our results of operations. The unprecedented nature of the current pandemic and market conditions could materially adversely affect our near-term and long-term revenue, earnings, liquidity and cash flows, and has required significant actions in response. The extent of the impact of the pandemic on our business and financial condition will depend largely on future developments,

including the duration of the pandemic, the impact on capital and financial markets and the related impact on consumers' and industries' confidence, all of which are highly uncertain and cannot be accurately predicted based on the impacts observed to date. This situation is changing rapidly, and additional impacts of which we are not currently aware may arise in the future. As of the date of this offering memorandum, the COVID-19 pandemic continued to negatively impact the Chilean economy.

In the past, the Chilean government has modified, and has the ability to modify, monetary, fiscal, tax and other policies to influence the Chilean economy. We have no control over government policies and cannot predict how government intervention will affect the Chilean economy or, directly and indirectly, our business, results of operations and financial condition. For example, as part of the COVID-19 economic and financial aid package promulgated by the Chilean Congress, since July 30, 2020, three laws (Law No. 21,248; Law No. 21,295; and Law No. 21,330) have been passed to allow affiliates of the private pension system governed by Decree Law No. 3,500, to withdraw funds (up to 10% each time, subject to certain limitations) from their personal pension funds accounts. These withdrawals have had an effect on the economy and capital markets that has not yet been determined. Even though these withdrawals have generally led to an increase in consumer spending on goods, the effects on long-term infrastructure and industrial activities have not yet been determined. Consequently, we may be exposed to financial market and economic volatility resulting from these policy changes that we cannot predict. Similar and additional changes in policies involving exchange controls, taxation and other matters related to our sector may adversely affect our business, results of operations and financial condition and the market price of the Notes.

Moreover, economic and political volatility in the United States and Latin America may affect us. Due to the relevance of copper exports and mining activities to the Chilean economic growth, the trade war between China and United States or other geopolitical developments may drive copper prices down and adversely affect the Chilean economy. Variations in the global financial markets in recent periods has also resulted in volatility in the credit, equity and fixed income markets. This volatility has limited companies' access to funding from time to time. In particular, the recent outbreak of COVID-19 has resulted in major disruptions in the global financial markets, including in Europe and the United States. If access to credit tightens and borrowing costs rise, our costs could be adversely affected.

For these reasons, macroeconomic conditions in Chile and in the global financial markets may have a material impact on our business, financial condition and results of operations.

Conflicts with indigenous people in Chile could adversely affect our operations.

There is a high degree of poverty and social conflict among the Mapuche communities, the largest group of indigenous people in Chile. In recent years, small groups of Mapuche people in the Biobío and Araucanía regions of Chile have seized, occupied or otherwise interfered with private and public property, asserting the existence of prior rights to land and territory, by affecting farms, forestry companies and other businesses. Colbún Transmisión has sought to maintain close relationships with local communities in the areas where we operate; however, general tensions and social conflicts involving the Mapuche people living in these areas have led to certain cases of arson, property crimes and violent crimes. Despite actions to mitigate conflicts with groups linked to the Mapuche communities, new conflicts may arise at any time and may be beyond our control, which could adversely affect our businesses.

Convention 169 of the International Labor Organization could adversely affect our operations.

Chile ratified Convention 169 of the International Labor Organization ("Convention 169"), which entered into force in September 2009. Convention 169 states that the Chilean government must take necessary steps to ensure that indigenous peoples are able to fully exercise their collective rights, such as political participation, employment and full access to educational, social security and healthcare services. Convention 169 requires that indigenous and tribal peoples be consulted whenever administrative measures are taken that may directly affect them. According to Article 6 of Convention 169, consultation with indigenous and tribal peoples should follow the appropriate procedures, be in good faith, have the participation of indigenous and tribal peoples' representative institutions and aim at achieving agreement or consent.

The Supreme Decree No. 40, which entered into force in 2013, requires consultation with indigenous peoples with respect to the Environmental Impact Assessment Process (*Sistema de Evaluación de Impacto Ambiental*). The Supreme Decree No. 66, which also entered into force in 2013, governs the procedures related to indigenous consultation with respect to non-environmental administrative measures. The Supreme Court has consistently held that consultation processes must be carried out in the manner prescribed by Convention 169.

The consultation process may result in delays to obtain regulatory approvals, including environmental permits, as well as public opposition by local or international political, environmental and indigenous groups. These groups may be against the development of Colbún Transmisión's infrastructure projects, particularly in environmentally sensitive areas or in areas inhabited by indigenous populations. Furthermore, failure to conduct the consultation process, when required by law, may result in the revocation or annulment of regulatory approvals, including environmental permits already granted. This risk frequently arises during the environmental assessment phase in which the environmental permits are to be obtained. As such, failure to properly conduct the consultation process may materially affect Colbún Transmisión's business and operations.

Changes in the Chilean Labor Code may negatively impact us.

On March 8, 2017, a proposed amendment to the Chilean Labor Code was filed by a group of representatives in the Chilean Congress. The amendment aims at reducing the maximum working week from 45 to 40 hours. In January 2020, the Labor Commission of the Senate of the Chilean Congress approved "in general" the discussion of the proposed amendment, but the process has not progressed since then. In addition to this proposal, the Chilean government submitted an alternative in August 2019 to reduce the maximum working week to 41 hours. This bill is also under review by the Chilean Congress.

Although none of these bills is currently in force, their enactment or the enactment of other similar proposals may increase Colbún Transmisión's labor costs, as they may increase the costs to engage with third-party contractors, and have material and adverse effects to its financial condition and results of operations.

Chile has corporate and accounting disclosure standards that differ from those of the United States, and Chile's securities laws may not afford noteholders the same protections as U.S. securities laws.

While we prepare our annual audited financial statements and unaudited interim financial statements in accordance with IFRS as issued by the IASB, the accounting, financial reporting and securities disclosure requirements in Chile differ from those in the United States in important respects. Moreover, we are not a public company in Chile, and the information Colbún Transmisión was required to report in Chile regarding its operations is different from the information public companies are required to report in the United States. Accordingly, information about us and our operations available to noteholders and the public will not be the same as the information required by United States securities laws.

In addition, although Chilean law imposes restrictions on insider trading and price manipulation, applicable Chilean securities laws and regulations are different from those in the United States, and certain investor protections available in the United States may not be available in the same form, or at all, in Chile.

Natural disasters (including seismic events) may damage Colbún Transmisión's facilities, affect its cost structure and impact its operations and financial condition.

Chile is located in a seismic area. As a result, Colbún Transmisión's facilities, plants and equipment are subject to earthquakes and subsequent tsunamis or flood risks, which may disrupt our operations. Civil construction and projects are subject to strict design parameters. We cannot guarantee that a seismic event will not damage Colbún Transmisión's facilities. Any unexpected downtime or facility damage could prevent Colbún Transmisión's from controlling its cost structure may affect Colbún Transmisión's results of operations and financial condition.

The oceanic and atmospheric phenomenon "El Niño" causes temperatures in the Pacific Ocean to rise. The effects of "El Niño," which typically occurs every two to seven years around the end of December, include abnormally inclement weather, flooding and drought. If another severe "El Niño" event occurs, Colbún Transmisión may be subject to risks that its properties and assets in Chile will be damaged or destroyed.

In addition, due to Chile's geography, Colbún Transmisión's facilities are also exposed to other natural phenomena, including floods, mudslides and volcanic eruptions. Although Colbún Transmisión's facilities have insurance policies to cover these risks, our current insurance coverage may be insufficient to protect against these risks in the future. See "—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión's insurance coverage may be insufficient or inadequate to cover its losses."

Inflation and government measures to curb inflation may adversely affect the Chilean economy and Colbún Transmisión's business, results of operations and financial condition.

Although Chilean inflation has been limited in the last ten years, Chile has experienced high levels of inflation in the past. The rates of inflation in Chile in 2017, 2018, 2019 and 2020 were 2.3%, 2.6%, 3.0% and 3.0%, respectively, as measured by changes in the consumer price index and as reported by the INE. High levels of inflation and currency devaluation in Chile could adversely affect the Chilean economy and have an adverse effect on Colbún Transmisión's results of operations if the inflation is not followed by matching devaluation of the local currency. We cannot assure you that Chilean inflation will not revert to prior levels in the future.

The measures taken in the past by the Central Bank of Chile to control inflation have included tight monetary policy with high interest rates, which restricts credit availability and economic growth. Inflation, measures to control inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy, which could lead to reduced energy demand. Inflation is also likely to increase some of our costs and expenses, given that our supply contracts may be denominated in foreign currencies or indexed to the Chilean consumer price index. Colbún Transmisión may not be able to fully pass these increases to our customers, which could adversely affect its operating margins and operating income.

Any downgrading of Chile's debt credit rating for domestic and international debt or Colbún's and/or any dedicated counterparty's credit rating by international credit rating agencies may also affect our ratings, our business, our future financial performance, stockholders' equity and the value of our securities, and any downgrading of our credit ratings could increase our cost of funding and adversely affect our interest margins and results of operations.

On March 24, 2021, Standard & Poor's downgraded the credit rating of Chile's long-term international debt from A+ to A-, with a stable outlook. On October 15, 2020, Fitch Ratings downgraded the credit rating of Chile's long-term international debt from A+ to A, with a negative outlook. On August 25, 2020, Moody's rated Chile's long-term international debt at A1 and downgraded Chile's outlook from stable to negative. Any additional adverse revisions to Chile's credit ratings for domestic and international debt or to the credit ratings of the counterparties of Colbún Transmisión's Dedicated Contracts, including Colbún, by international rating agencies may adversely affect our ratings, our business, future financial performance, stockholders' equity and the value of our securities. In addition, credit ratings affect the cost and other terms upon which we are able to obtain funding. Rating agencies regularly evaluate us and their ratings of our debt are based on a number of factors, including our financial strength and conditions affecting the financial services industry generally. There can be no assurance that the rating agencies will maintain the current ratings or outlooks, and any downgrading in our debt credit ratings would likely limit our access to capital markets and adversely affect our results of operations and financial condition.

Developments in Latin America and other emerging or global markets may adversely affect the market value of the Notes.

The market price of the Notes may be adversely affected by the decline of international financial markets and global economic conditions. Chilean securities are, to varying degrees, influenced by economic and market conditions in other emerging countries, especially those in Latin America. Although economic conditions are different in each country, investors' reactions to developments in one country may affect the securities markets and the securities of issuers in other countries, including Chile. We cannot assure holders that the market for Chilean securities will not be negatively affected by events elsewhere, particularly in emerging markets, or that such developments will not have a negative impact on the market value of the Notes.

Risks Related to the Acquisition

The Acquisition is subject to significant uncertainties and may not be consummated timely or at all, which may adversely affect our business, financial condition, results of operations and prospects.

For the purposes of the Acquisition, the SPA establishes the obligations of Colbún and Colbún Desarrollo SpA to, among other things: (1) execute and deliver such further instruments and take, or cause their respective affiliates to take, such other action, as may be reasonably necessary to carry out the purposes and intents of the SPA; (2) prepare and file all forms, registrations and notices required to be filed to consummate the closing under the SPA; and (3) take such actions necessary to obtain any requisite approvals, authorizations, consents, orders, licenses, permits, qualifications, exemptions or waivers by any third-party or public entity. In addition, no party to the SPA will take any action that could reasonably be expected to delay or prevent the parties to obtain any permission, approval or consent from any public entity or other person required to be obtained prior to the closing of the SPA. The consummation of the Acquisition is subject to the satisfaction or, where applicable, waiver of certain conditions, including, but not limited to: (1) the lack of temporary restraining order or preliminary or permanent injunction or other order by any public entity preventing consummation of the transactions contemplated under the SPA, (2) no prohibition of the transactions contemplated in the SPA under any applicable law or regulation, (3) approval by the Chilean antitrust authority of the consummation of the Acquisition, (4) the representations and warranties of the parties under the SPA must be true and correct on and as of the closing date of the SPA pursuant to the exceptions contemplated therein, and (5) absence of any Company Material Adverse Effect, as such term is defined in the SPA.

As of the date of this offering memorandum, in connection with the development and construction of New Projects, the Issuer and Colbún are in the process of negotiating a potential amendment to the SPA, which would allow Colbún Transmisión, on the Acquisition Effective Date, to enter into either (1) the Colbún Construction Services Agreement (as defined elsewhere in this offering memorandum), substantially in the form of Exhibit G to the SPA, or (2) the Colbún EPC Agreement (as defined elsewhere in this offering memorandum), subject to the conditions set forth in “Description of the Notes—Covenants—Negative Covenants—Material Project Documents.” As of the date of this offering memorandum, there can be no assurance about whether this amendment will be agreed upon, what final terms would be included in the amendment, whether the final terms of such amendment would be more favorable than the current terms under the SPA and what obligations such amendment would encompass. Failure by the parties to reach agreement on the terms and conditions governing such amendment could result in delays to or otherwise hinder the consummation of the Acquisition. Accordingly, the Issuer may not be permitted to undertake the Acquisition in a timely fashion, without remedies, or at all. Any such remedy may make the Acquisition less attractive. The consummation of the Acquisition is one of the conditions to releasing the proceeds from the offering from escrow. See —Risks Related to the Notes, the Note Guarantee and the Collateral—The Issuer will escrow the net proceeds received from this offering and will be required to redeem the Notes if the Acquisition is not consummated on or prior to the Redemption Deadline.”

Moreover, the Issuer is subject to purchase price adjustments to which the buyer and the seller may not agree, which may lead to disputes regarding the amount of such adjustment. See “Summary—The Transactions” and “—Changes in the tariff level could result in an upward purchase price adjustment or require us to redeem the Notes.” These conflicts may lead to dispute resolution or litigation that may disrupt the integration process and the merger of Colbún Transmisión into the Issuer.

Changes in the tariff level could result in an upward purchase price adjustment or require us to redeem the Notes.

Pursuant to the SPA, in the event that the Ongoing Tariff Review Process results in changes to the existing tariff level, the Acquisition Date Purchase Price under the SPA would be adjusted upward or downward accordingly. On the one hand, if the tariff review process results in a tariff increase, the Acquisition Date Purchase Price and/or the Final Purchase Price, as the case may be, would increase and the Buyer, directly or through its affiliates, would be required to pay an additional amount to the Sellers. On the other hand, if the tariff review process results in a tariff decrease, the Acquisition Date Purchase Price and/or the Final Purchase Price, as the case may be, would be reduced and the Buyer would be entitled to a reimbursement from the Sellers. The amounts of the tariff components

presented in the CNE Valuation Report are lower than the tariff components established in the previous tariff period, and we expect that the revised tariffs established upon the conclusion of the Ongoing Tariff Review Process will be lower than the tariffs established in the previous tariff period. In the event that the revised tariffs are lower, we expect that Colbún Transmisión will be required to make Tariff Reimbursements, which would result in a downward price adjustment.

Based on calculations prepared by us and reviewed by the Independent Engineer, which take into account the various purchase price adjustments provided in the SPA, and assuming the Acquisition Effective Date occurs on or before September 30, 2021, we estimate that the Estimated Payments to Colbún would total approximately U.S.\$1,195.5 million. We expect to make the Estimated Payments to Colbún using a combination of the proceeds of the Notes and equity contributions to the Issuer (including in the form of subordinated loans). The aggregate amount of the equity contributions to the Issuer (including in the form of subordinated loans) will be equal to: (1) the Acquisition Date Purchase Price and the Colbún Transmisión Indebtedness Owed to Colbún *plus* the transaction costs and expenses incurred in connection with the Acquisition and this offering, *minus* (2) the net proceeds of the Notes. The Acquisition Date Purchase Price is subject to adjustments based on a number of variables, including but: (1) changes in total working capital and net debt of Colbún Transmisión until the Acquisition Effective Date, (2) the repayment of Colbún Transmisión's intercompany obligations with Colbún, (3) the total amount of capital expenditures of Colbún Transmisión completed by Colbún prior to the Acquisition Effective Date, and (4) the conclusion of the Ongoing Tariff Review Process and the publication of the new tariff level that will apply to Colbún Transmisión's operations, among other adjustments. For more information, see "Summary—The Transactions."

In the event that the Acquisition Date Purchase Price is subject to an upward adjustment, the aggregate amount of the equity contributions to the Issuer (including in the form of subordinated loans) may increase accordingly. For a discussions of risks relating to the incurrence of additional debt, see "—Risks Related to the Notes, the Note Guarantee and the Collateral—We may incur additional indebtedness that could adversely affect holders of the Notes." Any failure by the Sponsors to make the equity contributions to the Issuer (including in the form of subordinated loans) in full or at all could impair the Buyer's ability to pay the adjusted Acquisition Date Purchase Price under the SPA. Any failure by the Buyer to make such payment to the Sellers could result in a breach of the SPA, which, if not timely cured, could cause the Sellers to file a collection claim before Chilean civil courts for the pending payment plus any applicable interest over the due amount.

Moreover, if the conclusion of the Ongoing Tariff Review Process occurs after the Acquisition Effective Date and results in a downward price adjustment that leads to a Purchase Price Adjustment Reimbursement Event, the Issuer will be required to redeem up to U.S.\$75.0 million of the Notes to prevent a ratings downgrade. See "Description of the Notes—Redemption of the Notes—Purchase Price Adjustment Reimbursement Redemption."

The Issuer does not currently control Colbún Transmisión and will not control it until consummation of the Acquisition.

The Issuer will not obtain control of Colbún Transmisión until the consummation of the Acquisition. We cannot assure you that the current shareholders will operate Colbún Transmisión's business during the interim period in the same manner that the Issuer would. The information contained in this offering memorandum has been derived from the Independent Engineer Report, industry publications, surveys and studies conducted by third-party sources and, in the case of historical information relating to Colbún Transmisión, has been provided to the Issuer by the members of Colbún Transmisión's management, and the Issuer has relied on such information supplied to it in the preparation of this offering memorandum. Furthermore, the Acquisition has required, and will likely continue to require, substantial time and focus from management, which could adversely affect its ability to operate Colbún Transmisión's business.

In addition, although the SPA restricts Colbún Transmisión and the Sellers from engaging in certain conduct without the Buyer's consent, prior to the consummation of the Acquisition, Colbún Transmisión will not be subject to the covenants described in "Description of the Notes," to be included in the Indenture. As such, we cannot assure you that, prior to such date, Colbún Transmisión or any of its subsidiaries will not take any action that would otherwise have been prohibited by the Indenture had such covenants been applicable. Colbún Transmisión may

have liabilities that are not known to the Issuer or its shareholders. As part of the Acquisition, Colbún Transmisión will borrow money from the Issuer to pay certain liabilities. There may be liabilities that the Issuer failed or was unable to discover in the course of performing due diligence investigations into Colbún Transmisión. Any such liabilities, individually or in the aggregate, could have a material adverse effect on Colbún Transmisión's business, financial condition and results of operations. As the Issuer integrates Colbún Transmisión, it may learn additional information about Colbún Transmisión that adversely affects Colbún Transmisión's business, such as unknown or contingent liabilities and issues relating to compliance with applicable laws.

If completed, the Acquisition may not achieve the intended benefits or may disrupt Colbún Transmisión's current plans and operations.

If the Acquisition is completed, we may be unable to implement our business plan within the expected timeframes and cost expectations or at all. The difficulties and risks associated with consummating the Acquisition and realizing the benefits therefrom include:

- the potential loss of Colbún Transmisión's current customers due to the actual or perceived impact of the Acquisition;
- possible differences in the standards, controls, procedures, policies, corporate culture and compensation structures of Colbún Transmisión and other companies in the Celeo Redes and APG portfolios, which may lead to unanticipated delays, costs or inefficiencies, employee departures or difficulties integrating the operations;
- difficulties and delays in implementing our integration plan, including the merger, which may result in failure to achieve the expected benefits from the Acquisition in a timely manner or at all;
- the possibility that we may have failed to discover actual or contingent liabilities of Colbún Transmisión during the due diligence investigation prior to our agreement to acquire Colbún Transmisión for which we, as a successor or owner, may be responsible; and
- obligations that we may have to counterparties of Colbún Transmisión that arise as a result of the change in control of Colbún Transmisión.

As a result of the above, the integration of Colbún Transmisión with our Sponsor's operations may be subject to delays and changed circumstances, and the acquired businesses may not perform in accordance with our expectations. Moreover, we expect to incur certain non-recurring costs, including integration costs and transaction costs related to the Acquisition and financing arrangements.

Finally, we may fail to realize some or all of the anticipated benefits of the Acquisition, such as operating efficiencies. The anticipated cash flows from the Acquisition are based on projections and assumptions about Colbún Transmisión's business, which may not materialize as or when expected or may prove to be inaccurate. Failure to materialize these anticipated benefits could result in potentially higher costs and lower revenue or Adjusted EBITDA than expected and may have an adverse effect on our financial results, prospects and our ability to make payments under the Notes.

Risks Related to the Notes, the Note Guarantee and the Collateral

We may not be able to generate sufficient cash flows to meet our debt service obligations.

The obligations to make payments of principal, premium, if any, and interest on the Notes will be solely of Alfa, as issuer, and, following the consummation of the Acquisition and the Colbún Transmisión Joinder Date, Colbún Transmisión and each additional Restricted Subsidiary the Issuer may form, as guarantors. Upon the consummation of the Acquisition, Colbún Transmisión will be our only Restricted Subsidiary and, commencing on the Colbún Transmisión Joinder Date, the only guarantor of the Notes. None of APG, Celeo Redes or any of their respective affiliates (other than the Issuer and the Guarantors) or their respective incorporators, stockholders, members, directors, managers, officers or employees will guarantee the payment of the Notes or will have any

liability for any of our obligations under the Notes or for any claim based on, in respect of, or by reason of, such obligations or their creation.

Our ability to make scheduled payments on, or to refinance, our obligations with respect to our indebtedness, including the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or that future sources of capital will be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. The Indenture that will govern the Notes will restrict our ability to dispose of assets and use the proceeds from the disposition and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms, would materially and adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

If we cannot make scheduled payments on our debt, we will be in default and holders of the Notes could declare all outstanding principal and interest to be due and payable, causing a cross-acceleration or cross-default under other debt agreements, and we could be forced into bankruptcy, liquidation or restructuring proceedings.

Certain restrictive covenants contained in the Indenture governing the Notes will limit our operating and financial flexibility in operating Colbún Transmisión's business.

The Indenture governing the Notes will contain restrictive affirmative and negative covenants (including in relation to indebtedness), as well as other covenants that limit or prohibit, among other things, the manner in which we may structure or operate Colbún Transmisión's business, including by limiting our ability to:

- incur indebtedness;
- make restricted payments and investments;
- create liens;
- sell assets;
- enter into transactions with affiliates; and
- create subsidiaries.

See "Description of the Notes—Covenants." As a result of these covenants, we will be limited in the manner in which we conduct Colbún Transmisión's business, and we may be unable to engage in favorable business opportunities.

The transfer of the Notes is restricted, and it may be difficult to resell your Notes.

The Notes have not been registered under the Securities Act and will be subject to transfer restrictions. We do not intend to provide registration rights to holders of the Notes and do not intend to file any registration statement with the U.S. Securities and Exchange Commission in respect of the Notes and, unless so registered, the Notes may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "Transfer Restrictions." The Notes and the Indenture will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except

to people outside the United States purchasing in offshore transactions pursuant to Regulation S or to QIBs within the United States purchasing in reliance on Rule 144A or other exceptions under the Securities Act. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

The transferability of the Notes is subject to certain restrictions under ERISA.

Each purchaser, transferee or holder of the Notes will be deemed to have represented, warranted and agreed that either (a) it is not, and is not acting on behalf of a Benefit Plan Investor (as defined under “Benefit Plan Investor Considerations”) or a Plan which is subject to any Similar Laws (as defined under “Benefit Plan Investor Considerations”), or (b)(i) its acquisition, holding and disposition of such Notes does not and will not result in a non-exempt prohibited transaction under the Employee Retirement Income Security Act of 1974 (the “ERISA”) and/or Section 4975 of the Code (or, in the case of a Plan which is subject to any Similar Laws, a non-exempt violation of any Similar Laws), and (ii) with respect to acquisitions by Benefit Plan Investors, none of the Issuer, the Initial Purchasers, the Collateral Agent, the Indenture Trustee, nor any of their affiliates, has provided, and none of them will provide, any investment advice within the meaning of Section 3(21) of ERISA to it or to any fiduciary or other person investing the assets of the Benefit Plan Investor (“Plan Fiduciary”) in connection with its decision to invest in the Notes, and they are not otherwise acting as fiduciary, as defined in section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor, or the Plan Fiduciary in connection with the Plan’s acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes. See “Certain Considerations for ERISA and Other U.S. Employee Benefit Plans” herein for a more detailed discussion of certain ERISA and related considerations with respect to an investment in the Notes.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Notes.

The Notes are a new issue of securities for which there is currently no market. The Initial Purchasers have advised us that they intend to make a market in the Notes, as permitted by applicable laws and regulations; however, the Initial Purchasers are not obligated to make a market in the Notes, and they may discontinue their market-making activities at any time without notice. Therefore, we cannot assure you as to the development or liquidity of any trading market for the Notes. The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of holders of Notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the Notes; and
- prevailing interest rates.

Historically, the market for project finance debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. We cannot assure you that the market, if any, for the Notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your Notes. Therefore, we cannot assure you that you will be able to sell your Notes at a particular time or price, if at all.

The Notes cannot and will not be publicly offered or sold to persons in Chile, and may be privately offered or sold in Chile only in circumstances which have not resulted and will not result in a public offering under Chilean law, and/or in compliance with CMF Rule 336. See “Plan of Distribution—Sales Outside the United States—Chile.” The definition of a public offering of securities under Chilean law includes both offers directed to the general public and offers directed to a part or specific group thereof. We are not required and do not expect to register the Notes with the CMF.

The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes.

If there is an event of default on the Notes, the holders of the Notes will be secured only to the extent of the value of the Collateral underlying their security interest. In the future, the obligations to provide additional guarantees and grant additional security over assets, or a particular type or class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries or otherwise, is subject to certain agreed security principles. The agreed security principles set forth in the Senior Security Documents set out a number of limitations on the rights of the holders of the Notes to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any collateral provided being limited or security not being granted over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by us. To the extent that the claims of the holders of the Notes exceed the value of the assets securing the Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking equally in right of payment with the Notes. As a result, if the value of the assets granted as security for the Notes is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid. The claims of holders of the Notes will rank junior in right of payment to the claims of certain other creditors statutorily preferred by law, such as certain claims in respect of labor and tax obligations, among others. Furthermore, upon enforcement against any collateral or in insolvency (*concurso* or *quiebra*), the claims of the holders of the Notes to the proceeds of such enforcement will rank equal in right of payment with the claims of the lenders and other permitted holders of any future senior indebtedness under the Reserve Letter of Credit Facility secured by the Collateral. As a result, holders of the Notes will receive less from the proceeds of the Collateral in an enforcement action or a reorganization or liquidation proceeding (*reorganización* or *liquidación*) than if they were not required to share proceeds.

No appraisal of the value of the Collateral has been made in connection with this offering, and the fair market value of the Collateral may be subject to fluctuations based on factors that include general economic conditions, industry conditions and similar factors, among others. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time, the timing and the manner (including the possibility of the Collateral or portions thereof being sold together or as an operating business) of the sale and the availability of buyers. By its nature, certain assets that comprise the Collateral may be illiquid and may have no readily ascertainable market value. There can be no assurance that the Collateral can be sold and, even if saleable, the timing of its liquidation and the value to be derived therefrom are uncertain. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the Collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of this Collateral may not be sufficient to repay the obligations under the Notes.

The Note holders' rights with respect to the Collateral are subject to the terms of the Intercreditor Agreement and the other Senior Security Documents, which may materially limit the Note holders' rights to take enforcement actions, including with respect to the Collateral securing the Notes.

From the Release Date, the Notes, together with the Issuer's other Secured Obligations (as defined elsewhere in this offering memorandum) will be secured by a first priority security interest in the Collateral held or owned by the Issuer as of such date and in all Equity Interests in the Issuer and, following the Colbún Transmisión Joinder Date, by a first priority security interest in all the Collateral pursuant to the Senior Security Documents. The rights of the holders of Notes and other Secured Obligations with respect to the Collateral will be subject to and may be limited by the terms of the Intercreditor Agreement.

Under the Intercreditor Agreement, the rights of the holders of the Notes to take any enforcement actions, including commencing legal proceedings against us in respect of the Notes, enforcing the Collateral securing the Notes and petitioning for the bankruptcy of the Issuer, will be limited. No holder of Secured Obligations, including the holders of the Notes, will be entitled to take such enforcement actions following an event of default under the applicable Secured Obligation Documents unless the required percentage of Senior Creditors has elected to exercise such remedies and instructed the Intercreditor Agent to take such actions in accordance with the procedures set forth

in the Intercreditor Agreement. Furthermore, the Senior Creditors holding Secured Obligations other than the Notes may have the ability to control the outcome of certain intercreditor votes under the Intercreditor Agreement without the approval of the holders of the Notes, including with respect to (i) the approval of certain amendments to, and waivers of, the provisions of the Senior Security Documents, (ii) the exercise of remedies against us, including enforcement of the Collateral, and (iii) other instructions that may be provided to the Intercreditor Agent in accordance with the terms of the Intercreditor Agreement.

Each decision made in accordance with the terms of the Intercreditor Agreement will be binding upon the Indenture Trustee and the holders of the Notes and each other party to the relevant Secured Obligation Documents. See “Description of the Notes—Intercreditor Agreement—Sharing; Collateral” and “Description of the Notes—Intercreditor Agreement—Amendments and Modifications.”

In addition, if the holders of the Notes obtain any amount from us, including as payment of any amounts due following the acceleration thereof or from any realization on any Collateral, other than amounts obtained from or through the applicable Collateral Agent pursuant to the Intercreditor Agreement and the other Senior Security Documents, the holders of the Notes must promptly pay such amount to the applicable Collateral Agent for the account of all the Senior Creditors to be shared among such Senior Creditors in accordance with the Intercreditor Agreement. See “Description of the Notes—Intercreditor Agreement—Sharing; Collateral.”

The Collateral is subject to casualty risks, which may limit your ability to recover for losses to Colbún Transmisión’s assets.

Colbún Transmisión maintains, and following the consummation of the Acquisition, we will maintain, insurance in at least such amounts and against at least such risks as are usually insured against by companies of a similar size engaged in the same or a similar business in Chile (in each case as determined by the Issuer) or otherwise in accordance with prudent electricity transmission industry practices in Chile. There are, however, certain losses, including but not limited to losses resulting from natural perils, war and terrorism, defective design and wear and tear that may be either uninsurable or not economically insurable, in whole or in part. As a result, we cannot assure you that the insurance proceeds will compensate us fully for any losses. If there is a total or partial loss of any of the Collateral securing the Notes, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all the Notes obligations.

Failure to perform maintenance on Colbún Transmisión’s machinery and equipment pledged as Collateral may deteriorate the value of those assets.

If Colbún Transmisión fails to adequately perform or cause to be performed the maintenance, service, repair and overhaul of any machinery or equipment, including Colbún Transmisión’s electricity transmission lines and substations, pledged as Collateral, the value of the equipment or machinery may be reduced. In addition, the value of the equipment or machinery may deteriorate even if Colbún Transmisión fulfills its maintenance responsibilities. As a result, it is possible that upon a liquidation, there will be insufficient proceeds to satisfy all the obligations in respect of the Notes.

We may incur additional indebtedness that could adversely affect holders of the Notes.

We may be able to incur additional indebtedness in the future. Although the Indenture will contain restrictions on our incurrence of additional indebtedness, these restrictions on us are subject to a number of important qualifications and exceptions. See “Description of the Notes—Covenants—Negative Covenants.” If we incur additional indebtedness, the risks that we face as a result of such additional leverage could increase. The Indenture will permit us to issue additional indebtedness that ranks on an equal and ratable basis with the Notes. If we incur any additional debt that ranks on an equal and ratable basis with the Notes, the holders of that debt will be entitled to share ratably with the holders of the Notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us or our subsidiaries, as applicable, subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you.

We also have the ability to incur additional senior secured indebtedness. If we issue or incur any such additional senior secured indebtedness, the relative interest of holders of the Notes in the Collateral would be diluted by the proportion that the principal amount of, interest on, and other amounts due in respect of, such additional senior secured indebtedness bears to the total senior secured indebtedness outstanding at the time such additional senior secured indebtedness is issued or incurred. We cannot assure you that the level of the Collateral will be sufficient to protect your investment in the Notes, whether or not we issue additional Notes under the Indenture or incur other additional senior secured indebtedness and thereby dilute the relative interest of existing holders of the Notes in the Collateral, or that we will have sufficient funds to perform our payment obligations under the Notes and all other senior secured indebtedness that we or our subsidiaries issue or incur in the future.

Fraudulent conveyance laws may void the Notes, the Note Guarantee or the Collateral or subordinate the Notes, the Note Guarantee or the Collateral.

The issuance of the Notes and the Note Guarantee may be subject to review under applicable bankruptcy law or relevant fraudulent conveyance. While the relevant laws may vary from jurisdiction to jurisdiction and from time to time, in general under these laws, if a court were to find that, in such a lawsuit or action, at the time the Notes or the Note Guarantee are issued, the debt was incurred with the intent of hindering, delaying or defrauding current or future creditors and received less than reasonably equivalent value or fair consideration for incurring the debt, and we or the Guarantors:

- were insolvent or became insolvent as a result of issuing the Notes or the Note Guarantee or the issuance of the Notes or the Note Guarantee occurred within a specific period of time prior to such insolvency;
- were engaged or about to engage in a business or transaction for which the remaining assets of the Obligor constituted unreasonably small capital; or
- intended to incur, or believed that we or the Guarantors would incur, debts beyond our or the Guarantors' ability to pay those debts as they matured,

then the court could deem the issuance of Notes or the Note Guarantee to be a fraudulent conveyance.

In such case, the court could void the payment obligations under the Notes or such Note Guarantee or subordinate the Notes or such Note Guarantee to presently existing and future indebtedness of ours or the Guarantors, or require the holders of the Notes to repay any amounts received with respect to the Notes or the Note Guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the Notes. Further, the voidance of the Notes could result in an event of default with respect to our other debt and that of the Guarantors that could result in acceleration of such debt. Although standards for determining insolvency vary from jurisdiction to jurisdiction, generally, an entity would be considered insolvent if at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the value (saleable or other) of all or certain of its assets;
- the present value (saleable or other) of all or certain of its assets was less than the amount that would be required to pay its probable liability on all or a specific portion of its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we or the Guarantors were solvent or, regardless of the standard that a court uses, that the issuance of the Notes and the Note Guarantee would not be subordinated to our or the Guarantors' other debt. If the Note Guarantee were legally challenged, the Note Guarantee could also be subject to the claim that, since the Note Guarantee was incurred for our benefit, and only indirectly for the benefit of the Guarantors, the obligations of the Guarantors were incurred for less than fair consideration. A court could void the obligations under the Note Guarantee, subordinate them to the Guarantors' other debt or take other action detrimental to the Notes.

In addition, in case of any reorganization, liquidation or insolvency proceeding of Colbún Transmisión in Chile, the Collateral to be pledged in favor of the Onshore Collateral Agent for the benefit of the holders of Notes may be subject to relative priority subordination in respect of third-party creditor claims with higher priority or to claw-back claims due to fraudulent conveyance or related concepts (*acciones revocatorias*) under Chilean law. The encumbrance may be declared ineffective if it is proven before a court that it (a) was granted within the year before the commencement of an insolvency proceeding to secure preexisting obligations; or (b) was entered within the two years before the commencement of an insolvency proceeding (1) with knowledge of the debtor's adverse business condition; and (2) caused damages to the bankruptcy estate (for instance, when the transaction does not have terms and conditions that are similar to what is usual and prevailing in the market at the time of the transaction's execution) or affected the *pari passu* parity among creditors. If the relevant requirements under Chilean Law are complied with, then the appointed observer (*veedor*) or liquidator (trustee in bankruptcy), as the case may be, or any other creditor could seek from the Chilean court the disregard or invalidation of the Collateral pledged in favor of the Onshore Collateral Agent for the benefit of the holders of Notes. Under Chilean law, the appointed observer or liquidator, as the case may be, is obliged to file a claw back claim if relevant requirements are met.

The Issuer will escrow the net proceeds received from this offering and will be required to redeem the Notes if the Acquisition is not consummated on or prior to the Redemption Deadline.

This offering may be consummated before the closing of the Acquisition. The Acquisition cannot close until the conditions precedent under the SPA have been satisfied or waived. Pending the consummation of the Acquisition, the Initial Purchasers will deposit the net proceeds received from this offering, together with certain funds that the Issuer will deposit, into the Escrow Account in an amount equal to 101% of the aggregate principal amount of the Notes plus an amount equal to interest payments for a period of six months until, but not including, the Redemption Deadline. The Escrow Agent (as defined elsewhere in this offering memorandum) will release the escrow proceeds to us if the Escrow Conditions (as defined elsewhere in this offering memorandum) are satisfied.

If (i) the Acquisition has not occurred and the other Escrow Conditions required for the release of the amounts in the Escrow Account set forth in the Escrow Agreement (as defined elsewhere in this offering memorandum) have not been satisfied or (ii) the share purchase agreement related to the Acquisition is terminated on or prior to the Redemption Deadline, the Notes will be subject to a special mandatory redemption at a redemption price equal to 101% of the aggregate principal amount of the Notes plus accrued and unpaid interest thereon until, but not including, the redemption date (the "Special Mandatory Redemption"). Upon such redemption, you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns. In addition, you may suffer a loss on your investment if you purchase the Notes at a price greater than the redemption price of the Notes. Although the Issuer currently believes that all conditions to the Acquisition and the Escrow Conditions will be satisfied or waived, and expects to consummate the Acquisition on or before the Redemption Deadline, the Issuer cannot assure you that the conditions to the closing of the Acquisition and the Escrow Conditions will be satisfied or waived, that the Issuer will close the Acquisition on substantially the terms described in this offering memorandum or that the Issuer will not otherwise be required to redeem the Notes.

Until the consummation of the Acquisition, the Issuer will have limited assets.

Holders of the Notes will not have any recourse to the Sponsors or Colbún Transmisión prior to the consummation of the Acquisition. Until the completion of the Acquisition and the occurrence of the Colbún Transmisión Joinder Date, the Notes will be the obligation solely of the Issuer. The Issuer will have limited assets (except for its interest in the Escrow Account) and, as a result, the sole recourse of the holders of the Notes prior to the consummation of the Acquisition will effectively be to the funds deposited in the Escrow Account.

Security interests over the Collateral will not be in place by closing or will not be perfected by closing or immediately after closing and, as a result, you may lose the benefit of such security interests to the extent a default occurs prior to such perfection or if such security interest is perfected during the period immediately preceding bankruptcy or insolvency.

Upon issuance of the Notes, holders of the Notes will have no security interest in Colbún Transmisión's assets to be acquired in the Acquisition. All such security interests will be granted on or one business day after the

Acquisition Effective Date and will be required to be perfected within certain time periods following the Release Date or the Colbún Transmisión Joinder Date, as applicable, depending on the type of Collateral.

Although we will enter into certain agreements that create first priority liens in respect of the Collateral in Chile in respect of the collateral owned by us and the Guarantors, as described in this offering memorandum, and will agree to cause perfection of such liens within certain time periods from the Release Date or the Colbún Transmisión Joinder Date, as applicable, we cannot assure you that the registration of such liens will be properly or timely made. Liens on real property in Chile are enforceable against the beneficiary thereof and third parties only after the same are registered in the applicable public registries, and the time periods for registration vary across public registries. Likewise, liens on movable assets granted by way of pledges without conveyance (*prendas sin desplazamiento*) are enforceable against the beneficiary thereof and third parties only after the same are registered in the Registry of Pledges without Conveyance (*Registro de Prendas sin Desplazamiento*). However, there is no mandatory time period for such registration prescribed by applicable law. No assurance can be made as to our ability to obtain such registrations in a timely manner, or at all. Perfection of the security interests in such Collateral after the Acquisition Effective Date, which may occur significantly after the issuance of the Notes, increases the risk that the liens granted become avoided and subject to the liens of intervening creditors. Furthermore, in the absence of such registration, the liens on such Collateral in Chile would not be enforceable against the beneficiary thereof or third parties, which could adversely affect or prevent the Collateral Agents' rights to foreclose upon the Collateral.

The recording of mortgages (*hipotecas*) and pledges without conveyance (*prendas sin desplazamiento*) that secure the Notes after the consummation of the Acquisition may (1) result in the loss of priority of the security interests in such mortgaged real property's or pledged assets' interests to third parties who perfect their security interests in such Collateral before the Onshore Collateral Agent or (2) be subject to a "claw-back actions" if the Guarantors become insolvent or declares bankruptcy in accordance with applicable law. If we or the Guarantors were to become subject to a bankruptcy proceeding after the closing date of the Notes, any mortgage or security interest in other Collateral delivered after the closing date of the Notes would be subject to a greater risk than security interests in place on the closing date of being avoided by the pledgor (as debtor in possession) or by its trustee in bankruptcy as a preference under bankruptcy law if certain events or circumstances exist or occur. See "Description of the Notes—Collateral."

We may not have the ability to raise the funds necessary to finance the Change of Control Offer required by the Indenture.

Upon the occurrence of a "Change of Control Ratings Downgrade Event," as defined in the Indenture, we will be required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts (as defined elsewhere in this offering memorandum), if any, to the date of repurchase. See "Description of the Notes—Repurchase Upon a Change of Control Ratings Downgrade Event." However, it is possible that we will not have sufficient funds at the time of the Change of Control Ratings Downgrade Event to make the required repurchase of Notes. In any case, third-party financing most likely would be required in order to provide the funds necessary for us to make an offer to repurchase upon the occurrence of such Change of Control Ratings Downgrade Event and to refinance any other indebtedness that would become payable upon the occurrence of such events. We may not be able to obtain such additional financing on terms favorable to us or at all.

In addition, a failure to make an offer to repurchase the Notes upon a Change of Control Ratings Downgrade Event would give rise to an event of default under the Indenture and could result in an acceleration of amounts due thereunder. Any such default and acceleration under the Indenture could trigger a cross-default or cross-acceleration under other indebtedness.

Exchange controls and restrictions could prevent us from making payments in U.S. dollars.

Exchange control risks include: (i) availability risk, the risk that even though we have sufficient Chilean *peso*-denominated revenue to meet our obligations, U.S. dollars are not available for conversion; (ii) convertibility risk, the risk that a Chilean governmental authority will restrict, condition or terminate our legal right to convert

Chilean *pesos* into U.S. dollars; and (iii) transferability risk, the risk that a Chilean government entity will allow us to convert currency into U.S. dollars, but will place restrictions or prohibitions on those U.S. dollars leaving the country.

Although Chile has not been affected by exchange controls since 1999, we cannot assure you that exchange controls may not be imposed in the future, as the Central Bank of Chile has the ability to impose them as provided by its statutory law. For more information, see “Exchange Rate Information” and “Exchange Controls.”

Chilean issuers are authorized to offer securities internationally complying with the provisions of Chapter XIV of the Central Bank Compendium, including the obligation to provide certain information to the Central Bank of Chile. See “Exchange Rate Information” and “Exchange Controls.” Under Chapter XIV of the Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof may affect foreign investors who have acquired the Notes.

There can be no assurance that further regulations of the Central Bank of Chile or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars or that further restrictions applicable to us will be imposed that may affect our ability to remit U.S. dollars for payment of interest or principal on the Notes. There can be no assurance that restrictions applicable to the holders will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes, and these credit ratings may change after the issuance of the Notes. Certain ratings on the Notes will be preliminary, and the assignment of the final rating will depend on the applicable rating agency’s receipt and satisfactory review of all final transaction documentation, such as the Senior Security Documents, such that the Issuer’s debt, as well the interest rate on the notes would need to be in line with the rating agency’s expectations. Accordingly, the preliminary rating should not be construed as evidence of the final rating. If certain rating agencies do not receive the final documentation within a reasonable timeframe, or if the final transaction departs from such rating agencies’ assumptions, they reserve the right to withdraw or change the rating.

Moreover, the ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. Such ratings are limited in scope and reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the credit rating agencies. The credit ratings of the Notes address the likelihood of payment of principal at their maturity. The credit ratings also address the timely payment of interest on each scheduled payment date. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. We cannot assure you that a credit rating will remain in effect for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and Colbún Transmisión are companies incorporated outside the United States and Colbún Transmisión’s business is conducted outside the United States. Most of our directors and executive officers and the directors and executive officers of the Guarantors and certain experts named in this offering memorandum are non-residents of the United States. Although the Issuer and Colbún Transmisión have submitted or will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on our directors and executive officers. In addition, as most of the Issuer’s assets and those of the Issuer’s directors and executive officers are located outside of the United States,

you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States. In addition, we have been informed that it is questionable whether a court in Chile would accept jurisdiction and impose civil liability if proceedings were commenced in such court predicated solely upon U.S. federal securities laws. See “Enforcement of Civil Liabilities—Chile.”

The Collateral Agents’ ability to foreclose on the Collateral on your behalf may be subject to priority issues and practical problems associated with the realization of the Collateral Agents’ security interest in such Collateral.

Following the Acquisition, in the event of the Issuer’s bankruptcy, the Collateral Agents, on behalf of the holders of the Notes and other holders of any future *pari passu* debt, would have secured claims against us for amounts due under the Notes and any such other *pari passu* debt. The Collateral Agents’ claims would be secured by the Collateral. In the event of any bankruptcy proceedings in the United States, however, the applicable Collateral Agent could not foreclose on any of the Collateral absent relief granted by the bankruptcy judge from the automatic stay in bankruptcy. For a description of the effect of a bankruptcy proceeding in Chile on your ability to foreclose on the collateral, see “Risks Related to the Notes, the Note Guarantee and the Collateral—Bankruptcy laws applicable to us may be less favorable to investors than bankruptcy and insolvency laws in other jurisdictions.”

In addition, substantial rights of the Onshore Collateral Agent will be governed by the laws of Chile. The laws relating to the creation and perfection of security interests in Chile differ from those in the United States and may be subject to restrictions and limitations. These restrictions and limitations may have the effect of preventing, limiting and/or delaying the enforcement of the Onshore Collateral Agent’s rights or the foreclosure and subsequent disposition of a material portion of the Collateral, and may materially impair the claims of the holders of the Notes and other *pari passu* debt. Any such delay in having an enforceable claim could also diminish the value of the interest of the holders of the Notes and other holders of *pari passu* debt in such Collateral due to, among other things, the existence of other potential creditors and claimants.

Furthermore, the ability of the Collateral Agents to require the foreclosure on or otherwise enforce the security and other rights in respect of the Collateral may be limited by both practical and legal considerations. As a result, the Collateral Agents may encounter material limitations or delays in the foreclosure or enforcement of rights with respect to the Collateral.

The Indenture Trustee or the Collateral Agent may fail or refuse to act under the Indenture or other Senior Security Documents for the Notes if they are not provided with adequate security and/or indemnification.

Under the Indenture or other Security Documents, the failure to provide adequate security or indemnification to the Indenture Trustee or the Collateral Agent, as applicable, as satisfactory to the Collateral Agent or the Indenture Trustee, as applicable, will justify such agent’s failure or refusal to act under such documents. To the extent that a security and/or indemnification provided by the Issuer or the Guarantors is not satisfactory to the Indenture Trustee or the Collateral Agent, as applicable, for the exercise of any right or remedy under the Indenture or other Security Documents for the Notes, as applicable, that may cause such Indenture Trustee or Collateral Agent to incur any liability or expense (including any enforcement or collection proceeding resulting from an event of default under the Indenture or), the holders of the Notes will be required to provide such agent with adequate security and/or indemnification against any and all liability and expense that may be incurred by such agent by reason of taking or continuing to take action under the Indenture or other Security Documents. Failure by the holders of Notes to provide such security and/or indemnification may result in the Indenture Trustee or the Collateral Agent failing or refusing to act under the Indenture or other Security Documents, which could have a materially adverse effect on the rights of the holders of Notes under the Notes or with respect to the Collateral.

Bankruptcy laws applicable to us may be less favorable to investors than bankruptcy and insolvency laws in other jurisdictions.

If we are unable to repay the Notes, we may become subject to bankruptcy or reorganization proceedings. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Chile. Such proceedings may be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the

enforcement of your rights. Furthermore, under Chilean law, the costs incurred by creditors in such proceedings are to be borne by creditors, unlike in other jurisdictions. The noteholders' rights under the Notes will be subject to the bankruptcy, insolvency and administrative laws and there can be no assurance that you will be able to effectively enforce your rights in such bankruptcy, insolvency or similar proceedings. Noteholders that are qualified as related persons of the debtor will not have voting rights under bankruptcy proceedings under Chilean law, and their claims will be postponed until the full payment of the debt if not duly documented 90 days prior to the commencement of a reorganization proceeding or the issuance of the liquidation resolution, as applicable.

The bankruptcy laws currently in effect in Chile are significantly different from, and may be less favorable to creditors than, those of certain other jurisdictions with which you may be more familiar. Certain provisions of the insolvency laws in these jurisdictions could affect the ranking of the Notes and the Note Guarantees or claims relating to the Notes and the Note Guarantees on an insolvency of the issuer. In the event we experience financial difficulty, it is not possible to know with certainty the outcome of such proceedings.

The Chilean Electricity Law includes a series of special rules governing a liquidation proceeding of a generation, transmission or distribution company. The Chilean Electricity Law provides that immediately after a request is submitted to initiate a liquidation proceeding regarding a transmission company, that request must be relayed by the relevant court to the CNE and the SDEC, which will provide their opinion as to whether the liquidation proceeding would compromise the sufficiency of the electricity distribution system, seen as the probability of satisfying demand, or the basic standards of operation of the electricity distribution system, including the safety of the system, economic operation, and open access to the transmission system.

If the court finds that the sufficiency of the electricity distribution system or its basic standards of operation are compromised, it must instruct the definitive continuance of the insolvent transmission company's economic activities, and appoint a provisional administrator, nominated by the SDEC. The Chilean Electricity Law does not require that the court follow the SDEC's recommendation.

Under the Chilean Electricity Law, as soon as the provisional administrator assumes its position, it must prepare and make available to the court a list of the company's assets required for the business continuation and also the assets required to ensure the sufficiency of the system and the basic standards of the operation.

If the court decides that the liquidation of the transmission company would affect the safety, efficient operation, free access or sufficiency of an electric system, the assets of the transmission company will be sold as an "economic unit" (*unidad económica*). The Chilean Electricity Law sets forth that the court resolution that instructs the business continuation suspends the right of creditors secured with pledges and mortgages to initiate and continue individual foreclosure proceedings against the transmission company. This provision is intended to facilitate the sale of the assets as an economic unit and enable the acquirer to develop and maintain the insolvent transmission company's ordinary course of business. The sale of the assets as an economic unit must take place within 18 months as from the resolution of liquidation is *res iudicata* (*causa ejecutoria*). Creditors representing more than 50% of the voting debt could request the court to establish different rules for the sale, in which case the court will consult with the SDEC and the CNE in order to rule in a form that does not compromise the sufficiency of the system or the basic standards of operation.

To our knowledge, there is no precedent of a transmission company being subject to a liquidation proceeding under the current Chilean Bankruptcy Law.

If we seek the protection of bankruptcy or insolvency laws, or if one of our creditors begins a bankruptcy proceeding against us, our ability to make payments in respect of the Notes is likely to be significantly impaired.

Furthermore, we cannot predict how long payments on the Notes could be delayed, or if any payments on the Notes would be made, following the commencement of a bankruptcy case against us.

Under the Chilean Bankruptcy Law, our obligations under the Notes are subordinated to certain statutory preferences. In the event of liquidation, such statutory preferences, including claims for salaries, wages, secured

obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the Notes.

In this regard, under the Chilean Bankruptcy Law and the Chilean Electricity Law, a secured creditor is barred from foreclosing in special circumstances during liquidation proceedings. These circumstances include the following:

- (i) if the company has filed a request for its reorganization in accordance with Chapter III of the Chilean Bankruptcy Law, the competent court will issue a reorganization resolution granting the company an insolvency bankruptcy protection period (*protección financiera concursal*) until the date in which the creditors' meeting decides upon the reorganization proposal, which must take place no later than 90 business days from the date the reorganization resolution is published in the Insolvency Gazette (*Boletín Concursal*). During this period no attachment proceeding, enforcements of any class, foreclosure of any sorts of guarantees or other security interests or terminations of lease actions may be filed against the debtor. Also, during the insolvency protection period, payment terms in contracts to which the debtor is a party will remain unaltered, and debtor's contracts may not be terminated or accelerated, and guarantees may not be foreclosed on the grounds of the start of a reorganization proceeding. If these prohibitions are breached, the debt arising from an agreement that has been terminated during the insolvency protection period will be subordinated to the payment of all other debts of the debtor. In addition, loans incurred for up to 20% of its accounting liabilities during the bankruptcy protection period will have priority in payment on their respective payment dates, if the proceeds of such loans are used for the financing of operations of the debtor;
- (ii) if the bankruptcy court decides that the bankruptcy of a transmission company affects the safety, efficient operation, free access or sufficiency of an electric system, the company in bankruptcy must continue carrying on business and a secured creditor would be barred from foreclosing on the assets securing its credit if contemplated in the business continuation (*continuidad de giro*);
- (iii) if all or a portion of the assets of the transmission company in bankruptcy needs to be sold as an economic unit and such unit encompasses assets covered by a mortgage, pledge or another security interest, a secured creditor cannot separately foreclose thereon. Instead, such secured creditor would have a preferential claim against the proceeds of the sale of the assets concerned;
- (iv) if the court does not order the continuation of operations of the transmission company, creditors holding at least 2/3 of the outstanding claims with right to vote (i.e., holders of claims that have been recognized by the bankruptcy court) may decide that the debtor in bankruptcy should continue carrying on business (*continuación definitiva de actividades económicas*), and, in this scenario, secured creditors that voted for the continuation of the business would be barred from foreclosing on the assets securing their credits if included in the business continuation; and
- (v) if creditors holding more than 50% of the outstanding claims decide that all or a portion of the assets of the debtor needs to be sold as an economic unit and such unit encompasses assets covered by a mortgage, pledge or another security interest, secured creditors cannot separately foreclose thereon. Instead, such secured creditor would have a preferential claim against the proceeds of the sale of the assets concerned.

Your interests in the Collateral securing the Notes may be adversely affected by our failure to maintain, record and/or perfect security interests.

Your rights in the Collateral may be adversely affected by our failure to comply with our obligations to adequately perfect the security interests on the Collateral when initially put in place, to maintain the security interest in or the priority of the Collateral or to perfect security interests in certain Collateral in the future. The Indenture and the Senior Security Documents will provide us with certain time periods to fully implement perfection of the security interest and will require that we maintain the security interest created thereunder as a perfected security interest with the priority required, when applicable, by the Senior Security Documents. We may fail to notify the

Collateral Agents of changes in name or other events which may adversely affect the security interest in the Collateral. Neither the Indenture Trustee nor the Collateral Agents have any obligation to monitor the Collateral or the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest in favor of the Notes against third parties. Our failure to perfect the security interest in the Collateral may result in the loss of the security interest therein or the priority of the security interest in favor of the Notes against third parties, which could adversely impact the value that can be derived from such security interest in favor of the holders of the Notes.

The security interests in the Collateral will not be registered and perfected for up to 90 business days following the date of the consummation of the Acquisition, or, exceptionally, for a longer period of up to 180 days subject to the Issuer's commercially reasonable efforts, and, as a result, you may lose the benefit of such security interests to the extent a default occurs prior to such perfection or if such security interest is perfected during the period immediately preceding the Obligors' bankruptcy or insolvency. Perfection of the security interests in such Collateral after the date of consummation of the Acquisition or failure to register such security interests increases the risk that the lien granted may be avoided and subject to the liens of intervening creditors.

Impediments exist to any foreclosure on the Collateral, which may adversely affect the proceeds of any foreclosure.

Certain documents that create liens on the Collateral for the benefit of the Notes will be governed by laws other than the laws of the United States. Such laws require that certain legal and procedural requirements be met, which may be different than those that would apply under the laws of the United States. For example, in Chile, among other legal and procedural requirements and depending on the type of collateral and lien over the collateral, foreclosure must be determined by the court system based on the presentation of executive title (*título ejecutivo*) against the defendant.

Colbún Transmisión's business and the operation of Colbún Transmisión's assets (including assets that are part of the Collateral) are subject to regulations and permitting requirements; such permits may restrict the ability of the Collateral Agents to foreclose on the Collateral or may be terminated upon sale of such assets (unless prior consent is obtained). We cannot assure you that the Collateral Agents will be able to efficiently comply with those requirements or predict whether such requirements will affect the value of the Collateral.

Enforcement of security interests created under the laws of Chile may be conducted in Chilean courts based on the procedures and subject to the rules set forth in such laws. Insolvency statutes in Chile may stay any foreclosure procedures for the length or a portion of the duration of such proceedings. It is also possible that any such courts will require a judgment regarding the existence of an event of default under the Indenture from a U.S. court prior to any foreclosure. We may also have defenses available to us under Chilean law to foreclosure proceedings that are not available under U.S. law. Procedural delays could result in a decrease in the value of the Collateral that would otherwise be realizable upon foreclosure. During this period, the cash proceeds from any sales of assets that we are not required to hold in a segregated account with the Collateral Agents, if any, may become commingled with our other cash assets and therefore may not be identifiable.

For a description of the effects of a bankruptcy proceeding in Chile on your ability to foreclose on the collateral, see "—Bankruptcy laws applicable to us may be less favorable to investors than bankruptcy and insolvency laws in other jurisdictions."

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and accepted by future creditors that have the benefit of security interests in the Collateral securing the Notes from time to time after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Collateral Agents to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including,

among others, the timely satisfaction of perfection requirements, statutory liens or reclassification under the laws of certain jurisdictions.

The Collateral may be subject to expropriation, which may limit your ability to recover as a secured creditor if any of the Collateral is expropriated.

It is possible that all or a portion of the Collateral that will secure the Notes following the Acquisition may become subject to a proceeding for expropriation. In such event, we may be compensated for any total or partial loss of property, but it is possible that such compensation will be insufficient to fully compensate us for our losses. In addition, a total or partial expropriation may interfere with our ability to use and operate all or a portion of our business, which may have an adverse impact on our business, prospects, financial condition and results of operations. See “—Risks Related to Colbún Transmisión’s Business and Industry—The Chilean government could seize or expropriate our assets under certain circumstances” and “—Risks Related to Colbún Transmisión’s Business and Industry—Easements, rights of way and other property rights that are critical to Colbún Transmisión’s facilities and transmission lines may be subject to legal challenge or termination.”

If certain changes to tax law were to occur, we would have the option to redeem the Notes.

The Notes are redeemable at our option in whole (but not in part), at any time at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, on the principal amount of the Notes being redeemed plus Additional Amounts, if any, with respect to the Notes, if, as a result of certain tax-related changes, we become obligated to pay Additional Amounts with respect to interest on the Notes at a rate of withholding or deduction in excess of 4.0%. Although no proposal to increase the withholding tax rate in Chile is currently pending, we cannot assure you that an increase in withholding tax rate will not be enacted. See “Description of the Notes—Redemption of the Notes—Optional Redemption—Optional Redemption for Changes in Taxes” and “Taxation—Chilean Taxation—Payments of Interest or Premium.”

The Issuer is controlled by Celeo Redes and APG, whose interests an equity holders may conflict with yours as a creditor.

The Issuer is a wholly-owned subsidiary of Celeo Redes and certain investment funds managed by APG and Celeo Redes. Celeo Redes and APG have the right to appoint the Issuer’s management, which gives them the power to control the Issuer’s and our affairs and policies, including the issuance of additional equity and the declaration and payment of dividends if allowed under the terms of the Indenture governing the Notes offered hereby and the terms of the Issuer’s other indebtedness outstanding at the time. Celeo Redes and APG will not have any liability for any obligations under or relating to the Notes, and their interests may be in conflict with yours as a holder of Notes. For example, if we have financial difficulties or are unable to pay our debts as they mature, Celeo Redes and APG may pursue strategies that favor equity investors over debt investors. In addition, our equity holders may have an interest in pursuing transactions that could enhance their equity investments, even though such transactions may involve risks to you as a holder of the Notes. For example, our shareholders could lead us to make acquisitions that increase our indebtedness or to sell revenue-generating assets. In addition, Celeo Redes and APG may make investments in businesses that directly or indirectly compete with the Issuer, or may pursue acquisition opportunities that may be complementary to the Issuer’s business and, as a result, those acquisition opportunities may not be available to us.

Colbún Transmisión currently depends on its shareholders, mainly Colbún, and we will also depend on our shareholders, particularly Celeo Redes, for certain key services, including procurement and internal and administrative functions. Any failure by our shareholders to provide these services on a timely basis or on terms that are not at arms-length could have a material adverse effect on our business and financial condition.

Following the issuance of the Notes on the Issue Date, there is a risk that Colbún Transmisión could undertake actions which would not be permitted under the Indenture following the consummation of the Acquisition.

Following the issuance of the Notes on the Issue Date until the date of consummation of the Acquisition, Colbún Transmisión will not be subject to the covenants under the Indenture and will only be obligated to observe

the conduct of business requirements contained in the SPA. For a description of such Indenture covenants, see “—Risks Related to the Notes, the Note Guarantee and the Collateral—Certain restrictive covenants contained in the Indenture governing the Notes will limit our operating and financial flexibility in operating Colbún Transmisión’s business.” See also “Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption—Limitation on Activities of Issuer Prior to the Acquisition Effective Date.” For a description of the SPA covenants referenced above, see “The Transactions—The Acquisition.” See also “Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption—Limitation on Activities of Issuer Prior to the Acquisition Effective Date.” To the extent the SPA allows Colbún Transmisión to undertake actions which otherwise would be prohibited if the Indenture were in effect with respect to Colbún Transmisión, any such actions may not be in the interests of the holders of the Notes and could have a material adverse effect on your investment in the Notes. Any such actions taken prior to the date of consummation of the Acquisition would also not be considered to be a Default or Event of Default under the Indenture.

The Indenture will not be qualified under the Trust Indenture Act and the obligations of the Indenture Trustee are limited.

The Indenture will not be qualified as an indenture under the Trust Indenture Act of 1939 (the “Trust Indenture Act”), and the Indenture Trustee will not be required to qualify as a trustee under the Trust Indenture Act. Thus, the holders of the Notes will not have the benefit of the protection of the Trust Indenture Act with respect to the Indenture or the Indenture Trustee. The protections generally afforded to the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- disqualification of the indenture trustee for “conflicting interests,” as defined in the Trust Indenture Act;
- provisions preventing a trustee that is also a creditor of the Issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture;
- the requirement that the Indenture Trustee deliver reports at least annually with respect to certain matters concerning the Indenture Trustee and the securities; and
- unanimous voting thresholds for certain amendments.

USE OF PROCEEDS

The gross proceeds from the sale of the Notes will be approximately U.S.\$1,098,618,000 before deducting the discount to the Initial Purchasers and certain estimated offering expenses.

We expect to use the net proceeds from the offering of the Notes to (1) finance most of the Acquisition Date Purchase Price and the Colbún Transmisión Indebtedness Owed to Colbún, subject to certain purchase price adjustments provided in the SPA, including changes in the total working capital and net debt of Colbún Transmisión, and (2) pay transaction costs and expenses in connection with the Acquisition and the offering of the Notes.

If the issuance of the Notes occurs before the consummation of the Acquisition, the Issuer will deposit the net proceeds from this offering, as well as additional amounts in connection with a potential Special Mandatory Redemption, into the Escrow Account until the date that the Escrow Conditions (as defined elsewhere in this offering memorandum) are satisfied. The Escrow Conditions include, among other conditions, the satisfaction of all the conditions required for the consummation of the Acquisition. If the Acquisition is consummated on or prior to the Redemption Deadline and the other Escrow Conditions are satisfied, the amounts held in the Escrow Account will be released to, and used by, the Issuer to finance the Acquisition as described in this offering memorandum. If (i) the Acquisition and the other conditions to the release of the amounts in the Escrow Account set forth in the Escrow Agreement have not occurred (including as a result of either of the Sponsors failing to make equity contributions in an amount that, together with the Escrowed Funds, is sufficient to (x) consummate the Acquisition, and (y) pay fees, costs and expenses in connection with the consummation of the Acquisition payable to Seller to the extent payment of any such amounts is required under the SPA), or (ii) the SPA is terminated on or prior to the Redemption Deadline, the Notes will be subject to the Special Mandatory Redemption at a redemption price equal to 101% of the aggregate principal amount of the Notes plus accrued and unpaid interest thereon to, but not including, the Redemption Date. Following such Special Mandatory Redemption, any amounts remaining in the Escrow Account would be returned to the Issuer. See “Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.”

EXCHANGE RATE INFORMATION

Chile has two currency markets, the formal exchange market (*mercado cambiario formal*), comprised of banks and other entities authorized by the Central Bank of Chile, and the informal exchange market (*mercado cambiario informal*), comprised of entities that are not expressly authorized to operate in the formal exchange market, such as certain foreign exchange houses and travel agencies, among others. Purchases and sales of foreign currencies that may be conducted outside the formal exchange market can be carried out on the informal exchange market at the “spot rate.” Pursuant to current Chilean regulations, the Central Bank of Chile must be informed of certain transactions, and it is empowered to determine that certain purchases and sales of foreign currencies be carried out on the formal exchange market. Both the formal and informal exchange markets are driven by free market forces.

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

As of December of 2019, the Central Bank of Chile decided to intervene in the exchange market by selling U.S. dollars for a total amount of up to U.S.\$10,000 million and by selling FX hedging instruments for a total amount of up to U.S.\$10,000 million as well. The Central Bank of Chile’s intervention included sales of approximately U.S.\$2,550 million and of foreign exchange hedging instruments of approximately U.S.\$4,565 million. Initially, this foreign currency selling program was intended to last until May 2020, but as one of the measures adopted to confront the COVID-19 pandemic, the Central Bank of Chile announced in January 2020 that the program will include an additional U.S.\$4,500 million.

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

We make no representation that the Chilean *pesos* or the U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or *pesos*, as the case may be, at the rates indicated, at any particular rate or at all. The Federal Reserve Bank of New York does not report a noon buying rate for *pesos*. The following table sets forth the annual low, high, average and period-end Observed Exchange Rate for U.S. dollars for each year since 2016 and the months indicated below, as reported by the Central Bank of Chile.

Year	Observed Exchange Rates (CLP per U.S.\$1.00) ⁽¹⁾⁽²⁾			
	Low	High	Average	Period-End
2016.....	645.22	730.31	676.83	667.29
2017.....	615.22	679.05	649.33	615.22
2018.....	588.28	698.56	640.29	695.69
2019.....	649.22	828.25	704.49	744.62
2020.....	710.26	867.83	792.22	711.24

(1) The table presents the annual low, high, average and period-end observed rates for each year.

(2) Reported on the first business day of the following year.

Year	Observed Exchange Rates (CLP per U.S.\$1.00) ⁽¹⁾⁽²⁾			
	Low	High	Average	Period-End
February 2021	703.65	737.23	722.63	708.04
March 2021	716.46	738.46	726.37	732.11
April 2021	696.80	721.82	707.85	705.09
May 2021	693.74	734.75	712.26	724.92
June 2021	716.06	749.34	726.54	735.28
July 2021	727.76	767.29	750.44	758.53
August 2021	760.20	789.98	779.83	779.97
September 2021 (through September 8, 2021)	766.53	787.51	773.27	787.51

(1) The table presents the annual low, high, average and period-end observed rates for each month.

(2) Reported on the first business day of the following month.

We make no representation that the *pesos* or the UF amounts referred to herein could have been or could be converted into UF or *pesos*, as the case may be, at the rates indicated, at any particular rate or at all. The following table sets forth the annual low, high, average and period-end exchange rate for UF, as reported by the Central Bank of Chile.

Year	Exchange Rates (CLP per UF) ⁽¹⁾⁽²⁾			
	Low	High	Average	Period-End
2016	25,629.09	26,347.98	26,022.67	26,347.98
2017	26,302.92	26,798.14	26,571.93	26,798.14
2018	26,799.01	27,565.79	27,165.75	27,565.79
2019	27,538.22	28,309.94	27,854.39	28,309.94
2020	28,310.86	29,090.98	28,678.81	29,070.33

(1) The table presents the annual low, high, average and period-end UF for each year.

(2) UF values for the tenth day of the current month to the ninth day of the following month are reported at the beginning of the current month.

Year	Observed Exchange Rates (CLP per UF) ⁽¹⁾⁽²⁾			
	Low	High	Average	Period-End
February 2021	29,126.55	29,287.38	29,194.81	29,287.38
March 2021	29,294.68	29,394.77	29,360.08	29,394.77
April 2021	29,396.67	29,494.13	29,439.72	29,494.13
May 2021	29,498.06	29,613.26	29,555.98	29,613.26
June 2021	29,617.07	29,706.87	29,665.83	29,709.83
July 2021	29,712.80	29,757.64	29,740.92	29,757.64
August 2021	29,758.60	29,935.08	29,827.73	29,935.08
September 2021 (through September 8)	29,242.78	30,004.41	29,973.58	30,004.41

(1) The table presents the annual low, high, average and period-end UF for each month.

(2) UF values for the tenth day of the current month to the ninth day of the following month are reported at the beginning of the current month.

EXCHANGE CONTROLS

The Central Bank of Chile is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally, provided they comply with, among other things, the provisions of Chapter XIV of the Central Bank Compendium.

Pursuant to the provisions of Chapter XIV of the Central Bank Compendium, it is not necessary to seek the Central Bank of Chile's prior approval in order to issue the Notes. The Central Bank of Chile only requires that: (1) the remittance of funds obtained from the sale of the Notes into Chile be made through the formal exchange market and disclosed to the Central Bank of Chile as described below; and (2) all remittances of funds to make payments under the Notes made from Chile be made through the formal exchange market and disclosed to the Central Bank of Chile as described below.

The proceeds of the sale of the Notes may be brought into Chile or held abroad. If the Issuer remits the funds obtained from the sale of the Notes into Chile, such remittance must be made through the formal exchange market and the Issuer must deliver to the Central Bank of Chile directly or through an entity of the formal exchange market an annex providing information about the transaction, together with a letter instructing such entity to deliver us the foreign currency or the *peso* equivalent thereof. If the Issuer does not remit the funds obtained from the sale of the Notes into Chile, the Issuer has to provide the same information to the Central Bank of Chile directly or through an entity of the formal exchange market within the first 10 days of the month following the date on which it received the funds.

The regulations require that the information provided describe the financial terms and conditions of the securities offered, related security and guarantees, if any, and the schedule of payments.

All payments in connection with the Notes made from Chile must be made through the formal exchange market. Pursuant to Chapter XIV of the Central Bank Compendium, no prior authorization from the Central Bank of Chile is required for such payments in U.S. dollars. The participant of the formal exchange market involved in the transfer must provide certain information to the Central Bank of Chile on the banking business day following the day of payment. In the event payments are made outside Chile using foreign currency held abroad, the Issuer must provide the relevant information to the Central Bank of Chile directly or through an entity of the formal exchange market within the first 10 days of the month following the date on which the payment was made.

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

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

CAPITALIZATION

The following table sets forth the Issuer's and Colbún Transmisión's capitalization as of June 30, 2021:

- on an actual basis;
- as adjusted to reflect the net proceeds of this offering of U.S.\$1,087,428,576, after deducting the commissions and expenses payable by the Issuer pursuant to this offering.

The financial information of the Issuer and Colbún Transmisión presented below is derived from the Issuer Stand-Alone Financial Statements and Colbún Transmisión's Financial Statements. You should read this table together with "Use of Proceeds," the Issuer Stand-Alone Financial Statements and Colbún Transmisión's Financial Statements included elsewhere in this offering memorandum.

As of June 30, 2021			
	Actual		As Adjusted⁽¹⁾
	Issuer	Colbún Transmisión	Issuer & Colbún Transmisión⁽²⁾
		<i>(thousands of U.S.\$)</i>	
Current liabilities	21,342	95,774	117,116
Non-current liabilities.....	—	86,629	86,629
Notes offered hereby	—	—	1,087,429
Total equity	(1,219)	272,313	271,094
Total capitalization	20,123	454,716	1,562,268

- (1) As adjusted to reflect the proceeds of this offering of U.S.\$1,087,428,576, which will flow to the Issuer after deducting the commissions and expenses of U.S.\$11.2 million payable by the Issuer pursuant to this offering.
- (2) Reflects the arithmetic sum of the Issuer's and Colbún Transmisión's capitalization as of June 30, 2021, as adjusted to give effect to the proceeds of the Notes offered hereby, and does not reflect any adjustments that would be required for the preparation of consolidated or combined financial information in accordance with applicable accounting principles.

SELECTED HISTORICAL FINANCIAL AND OPERATING DATA

Issuer

The following table presents selected financial data for the Issuer as of June 30, 2021. The selected financial data as of June 30, 2021 has been derived from the Issuer Stand-Alone Financial Statements and the corresponding notes thereto included elsewhere in this offering memorandum.

The following tables should be read in conjunction with “Presentation of Financial and Other Information,” “Use of Proceeds,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Issuer Stand-Alone Financial Statements included in this offering memorandum. The financial data for the historical periods included in the following table are not necessarily indicative of the financial performance to be expected for future periods.

Alfa’s Statement of Financial Position Data

	As of June 30, 2021
	(thousands of U.S.\$)
Assets:	
Current assets:	
Cash and cash equivalents	1
Other current financial assets ⁽¹⁾	20,020
Total current assets	20,021
Non-current assets:	
Other financial non-current assets	102
Total non-current assets	102
Total assets	20,123
Liabilities and equity:	
Current liabilities:	
Other current financial liabilities ⁽¹⁾	21,240
Trade payables due to related parties, current	102
Total current liabilities	21,342
Non-current liabilities:	
Total non-current liabilities	—
Total liabilities	21,342
Equity:	
Share capital	1
Retained earnings (loss)	—
Other reserves	(1,220)
Equity attributable to the owners of the parent	(1,219)
Total equity	(1,219)
Total equity and liabilities	20,123

(1) Reflects government bond put option transaction. See note 7 to the Issuer Stand-Alone Financial Statements.

Colbún Transmisión

The following tables present selected financial and operating data for Colbún Transmisión for each of the periods presented. The selected financial information as of December 31, 2020, 2019 and 2018 and for the years ended December 31, 2020, 2019 and 2018 has been derived from Colbún Transmisión's 2020 Audited Financial Statements and 2019 Audited Financial Statements and the corresponding notes thereto included elsewhere in this offering memorandum. The selected financial information as of June 30, 2021 and for the six-month period ended June 30, 2021 has been derived from the 2021 Audited Interim Financial Statements and the corresponding notes thereto included elsewhere in this offering memorandum.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Colbún Transmisión's Financial Statements included in this offering memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact Colbún Transmisión's future financial condition and results of operations.

Comprehensive Income Statement Data

	For the Six-Month Period Ended June 30,		For the Year Ended December 31,		
	2021	2020	2020	2019	2018
	(thousands of U.S.\$)				
Revenue	26,464	44,024	80,218	83,424	40,060
Raw materials and consumables used	(5,614)	(6,804)	(12,283)	(10,202)	(9,789)
Depreciation and amortization expense.....	(5,580)	(5,440)	(11,047)	(11,057)	(8,411)
Other expenses, by nature	(383)	(382)	(1,006)	(959)	(527)
Other gains (losses)	231	(69)	(879)	(382)	9
Profit from operations	15,118	31,329	55,003	60,824	21,342
Finance income	4	88	94	27	—
Finance costs	(176)	(17)	(110)	(20)	(2)
Foreign currency translation differences	21	(1,148)	2,439	(858)	(91)
Profit before income taxes	14,967	30,252	57,426	59,973	21,249
Income tax expense	(4,061)	(8,182)	(15,519)	(16,338)	(5,740)
Profit from continuing operations	10,906	22,070	41,907	43,635	15,509
Net profit for the period.....	10,906	22,070	41,907	43,635	15,509

Statement of Financial Position Data

	As of June 30, 2021	As of December 31, 2020 2019 2018		
		(thousands of U.S.\$)		
Assets:				
Current assets:				
Cash and cash equivalents.....	33,228	12,082	22,288	50
Other non-financial assets, current.....	583	138	92	25
Trade and other receivables, current	20,862	18,790	12,027	13,940
Receivables due from related parties, current.....	—	1,932	—	7
Inventories, current	1,042	899	562	531
Current tax assets	4,813	5,232	214	1,022
Total current assets	60,528	39,073	35,183	15,575
Non-current assets:				
Trade and other receivables, non-current.....	—	1,868	—	—
Intangible assets other than goodwill	39,413	39,132	40,049	40,111
Property, plant and equipment	354,547	337,487	339,410	328,062
Right-of-use assets	228	167	—	—
Total non-current assets	394,188	378,654	379,459	368,173
Total assets.....	454,716	417,727	414,642	383,748
Liabilities and equity:				
Current liabilities:				
Other financial liabilities, current.....	—	—	177	—
Current lease liabilities.....	208	99	—	—
Trade and other payables.....	21,899	872	1,416	3,294
Payables due to related parties, current	68,933	—	37,890	45,203
Other current provisions.....	1,220	1,220	—	—
Current tax liabilities.....	—	—	2,863	—
Other non-financial liabilities, current	3,514	5,042	3,883	1,027
Total current liabilities	95,774	7,233	46,229	49,524
Non-current liabilities:				
Other financial liabilities, non-current	—	—	30	—
Non-current lease liabilities	30	50	—	—
Accounts payable to related parties, non-current	15,236	15,079	—	—
Deferred tax liabilities.....	57,821	57,193	58,106	62,546
Other non-financial liabilities, non-current	13,542	14,450	14,522	6,469
Total non-current liabilities.....	86,629	86,772	72,658	69,015
Total liabilities	182,403	94,005	118,887	118,539
Equity:				
Share capital.....	99,235	99,235	99,235	99,235
Retained earnings.....	11,300	62,314	32,192	858
Other reserves	161,778	162,173	164,328	165,116
Total equity	272,313	323,722	295,755	265,209
Total liabilities and equity	454,716	417,727	414,642	383,748

Operating Data

	For the Six- Month Period Ended June 30, 2021	For the Year Ended December 31, 2020 2019 2018		
		(in km)		
Transmission lines				
National Transmission System.....	335	335	335	330
Zonal Transmission System.....	70	70	70	80
Dedicated Transmission System.....	494	494	532	530
Total	899	899	937	940
Substations	27	27	27	30

Non-IFRS Financial Measures

	As of June 30, 2021	For the Year Ended December 31, 2020 2019 2018		
		(thousands of U.S.\$, except percentages)		
Adjusted EBITDA ⁽¹⁾	20,698	66,050	71,881	29,753
Adjusted EBITDA Margin ⁽¹⁾	78.2%	82.3%	86.2%	74.3%
Working Capital ⁽²⁾	(35,246)	31,840	(11,046)	(33,949)

(1) For the definition of Adjusted EBITDA and Adjusted EBITDA Margin, as well as for an explanation for why it is included in this offering memorandum, please see “Special Note about Non-IFRS Financial Measures.”

(2) Working capital is calculated as current assets minus current liabilities

Reconciliation of Adjusted EBITDA, Adjusted EBITDA Margin and Working Capital

Reconciliation of our Net Profit to Adjusted EBITDA and Adjusted EBITDA Margin

The table below sets forth a reconciliation of our net profit to Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated.

	For the Six-Month Period Ended June 30, 2021 2020		For the Year Ended December 31, 2020 2019 2018		
			(thousands of U.S.\$, except percentages)		
Net profit for the period	10,906	22,070	41,907	43,635	15,509
Financial result ⁽¹⁾	151	1,077	(2,423)	851	93
Income tax expense	4,061	8,182	15,519	16,338	5,740
Depreciation and amortization expense.....	5,580	5,440	11,047	11,057	8,411
Adjusted EBITDA⁽²⁾.....	20,698	36,769	66,050	71,881	29,753
Revenue	26,464	44,024	80,218	83,424	40,060
Adjusted EBITDA Margin⁽²⁾.....	78.2%	83.5%	82.3%	86.2%	74.3%

(1) Financial result comprises the *sum* of finance income, finance costs and foreign currency translation differences from our comprehensive income statement.

(2) For purposes hereof, “Adjusted EBITDA” is defined as the net profit (loss) for the period before financial result, income tax expense and depreciation and amortization expense and “Adjusted EBITDA Margin” is defined as Adjusted EBITDA *divided by* revenue. We present Adjusted EBITDA and Adjusted EBITDA Margin in this offering memorandum because management uses these as a measure of evaluating Colbún Transmisión’s performance and because we believe such measurements are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and similar financings. Adjusted EBITDA and Adjusted EBITDA Margin are not measurements of operating performance under IFRS, and should not be considered a substitute for revenue, net profit, cash flows from operating activities or other income statement data, or as a measure of profitability or liquidity. Adjusted EBITDA and Adjusted EBITDA Margin do not necessarily indicate whether cash flow will be sufficient or available for cash requirements. Adjusted EBITDA, Adjusted EBITDA Margin and other related ratios should be viewed as supplementary to Colbún Transmisión’s Financial Statements included elsewhere in this offering memorandum and may not be indicative of Colbún Transmisión’s historical operating results nor are they meant to be predictive of potential future results. Because all companies do not calculate such measures identically, the presentation may not be comparable to similarly entitled measures of other companies and you are cautioned not to place undue reliance on such financial information.

Reconciliation of Our Working Capital

The table below sets forth a reconciliation of our working capital as of the dates indicated.

	As of June 30, 2021	As of December 31, 2020 2019 2018		
		(thousands of U.S.\$)		
Current assets	60,528	39,073	35,183	15,575
Current liabilities.....	95,774	7,233	46,229	49,524
Working capital⁽¹⁾.....	(35,246)	31,840	(11,046)	(33,949)

(1) We calculate working capital as current assets *minus* current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the information below together with “Presentation of Financial and Other Information,” “Summary Historical Financial and Operating Data,” “Capitalization,” “Use of Proceeds” and “Selected Historical Financial and Operating Data” and Colbún Transmisión’s Financial Statements and related notes included elsewhere in this offering memorandum.

This section contains forward-looking statements that involve risks and uncertainties. Colbún Transmisión’s actual results may vary materially from those discussed in such forward-looking statements as a result of various factors, including, without limitation, those set forth in “Risk Factors” and other matters set forth in this offering memorandum.

Overview

As of the date of this offering memorandum, Colbún Transmisión is a closely-held corporation (*sociedad anónima cerrada*) duly organized and validly existing under the laws of Chile, incorporated by public deed on June 28, 2012. Colbún Transmisión’s business focuses on the O&M of power transmission facilities in Chile. As of the date of this offering memorandum, Colbún Transmisión is one of the largest transmission companies in Chile, with 42 transmission lines that have a total length of 899 km and 27 substations throughout the SEN, which is Chile’s largest power grid. As of the date of this offering memorandum, Colbún Transmisión’s market share, measured based on the length of its transmission lines, was 4.2%. See “Business Overview—Competition.”

The Colbún Transmisión portfolio is located in an area that is inhabited by 74% of the Chilean population, encompasses 66% of Chile’s Gross Domestic Product (“GDP”) and represents 57% of Chile’s electricity consumption. Colbún Transmisión operates and maintains transmission assets within the National, Zonal and Dedicated Transmission Systems of the SEN.

Colbún Transmisión has two main sources of revenue: (i) tariff revenue as established in Tariff Decrees and Project Decrees for power transmission services of assets in the Regulated System; and (ii) tariff revenue as agreed in Dedicated Contracts with Dedicated Customers for the operation of its transmission lines in the Dedicated Transmission System, which contracts are subject to terms and conditions similar to the AVI and COMA calculation method used to calculate tariffs for assets in the Regulated System. We believe these two revenue sources generate stable cash flow over time. Colbún Transmisión’s revenue depends on the availability of its transmission lines, not on electricity demand or price, transmission volume or its market share.

Both Regulated and Unregulated Consumers pay tariffs for transmission services provided by Colbún Transmisión’s assets in the Regulated System. Regulated Consumers pay the tariff through electricity distribution companies, while Unregulated Consumers, such as industrial and mining companies, pay the tariff through their respective power suppliers. In contrast, tariffs for transmission services provided by Colbún Transmisión’s assets in the Dedicated Transmission System are paid directly to Colbún Transmisión by the Dedicated Customers pursuant to the terms of the applicable Dedicated Contract.

As of the date of this offering memorandum, Colbún Transmisión is a wholly-owned subsidiary of Colbún. Following the consummation of the Acquisition, Colbún Transmisión will become a subsidiary of the Issuer until the Permitted Merger, after which the Issuer will be the surviving entity.

Principal Factors Affecting Colbún Transmisión’s Results of Operations

The following are certain key factors that affect, or have recently affected, Colbún Transmisión’s results of operations. These should be read in conjunction with the risks and uncertainties discussed under “Risk Factors.”

Chilean and Global Economic and Political Environment

Our operations are subject to macroeconomic and political risks beyond our control. High levels of Chilean sovereign debt, weak growth and high unemployment could lead to fiscal reforms and austerity measures. These

reforms may include tax increases and sovereign debt restructurings that may lead to currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets.

The current macroeconomic environment is highly volatile. Future developments depend on political and economic factors, and we cannot predict whether and for how long challenging conditions will exist or to what extent markets in Chile will deteriorate. As the Chilean government seeks to recover from the effects of the COVID-19 pandemic, which led the Chilean GDP to contract 6.4% in 2020, it may impose new or increase existing taxes and levies to increase its revenue sources due to high fiscal deficit. Accordingly, our results of operations and cash flows may be adversely affected if the macroeconomic conditions are unfavorable or the government increases taxes. We cannot predict the dimension of any of these potential adverse effects.

Further, inflationary pressures and government measures to curb inflation may have a negative effect on our business and financial position. Although inflation in Chile has been relatively low in recent years, it is higher than in other countries, including the United States. The Central Bank of Chile's measures to control inflation have included tight monetary policies with high interest rates, which restricts credit availability and limits economic growth. Such measures to fight inflation and public speculation about possible future governmental actions may cause economic uncertainty in Chile and volatility in its securities markets. High inflation could also increase our operating costs.

The Impact of the COVID-19 Pandemic

To curb the COVID-19 pandemic, the Chilean government has taken emergency and sanitary measures that materially affected Chile's economy and, as a result, may potentially affect our business. See "Summary—Recent Developments—Impact of the COVID-19 Pandemic."

Because Colbún Transmisión's revenue does not depend on energy consumption and energy transmission is considered an essential service, the COVID-19 pandemic has not materially affected Colbún Transmisión's operations and results. Except for construction delays in mandatory expansion projects, which are consistent with the impacts experienced by other Chilean transmission companies and that have not materially delayed the completion schedule of these projects, Colbún Transmisión was not adversely affected by the COVID-19 pandemic, as of the date of this offering memorandum. Nevertheless, the Chilean economy has contracted as a result of the pandemic, and the pandemic's long-term effects and impacts on the economy are still unclear, which may affect Colbún Transmisión's results indirectly in the future. Chile's situation may change rapidly, and additional impacts may arise that we may not foresee. As such, we cannot assure you that the COVID-19 pandemic will not have other adverse effects on our business. See "Risk Factors—Risks Related to Chile—The COVID-19 pandemic and its impact on business and economic conditions may negatively affect our business, results of operations and financial condition" for a detailed description of the COVID-19 pandemic and its potential impact on our business.

Revenue

Colbún Transmisión generates revenue through the collection of: (i) regulated revenue derived by the operation of transmission lines that are part of the National and Zonal Transmission System; and (ii) unregulated revenue from the operation of transmission lines that are part of the Dedicated Transmission System. For the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, Colbún Transmisión generated total revenue of U.S.\$26.5 million, U.S.\$80.2 million and U.S.\$83.4 million, respectively, from the use of its transmission assets, of which 34%, 41% and 36%, respectively, corresponded to regulated revenue and 66%, 59% and 64%, respectively, corresponded to unregulated revenue. Colbún Transmisión's revenue from assets in the Regulated and Unregulated System is based on the availability of the system and does not depend on consumption of electricity by its customers, energy prices or market share. In 2020, Colbún Transmisión's primary source of revenue was tariff for its transmission services. See "Business Overview—Overview of Colbún Transmisión—The Colbún Transmisión Portfolio" for further detail regarding the nature of the regulated and unregulated tariff revenue that Colbún Transmisión collects pursuant to the Chilean Transmission Law and toll contracts, respectively. See "Third-Party Financial Projections" for a detailed description of expected future revenue according to Colbún Transmisión's Financial Model.

Factors Affecting the Levels of Regulated Tariff Revenue

The principal factors affecting the levels of regulated tariff revenue that we collect from period to period include:

- *Indexation of tariff rates.* Colbún Transmisión's toll rate is periodically adjusted in accordance with the VATT indexing formulas described in "Regulatory, Permits and Environmental Matters—Overview—Chilean Electricity Law—Remuneration," taking into account variables such as Chilean and U.S. inflation rates and Chilean *pesos* and U.S. dollar exchange rates.
- *Changes in regulatory assessment.* The regulated revenue that Colbún Transmisión collects in connection with its assets in the National and Zonal Transmission Systems are subject to a regulatory assessment every four years, pursuant to which new VI, AVI and COMA values are calculated and implemented for the subsequent period of four years. In the case of mandatory expansions and new zonal facilities, the regulated revenue is fixed for the first 20 years of operations because they are the result of public tenders carried out by the CEN as part of the expansion of the SEN. Following the initial 20-year period, the regulated revenue will be subject to a regulatory assessment every four years.
- *Unavailability of the transmission infrastructure.* When an unavailability supply event is attributable to Colbún Transmisión, the SDEC may impose sanctions and impose compensatory payments if such failure exceeds the availability margins allowed in the technical rule, thus generating an interruption in energy supply to end users. Compensatory payments may also be payable by Colbún Transmisión to reimburse the relevant energy distribution or generation company if such company was required to pay compensation to its affected clients, provided that such compensation cannot exceed 5% of Colbún Transmisión's regulated tariff revenue in the previous calendar year attributable to the affected transmission system.
- *New transmission infrastructure that has become operational over time.* Colbún Transmisión expects the mandatory expansion projects that are under development as of the date of this offering memorandum to become operational by 2025. The revenue corresponding to the operation of these projects will be determined based on the parameters defined in the respective Project Decree and depend on the projects' respective COD. If these projects commence operations before the date established in the awarding decree, then Colbún Transmisión will receive revenue earlier than the estimated date, which may result in gains earlier than previously expected. By contrast, if these projects commence operations after the date established in the awarding decree, then Colbún Transmisión's expected revenue will be delayed. See "Business Overview—Colbún Transmisión's Projects under Development" for a description of projects under development and their respective expected COD. Colbún Transmisión does not intend to develop new projects, except for those derived from mandatory expansions.

Exchange rate fluctuation

In light of the strong correlation between Colbún Transmisión's operating cash flows and the U.S. dollar, Colbún Transmisión's functional currency is U.S. dollar. Most of its revenue is denominated in U.S. dollars or indexed to U.S. inflation. Nevertheless, certain of our revenue is denominated in Chilean *pesos*. Based on the Financial Model, we estimate that, for the period from 2022 to 2024, on average 77% of the Free Cash Flow of the Colbún Transmisión portfolio will be denominated in U.S. dollars, and the remaining 23% will be denominated in Chilean *pesos*, as set forth in the Independent Engineer Report.

The Chilean *peso* floats freely and has been subject to exchange rate fluctuations in the past. During the six-month period ended June 30, 2021, the value of the Chilean *peso* compared to the U.S. dollar fluctuated between a low of CLP\$693.74 to U.S.\$1.00 and a high of CLP\$749.34 to U.S.\$1.00, with a net depreciation of the Chilean *peso* relative to the U.S. dollar of approximately 3.4%. During 2020, the value of the Chilean *peso* compared to the U.S. dollar fluctuated between a low of CLP\$710.26 to U.S.\$1.00 and a high of CLP\$867.83 to U.S.\$1.00, with a net appreciation of the Chilean *peso* relative to the U.S. dollar of approximately 5%, primarily due to the COVID-

19 pandemic's effect on the economy. During 2019, the value of the Chilean *peso* compared to the U.S. dollar fluctuated between a low of CLP\$649.22 to U.S.\$1.00 and a high of CLP\$828.25 to U.S.\$1.00, with a net depreciation of the Chilean *peso* relative to the U.S. dollar of approximately 8%, with the most pronounced fluctuations occurring in the fourth quarter due to the social unrest that began on October 18, 2019. During 2018, the value of the Chilean *peso* compared to the U.S. dollar fluctuated between a low of CLP\$588.28 to U.S.\$1.00 and a high of CLP\$698.56 to U.S.\$1.00, with a net depreciation of the Chilean *peso* relative to the U.S. dollar of approximately 13%.

In Chile, regulated tariffs are calculated in U.S. dollars. In the case of unregulated tariffs, most of Colbún Transmisión's Dedicated Contracts have dollar denominated fixed tariffs. See "Business Overview—Overview of Colbún Transmisión—The Colbún Transmisión Portfolio." Under the terms of certain Dedicated Contracts, invoicing and collection are made in Chilean *pesos* at a value that is computed based on the prevailing exchange rate at the time of the invoice. Accordingly, sales to Dedicated Customers are predominantly linked to U.S. dollars.

A significant portion of Colbún Transmisión's operating costs, including contracts for pest control services and substation security, among others, are incurred in Chilean *pesos*.

Loans with related parties

As of June 30, 2021, Colbún Transmisión's loans with related parties totaled U.S.\$15.2 million. The full amount of these loans is expected to be repaid upon the consummation of the Acquisition. See "Certain Relationships and Related Party Transactions."

Description of Statement of Comprehensive Income

Revenue

Colbún Transmisión's revenue is derived from (i) revenue from regulated tariffs established in Tariff and Project Decrees for the operation of transmission lines in the Regulated System, and (ii) revenue from unregulated tariffs established in Dedicated Contracts for the operation of transmission lines in the Unregulated System.

Raw materials and consumables used

Colbún Transmisión's principal costs (or raw materials) are accrued by operation, maintenance and administrative services provided by third parties on a regular basis under an established schedule. These long-term contracts cover all O&M and SG&A activities under a fixed price and in line with the functional currency of the business' income stream.

Depreciation and amortization expense

Depreciation and amortization expense consists of accounting charges derived from the linear depreciation of tangible assets based upon the number of years of its useful lifespan, according to IFRS criteria.

Other expenses, by nature

Other expenses, by nature consists of miscellaneous expenses incurred in the normal course of business that do not meet the criteria of cost items associated with O&M or SG&A activities.

Foreign currency translation differences

Foreign currency translation differences are generated from currency fluctuation with respect to assets, liabilities, revenue and expenses denominated in currencies other than the U.S. dollar, which is Colbún Transmisión's functional currency.

Income tax expense

Income tax expense consists of the amount of current income taxes incurred for the period, as well as deferred tax expense reflected in accordance with accounting regulation IAS 12.

Critical Accounting Policies

Critical accounting policies are those that are most important to the portrayal of Colbún Transmisión's financial condition, results of operations and cash flows, and require management to make judgments, assumptions and estimates about matters that are inherently uncertain or where judgments, assumptions and estimates are significant. Colbún Transmisión's management bases its estimates on historical experience and other assumptions that it believes are reasonable based upon information available to Colbún Transmisión at the time that these judgments, assumptions and estimates are made. Colbún Transmisión continually evaluates its judgments, assumptions and estimates. Colbún Transmisión's actual results may differ from the judgments, assumptions and estimates made by Colbún Transmisión's management. To the extent that there are material differences between these judgments, assumptions and estimates (on the one hand) and actual results (on the other hand), Colbún Transmisión's future financial statement presentation, financial condition, results of operation and cash flows may be affected.

The following are certain key judgments that management has made in the process of applying Colbún Transmisión's accounting policies that have or may have the most significant effect on the amounts recognized in Colbún Transmisión's Financial Statements. See Note 5 to Colbún Transmisión's Financial Statements, included elsewhere in this offering memorandum.

Calculation of depreciation and amortization, and estimation of the related useful lives

Both property plant and equipment and intangible assets with finite useful lives are depreciated and amortized on a straight-line basis over the estimated useful lives of the assets. Useful lives have been estimated and determined considering technical aspects, the nature of the asset and the conditions of the assets. Estimated useful lives as of June 30, 2021, are as follows:

	Useful Life	(years)	Average Life
Construction of Property, Plant and Equipment	10-50		32
Right-of-Use over Vehicles.....	3		3

Intangible assets with indefinite useful lives relate to easements. Estimated useful lives as of June 30, 2021, are as follows:

	Useful Life	(years)	Average Life
Easements	9		7

Useful lives of intangible assets other than goodwill (with indefinite useful lives)

Colbún Transmisión analyzed the useful lives of intangible assets, which mainly relate to easements, and concluded there is no foreseeable time limit in which the asset would generate net cash inflows. For these intangible assets, the Company determined that their useful lives are indefinite.

Impairment of non-financial assets (tangible and intangible assets other than goodwill, excluding the goodwill)

At the closing date of each year, or at any date as deemed necessary, the value of assets is assessed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the amount of any impairment. For identifiable assets that do not generate cash flows independently, the recoverability of the cash-generating unit ("CGU") to which the asset belongs is estimated. For these purposes, the Company determined that all its assets comprise a single CGU.

For CGUs assigned to intangible assets with a finite useful life, the recoverability analysis is conducted systematically at the reporting date, or at any date deemed necessary, except if considered that calculations of a CGU's recoverable amount from the prior period may be used for verifying the amount of the impairment of such unit at the current period.

The recoverable amount is the greater of the market value less cost to sell and value in use, which is the present value of future estimated cash flows. For calculating the recoverable amount of tangible and intangible assets, Colbún Transmisión uses the value in use criterion.

To estimate the value in use, Colbún Transmisión prepares its estimate of future pre-tax cash flows based on the most recent budgets approved by its management. These budgets include the best estimates available on the income and costs of the cash-generating units, using the best available information, such as experience and future expectations. Such cash flows are discounted to calculate their current amount at a pre-tax rate which considers the capital cost of the business in which it operates. Their calculation considers the current cost of money and risk premiums generally used for business purposes. In the event the recoverable amount is less than the asset's carrying amount, the related allowance for impairment losses is recognized as "Other gains (losses)" in the statement of comprehensive income. Impairment losses recognized in an asset in prior years will be reversed if there has been a change in the estimations on their recoverable amount increasing the value of the asset with a credit to profit or loss with the limit of the carrying amount that the asset would have had if the unwinding had not been conducted.

As of June 30, 2021, Colbún Transmisión considers there was no carrying amount impairment of tangible and intangible assets related to the CGU defined by Colbún Transmisión.

Results of Operations

For the Six-Month Period Ended June 30, 2021 Compared to the Six-Month Period Ended June 30, 2020

The following table shows Colbún Transmisión's results of operations for the six-month period ended June 30, 2021 compared to the six-month period ended June 30, 2020:

	For the Six-Month Period ended June 30,		Variation	
	2021	2020	2021 vs. 2020	
	(thousands of U.S.\$, except percentages)			
Revenue	26,464	44,024	(17,560)	(39.9)%
Raw materials and consumables used	(5,614)	(6,804)	1,190	(17.5)%
Depreciation and amortization expense.....	(5,580)	(5,440)	(140)	2.6%
Other expenses, by nature	(383)	(382)	(1)	0.3%
Other gains (losses).....	231	(69)	300	n.m. ⁽¹⁾
Profit from operations	15,118	31,329	(16,211)	(51.7)%
Finance income	4	88	(84)	(95.5)%
Finance costs	(176)	(17)	(159)	935.3%
Foreign currency translation differences	21	(1,148)	1,169	n.m. ⁽¹⁾
Profit before income taxes	14,967	30,252	(15,285)	(50.5)%
Income tax expense	(4,061)	(8,182)	4,121	(50.4)%
Profit from continuing operations	10,906	22,070	(11,164)	(50.6)%
Net profit for the period.....	10,906	22,070	(11,164)	(50.6)%

(1) Not meaningful.

Revenue

Colbún Transmisión's revenue decreased by U.S.\$17.6 million, or 39.9%, to U.S.\$26.5 million for the six-month period ended June 30, 2021 compared to U.S.\$44.0 million for the corresponding period of 2020. This decrease was primarily due to (i) accounting adjustments and the recording of provisions to reflect the effects of expected reimbursements to clients as a result of regulatory changes in the tariff rates, and (ii) to a lesser degree, the non-recurring effect of U.S.\$1.1 million in asset reclassifications that resulted in lower tariffs and, consequently, a corresponding reduction in revenue during the first quarter of 2021.

Raw materials and consumables used

Colbún Transmisión's costs decreased by U.S.\$1.2 million, or 17.5%, to U.S.\$5.6 million for the six-month period ended June 30, 2021 compared to U.S.\$6.8 million in the corresponding period of 2020. This decrease

reflects the non-recurring effect of expenses associated with the settlement of maintenance contracts with Transelec and Cobra Chile Servicios S.A. for services provided in 2020.

Depreciation and amortization expense

Colbún Transmisión did not experience a material variation in depreciation and amortization expense, which increased by U.S.\$0.1 million, or 2.6%, to U.S.\$5.6 million for the six-month period ended June 30, 2021 compared to U.S.\$5.4 million in the corresponding period of 2020.

Other expenses, by nature

Colbún Transmisión's other expenses, by nature, remained stable at U.S.\$0.4 million for the six-month period ended June 30, 2021, as compared to the corresponding period of 2020.

Other gains (losses)

Colbún Transmisión's other gains totaled U.S.\$0.2 million for the six-month period ended June 30, 2021, as compared to other losses of U.S.\$0.07 million in the corresponding period of 2020.

Profit from operations

For the reasons set forth above, Colbún Transmisión's profit from operations decreased by U.S.\$16.2 million, or 51.7%, to U.S.\$15.1 million for the six-month period ended June 30, 2021 compared to U.S.\$31.3 million in the corresponding period of 2020.

Finance income

Colbún Transmisión's finance income remained stable, as Colbún Transmisión recorded finance income of U.S.\$0.004 million in the six-month period ended June 30, 2021 compared to U.S.\$0.088 million for the corresponding period of 2020.

Finance costs

Colbún Transmisión's finance costs increased by U.S.\$0.2 million to U.S.\$0.2 million in the six-month period ended June 30, 2021, as compared to U.S.\$0.02 million for the corresponding period of 2020.

Foreign currency translation differences

Colbún Transmisión recorded foreign currency translation gain of U.S.\$0.02 million for the six-month period ended June 30, 2021, as compared to foreign currency translation loss of U.S.\$1.1 million in the corresponding period of 2020. This variation was primarily due to currency exchange fluctuations, with the U.S. dollar appreciating 11% as compared to Chilean *pesos* between June 30, 2020 and June 30, 2021.

Profit (loss) before income taxes

For the reasons set forth above, Colbún Transmisión's profit before income taxes decreased by U.S.\$15.3 million, or 50.5%, to U.S.\$15.0 million for the six-month period ended June 30, 2021 compared to U.S.\$30.3 million in the corresponding period of 2020.

Income tax expense

Colbún Transmisión's income tax expense decreased by U.S.\$4.1 million, or 50.4%, to U.S.\$4.1 million for the six-month period ended June 30, 2021 compared to U.S.\$8.2 million in the corresponding period of 2020. This decrease was primarily due to the variation in loss discussed above.

Net profit for the period

For the reasons set forth above, Colbún Transmisión's net profit for the period decreased by U.S.\$11.2 million, or 50.6%, to U.S.\$10.9 million for the six-month period ended June 30, 2021 compared to U.S.\$22.1 million in the corresponding period of 2020.

For the Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The following table shows Colbún Transmisión's results of operations for the year ended December 31, 2020 compared to the year ended December 31, 2019:

	For the Year Ended December 31,		Variation	
	2020	2019	2020 vs. 2019	
	(thousands of U.S.\$, except percentages)			
Revenue	80,218	83,424	(3,206)	(3.8)%
Raw materials and consumables used	(12,283)	(10,202)	(2,081)	20.4%
Depreciation and amortization expense.....	(11,047)	(11,057)	10	(0.1)%
Other expenses, by nature	(1,006)	(959)	(47)	4.9%
Other gains (losses)	(879)	(382)	(497)	130.1%
Profit from operations	55,003	60,824	(5,821)	(9.6)%
Finance income	94	27	67	248.1%
Finance costs	(110)	(20)	(90)	450.0%
Foreign currency translation differences	2,439	(858)	3,297	n.m. ⁽¹⁾
Profit before income taxes	57,426	59,973	(2,547)	(4.2)%
Income tax expense	(15,519)	(16,338)	819	(5.0)%
Profit from continuing operations	41,907	43,635	(1,728)	(4.0)%
Net profit for the period.....	41,907	43,635	(1,728)	(4.0)%

(1) Not meaningful

Revenue

Colbún Transmisión's revenue decreased by U.S.\$3.2 million, or 3.8%, to U.S.\$80.2 million for the year ended December 31, 2020 compared to U.S.\$83.4 million in the year ended December 31, 2019. This decrease was primarily due to: (i) an increase in certain accounting provisions in anticipation of the reduction of the discount rate from 10% before taxes to 7% after taxes applicable for tariffs starting from January 1, 2020, which will be implemented retroactively upon the conclusion of the Ongoing Tariff Review Process; and (ii) a reduction in the tariffs received from assets that were reclassified from the National and Zonal Transmission Systems to the Dedicated Transmission System, as announced by the Chilean regulator in 2019 and applied in 2020.

Raw material and consumables used

Colbún Transmisión's costs increased by U.S.\$2.1 million, or 20.4%, to U.S.\$12.3 million for the year ended December 31, 2020 compared to U.S.\$10.2 million for the year ended December 31, 2019. This increase was primarily due to (i) an increase in operating costs as a result of costs associated with back-office services and maintenance in connection with the transfer of certain assets from Colbún to Colbún Transmisión, and (ii) an upward adjustment of costs paid by Colbún Transmisión to Colbún in connection with certain back-office contracts of 2019 that had not been accounted for in that year.

Depreciation and amortization expense

Colbún Transmisión's depreciation and amortization expense remained stable, with a 0.1% decrease, to U.S.\$11.0 million for the year ended December 31, 2020 compared to U.S.\$11.1 million for the year ended December 31, 2019.

Other expenses, by nature

Colbún Transmisión's other expenses, by nature remained stable at U.S.\$1.0 million for the year ended December 31, 2020, as compared to the year ended December 31, 2019.

Other gains (losses)

Colbún Transmisión experienced losses of U.S.\$0.9 million for the year ended December 31, 2020, as compared to U.S.\$0.4 million for the year ended December 31, 2019.

Profit from operations

For the reasons set forth above, Colbún Transmisión's profit from operations decreased by U.S.\$5.8 million, or 9.6%, to U.S.\$55.0 million for the year ended December 31, 2020 compared to U.S.\$60.8 million for the year ended December 31, 2019.

Finance income

Colbún Transmisión's finance income remained relatively stable, at U.S.\$0.1 million for the year ended December 31, 2020 compared to U.S.\$0.03 million for the year ended December 31, 2019.

Finance costs

Colbún Transmisión finance costs remained relatively stable, at U.S.\$0.1 million for the year ended December 31, 2020 compared to U.S.\$0.02 million for the year ended December 31, 2019.

Foreign currency translation differences

Colbún Transmisión recorded gains in foreign currency translation differences of U.S.\$2.4 million for the year ended December 31, 2020 compared to foreign currency translation differences losses of U.S.\$0.9 million for the year ended December 31, 2019. This variation was primarily due to the positive effect of a 5% appreciation of the U.S. dollar as compared to the Chilean *peso* on our assets in local currency during 2020, compared to a negative impact in 2019.

Profit (loss) before income taxes

For the reasons set forth above, Colbún Transmisión's profit before income taxes decreased by U.S.\$2.5 million, or 4.2%, to U.S.\$57.4 million for the year ended December 31, 2020 compared to U.S.\$60.0 million for the year ended December 31, 2019.

Income tax expense

Colbún Transmisión's income tax expense decreased by U.S.\$0.8 million, or 5.0%, to U.S.\$15.5 million for the year ended December 31, 2020 compared to U.S.\$16.3 million for the year ended December 31, 2019. This decrease was primarily due to the decrease in profit before income taxes in 2020, as compared to 2019.

Net profit for the period

For the reasons set forth above, Colbún Transmisión's net profit for the period decreased by U.S.\$1.7 million, or 4.0%, to U.S.\$41.9 million for the year ended December 31, 2020 compared to U.S.\$43.6 million the year ended December 31, 2019.

For the Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The following table shows Colbún Transmisión's results of operations for the year ended December 31, 2019 compared to the year ended December 31, 2018:

	For the Year Ended December 31,		Variation	
	2019	2018	2019 vs. 2018	
		(thousands of U.S.\$, except percentages)		
Revenue	83,424	40,060	43,364	108.2%
Raw materials and consumables used	(10,202)	(9,789)	(413)	4.2%
Depreciation and amortization expense.....	(11,057)	(8,411)	(2,646)	31.5%
Other expenses, by nature	(959)	(527)	(432)	82.0%
Other gains (losses)	(382)	9	(391)	n.m. ⁽¹⁾
Profit from operations	60,824	21,342	39,482	185.0%
Finance income	27	—	27	n.m. ⁽¹⁾
Finance costs	(20)	(2)	(18)	900.0%
Foreign currency translation differences	(858)	(91)	(767)	842.9%
Profit before income taxes	59,973	21,249	38,724	182.2%
Income tax expense	(16,338)	(5,740)	(10,598)	184.6%
Profit from continuing operations	43,635	15,509	28,126	181.4%
Net profit for the period.....	43,635	15,509	28,126	181.4%

(1) Not meaningful.

Revenue

Colbún Transmisión's revenue increased by U.S.\$43.4 million, or 108.2%, to U.S.\$83.4 million for the year ended December 31, 2019 compared to U.S.\$40.1 million for the year ended December 31, 2018. This increase was primarily due to (i) tariff revenues from assets that were transferred from Colbún to Colbún Transmisión's portfolio, and (ii) to a lesser degree, regulatory changes pursuant to Decree 6T of the Ministry of Energy, dated June 17, 2019 (*Decreto 6T*), which resulted in higher tariffs for our regulated assets in the National and Zonal Transmission Systems.

Raw material and consumables used

Colbún Transmisión's costs increased by U.S.\$0.4 million, or 4.2%, to U.S.\$10.2 million for the year ended December 31, 2019 compared to U.S.\$9.8 million for the year ended December 31, 2018. This increase was primarily due to (i) an increase in operating costs as a result of costs associated with back-office and maintenance in connection with the transfer of certain assets from Colbún to Colbún Transmisión, and (ii) an upward adjustment of costs paid by Colbún Transmisión to Colbún in connection with certain back-office contracts that corresponded to the year 2018.

Depreciation and amortization expense

Colbún Transmisión's depreciation and amortization expense increased by U.S.\$2.6 million, or 31.5%, to U.S.\$11.1 million for the year ended December 31, 2019 compared to U.S.\$8.4 million for the year ended December 31, 2018. This increase was primarily due to the incorporation of assets formerly on the statement of financial position of Colbún, which were transferred to Colbún Transmisión in 2018 and 2019.

Other expenses, by nature

Colbún Transmisión's other expenses, by nature increased by U.S.\$0.4 million, 82.0%, to U.S.\$1.0 million for the year ended December 31, 2019 compared to U.S.\$0.5 million for the year ended December 31, 2018. This increase was primarily due to increases in back-office contract expenses caused by the progressive incorporation of the abovementioned assets from Colbún's to Colbún Transmisión's statement of financial position.

Other gains (losses)

Colbún Transmisión's other losses were U.S.\$0.4 million for the year ended December 31, 2019, as compared to U.S.\$0.01 million for the year ended December 31, 2018.

Profit from operations

For the reasons set forth above, Colbún Transmisión's profit from operations increased by U.S.\$39.5 million, or 185.0%, to U.S.\$60.8 million for the year ended December 31, 2019 compared to U.S.\$21.3 million for the year ended December 31, 2018.

Finance income

Colbún Transmisión's finance income increased to U.S.\$27 thousand in the year ended December 31, 2019 compared to null in the year ended December 31, 2018.

Finance costs

Colbún Transmisión's finance costs increased to U.S.\$20 thousand for the year ended December 31, 2019 compared to null for the year ended December 31, 2018.

Foreign currency translation differences

Colbún Transmisión's foreign currency translation differences losses increased by U.S.\$0.8 million, 842.9%, to U.S.\$90 thousand for the year ended December 31, 2019 compared to U.S.\$0.1 million for the year ended December 31, 2018. This increase was primarily due to the negative effect of the variation in the exchange rate of *pesos* as compared to U.S. dollars in 2019, as a result of 8% depreciation of the U.S. dollar as compared to the Chilean *peso* between 2018 and 2019. To a lesser degree, the transfer of assets also increased revenue, which increased the amount of average cash and, consequently, enhanced the effects of the U.S. dollar devaluation when compared to the previous year.

Profit (loss) before income taxes

For the reasons set forth above, Colbún Transmisión's profit before income taxes increased by U.S.\$38.7 million, or 182.2%, to U.S.\$60.0 million for the year ended December 31, 2019 compared to U.S.\$21.2 million for the year ended December 31, 2018.

Income tax expense

Colbún Transmisión's income tax expense increased by U.S.\$10.6 million, or 184.6%, to U.S.\$16.3 million for the year ended December 31, 2019 compared to U.S.\$5.7 million for the year ended December 31, 2018. This increase was primarily due to an increase in profit before income taxes.

Net profit for the period

For the reasons set forth above, Colbún Transmisión's net profit for the period increased by U.S.\$28.1 million, or 181.4%, to U.S.\$43.6 million for the year ended December 31, 2019 compared to U.S.\$15.5 million the year ended December 31, 2018.

Liquidity and Capital Resources

Overview

Colbún Transmisión currently finances most of its liquidity needs through earnings, operating cash flows and borrowings from related parties. We expect to apply a portion of the net proceeds from the sale of the Notes to repay all outstanding amounts under borrowings from related parties of Colbún Transmisión. See "Use of Proceeds." Following repayment of the borrowings from related parties, our main source of liquidity will be cash obtained from operations.

Colbún Transmisión's principal capital needs are for working capital, capital expenditures related to maintenance, potential mandatory expansions and debt service following the issuance of the Notes. Colbún Transmisión's ability to fund its capital needs depends on its ongoing ability to generate cash from operations and its access to the capital markets.

As of June 30, 2021 and December 31, 2020, 2019 and 2018, Colbún Transmisión had cash and cash equivalents of U.S.\$33.2 million, U.S.\$12.1 million, U.S.\$22.3 million and U.S.\$0.1 million, respectively.

As of June 30, 2021 and December 31, 2020, Colbún Transmisión had negative working capital of U.S.\$35.2 million and positive working capital of U.S.\$31.8 million, respectively. As of December 31, 2019 and 2018, Colbún Transmisión had negative working capital of U.S.\$11.0 million and U.S.\$33.9 million, respectively. The negative working capital as of June 30, 2021 is attributable to Colbún Transmisión's decision to make dividend payments to Colbún in an aggregate amount of U.S.\$74.9 million. As of the date of this offering memorandum, we believe that Colbún Transmisión's cash flows from its operating activities, coupled with potential future equity contributions from the Sponsors, as needed, will be sufficient to meet both Colbún Transmisión's short-term and long-term liquidity needs after the consummation of the Acquisition, in light of the trends and factors we consider to be most significant to Colbún Transmisión's business as highlighted above.

Cash flows

The following table sets forth our cash flow data for the periods indicated:

	For the Six-Month Period Ended June 30,		For the Year Ended December 31,		
	2021	2020	2020	2019	2018
	<i>(thousands of U.S.\$)</i>				
Net cash provided by operating activities.....	38,276	10,416	39,347	67,197	32,111
Net cash used in investing activities.....	(25,207)	(6,202)	(11,994)	(27,253)	(33,541)
Net cash provided by (used in) financing activities..	8,489	(8,918)	(36,290)	(21,083)	659
Effects of movements in exchange rates on cash and cash equivalents	(412)	(2,026)	(1,269)	3,377	189
Net Increase (decrease) in cash and cash equivalents.....	21,146	(6,730)	(10,206)	22,238	(582)

Net cash provided by operating activities

Colbún Transmisión's net cash provided by operating activities increased U.S.\$27.9 million, or 267.5%, to U.S.\$38.3 million for the six-month period ended June 30, 2021, from U.S.\$10.4 million in the corresponding period of 2020. This variation was mainly due to (i) a U.S.\$9.6 million reduction in the amount of income taxes paid in the six-month period ended June 30, 2021, compared to the corresponding period in 2020, as a result of a lower taxable base, and (ii) the receipt of U.S.\$14.5 million from Colbún between October 2020 and June 2021 in connection with certain accounts payable, the majority of which was paid in 2021.

Colbún Transmisión's net cash provided by operating activities decreased U.S.\$27.9 million, or 41.4%, to U.S.\$39.3 million for the year ended December 31, 2020, from U.S.\$67.2 million for the year ended December 31, 2019. This variation was mainly due to (i) a decrease in revenue and increased accounts receivable during 2020, due to a decrease in revenue from ordinary operations due to the reclassification of assets previously in the Zonal Transmission System to the Dedicated Transmission System, (ii) a one-time receipt by Colbún Transmisión in 2019 of a bilateral tariff collected as prepayment from Duquenco's generation company in connection with one of the Dedicated Contracts between Colbún Transmisión and Duquenco and (iii) changes in the timing of payments received by Colbún Transmisión pursuant to transitory provisions of the Chilean Transmission Law and the applicable CET.

Colbún Transmisión's net cash provided by operating activities increased U.S.\$35.1 million, or 109.3%, to U.S.\$67.2 million for the year ended December 31, 2019, from U.S.\$32.1 million for the year ended December 31, 2018. This increase was due to a transfer to Colbún Transmisión's statement of financial position of certain assets that were formerly in Colbún's statement of financial position due to an increase in revenue as a result of the

issuance of the Decree 6T, which came into force in January 2019 and modified the pricing applicable to Regulated System assets.

Net cash used in investing activities

Colbún Transmisión's net cash used in investing activities increased U.S.\$19.0 million, or 306.4%, to U.S.\$25.2 million for the six-month period ended June 30, 2021, from U.S.\$6.2 million for the corresponding period of 2020. This variation was mainly due to cash amounts used in connection with Colbún Transmisión's capital expenditures made in projects that were awarded in November 2020 by Decree No. 231 of the Ministry of Energy.

Colbún Transmisión's net cash used in investment activities decreased U.S.\$15.3 million, or 56.0%, to U.S.\$12.0 million for the year ended December 31, 2020, from U.S.\$27.3 million for the year ended December 31, 2019. This variation was mainly due to a decrease in payments made by Colbún Transmisión related to capital expenditures in connection with maintenance, mandatory expansion and other expansion projects.

Colbún Transmisión's net cash used in investment activities decreased U.S.\$6.3 million, or 18.7%, to U.S.\$27.3 million for the year ended December 31, 2019, from U.S.\$33.5 million for the year ended December 31, 2018. This variation was mainly due to a decrease in disbursements for works in progress during 2019 due to a decrease in disbursements made by Colbún to Colbún Transmisión for works in progress during 2019, due to a decrease in payments due by Colbún Transmisión related to the development of mandatory expansion capital expenditures.

Net cash provided by (used in) financing activities

Colbún Transmisión recorded net cash provided by financing activities of U.S.\$8.5 million for the six-month period ended June 30, 2021, compared to net cash used in financing activities of U.S.\$8.9 million for the corresponding period of 2020. This variation was mainly due to payments of related-party loans.

Colbún Transmisión's net cash used in financing activities increased U.S.\$15.2 million, or 72.1%, to U.S.\$36.3 million for the year ended December 31, 2020, from U.S.\$21.1 million for the year ended December 31, 2019. This variation was mainly due to an increase in dividends paid, which amounted to U.S.\$13 million in 2020, compared to no dividend payments in 2019.

Colbún Transmisión's net cash used in financing activities totaled U.S.\$21.1 million for the year ended December 31, 2019, compared to net cash provided by financing activities of U.S.\$0.7 million for the year ended December 31, 2018. This variation was mainly due to the repayment of the loans from related parties in 2019.

Capital Expenditures

Colbún Transmisión made capital expenditures of U.S.\$25.2 million, U.S.\$14.6 million, U.S.\$27.3 million and U.S.\$33.5 million for the six-month period ended June 30, 2021 and the years ended December 31 2020, 2019 and 2018, respectively. These capital expenditures mainly included expenditures related to expansion and maintenance projects.

Colbún Transmisión expects that its capital expenditures for 2021 will be related primarily to expansion and maintenance projects. For additional information about the expected remaining capital expenditures for 2021, see Appendix D of the Independent Engineer Report included elsewhere in this offering memorandum.

Contractual Obligations

The following is a summary of Colbún Transmisión's contractual obligations as of June 30, 2021, considering undiscounted cash flows of financial liabilities based on the earliest date on which Colbún Transmisión can be required to pay, including both interest and principal payments:

	Less than 1 year	1 - 2 years	3 - 5 years	More than 5 years	Total
			(thousands of U.S.\$)		
Dividends	75,887	—	—	—	75,887

Indebtedness

As of June 30, 2021, Colbún Transmisión did not have any indebtedness other than intercompany loans. As of June 30, 2021 and December 31, 2020, 2019 and 2018, Colbún Transmisión had related-party indebtedness of U.S.\$15.2 million, U.S.\$15.1 million, U.S.\$37.9 million and U.S.\$45.2 million, respectively.

Off-Balance Sheet Arrangements

As of the date of this offering memorandum, Colbún Transmisión did not have any off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of its business, Colbún Transmisión is subject to the following risks (1) currency exchange risk, (2) credit risk and (3) liquidity risk.

Colbún Transmisión's risk management policies were implemented to detect and analyze risks assessed by its management and to establish appropriate risk controls and limits, including the monitoring of risks and ensuring compliance with these limits. These risk management policies and systems are reviewed regularly to reflect changes in market conditions and operations. Colbún Transmisión utilizes management and training procedures and standards to create a disciplined and constructive system of controls in which Colbún personnel and third-party contractors are aware of their responsibilities and obligations.

Currency Exchange Risk

Colbún Transmisión's currency exchange risk is mainly due to currency variations as a result of: (1) cash held in accounts, costs and disbursements that are denominated in currencies other than U.S. dollars, its functional currency; and (2) accounting mismatch between assets and liabilities denominated in currencies other than the U.S. dollar.

Colbún Transmisión has most of its cash flows denominated directly or indexed to the U.S. dollar and has some exposure to cash flows in currencies other than the U.S. dollar. The exposure to mismatch of balance sheet accounts is limited considering that all accounts are kept in U.S. dollars, except for a minor portion of the company's cash.

Credit Risk

Colbún Transmisión may be exposed to credit risk derived from the possibility that a counterparty fails to comply with its contractual obligations and produces an economic or financial loss. Notwithstanding the foregoing, Colbún Transmisión's current counterparties are highly solvent; therefore, credit risk is limited and it is not applicable to perform a sensitivity analysis on this risk.

Colbún Transmisión's revenue are highly concentrated in a small number of major customers, as shown in the following table:

	For the Six-Month Period Ended June 30,		For the Year Ended December 31,		
	2021	2020	2020	2019	2018
	<i>(thousands of U.S.\$)</i>				
Colbún S.A.....	16,924	11,890	28,818	35,816	16,612
Corporación Nacional del Cobre Chile	5,069	5,858	8,793	15,731	3,835
Anglo American S.A.....	2,114	1,548	3,281	4,687	421
Others.....	2,357	24,728	39,326	27,190	19,192
Revenue.....	26,464	44,024	80,218	83,424	40,060

Liquidity Risks

Liquidity risk arises from the different needs for funds to meet investment commitments and business expenses, among others. The funds necessary to meet these cash flow outflows are obtained from the cash flows provided by Colbún Transmisión's ordinary activity with the backing of its parent company, which ensures sufficient funds to support the projected needs for a period of time. As a result, it is not applicable to perform a sensitivity analysis on this risk.

BUSINESS OVERVIEW

The Issuer

Alfa Desarrollo SpA is a newly formed stock corporation (*sociedad por acciones*) organized and existing under the laws of Chile. The Issuer was incorporated on March 17, 2021 solely to consummate the Acquisition, subsequently merge with Colbún Transmisión, subject to regulatory approval, and directly own Colbún Transmisión's transmission and substation assets. If such merger is consummated, the Issuer will be the surviving entity. See “—Recent Developments.” As of the date of this offering memorandum, the Issuer has not engaged in any activities and has no material assets or liabilities.

The Issuer is wholly-owned indirectly by Celeo Redes and certain investment funds managed by APG. APG owns 80% of our equity interest, and Celeo Redes owns the remaining 20% of our equity interest. Elecnor S.A., through its subsidiary Celeo Concesiones e Inversiones S.L., owns 51% of Celeo Redes' equity interest and APG owns the remaining 49%. See “—Our Sponsors and Principal Shareholders.”

In connection with the Acquisition, the Issuer will be required to modify its corporate structure from a stock corporation (*sociedad por acciones*) to a closely held stock corporation (*sociedad anónima cerrada*). This change, which would be effected through an amendment to the Issuer's bylaws, is one of the steps required to consummate the Permitted Merger and comply with the Chilean Electricity Law, which requires legal entities that own transmission assets in the Regulated System to be organized as closely held stock corporations (*sociedad anónima cerrada*). We expect this amendment to the Issuer's bylaws to be effective by the Acquisition Effective Date.

Overview of Colbún Transmisión

Colbún Transmisión at a Glance

As of the date of this offering memorandum, Colbún Transmisión is a closely-held corporation (*sociedad anónima cerrada*) duly organized and validly existing under the laws of Chile, incorporated by public deed on June 28, 2012. Colbún Transmisión's business focuses on the O&M of power transmission facilities in Chile. As of the date of this offering memorandum, Colbún Transmisión is one of the largest transmission companies in Chile, with 42 transmission lines that have a total length of 899 km and 27 substations throughout the SEN, which is Chile's largest power grid. As of the date of this offering memorandum, Colbún Transmisión's market share, measured based on the length of its transmission lines, was 4.2%. See “—Competition.”

The Colbún Transmisión portfolio is located in an area that is inhabited by 74% of the Chilean population, encompasses 66% of Chile's GDP and represents 57% of Chile's electricity consumption. Colbún Transmisión operates and maintains transmission assets within the National, Zonal and Dedicated Transmission Systems of the SEN.

Colbún Transmisión has two main sources of revenue: (i) tariff revenue as established in Tariff Decrees and Project Decrees for power transmission services of assets in the Regulated System; and (ii) tariff revenue as agreed in Dedicated Contracts with Dedicated Customers for the operation of its transmission lines in the Dedicated Transmission System, which contracts are subject to terms and conditions similar to the AVI and COMA calculation method used to calculate tariffs for assets in the Regulated System. We believe these two revenue sources generate stable cash flow over time. Colbún Transmisión's revenue depends on the availability of its transmission lines, not on electricity demand or price, transmission volume or its market share.

Both Regulated and Unregulated Consumers pay tariffs for transmission services provided by Colbún Transmisión's assets in the Regulated System. Regulated Consumers pay the tariff through electricity distribution companies, while Unregulated Consumers, such as industrial and mining companies, pay the tariff through their respective power suppliers. In contrast, tariffs for transmission services provided by Colbún Transmisión's assets in the Dedicated Transmission System are paid directly to Colbún Transmisión by the Dedicated Customers pursuant to the terms of the applicable Dedicated Contract.

As of June 30, 2021 and December 31, 2020, Colbún Transmisión had total assets of U.S.\$454.7 million and U.S.\$417.7 million, respectively. For these respective periods, 78% and 81% of total assets consisted of real estate property, plant and equipment. For the six-month period ended June 30, 2021, Colbún Transmisión's net profit and Adjusted EBITDA were U.S.\$10.9 million and U.S.\$20.7 million, respectively. For the years ended December 31, 2020 and 2019, Colbún Transmisión's net profit was U.S.\$41.9 million and U.S.\$43.6 million, respectively, and Colbún Transmisión's Adjusted EBITDA was U.S.\$66.1 million and U.S.\$71.9 million, respectively. As of June 30, 2021, Colbún Transmisión did not have any third-party financial indebtedness.

As of the date of this offering memorandum, Colbún Transmisión is a wholly-owned subsidiary of Colbún. Following the consummation of the Acquisition, Colbún Transmisión will become a subsidiary of the Issuer until the Permitted Merger, after which the Issuer will be the surviving entity.

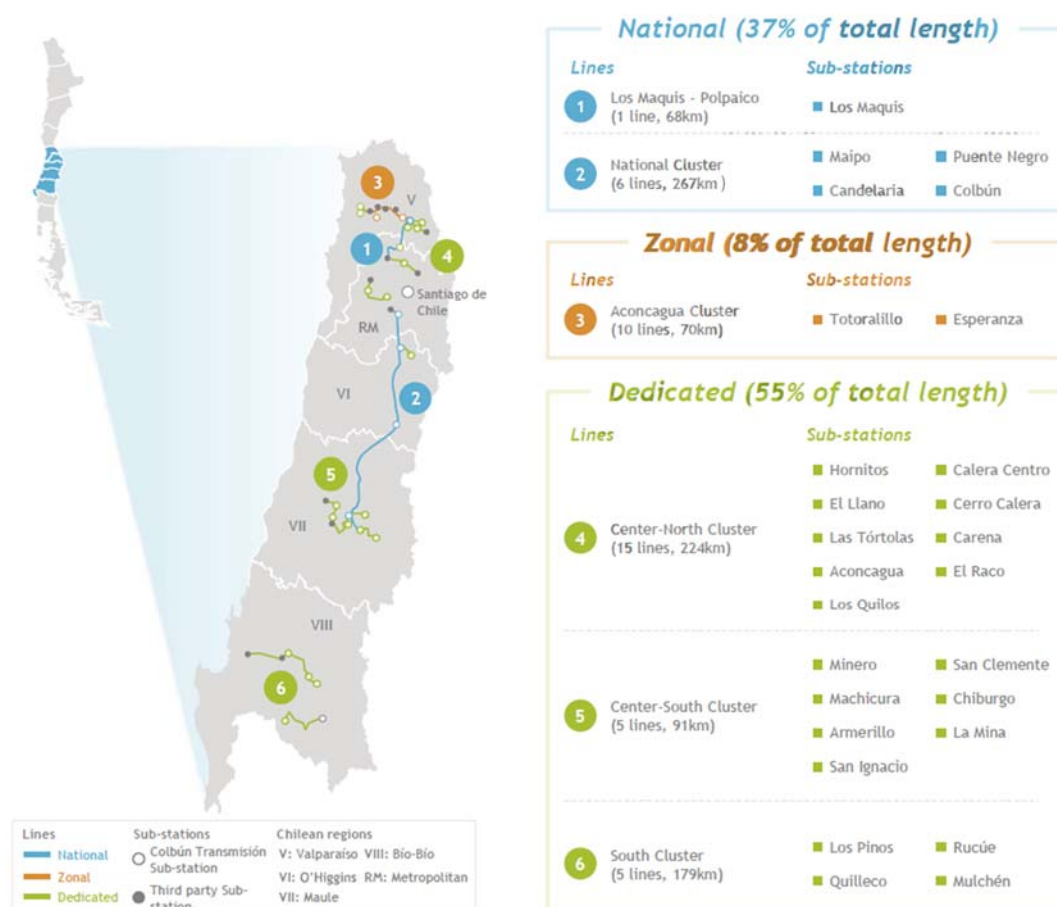
The Colbún Transmisión Portfolio

Colbún Transmisión's assets are located across the SEN's National, Zonal and Dedicated Transmission Systems, which provide a diversified and stable source of revenue. The transmission lines in the Regulated System serve Regulated Consumers, Unregulated Consumers and power generation companies through the National and Zonal Transmission Systems. The transmission assets in the National Transmission System consist of seven transmission lines with total length of 335 km and six substations, and the revenue for assets in this system accounted for 31%, 37% and 26% of Colbún Transmisión's total revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively. The transmission assets in the Zonal Transmission System consist of ten transmission lines with a total length of 70 km and two substations, and the revenue for assets in this system accounted for 3%, 4% and 10% of Colbún Transmisión's total revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively.

The transmission lines in the Unregulated System serve certain Unregulated Consumers and power generation companies that are a party to Dedicated Contracts through the Dedicated Transmission System. Colbún Transmisión's assets in the Dedicated Transmission System consist of 25 transmission lines, with a total of 494 km in length, and 19 substations. For the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, revenue from assets in the Dedicated Transmission System represented 66%, 59% and 64%, respectively, of Colbún Transmisión's total revenue.

Colbún Transmisión's principal counterparties in Dedicated Contracts include a variety of industrial clients and power generators, including Unregulated Consumers such as Anglo American, Codelco and generation companies, such as Colbún. As a result of this diversified base of counterparties, the Colbún Transmisión portfolio is subject to low concentration risk.

The map below sets forth the locations of Colbún Transmisión’s main assets as of the date of this offering memorandum.



The following table summarizes Colbún Transmisión’s assets per transmission system. For a detailed description, see “—Overview of Colbún Transmisión—Colbún Transmisión Portfolio.”

Transmission lines	Length (km)	% of total portfolio length
System		
National Transmission System	334.8	37.23%
Zonal Transmission System	70.1	7.79%
Dedicated Transmission System	494.4	54.98%
Total	899.3	100.00%
Substations	Number of Substations	% of total portfolio
System		
National Transmission System	6	22.22%
Zonal Transmission System	2	7.41%
Dedicated Transmission System	19	70.37%
Total	27	100.00%

The majority of Colbún Transmisión’s revenue is denominated in dollars and indexed to the U.S. CPI. Other revenues that are not dollar-denominated are indexed to a combination of the Chilean *peso*-U.S. dollar exchange rate and inflation in Chile. Based on the Financial Model, we estimate that, for the period from 2022 to 2024, on average 77% of the Free Cash Flow (as defined elsewhere in this offering memorandum) of the Colbún

Transmisión portfolio will be denominated in U.S. dollars, and the remaining 23% will be denominated in Chilean pesos.

In Chile, transmission assets, including those in the Colbún Transmisión portfolio, are privately owned and considered perpetual by nature, meaning the owner is entitled to benefit from the exploitation of such asset for as long as it owns such asset. The compensation for transmission services in the National and Zonal Transmission Systems is subject to a tariff review process that occurs every four years, except for new projects or upgrades, which are entitled to the VATT awarded in the relevant tender for an initial 20-year period, after which the quadriennial tariff setting process applies. New facilities under construction, which were awarded pursuant to the CNE's most recent tender of the Zonal Transmission System's expansion plan, are subject to revocation of the applicable Project Decree and termination by the CEN in the event of a material breach, with the Ministry of Energy's consent. For additional information, see "Risk Factors—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión expects to receive revenue pursuant to certain Project Decrees associated with new facilities in the Zonal Transmission Systems, and these Project Decrees may be revoked in case of material breaches."

Assets in the Dedicated Transmission System are also privately owned, and the transmission services are established in long-term private contracts with certain power generation companies and Unregulated Consumers from different industrial sectors, who would need to build alternative infrastructure to receive or transmit electricity if they decided to terminate or not renew their contracts with us. Tariffs for assets in the Regulated and Unregulated Systems depend on the availability of the transmission lines and not on energy demand or consumption. For additional information about the risks related to the potential termination of these services, see "Risk Factors—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión expects to receive revenue pursuant to certain Project Decrees associated with new facilities in the Zonal Transmission System, and these Project Decrees may be revoked in case of material breaches" and "Risk Factors—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión receives revenue pursuant to Dedicated Contracts, which may expire and not be renewed or may be terminated early in case of material breaches before the maturity of the Notes."

Assets in the Regulated System: National and Zonal Transmission Systems

The CNE determines the compensation for the operation of assets in the Regulated Systems based on the VATT. This compensation is calculated based on three components: (i) the AVI over a particular asset, (ii) the AEIR, and (iii) the COMA. AVI is an annual fee calculated by applying a discount rate to the VI of an asset in the Regulated System over the asset's technical useful life. COMA is calculated as the sum of the operation, maintenance and administrative costs for each transmission segment, and AEIR ensures the tariff received covers the income tax expense. The AVI, AEIR and COMA are adjusted monthly according to an indexation formula, with a component indexed to U.S. CPI and another component indexed to a combination of the Chilean peso-U.S. dollar exchange rate and inflation in Chile. For the existing assets in the Regulated System, the tariff is subject to review every four years. For new and mandatory expansion projects, the tariff is set for an initial 20-year period, with subsequent adjustments every four years thereafter. In the case of Colbún Transmisión, this 20-year period tariff will apply for expansions that are underway as of the date of this offering memorandum and any future mandatory expansion projects. After the Acquisition, we do not intend to bid for new construction projects in the transmission sector.

The respective VATTs of the transmission lines and substations operating in the Regulated System are determined by the CNE based on evaluation studies of the transmission systems by a consultant chosen through an international public tender. The VI used to determine a project's AVI is based on the CNE's estimation of what the cost to develop and construct an identical new project at that time would be, while allowing real post-tax return on the investment value of the project of between 7% and 10% after taxes. The return level is determined by the CNE every four years. As of the date of this offering memorandum, the discount rate used to calculate AVI is equal to 10% before taxes. In 2019, the CNE announced a discount rate of 7% after taxes for the 2020-2023 tariff period, which will be implemented retroactively upon the conclusion of the Ongoing Tariff Review Process.

As of the date of this offering memorandum, the CNE is reviewing the applicable tariffs for the 2020-2023 tariff period with a panel of technical experts, which is expected to be completed by the end of 2021, and this new

tariff will be applied retroactively from January 1, 2020 once the review process is completed. Pending conclusion of the Ongoing Tariff Review Process, transmission companies continue invoicing under the previous tariff structure, and they may be required to make Tariff Reimbursements, based on the new tariff, once this process is completed. Following the conclusion of this process, the values of the different components used to calculate the VATT and tariffs applicable to the relevant facilities (including VI, AVI, COMA and indexation formulas, among others) may differ from the values currently in place, which would result in corresponding changes in the tariffs due to Colbún Transmisión.

According to the CNE Valuation Report, the reference VI for Colbún Transmisión's operating assets (excluding expansions in operation), including lines, substations and easements, in the Regulated System is U.S.\$159.2 million, and the VATT payments in connection with these assets totals U.S.\$16.7 million. The Financial Model presents information and forecasts considering the figures contained in the CNE Valuation Report, which is the most recent report available as of the date of this offering memorandum and which is subject to change based on the outcome of the Ongoing Tariff Review Process. The amounts of the tariff components presented in the CNE Valuation Report are lower than the tariff components established in the previous tariff period, and we expect that the revised tariffs established upon the conclusion of the Ongoing Tariff Review Process will be lower than the tariffs established in the previous tariff period. In the event that the revised tariffs are lower, we expect that Colbún Transmisión will be required to make Tariff Reimbursements. See "Risk Factors—Risks Related to Colbún Transmisión's Business and Industry—Changes in the valuation of Colbún Transmisión's existing facilities in the National or Zonal Transmission Systems could negatively alter its return on investments." and "Third-Party Financial Projections."

In addition, previously energy generation companies would pay transmission companies for the use of the Regulated System. The Chilean Transmission Law modified this regime so that end customers now pay transmission fees in their entirety, while distribution companies and power generation companies have the obligation to collect and transfer the tariffs from these end customers and distribute such payments to the transmission companies.

For assets operating in the National Transmission System, the Chilean Transmission Law established a transition period between 2019 and 2034 to gradually replace the former compensation and payment systems with this new payment regime. Since 2019, generation companies and end customers have agreed to accelerate adoption of the new payment systems, and regulated tariffs for assets in the National Transmission System have been paid by end customers through mandatory flat rates that the CNE sets semi-annually in a technical report. For assets in the Zonal Transmission System, the new regime was implemented in 2018 through a single zonal transmission charge due by end customers to transmission companies. The changes in the compensation and payment system are not expected to affect the amount of payments due to transmission companies.

National Transmission System

Colbún Transmisión's assets in the National Transmission System are located between the regions of Valparaíso and Maule, in central Chile. These assets represented 37%, 37% and 36% of Colbún Transmisión's total length and contributed to 31%, 37% and 26% of its revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively. The longest line in the National Transmission System is the Puente Negro-Colbún line (220 kV), with a total length of 128 km.

Colbún Transmisión has the following assets under the National Transmission System:

National Transmission Lines	Voltage (kV)	Length (km)	% of the Portfolio Length	COD year
Los Maquis—Polpaico	220	67.8	7.54%	2004
A. Jahuel—Maipo #1	220	0.4	0.04%	1997
A. Jahuel—Maipo #2	220	0.4	0.04%	2009
Maipo—Candelaria	220	48.7	5.42%	1997
Candelaria—Puente Negro	220	89.6	9.96%	2018
Puente Negro—Colbún	220	127.6	14.19%	2018
Colbún—Ancoa.....	22-	0.3	0.03%	2013

National Substation	Voltage (kV)	Rating (MVA)	COD year	Number of Bays
Los Maquis.....	220	120	2004	13
Colbún.....	220	25	1997	11
Maipo.....	220	60	1997	12
Mulchén.....	220	—	2013	8
Candelaria.....	220	—	2002	14
Puente Negro.....	220	—	2018	12

Zonal Transmission System

All of Colbún Transmisión's lines in the Zonal Transmission System are in the Valparaíso region, the longest one of which is the 20.5 km Chagres-San Felipe line. These assets represent 8%, 8% and 7% of Colbún Transmisión's total length and contributed to 3%, 4% and 10% of its revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively.

Colbún Transmisión has the following assets under the Zonal Transmission System:

Zonal Transmission Lines	Voltage (kV)	Length (km)	% of the Portfolio Length	COD year
Esperanza—Las Vegas.....	110	1	0.11%	1993
Esperanza—Tap Chagres.....	110	8.4	0.93%	1993
Tap Chagres—Tap San Felipe.....	66	20.5	2.28%	1993
Tap San Felipe—Tap San Rafael.....	110	14.9	1.66%	1993
Tap San Rafael—Tap Tortalillo.....	110	12.4	1.38%	1993
Tap Tortalillo—Tap Los Maquis.....	110	9.2	1.02%	1993
Los Maquis—Tap Los Maquis.....	110	0.3	0.03%	1993
Tortalillo—Tap Tortalillo.....	110	0.8	0.09%	1993
San Rafael—Tap San Rafael.....	110	2.2	0.24%	1993
Tap Chagres—Chagres.....	110	0.4	0.04%	1993

Zonal Substation	Voltage (kV)	Rating (MVA)	COD year	Number of Bays
Esperanza.....	110	30	1983	6
Tortalillo.....	110	—	2002	3

Assets in the Unregulated System: Dedicated Transmission System

Revenue from the use of facilities belonging to the Dedicated Transmission System is based on the contractual terms contained in the transmission agreements between Colbún Transmisión and its respective counterparties. Usually, the price is established by the sum of the AVI and the COMA, as mutually agreed by the parties. Most of Colbún Transmisión's contracts have a U.S. dollar-denominated fixed tariff and are indexed to the U.S. CPI during the contractual period. In certain contracts, the COMA is indexed based on the Chilean pesos-to-U.S. dollar exchange rate. Revenue from assets in this system is considered highly stable because, without the existing contracts with Colbún Transmisión, the counterparties would need to build alternative infrastructure to receive or transmit electricity. In addition, generation and industrial facilities served by Colbún Transmisión have long-term useful life, which indicates that they require long-term interconnection and transmission services. Although most of Colbún Transmisión's Dedicated Contracts are expected to expire before the maturity of the Notes, we believe these counterparties are likely to renew these Dedicated Contracts prior to their expiration because of the high investment costs of building alternative infrastructure, as well as the lengthy regulatory and environmental approval process related to building new transmission lines in Chile. However, we cannot assure you that any Dedicated Contracts will be renewed. For more information, see "Risk Factors—Risks Related to Colbún Transmisión's Business and Industry—Colbún Transmisión receives revenue pursuant to Dedicated Contracts, which may expire and not be renewed or may be terminated early in case of material breaches before the maturity of the Notes." We intend to work closely with our counterparties and provide quality services with the

goal of continuing to service our customers and renew such Dedicated Contracts throughout the useful life of our counterparties' assets.

Dedicated Transmission System

Colbún Transmisión's assets in the Dedicated Transmission System consist of 25 transmission lines, with a total of 494 km in length, and 19 substations, all of which are operational. This system represented 66%, 59% and 64% of Colbún Transmisión's total revenue for the six-month period ended June 30, 2021 and the years ended December 31, 2020 and 2019, respectively. Of these assets, 11 transmission lines with a total of 342 km in length and 11 substations transmit electricity from Colbún's generation facilities. The assets in the Dedicated Transmission System are located in the region of Valparaíso, Santiago, Maule, O'Higgins and Bio-Bio in Chile. Through its portfolio assets, Colbún Transmisión transmits energy from several of Colbún's generation assets to the interconnected system and transmits energy to important industrial clients in the mining, cement, and paper mill sectors, including Anglo American, Codelco and CMPC.

Colbún Transmisión has the following assets under the Dedicated Transmission System:

Dedicated Transmission Lines	Voltage (kV)	Length (km)	% of the Portfolio Length	COD year
Esperanza—Calera Centro—Cerro Calera	66	26.5	2.95%	1983/1987
Los Maquis—Hornitos	220	21.1	2.35%	2007
Tap Los Maquis—Aconcagua	110	12	1.33%	1993
Los Maquis—Los Quilos—Aconcagua— Saladillo	110	20.2	2.25%	1978/1993/2004
Polpaico—Las Tórtolas—Maitenes	220	62.8	6.98%	2000
Carena—Lo Prado	44	10.7	1.19%	1950
Carena—El Raco (CMPC)	44	42.5	4.73%	1950
Candelaria—Minero	220	17	1.89%	2002
Colbún—Machicura	220	7.7	0.86%	1985
Colbún—Procart (Planta Maule)	220	34.2	3.80%	1997
San Ignacio—Tap San Clemente—Talca	66	24.7	2.75%	1996
Armerillo—La Mina	66	24.8	2.76%	2017
Colbún—Chiburgo—San Clemente	66	10.9	1.21%	2010
Santa María—Charrúa—Quilleco - Rucúe	220	136.4	15.17%	1998/1998/2010
Los Pinos—Charrúa	220	0.7	0.08%	2008
Angostura—Mulchén	220	41.6	4.63%	2013
Candelaria—Candelaria Plant	220	0.1	0.01%	2005
Rucúe—Rucúe Plant	—	0.1	0.01%	1998
Quilleco—Quilleco Plant	—	0.1	0.01%	2007
Machicura—Machicura Plant	—	0.1	0.01%	1985
Colbún—Colbún Plant	—	0.1	0.01%	1985
Aconcagua—Aconcagua Plant	—	0.1	0.01%	1993

Dedicated Substation	Voltage (kV)	Rating (MVA)	COD year	Number of Bays
Cero Calera	110	30	1984	4
Los Quilos	110	40	1989	5
Aconcagua	110	40	1993	9
Las Tortolas	220	80	2011	9
Carena	44	—	1950	4
El Raco	44	—	1950	1
Minero	220	501	2002	19
Armerillo	220	70	2018	1
La Mina	66	—	2018	1
Machicura	220	—	1985	2
San Ignacio	66	—	1996	1
Rucúe	220	—	1998	7
Los Pinos	220	—	2009	1
Quilleco	220	—	2007	4
Hornitos	220	—	2008	1
El Llano	220	—	2007	2

Calera Centro	60	—	1982	7
Chiburgo.....	66	—	2007	3
San Clemente	66	—	2010	1

Colbún is among Colbún Transmisión's most important clients in the Dedicated Transmission System. Contracts to transmit energy from Colbún's generation facilities account for 36% of Colbún Transmisión's total revenue, as of December 31, 2020. Colbún Transmisión's contracts with Colbún are predominantly dollar-denominated and indexed to U.S. inflation. Most of these contracts are expected to expire in 2038 and be automatically renewed in cycles of five years. The revenue breakdown by generation technology is as follows:

- 62% of the revenue generated from Dedicated Contracts with Colbún is derived from hydro plants. We expect that, as intermittent renewable generation from solar and wind sources become more important and as a result of Chile's decarbonization plan, hydroelectric plants will have a crucial role in Chile's generation matrix. It is one of the few renewable energy resources that can be dispatched, making the renewal of these transmission contracts important for Colbún;
- 31% of the revenue generated from Dedicated Contracts with Colbún are derived from the Santa María coal plant. Notwithstanding the implementation of Chile's decarbonization plan, we do not expect this plant to be decommissioned before 2040. The Santa María coal plant commenced operations in 2012 and has commitments under power purchase agreements until 2044. Given the location of this transmission line, which is close to the city of Concepción and crossing areas with wind resource potential, we expect this line to be reclassified as a part of the National Transmission System in order to ensure a reliable energy supply to the Concepción area; and
- 7% of the revenue generated from contracts with Colbún is derived from gas-fueled peaked units. It is likely that contract extension considering back-up units will be critical sources of grid stability, given the further penetration of renewable energy.

The remaining Dedicated Contract clients are important mining and industrial companies, like Codelco, CMPC, Anglo American and Melon, and other energy generation companies that have hydroelectric plants. These clients have high electricity demand and lack access to alternative transmission lines. Most of these contracts are denominated in U.S. dollars and indexed to U.S. inflation, although the specific mechanics for indexation may vary from contract to contract. The terms of these contracts generally range from five to 30 years, with certain contracts expiring in 2060. See "Description of Certain Material Project Documents—Overview of Dedicated Contracts—Dedicated Contracts with Third Parties."

The following table summarizes Colbún Transmisión's main third-party Dedicated Contracts:

Counterparty	International Ratings (Moody's / S&P / Fitch) ⁽¹⁾	Notes / Strategic Value
Colbún.....	Baa2/BBB/BBB+	Important player in the energy generation market in Chile
Codelco	A3 / A / A-	Linked to Chile Sovereign / Long life mining operations, high electricity demand
Anglo American..	Baa2 / BBB / BBB	Parent Company Rating Baa2 / Required to comply with N – 1 condition
Melon	n.a.	Cement Business / Connected to only one transmission line
Duquenco	n.a.	Owned 50:50 by Energía Llaima (Chile) and Innergex (Canada) the latter rated BBB-. Innergex also owns 50% of Energía Llaima / Other lines would require additional infrastructure
Tinguiririca— Energía	n.a.	50:50 Pacific Hydro (China) and Statkraft – Statkraft is fully owned by Norway and is rated A-(S&P), BBB+(Fitch) while Pacific Hydro is owned by the State Power Investment Corporation, a Chinese state-owned company (A+/S&P, A1/Moody's) / Long-term contract
CMPC	Baa3 / BBB- / BBB-	Part of the Matte Group / Strategic Location
Rio Llequereo....	n.a.	n.a.

- (1) Ratings are limited in scope and reflect only the views of the rating agencies at the time the ratings are issued. There can be no assurance that the rating agencies will maintain the current ratings or outlooks, that a credit rating will remain in effect for any given period of time, or that a credit rating will not be withdrawn entirely by the credit rating agency. Any adverse change to the ratings of our counterparties could adversely affect us. See "Risk Factors—Risks Related to Chile—Any downgrading of Chile's debt credit rating for domestic and international debt or Colbún's and/or any dedicated counterparty's credit rating by international credit rating agencies"

may also affect our ratings, our business, our future financial performance, stockholders' equity and the value of our securities, and any downgrading of our credit ratings could increase our cost of funding and adversely affect our interest margins and results of operations."

Colbún Transmisión's Projects under Development

Colbún Transmisión has been awarded certain expansion projects under certain decrees. As of the date of this offering memorandum, Colbún Transmisión was executing mandatory capital expenditure expansions and developing projects awarded under Decree No. 231 of the Ministry of Energy. According to the Independent Engineer Report, the remaining capital expenditure amount of these projects and the maintenance capital expenditures, which encompasses Construction Costs (as defined elsewhere in this offering memorandum) and is expected to be executed by Celeo Redes after the consummation of the Acquisition, is expected to be U.S.\$68.9 million. After the consummation of the Acquisition, the corresponding amount will be funded by Construction Letters of Credit. See "Description of the Notes."

The following table summarizes the expansion projects awarded to Colbún Transmisión:

Description	Transmission System	Type	Expansion Decree
Puente Negro substation sectioning (P1)	National	T-Line	D158-15
Ancoa substation standardization (P2)	National	Substation	D373-16
Alto Jahuel Substation new switches (P3)	National	Substation	D158-15
Standardization in bays J3 and J10 in the Alto Jahuel substation (P4)	National	T-Line	D373-16
Candelaria substation standardization and a new series compensation in the Puente Negro substation (P5)	National	Substation	D373-16
Mulchén substation expansion (P6)	National	Substation	D422-17
Maipo substation expansion and configuration change (P7)	National	Substation	D373-16
Standardization J12 bay in the Polpaico substation and Los Maquis substation standardization (P8)	National	Substation	D373-16
Candelaria substation extension (P9)	National	Substation	D293-18
Mulchén extension and Charrúa—Temuco sectioning (P10)	National	T-Line	D171-20
Pirque substation sectioning (P11)	Zonal	Substation	D418-17
Aconcagua—Esperanza capacity increase (P12)	Zonal	T-Line	D293-18
Esperanza-Río Aconcagua capacity increase (P13)	Zonal	T-Line	D171-20
Las Vegas-Esperanza capacity increase (P14)	Zonal	T-Line	D171-20
La Higuera –Tinguiririca sectioning and connection to Puente Negro substation (P16)	Other	T-Line	Bilateral Contract
Codegua substation sectioning (P17)	National	Substation	D231-19
Loica substation sectioning and Loica—Portezuelo new line (P18)	Other	Substation/ T-Line	D231-19
Portezuelo substation expansion (P19)**	Zonal	Substation	D198-19

Standardization of Polpaico and Los Maquis substations

The first phase of this project will standardize the 220 kV Polpaico substation from the section of the Polpaico-Los Maquis line to the existing transfer busbar. The second phase of this project contemplates the standardization of the 220 kV Los Maquis substation, which will modify the single busbar configuration to a double busbar and modify the current Geographic Information System ("GIS") technology, which will allow the connection of at least six circuits. The value of the investment awarded is U.S.\$8.6 million, and the associated AVI and COMA was U.S.\$1.0 million. The construction period is of 32 months. As of June 30, 2021, the construction of the Polpaico and Los Maquis has already been completed.

Expansion of Candelaria substation

This project consists of the extension of the Candelaria 220 kV substation with a switch-and-a-half configuration to allow the connection of the new line Candelaria—Nueva Tuniche. This project will involve the extension of the main bus bar platform and all the common facilities necessary for the connection of the new line. Pursuant to the decree, the project has a construction period of 24 months. Colbún Transmisión engaged Inprolec S.A. as the EPC contractor for this project. As of the date of this offering memorandum, the COD for this project is expected to be in the first quarter of 2023.

Mulchén Extension and Charrúa-Temuco sectioning

This project consists of the expansion of the Mulchén substation and the sectioning of the 1x220 kV Charrúa–Temuco transmission line to connect the line to the Mulchén substation. As of the date of this offering memorandum, the COD for this project is expected to be in the third quarter of 2024.

Pirque substation sectioning

This project consists of a sectioning of approximately 20 meters of the transmission line of 110 kV Maipo–Puente Alto. The project uses the existing structure to replace it with a projected mechanical tubular structure that enters the Pirque substation and brings the line to the next projected structure.

Aconcagua-Esperanza capacity increase

This project consists of changing the conductor of the 2x110 kV Aconcagua-Esperanza transmission line for a conductor that would allow a transport capacity of at least 155 MVA at 35°C. Pursuant to the decree, the project has a construction period of 36 months. Colbún Transmisión engaged Semi Chile SpA as the EPC contractor for this project. As of the date of this offering memorandum, the COD for this project is expected to be in the fourth quarter of 2023.

Las Vegas-Esperanza capacity increase

This project consists of increasing the transmission capacity of the 1x110 kV Las Vegas–Esperanza transmission line, which is approximately 250 m long. As of the date of this offering memorandum, the COD for this project is expected to be in the first quarter of 2024.

La Higuera-Tinguiririca connection to Puente Negro substation

This project consists of two transmission lines that will connect La Higuera and Tinguiririca plants to Puente Negro substation. As of the date of this offering memorandum, the COD for this project is expected to be in the third quarter of 2021.

New Substation – Codegua

This project involves the creation of a new substation to allow the sectioning of the transmission lines of 110 kV of Alto Jahuel–Sauzal Alto Jahuel Sauzal and 66 kV of Rancagua–San Francisco de Mostazal. The construction period is 36 months. As of the date of this offering memorandum, the COD for this project is expected in the fourth quarter of 2024.

New Substation – Loica

This project involves the creation of a new substation to allow the sectioning of the transmission lines of 220 kV Rapel–Lo Aguirre and 220 kV of Rapel–Alto Melipilla lines. The construction period is 36 months. As of the date of this offering memorandum, the COD for this project is expected to be in the second quarter of 2024.

New Project – Portezuelo

The project consists of the expansion of the Portezuelo substation and the construction of four central bays and a power transformer bay. It also includes the set-up of a power transformer bank connected to the 220/66kV reserve capacity unit of 150MVA and the connection to the existing rods. The construction period is 24 months. Colbún Transmisión will act as EPC contractor for this project. As of the date of this offering memorandum, the COD for this project is expected to be in the second quarter of 2023.

Competitive Strengths

We believe that Colbún Transmisión's business is supported by the following competitive strengths:

Provision of Essential Services

Colbún Transmisión provides an essential service for the development of the Chilean economy. Colbún Transmisión's assets connect power companies to the electricity grid located in Chile's Valparaíso, Santiago, Maule, O'Higgins and Bio-Bio regions, where approximately 74% of Chile's population resides and where 57% of the country's power is consumed. Colbún Transmisión's assets in the Dedicated Transmission System are particularly important to Chile's development because they connect important industrial entities and generation facilities to the SEN. As of December 31, 2020, Colbún Transmisión's transmission assets subject to Dedicated Contracts provided 92% of the capacity of Colbún's electricity generation and more than 10% of the total electricity generation capacity of the portfolio connected to the SEN. Despite the essential nature of these transmission services, as of the date of this offering memorandum, the National Transmission System usage charges account for a relatively small fraction of an average end user's power bill. Considering the relatively low share that power transmission costs represent relative to the overall cost of electricity in Chile and the characterization of electricity transmission services as essential services to our clients, we believe that Colbún Transmisión operates a stable business that is capable of steadily and consistently collecting revenue.

Strong Regulatory Framework

The regulations in Chile governing the electricity transmission industry have been in force for approximately four decades, notwithstanding the amendments to the regulatory regime implemented by the Chilean Transmission Law. All transmission assets in Chile are privately owned and may earn stable revenue in the long term as long as they continue to provide transmission service.

The regulatory changes introduced in 2016 implemented by the Chilean Transmission Law improved the development process of transmission projects and reinforced the existing regulatory system by introducing, among other features: (1) a rate of return for the calculation of regulated transmission tariffs determined on a post-tax basis, which reduces the risk of changes in tax rates for the relevant transmission line owner; (2) an expansion in the planning horizon from ten to twenty years, which provides greater visibility to the National Transmission System on the need to perform new works; (3) participation of creditworthy distribution companies alongside existing generation companies as part of the compensation structure for transmission line owners; and (4) a cap on the penalties levied in the event of a transmission line outage, which provides greater certainty about the maximum liability in case of a service interruption that affects end users, which in turn increases certainty about the expected cash flow of transmission line owners. See "Regulatory, Permits and Environmental Matters—Chilean Electricity Law."

Competitive Positioning in the Chilean Power Transmission Market

We believe the strength of Colbún Transmisión's business lies on the type of revenue it collects, which is based on tariffs for transmission services established in Project Decrees, Tariff Decrees and long-term Dedicated Contracts. Colbún Transmisión's portfolio is diversified both geographically and across the three transmission systems (Dedicated, Zonal and National Transmission Systems), which strengthens its market position. Moreover, we believe Colbún Transmisión will also benefit from the relationship with Celeo Redes, which has a sound understanding of the Chilean transmission market, based on the operation of its own transmission assets in Chile.

Solid Presence in Industry with High Barriers to Entry

The highly technical and regulatory characteristics of the transmission business are natural barriers to the entry of new players into the power transmission market, which protects Colbún Transmisión's revenue base from its assets in the Regulated and Unregulated Systems. Our assets in the Unregulated System serve industrial and generation customers with long asset lives and stable businesses. Most of our Dedicated Customers are power generation companies or large industrial or mining companies, including Anglo American, Codelco and CMPC,

which have high electricity demands that cannot be met without our transmission assets or significant additional infrastructure.

To meet their industrial needs, our Dedicated Customers would need to build alternative infrastructure to receive or transmit electricity. Such alternative infrastructure entails high financial, procedural and timing costs, such as entry costs to (i) obtain rights of way, (ii) prepare impact studies on the community, and (iii) follow the complex environmental permitting regime related to the development of substitute transmission lines to connect to the SEN. By maintaining their contracts with Colbún Transmisión, these companies can continue to focus on their core business. The longevity of our contractual relationship with these Dedicated Customers illustrates Colbún Transmisión's positive track record and strong and balanced relationship with its Dedicated Contract counterparties.

Diversified, High Quality, Stable and Predominantly Dollar-Denominated Revenue Base

The Colbún Transmisión portfolio consists of various transmission lines and substations located across different regions in Chile. Colbún Transmisión's revenue is composed of a mix of revenue from assets in the (i) Regulated System pursuant to Tariff or Project Decrees, and (ii) Unregulated System pursuant to contracts with creditworthy clients of prominent industrial sectors in Chile.

Tariffs due to operators for the use of assets in the Regulated System are established in Tariff and Project Decrees. The tariffs applicable to services provided by these assets are subject to revisions every four years, except that such revisions are not applicable to new assets and upgrade works resulting from public tenders that generally have a tariff applicable for 20 years, pursuant to the relevant Project Decree. The revenue formula is based on tariff payments supported by what we believe to be strong regulatory mechanisms that provide stable returns on capital, as well as provisions for cost recovery for operating and maintenance expenses. Most of Colbún Transmisión's revenue from its assets in the Regulated System is denominated in U.S. dollars and indexed to U.S. CPI. The remainder of the revenue is indexed to a combination of the Chilean *peso*-U.S. dollar exchange rate and inflation in Chile.

Services for assets in the Unregulated System benefit from long-term private contracts with mostly investment-grade counterparties in the power generation, mining, cement, and paper mill sectors, including Colbún, Anglo American, Codelco and CMPC. These counterparties generally own long-life generating assets or operate in energy-intensive industries, which pose low risk of early contract termination or lack of renewal at the end of the contractual term. According to the Independent Engineer Report, it is reasonable to assume that the useful life of energy generation power plants connected to Colbún Transmisión's assets in the Dedicated Transmission System will extend beyond 2070. Transmission lines in the Dedicated Transmission System are considered essential infrastructure, and most of these clients are large industrial or mining companies that have high electricity demands that cannot be met without transmission assets or significant additional infrastructure.

Moreover, the Colbún Transmisión portfolio has a long remaining technical useful life. According to the Independent Engineer Report, with proper maintenance, the technical useful life is expected to extend beyond 2071. The longevity in the revenue stream, from assets in both the Regulated and Unregulated Systems and the long remaining life of the assets contribute to the long-term, diversified and predictable characteristics of the projected revenue generation of the portfolio.

Strong Sponsorship with Sector and Country Experience

Our Sponsors, APG and Celeo Redes, have vast experience in the Latin American energy sector.

Celeo Redes has been present in Chile since 2011. As of the date of this offering memorandum, it operates 825 km of transmission lines in Chile and is developing an additional 550 km. During this period, Celeo Redes has developed a deep understanding of the regulatory environment and of the different participants in the Chilean transmission market. Celeo Redes is a leading developer of electricity transmission projects in Latin America, including in Brazil and Chile. In Brazil, Celeo Redes has been present for nearly 20 years and, as of the date of this offering memorandum, it operates 15 transmission line concessions.

APG is also a key player in the Chilean transmission market and owns 49% of the equity stake in Celeo Redes' parent company, Celeo Concesiones e Inversiones S.L., in partnership with Elecnor. For more information, see "—Our Sponsors and Principal Shareholders."

As of the date of this offering memorandum, Celeo Redes had a 2.3% market share in Chile measured by length of transmission lines, according to data from the CEN. Following the consummation of the Acquisition, we expect Celeo Redes to own the third largest portfolio of transmission assets in Chile, with an expected market share of 6.6%, measured by the length of transmission lines, according to data from the CEN.

Business Strategy

Our business strategy is comprised of the following key objectives:

Continue to Provide Highly Reliable Service Availability While Maximizing Efficiency

Colbún Transmisión's system and operations are monitored in real time in order to ensure proper functioning and to react quickly to address any potential disruptions. After the Acquisition, we believe we can leverage the experience of our Sponsors in the transmission sector to improve Colbún Transmisión's O&M program. After the Acquisition, we will operate with a focus on optimizing the service and maintenance of the assets to improve their lifespan and capacity while minimizing costs and exploring synergies with Celeo Redes' existing operations in Chile. Celeo Redes has established relationships with proven and experienced contractors who provide maintenance and repair services and, where applicable, engineering and construction services, for their facilities.

Maintain and Strengthen Long-Term Contractual Relationships

Colbún Transmisión's revenue derived from assets in the Dedicated Transmission System are generated pursuant to valuable long-term contractual relationships and their continuous renewal. Upon the consummation of the Acquisition, we will continue to operate our assets in the Dedicated Transmission System with a focus on the quality of the service we provide to our Dedicated Customers. We intend to continue working with our Dedicated Customers to ensure Dedicated Contracts continue to be easily extended and renewed without service interruptions.

Maximize Return on Assets

Upon the consummation of the Acquisition, our portfolio of transmission assets will provide transmission services to both regulated and unregulated end users in the National Transmission System. We will continuously seek and implement plans to enhance the efficiency of our operations and internal processes within the National Transmission System.

We believe we have proactive and constructive relationships with regulatory authorities, which allow us to participate in relevant industry discussions to support the continuing development of the power transmission regulatory framework. Except for capital expenditures required to maintain existing assets and projects, we do not intend to develop new construction assets.

Maintain a Stable and Efficient Capital Structure

We expect to maintain a capital structure that will protect our investment grade ratings while providing attractive returns for our shareholders. In addition, we will seek to tailor our debt portfolio to ensure the debt partially amortizes throughout the life of the contracts, ensuring a reasonable cost of capital that can be supported by the stable nature of our asset base. We are also focused on maintaining appropriate levels of liquidity and expect to reinforce our capital structure with debt service and O&M reserve accounts backed by letters of credit from credible institutions.

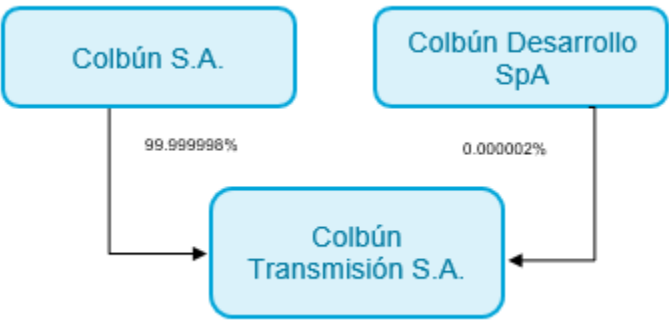
Develop and Maintain Dialogue with all Stakeholders in the Community and Protect the Environment

Upon the consummation of the Acquisition, we intend to continue to work proactively to identify, evaluate and work to control safety risks and mitigate their negative impact on our employees and contractors, as well as the

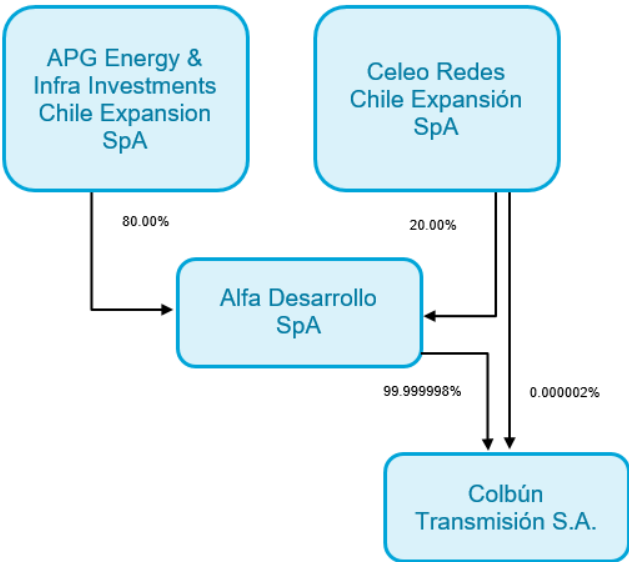
communities and the environment in the vicinity of our projects and existing assets. We intend to continue to implement strict policies for environmental protection with participation from our environmental teams at all stages of development and operations. Our goal is to develop trustworthy relationships based on transparency and mutual benefit with the communities, workers, subcontractors, suppliers, clients and other relevant stakeholders.

Corporate Structure

The following diagram illustrates Colbún Transmisión’s simplified corporate structure as of the date of this offering memorandum and prior to the consummation of the Acquisition.



The following diagram illustrates our expected simplified corporate structure immediately after giving effect to the Acquisition.



Our Sponsors and Principal Shareholders

APG is a Dutch pension fund manager that serves over 4.7 million Dutch citizens. It manages funds in different sectors, such as education and construction, and is responsible for a portfolio of €587 billion as of May 2021. This makes APG one of the largest pension asset managers in the world. APG focuses on long-term, stable investments in tangible assets located in regulated infrastructure sectors and has been an active investor in infrastructure since 2004. Its rigorous investment criteria allows APG to identify investments that have the right fit in terms of ticket size, risk exposure, geographical location and asset class. APG is a global investor and has offices in New York, Hong Kong and Amsterdam.

Celeo Redes was originally formed in 2011 through the consolidation of all of Elecnor’s transmission activities in operation and has been present in Chile since 2011. Celeo Redes has 20 years of experience in the

transmission market, is present in 55 communes and seven regions in Chile and has 298 highly qualified employees. Celeo Redes has a demonstrated commitment to sustainability. It has published sustainability reports and adopted several sustainable development goals, including achieving gender equality, affordable and clean energy, decent work and economic growth, responsible consumption and production and commitments to climate action. Celeo Redes's sustainability policy is based on five principles: (1) quality of service and continuous improvement; (2) occupational and health safety; (3) compliance, which includes the fight against corruption; (4) social responsibility; and (5) environmental protection, including pollution prevention and efficient use of resources.

Elecnor is a leading company in electricity generation and transportation, telecommunications, gas and other facilities and infrastructures and is present in more than 55 countries, including Chile, Mexico, Brazil, Peru and Colombia, among other countries in Latin America and globally. Elecnor has more than 68 transmission projects in 14 countries and is publicly listed in the Madrid Stock Exchange through the Spanish Stock Market Interconnection System. In September 2014, Elecnor and APG created a Latin American power transmission joint venture, Celeo Redes Concesiones e Inversiones, S.L., and APG agreed to purchase 49% of the shares. As of the date of this offering memorandum, Celeo Redes is jointly and indirectly owned by Elecnor, which holds a 51% equity stake, and APG, which holds the remaining 49%.

During this time, Celeo Redes has developed a deep understanding of the regulatory environment and of the different participants in the Chilean transmission market. It has a strong track record in the development and operation of major transmission projects with an aggregated investment value of over U.S.\$2 billion over 10 years. As of the date of this offering memorandum, Celeo Redes operates 825 km of transmission lines in Chile and is developing an additional 550 km. Celeo Redes holds 99.99% of Celeo Redes Chile Limitada, which in turn manages and operates the AJTE, CHATE and DATE projects, and is currently developing the CASTE and MATE projects. Once these projects are operational, Celeo Redes will provide the O&M services. Celeo Redes provides asset management services for all its transmission line assets in Chile and expects to continue doing so, including to us, after the Acquisition.

As of the date of this offering memorandum, Celeo Redes had 2.3% market share in Chile measured by length of transmission lines, according to data from the CNE. Following the consummation of the Acquisition, Celeo Redes would own the third largest portfolio of transmission assets in Chile, with an expected market share of 6.6%, measured by the length of transmission lines, according to data from the CNE. In addition, we expect the assets obtained through the Acquisition to benefit from the synergies derived from Celeo Redes' operational knowledge and strong industry relations in Chile.

In the Latin American transmission sector, Celeo Redes is among the leading developers of electricity transmission projects in Brazil and Chile in terms of headcount. In Brazil, Celeo Redes has been present for nearly 20 years and, as of the date of this offering memorandum, operates 15 transmission line concessions. In addition, Celeo Redes was recently awarded two projects: a 138km transmission line and a 220 kV substation in the North of Peru.

Operations and Maintenance

Maintenance

Colbún Transmisión uses a mix of personnel from its parent company, Colbún, and contractors to execute its O&M strategy. Colbún has 55 full-time employees under its payroll who provide services to Colbún Transmisión, under back-office and O&M management agreements between Colbún Transmisión and Colbún. Similarly to other transmission companies, Colbún Transmisión has a two-tiered organizational structure. It has a small number of in-house Colbún personnel in charge of supervision, operations and administrative tasks, while the direct maintenance of the assets is subcontracted to specialized local contractors on a periodic basis and in accordance to the assets' maintenance needs.

Colbún coordinates and supervises all maintenance and planning activities across Colbún Transmisión's network, and specialized contractors perform maintenance work through contracts with Colbún Transmisión. Maintenance contracts are assigned every three years and are separated by geographic location (Center North

region, Center South region and South region) and scope of activities (transmission lines, principal equipment, control and protection equipment, and other works).

Tree trimming and vegetation management are typically performed on a periodic basis in accordance with the specific geographic characteristics of a given area. Colbún Transmisión conducts proactive annual tree trimming around its projects to reduce the potential contact between vegetation and transmission equipment that may cause fire damage. In addition, the projects that have undergone approval pursuant to the RCA and typically have fire-related permit conditions that require compliance.

Upon the Acquisition, we will enter into an O&M agreement pursuant to which the Celeo Redes' staff will perform most of Colbún Transmisión's O&M activities. These activities encompass preventive, corrective and emergency activities in power transmission lines, substations and protection, communication and control equipment. For additional information, see "Certain Relationships and Related Party Transactions—Post-Acquisition—O&M Agreement."

Transmission Line Maintenance

Third-party providers are in charge of the maintenance of Colbún Transmisión transmission lines. These providers provide basic preventive maintenance services, which encompasses corrective preventive maintenance and maintenance against failures for the transmission lines, in the Center North, Center South and South regions. Upon the consummation of the Acquisition, we expect that these contracts with third-party providers will be in force in the short-term and subsequently will be replaced by O&M contracts with Celeo Redes.

Control and Protection Equipment Maintenance

A third-party provider provides services of basic preventive maintenance, corrective preventive maintenance and maintenance against failures for the main transmission control and protection equipment in the Center North region, Center South and South regions. This provider is responsible for testing verification protocol for protection settings; performing basic preventive maintenance of bay, disconnect switch, and power transformer; and intervention. For certain specialized works, the third-party provider may use subcontractors as needed.

Real-Time Operations

Colbún Transmisión uses supervisory control and data acquisition ("SCADA") systems for the real-time operations telecontrol and monitoring of its assets. Colbún Transmisión's SCADA systems are managed directly through Colbún's transmission facilities in Santiago and the transmission facilities associated with Colbún's generation facilities Chile.

After the Acquisition, Colbún will provide real time operation services for six months through the Transition Services Agreement, until Celeo Redes transfers all signals and data to its own SCADA system and real time operations can be transferred to Celeo Redes' control rooms.

SCADA System

Since 2018, Colbún has maintained Siemens Spectrum Power 5 ("SP5") SCADA systems in Apoquindo (main site) and in the Movistar Telepuerto (secondary site), both facilities located in the city of Santiago. These facilities supervise and operate Colbún Transmisión's transmission assets. In addition, Colbún maintains a SCADA iFix ("iFix") system to monitor its generation and transmission assets and centralizes the real-time information ("SITR") that is interchanged and communicated with the Chilean system grid operator, the CEN. Collectively, the SP5 and iFix SCADA system acquires signals and SITR information from the Maipo, Candelaria, Puente Negro, Pirque and Minero substations.

The remaining facilities connect to their local distributed control system ("DCS") of the associated generation facilities, and through the DCS, subsequently connects later to the Colbún SCADA system via IEC60870-6/TASE2/ICCP protocol. These facilities do not have a remote operations mechanism and are usually operated through services agreements with Colbún. Colbún Transmisión is in the process of developing a

centralized SCADA operations platform, capable of managing entire operations from Santiago, Chile, which is expected to be completed by 2025. These remote facilities are monitored through ABB, Siemens and GE SCADA system and are managed geographically by Colbún's personnel in their respective regions.

Colbún Transmisión's systems for the information networks are similarly managed by geographical location. These communications systems can be further categorized into two groups: Wide Area Network ("WAN") and Local Area Network ("LAN") arrangements. WAN corresponds to leased systems from local telecommunications companies. LAN corresponds to private communications networks directly owned by Colbún, Colbún Transmisión or a third-party provider that is not a major telecommunications company.

SITR Availability

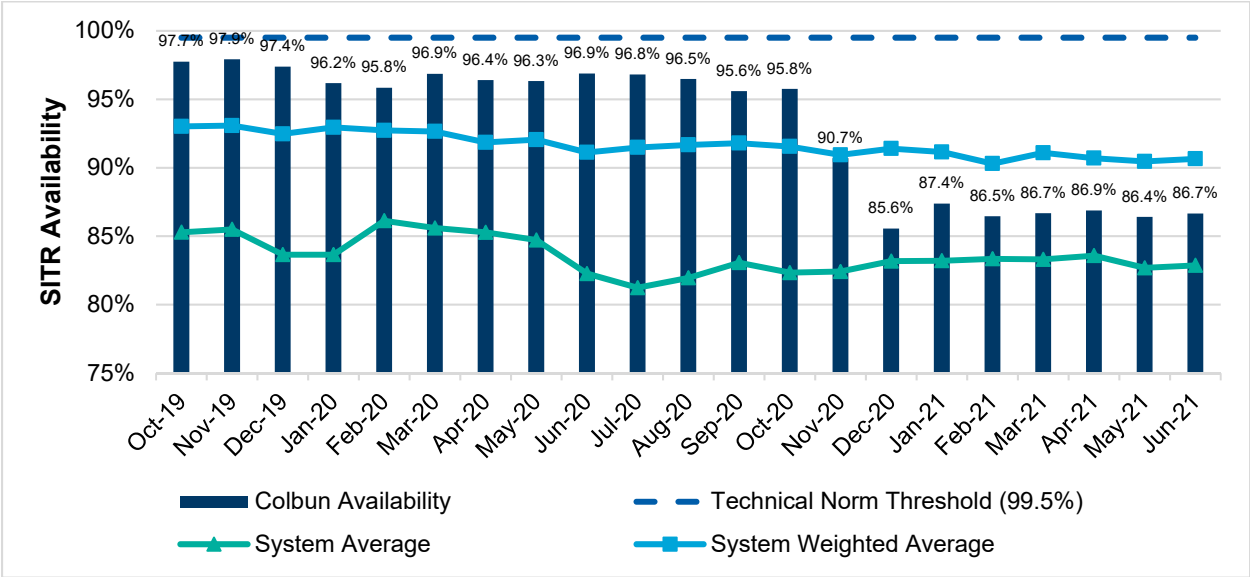
SITR availability information serves as a proxy to assess the effectiveness of Colbún Transmisión's SCADA systems. Availability is calculated as the percentage of time in a given month where the signals reported by a company reach the SCADA system of the CEN with a valid data mark, following a standard communication protocol such as DNP 3.0, IEC 60870-5-104 or ICCP. A valid data mark indicates that there are no failures in acquisitions signals equipment or in the network links that transport the information from the control centers of the company to the SCADA system of the CEN.

Article 4-12 of the standard *Norma Técnica de Seguridad y Calidad de Servicio* ("NTSyCS" or the "Technical Norm") indicates that the availability of the SITR in a given system should be equal to 99.5% or higher. Although the threshold is set at a high level to ensure effective real-time decisions and correct operation of the Chilean national grid from the CEN, it is not strictly enforced.

The Transition Services Agreements

Pursuant to the terms of the SPA, on or prior to the consummation of the Acquisition, Colbún and Colbún Transmisión will have entered into (a) an Operation Services Agreement (*contrato de prestación de servicios de operación técnica*); (b) Transition Maintenance Services Agreement (*contrato de prestación de servicios mantenimiento y planificación operacional*); (c) Transition Administration Services Agreement (*contrato de prestación de servicios de apoyo a la administración*); and (d) Telecommunications Services Agreement (*contrato de prestación de servicios de transmisión de datos a través de fibra óptica*) (collectively, the "Transition Services Agreements") for Colbún to provide certain services to Colbún Transmisión for up to a six-month period following completion of the Acquisition. The services to be provided include: (1) business planning and analysis, (2) corporate and legal services, (3) accounting and financial reporting, (4) health, safety standards and environmental reporting, (5) human resources, (6) insurance, (7) operations and maintenance, (8) IT general services and overarching assumptions, (9) IT-related services, (10) certain proprietary systems-related services and (11) licensing- related services).

The chart below sets forth Colbún and the Chilean system SITR availability during the 12-month period from October 2019 through September 2020.

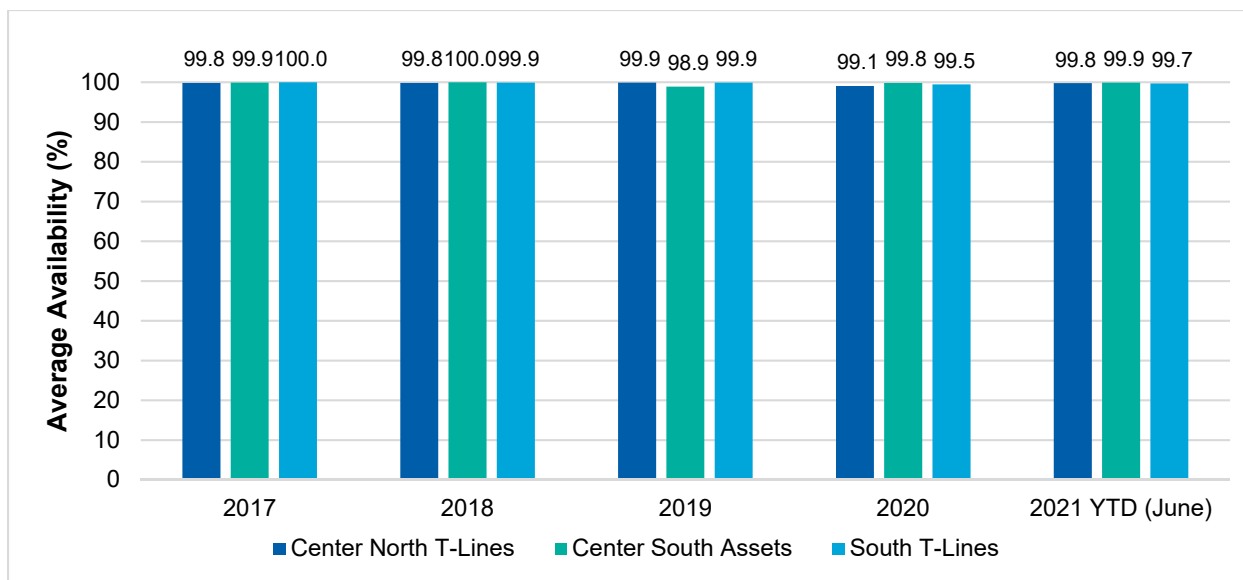


Colbún’s performance exceeds the Chilean system average and is generally in line with the weighted average by number of signals metrics, suggesting an efficient performance of the portfolio’s SCADA systems.

Performance Assessment

Project availability is a key aspect of transmission asset performance. According to Chilean regulation, compensation for projects on the National Transmission System is due only when that transmission project is operating and available for electricity transmission. Moreover, if the CEN determines that a project is not achieving its mandated level of availability, the CEN will report the non-compliance to the SDEC, which may impose sanctions on the project depending on the severity of the availability issue. See “Regulatory, Permits and Environmental Matters—Chilean Electricity Law—Fines and compensations.”

The Colbún Transmisión portfolio has demonstrated overall high availability levels from January 2017 through June 2021, as shown in the figure below:



Portfolio Useful Life

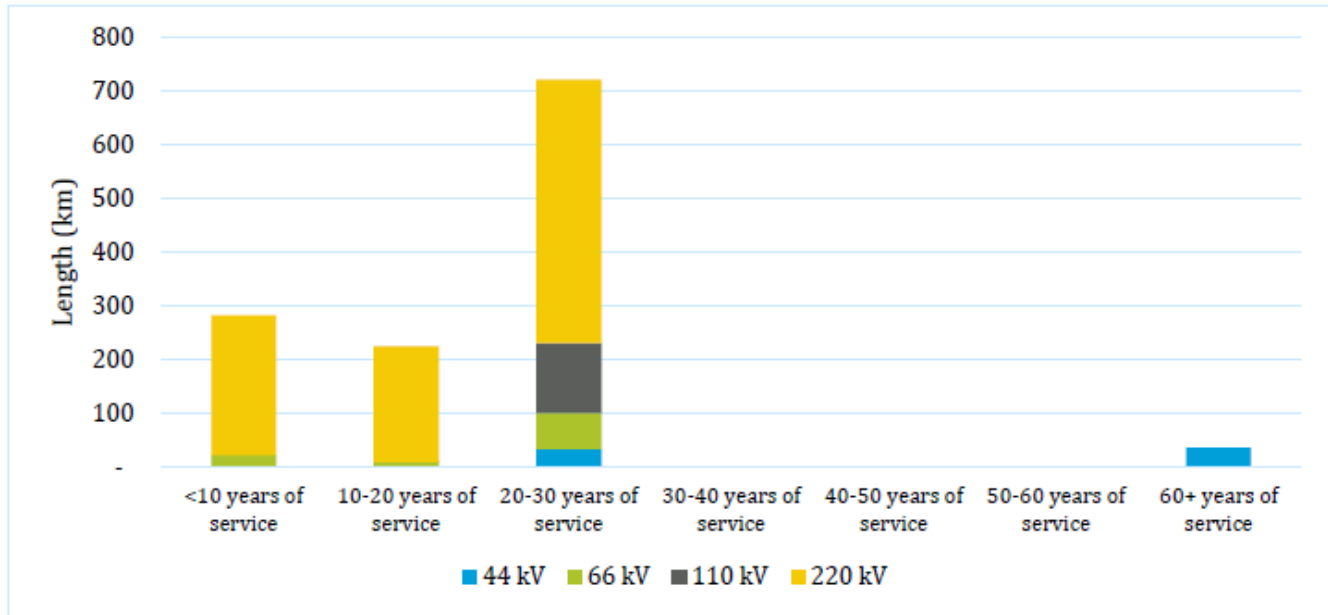
A transmission asset's overall useful life is the combination of the useful lives of the respective asset's various equipment. The overall life of the asset may be extended to match the components with the longest lives if the owner of the asset implements appropriate O&M practices and maintains and/or replaces parts as needed. The assets in the Regulated and Unregulated Systems are substantially similar in technical terms and characteristics.

Assuming proper maintenance and operation, expected useful life of major substation and transmission line equipment is between 40 years (for equipment that is more subject to changes in loading and frequency of operations such as circuit breakers, transformers and switches) and 60 years or more (for equipment that is more static in nature and less affected by loading and frequency of operations such as steel structures, conductors and foundations). Equipment with shorter useful lives tend to be low-cost items such as batteries, which typically have an expected useful life of between three to five years, and intelligent electronic devices, such as relays, control equipment, telecom equipment and SCADA system in the control buildings that may need to be replaced or upgraded as needed to prevent obsolescence.

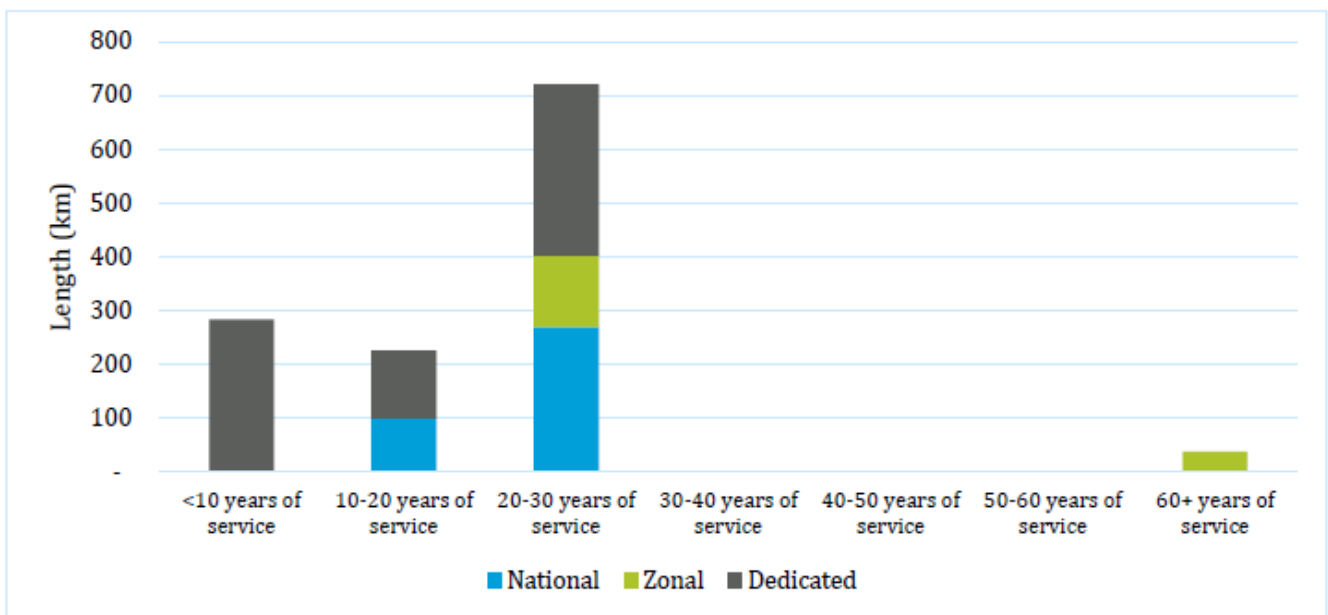
Overall, the Colbún Transmisión portfolio consists of relatively young assets, younger than 30 years old from their Commercial Operation Date ("COD"), except for a few kilometers of zonal 44 kV lines. Given the age profile of Colbún Transmisión's transmission lines and the typical useful life of key equipment and structures, we expect that, with continuous maintenance, as set forth in the Financial Model contained in our maintenance capital expenditure forecasts, the useful life of these assets is expected to extend beyond 50 years from 2021.

The chart below presents information about the age profile of the Colbún Transmisión according to the CEN. In some cases, transmission lines may have multiple circuit lines and the overall length will be longer in terms of circuit-kilometers because it considers a double circuit.

Colbún Transmisión Portfolio Transmission Lines Age Profile by Voltage Level



Portfolio Transmission Lines Age Profile by Asset Type



Real Property and Land Use Rights

Colbún Transmisión has easement agreements with respect to the following transmission lines:

- Line Los Maquis—Polpaico;
- Line Maipo—Candelaria—Puente Negro—Colbún;
- Line Calera Centro—Esperanza—Chagres—San Felipe—San Rafael—Totoralillo—Los Maquis;
- Line Los Maquis—Hornitos;

- Line Polpaico—Las Tórtolas – Maitenes;
- Line Carena—Lo Prado;
- Line Carena—El Raco (CMPC);
- Line Candelaria—Minero;
- Line Esperanza—Las Vegas
- Line Colbún—Machicura;
- Line Colbún—Procart (Planta Maule);
- Line San Ignacio—Tap San Clemente—Talca;
- Line Colbún—Chiburgo—San Clemente;
- Line Santa María—Charrúa—Quilleco—Rucúe; and
- Line Angostura—Mulchén.

Easement agreements for the transmission lines: (i) were granted in perpetuity, (ii) do not contain provisions requiring future payments by Colbún Transmisión, and (iii) were granted more than five years ago, preventing landowners (or third parties) from pursuing invalidation. Colbún Transmisión has one agreement with Codelco for the lease of the land where the Minero substation is located that includes payment-in-kind at the end of the term of the lease. This agreement expires in December 2027, and Colbún Transmisión is expected to transfer all the assets of the Minero substation to Codelco at the end of term.

Most transmission lines have been in operation for more than five years and benefit from the statute of limitations, which adds a level of security to the easement agreements given the continuous use of the assets. Only two transmission lines are in operation for less than five years: (i) Puente Negro – Colbún, and (ii) Armerillo – La Mina.

Health, Safety and Environmental Matters

Colbún Transmisión has the appropriate policies and procedures that would be expected for companies in the same industry to address environmental, social and health and safety issues. For more details about Chile’s environmental regulations, see “Regulatory, Permits and Environmental Matters.” For a summary of the key findings set forth in the Independent Engineer Report, see “Summary—Independent Engineer Report—Key Findings.”

Most of Colbún Transmisión’s projects have obtained RCA approval, which approval is required when a project has potential significant environmental impact. In the past, Colbún Transmisión has responded to issues that have arisen in its projects, such as community noise complaints and the late discovery of unknown cultural resources that did not come up during review by the RCA. Colbún Transmisión is committed to resolving issues proactively, protecting environmental resources, and involving the communities near their projects. Colbún Transmisión has a community relations policy that establishes mechanisms through which community members can submit complaints or identify issues or concerns.

Colbún Transmisión has an occupational, safety and health, environmental and quality policy takes a holistic view of risk mitigation and accident prevention and emphasizes compliance with all legal regulations. This policy sets forth an established procedure for incident documentation and investigation and how Colbún Transmisión’s conducts operational monitoring of its projects and environmental compliance. The policy also identifies continuous challenges and opportunities for improvement. Colbún Transmisión, similarly to other transmission companies in Chile, is subject to third-party certification. As of the date of this offering memorandum,

Colbún Transmisión has ISO 14,001 certification, in connection with environmental matters, and OSHA 18,001 certification, in connection with health and safety matters.

Colbún Transmisión's biodiversity strategy consists in preventing and minimizing impacts to biodiversity by considering potential biodiversity impacts early in its projects. Colbún Transmisión's efforts to implement its reforestation plans required to mitigate the impacts of its projects in native forest areas demonstrate Colbún Transmisión's commitment to preserve biodiversity.

The regions where Colbún Transmisión's assets are located can be impacted by the effects of typical summer fire season. Colbún Transmisión conducts proactive annual tree trimming around its projects to reduce the potential contact between vegetation and transmission equipment that may cause fire damage. In addition, the projects that have undergone RCA approval typically have fire-related permit conditions that require compliance.

Requirements under the Equator Principles

According to the Independent Engineer Report, the projects in the Colbún Transmisión portfolio have generally complied and are expected to continue to comply with the Equator Principles. The Equator Principles are primarily focused on projects in developing nations where legal or governmental framework may not assure that these goals and protections are met. Countries that satisfy certain legal framework and enforcement requirements are considered "Denominated Countries" and subject to less rigorous Equator Principles standards. In Denominated Countries, compliance with national and local laws is sufficient to satisfy many Equator Principles standards. Chile is a Denominated Country and, as such, compliance with applicable environmental laws and regulations entails compliance with many of the applicable Equator Principles.

The following paragraphs summarize the Independent Engineer Report main conclusions relating to Colbún Transmisión compliance with the Equator Principles:

- EP1—Review and categorization: Because the majority of the projects in the portfolio have obtained RCA approval and have implemented or are in the process of implementing the required mitigation measures and conditions in connection with such RCA approval, the Colbún Transmisión portfolio could be classified as Category B. Although the overall portfolio is large and includes lengthy transmission lines, the impact prevention and minimization measures ensure that most impacts are temporary and localized in nature and that impacted areas will be restored to prior conditions when construction is complete, in accordance with mitigation measures required the projects' environmental impact assessment commitments and conditions set forth in the RCA approval.
- EP2—Social and environmental assessment: Colbún Transmisión has performed substantial work to complete the environmental impact assessment, community consultation and outreach, as required by the RCA approvals for its projects. The Independent Engineer believes the RCA approval process for these projects included sufficient environmental and social review to comply with the Equator Principles requirements relating to social and environmental assessment. With respect to issues listed in Exhibit II of the Equator Principles, the project documents provide information that addressed the most critical environmental issues concerning the baseline environmental conditions, protection of cultural resources and biodiversity preservation. No resettlement or indigenous people issues had occurred, based on the information provided. Regarding climate change assessment, the portfolio is generally at low risk from the physical impacts of climate change, which includes sea level rise, floods, wildfires and heatwaves. However, certain projects are in locations susceptible to fires. Colbún Transmisión's annual preventive maintenance program to trim trees near its transmission lines should continue to minimize this risk to the extent possible. Also, the portfolio has low risk from the transition to a low carbon economy, and many of its assets are in fact assisting with the transition to a low carbon economy by transporting electric power from solar and wind projects in remote regions to more populated areas.

- EP3—Social and environmental standards: Colbún Transmisión has demonstrated compliance with the various applicable regulatory standards and permit processes required under Chilean laws and regulations. The projects are generally under the jurisdiction of SMA. Colbún Transmisión has submitted project documentation, the portfolio subsequently was subject to review for RCA approval process and the projects have obtained applicable PAS. The projects are resource efficient by design and were developed to minimize pollution and impacts to natural resources. These aspects of the projects have been reviewed through the RCA process and the various plans and policies that apply to all of Colbún Transmisión's assets. Generally, substations have also been required to obtain PAS for storage of hazardous materials. The portfolio is also subject to labor and work safety laws of Chile and the requirements of Colbún Transmisión's policies. Because of the limited nature of the required work force during operation of the portfolio assets, it is unlikely to cause disruption or stress on local community services.
- EP4—Action plan and management team: Compliance with permit requirements for development of construction plans, operating plans, emergency and contingency plans and other applicable plans under the RCA condition requirements should be sufficient for the projects compliance with the Equator Principles relating to action plan and management team. In addition, Colbún Transmisión maintains a commitment to climate action, a plan to help Chile transition increase the proportion of renewable power sources. Colbún Transmisión contributes to this plan by transmitting electric power from remote solar and wind farms to highly populated areas in the Metropolitan region.
- EP5—Consultation and disclosure: Chile's RCA regulations require certain public and community consultations to obtain RCA approval. These activities include consultation with indigenous people and communities affected by the project to provide information to these groups and obtain their feedback. Colbún Transmisión has completed these activities for multiple projects, and indigenous communities were not present in the project areas.
- EP6—Grievance mechanism: As part of the requirements for an environmental impact assessment and subsequent RCA approval in Chile, project proponents must consult with and provide project information to the public. The documents and appendices relating to Colbún Transmisión's environmental impact assessment are accessible to the public on the SEA's website, and Colbún Transmisión continues to perform public outreach in accordance with its community relations policy, which includes several methods by which community members near the portfolio projects can submit complaints or concerns.
- EP7—Independent review: The Independent Engineer Report satisfies the Equator Principles' independent review requirement, as it assesses the Colbún Transmisión's project's compliance with national and local laws, which are the applicable standards for its projects.

Competition

Since May 2019, the SEN became fully operational and the main purposes of this interconnection were to take advantage of the energy availability in the North avoiding energy curtailment, particularly of VRE from renewable sources and to improve market competition through lower costs. As of the date of this offering memorandum, the SEN spans approximately 3,100 km from Arica in the North of Chile to Chiloé in the South, with an installed capacity of 28,087 MW as of June 2021. The SEN serves about 98.5% of the Chilean population and more than the half of energy sales of the system are made through Unregulated Consumers. Electricity generation in areas served by the SEN has grown at an average rate of approximately 2.9% between 2010 and 2020.

The table below sets forth the main transmission companies in Chile:

Company	Power Grid (in km) as of August 2021	Shareholders
Transelec S.A.	10,104	Transelec Holdings Rentas Ltda.
Interchile S.A.....	1,965	Interconexión Eléctrica S.A. E.S.P.
Colbún Transmisión	1,515	Colbún S.A.
Transmisión Eléctrica del Norte S.A.	1,203	Engie Energía Chile S.A.
Celeo Redes Operación Chile S.A.....	834	Celeo Redes Chile Ltda.

Main Clients

The table below presents information on sales to Colbún Transmisión's main customers:

	For the Six-Month Period Ended June 30,		For the Year Ended December 31,		
	2021	2020	2020	2019	2018
	<i>(thousands of U.S.\$)</i>				
Colbún S.A.....	16,924	11,890	28,818	35,816	16,612
Corporación Nacional del Cobre Chile	5,069	5,858	8,793	15,731	3,835
Anglo American S.A.....	2,114	1,548	3,281	4,687	421
Others.....	2,357	24,728	39,326	27,190	19,192
Revenue.....	26,464	44,024	80,218	83,424	40,060

See “—Overview of Colbún Transmisión—The Colbún Transmisión Portfolio—Dedicated Transmission System” for more information about Colbún Transmisión's dedicated clients.

Insurance

As of the date of this offering memorandum, Colbún Transmisión is the beneficiary (as a subsidiary of Colbún and through an umbrella policy) of: (i) property insurance policy, which covers all-risk against material damages due to fortuitous, sudden and accidental events and has maximum indemnity of U.S.\$500 million; (ii) fire insurance policy, which covers damages from fire, earthquake and civil unrest and has full value indemnity; (iii) financial line insurance policy, which covers claims against insured persons, reimbursements for claims against an insured person and defense costs and has maximum indemnity of U.S.\$15 million per event or annual aggregate; (iv) civil liability insurance policy, which covers extra-contractual civil liability for the insured for damages caused to third parties during an insured activity and has maximum coverage of U.S.\$30 million per event and in the aggregate term of the policy, as a single and combined limit for the total indemnity and accumulated expenses for events covered by the policy; and (v) terrorism insurance policy, which covers civil liability for terrorism and sabotage of up to U.S.\$7 million and has maximum indemnity of U.S.\$100 million.

The Issuer expects to obtain insurance policies that are consistent with industry standards for operators of power transmission assets of similar type, geographic location and capacities as ours and that are expected to be similar in scope and amount to the insurance policies applicable to Colbún Transmisión as of the date of this offering memorandum.

We expect to obtain the following types of insurance, with coverage beginning upon the consummation of the Acquisition: (i) property insurance policy, which is expected to cover all-risk against material damages due to fortuitous, fire, earthquake, sudden and accidental events; (ii) business interruption insurance; (iii) civil liability insurance policy, which is expected to cover torts liability for damages caused to third parties during an insured activity, and (v) terrorism insurance policy, which is expected to cover civil liability for terrorism and sabotage.

Employees

As of the date of this offering memorandum, Colbún Transmisión did not have any employees. Colbún Transmisión performs its activities with Colbún personnel and third-party contractors. O&M activities are performed by 55 Colbún employees, whose services are provided under back-office and O&M management

agreements between Colbún and Colbún Transmisión. This team focuses on supervision, operations and administrative tasks, while the direct maintenance of the assets is subcontracted to specialized local contractors on a periodic basis in accordance to the assets' maintenance needs.

The table below presents the distribution of Colbún personnel who provide services to Colbún Transmisión:

Position	As of June 2021
CEO	1
Secretary	1
Project Assistant Manager.....	1
Transmission Manager.....	1
Transmission Assistant Manager.....	1
Planning Studies Engineer	1
Specialist Engineer.....	1
O&M Team.....	48
Total	55

Legal, Administrative and Arbitration Proceedings

As of the date of this offering memorandum, neither the Issuer nor Colbún Transmisión is a party to any legal or administrative proceedings, the adverse outcome of which, individually or in the aggregate would have a material adverse effect on them, respectively.

INDUSTRY OVERVIEW AND COMPETITION

Overview

The electricity sector consists of three main business segments: generation, transmission, and distribution. These segments must operate in an interconnected and coordinated manner to supply electricity to clients at minimum cost and within the standards of quality and security required by the industry's rules and regulations. In general terms, generation is subject to market competition, while transmission and distribution, given their natural monopoly character, are subject to price regulation. Final customers may be regulated or unregulated depending on their connected capacity. Only Unregulated Consumers may freely choose a provider and freely agree to the energy price. Regulated Consumers are forced to contract with distribution companies and pay them a tariff defined by National Energy Commission and set by the Ministry of Energy.

Chile's power transmission system is divided into three main networks: the SEN and two smaller isolated networks, Aysén and Magallanes (these two smaller systems jointly account for less than 2% of Chile's power generation capacity).

The SEN was created in November 2017 through the integration of SIC and the SING, and it extends from the city of Arica in the North of Chile to Chiloé in the South of Chile, and comprises 35,919 km of transmission lines as of the year 2021. The CEN, a centralized dispatch center, coordinates the SEN's operations. The SEN operates at a national level with just a minor international interconnection with Argentina serving certain exceptional export surpluses.

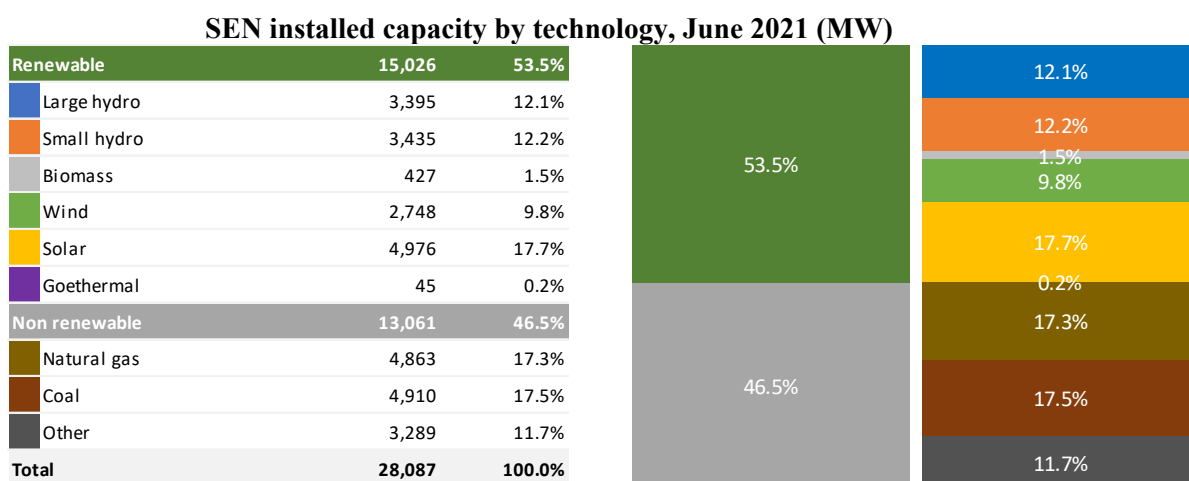
As of December 31, 2020, Colbún Transmisión was the seventh largest power transmission system in Chile, as measured in kilometers of lines presently in operation with a capacity of 220 kV. The transmission lines and substations comprising Colbún Transmisión's system form an integral part of the SEN.

The National Electricity System Grid

The interconnection of the SING and the SIC took place in November 2017, throughout a double circuit line of 200 KVA. On May 29, 2019, the SEN's interconnection was completed by means of the operation of the 2x500 kV Cardones – Polpaico transmission line, operated by ISA Interchile, an affiliate of the Colombian ISA Group.

The SEN power grid features an installed capacity amounting to 28,087.5 MW as of June 2021. Maximum hourly demand in June 2021 came to 11,227.4 MWh and total sales in June 2021 amounted to 37,165.1 GWh. It contains approximately 98.5% of Chile's installed capacity.

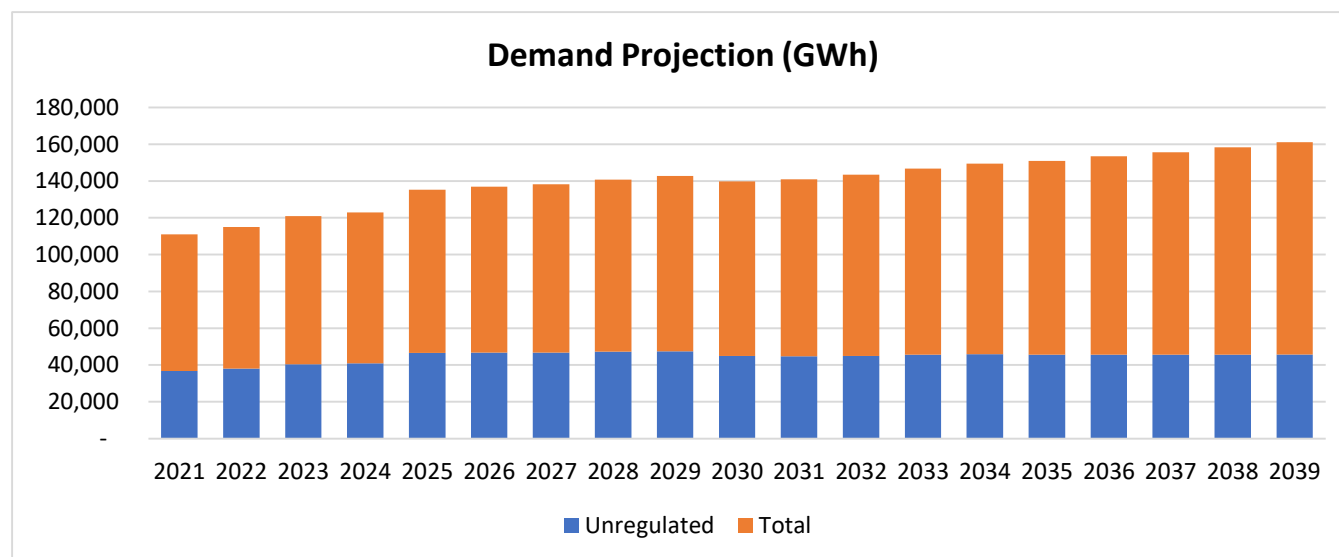
The following chart illustrates current installed capacity in the SEN by technology:



Source: Asociación de Generadoras de Chile.

Chile has added the vast majority of its non-hydro renewable capacity in the last seven years. The renewables build-up was supported by the national government mandate enacted in 2013 (amendment of Law No. 20,527) and its requirement that utilities with more than 200MW of operational capacity meet 20% of their contractual obligations with renewable sources by 2025.

According to the most recent demand projections published by the CEN, power demand in Chile is expected increase at an average annual rate of 2.6% during the next 10 years, for a total of amounting to 96,289 GWh in 2031.



Source: CNE.

The Aysén and Magallanes Power Grids

The Aysén and Magallanes power grids supply power to regions in Chile's far south, with the Magallanes power grid supplying energy to Chile's southern-most region. As of June 30, 2021, the Aysén and Magallanes power grids had total installed power generation capacity of 64 MW and 107.4 MW, respectively.

Industry Participants

Chile's electricity industry is unique, since, though highly regulated, it is completely owned by the private sector, with multiple participants, both local and international.

Transmission

Colbún Transmisión owns a total of 899 km of power transmission lines connected to the SEN and 27 substations.

The following table shows transmission lines owned directly or indirectly by us and of the leading power transmission companies in Chile, considering projects in operation. The figures below consider all lines, including lines in the distribution grid, of the SEN. In case of double circuit lines, each circuit is accounted for separately:

Company	Power Grid (in km) as of August, 2021	Shareholders
Transelec S.A.	10,104	Transelec Holdings Rentas Ltda.
Interchile S.A.....	1,965	Interconexión Eléctrica S.A. E.S.P.
Colbún Transmisión	1,515	Colbún S.A.
Transmisión Eléctrica del Norte S.A.	1,203	Engie Energía Chile S.A.
Celeo Redes Operación Chile S.A.....	834	Celeo Redes Chile Ltda.

Power Generation Companies

The largest power generation companies in Chile are AES Andes, Enel Generación and its subsidiaries, as well as Colbún and Engie. These companies had approximate market shares of 25.6%, 23.3%, 16.1% and 7.9% of the installed power generation capacity in the SEN as of June 2021.

Power Distribution Companies

The four largest distribution companies in Chile are Enel Distribución, CGE, SAESA and Chilquinta. These companies had a respective market share of approximately 40%, 38%, 9% and 9% in terms of purchase of energy to deliver to the end users as of April 2021. These four companies are Dedicated Customers of Colbún Transmisión.

For more information about Colbún Transmisión's main clients and the share of revenue from other clients, see "Business Overview—Main Clients."

THE TRANSACTIONS

The Acquisition

On March 30, 2021, the Buyer and the Sellers entered into an SPA, whereby the Sellers agreed to sell and the Buyer agreed to buy all of the issued and outstanding share capital of Colbún Transmisión. Under the SPA, the Sellers expect to receive from the Buyer an amount equal to the Acquisition Date Purchase Price upon the closing of the Acquisition, assuming the Acquisition Effective Date takes place on or before September 30, 2021. The Acquisition Date Purchase Price to be received by the Sellers is subject to a number of pre-closing and post-closing adjustments, including for the Buyer's calculation of working capital and outstanding debt as compared to the Sellers' estimated calculation in accordance with the SPA and an additional adjustment based on the Ongoing Tariff Review Process applicable to national and zonal transmission facilities for the period comprised by years 2020 to 2023, which is being currently conducted by the CNE pursuant to the provisions of Title III, Chapter IV of the Chilean Electricity Law. When completed, the Acquisition will bring 899 km of transmission lines and 27 substations located in Chile under the control of leading investors in Latin American markets with a dedicated energy transmission team and strategy.

In the event that the Issue Date for the Notes offered hereby occurs before the consummation of the Acquisition, the Issuer will deposit the net proceeds from this offering and the Additional Funds into the Escrow Account until the date that the Escrow Conditions are satisfied. Among other things, the Escrow Conditions include the satisfaction of all the conditions required for the consummation of the Acquisition. If the Acquisition is consummated on or prior to the Redemption Deadline and the other Escrow Conditions are satisfied, the amounts held in the Escrow Account will be released to, and used by, the Issuer to finance the Acquisition as described in this offering memorandum. If (i) the Acquisition and the other conditions to the release of the amounts in the Escrow Account set forth in the Escrow Agreement have not occurred (including in an amount that, together with the Escrowed Funds, is sufficient to (x) consummate the Acquisition, and (y) pay fees, costs and expenses in connection with the consummation of the Acquisition payable to Seller to the extent payment of any such amounts is required under the SPA), or (ii) the SPA related to the Acquisition is terminated on or prior to the Redemption Deadline, the Notes will be subject to a Special Mandatory Redemption. Following such Special Mandatory Redemption, any amounts remaining in the Escrow Account would be returned to the Issuer. See "Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption."

The consummation of the Acquisition is subject to customary closing conditions. As of the date of this offering memorandum, we expect the Acquisition to be consummated by September 30, 2021; however, we cannot assure you that it will be completed at such time or at all or the precise terms thereof. See "Risk Factors—Risks Related to the Acquisition" and "Risk Factors—Risks Related to the Notes, the Note Guarantee and the Collateral—The Issuer will escrow the net proceeds received from this offering and will be required to redeem the Notes if the Acquisition is not consummated on or prior to the Redemption Deadline." In addition, following the issuance of the Notes on the Issue Date until the date of consummation of the Acquisition, Colbún Transmisión will not be subject to the covenants under the Indenture and will only be obligated to observe the conduct of business requirements contained in the SPA, including covenants to conduct the business and operations of Colbún Transmisión in the ordinary course of business consistent with past practice. In addition, subject to customary exceptions (e.g., actions taken in the ordinary course of business), immaterial exceptions disclosed pursuant to the SPA and Colbún Transmisión's ability to take all reasonable actions and measures required to preserve its value, its assets and operations in case of any emergency situation, without the Buyer's consent, Colbún Transmisión is prohibited from causing or permitting the following actions or transactions: (i) amend or repeal any provisions of its organizational documents, to the extent such changes are not required by applicable law, (ii) the acquisition of other businesses, undertaking new projects or material expansions of existing projects, in each case for an aggregate annual value in excess of U.S.\$500,000, (iii) enter into any agreement that limits or restricts the ability of Colbún Transmisión or any of its affiliates to directly or indirectly (whether as principal, agent, independent contractor, partner or otherwise) own, manage, operate, control, participate in, perform services for, or otherwise carry on or engage in any business or in any geographic area; (iv) except for dividends to be distributed to its shareholders, declare, set aside or pay any distribution payable in cash, stock or property with respect to any shares of any class or series of its share capital; (v) organize or incorporate any new subsidiary or acquire by any means any share

capital or other equity securities, or equity or ownership interest in any other business; (vi) modify, amend or terminate any material contracts or the Colbún environmental indemnity agreements or waive, release or assign any rights or claims material for its business; (vii) modify, amend or terminate any lease and easement agreements entered into with respect of real estate, or waive, release or assign any rights or claims material for its business; (viii) incur or assume short-term indebtedness, exceeding U.S.\$20,000,000 in the aggregate; incur or assume any long-term debt; modify the terms of any indebtedness or other liability; assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person; or make any loans, advances or capital contributions to, or investments in, any other person; (ix) lease, license, mortgage, pledge or encumber any assets, or transfer, sell or dispose of any assets; write down the value of any inventory or write off as uncollectible any notes or accounts receivable, or dispose of or permit to lapse any rights to any intellectual property; (x) make any material change in the compensation payable or to become payable to any of its officers, directors, employees, agents or consultants, or enter into or amend any material employment, severance, consulting or other agreement with, or employee benefit plan for, or make any loan or advance to, any of its officers, directors, employees, related parties, agents or consultants or entering into borrowing or lending arrangements for or on behalf of any of such persons pursuant to an employee benefit plan or otherwise; (xi) cancel, terminate or modify material insurance policies covering the assets of Colbún Transmisión; (xii) pay, repurchase, discharge or satisfy any of its claims, liabilities or obligations (absolute, accrued, asserted or not asserted, contingent or otherwise); (xiii) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization; (xiv) change any accounting methods or make any election relating to taxes, enter into any closing agreement relating to taxes, or settle any claim or assessment relating to taxes; (xv) settle or compromise any pending or threatened litigation or other proceeding; (xvi) any other matter that requires the approval of a supermajority of the shareholders of Colbún Transmisión under Article 67 of the Chilean Corporations Act; and (xvii) enter into any agreement, contract, commitment or arrangement to do any of the foregoing, or authorize, recommend, propose or announce an intention to do, any of the foregoing. See “Risk Factors—Risks Related to the Notes, the Note Guarantee and the Collateral—Following the issuance of the Notes on the Issue Date, there is a risk that Colbún Transmisión could undertake actions which would not be permitted under the Indenture following the consummation of the Acquisition.” See also “Risk Factors—Risks Related to the Notes, the Note Guarantee and the Collateral—The Issuer will escrow the net proceeds received from this offering and will be required to redeem the Notes if the Acquisition is not consummated on or prior to the Redemption Deadline.”

The Share Purchase Agreement

On March 30, 2021, the Issuer and Colbún entered into the SPA, pursuant to which the Sellers agreed to sell and the Buyer agreed to buy all of the outstanding share capital of Colbún Transmisión for the Base Purchase Price of U.S.\$1,349,016,363, subject to certain purchase price adjustments, as described below.

The consummation of the Acquisition is subject to customary representations, warranties and covenants, including covenants related to Colbún Transmisión’s business operations during the period between the execution of the SPA and the consummation of the Acquisition and the Sellers’ undertakings to cooperate with the Buyer in order to consummate the Acquisition. The Buyer and the Sellers have agreed to indemnify each other for losses due to breach of the SPA’s representation and warranties and other potential liabilities. Certain indemnities are subject to restrictions as to time and amount. The SPA is also subject to customary closing conditions, including but not limited to the absence of a material adverse effect, as such term is defined in the SPA, obtaining regulatory approval and the delivery of closing certificates. On August 3, 2021, the Acquisition was approved by the Chilean Economic Prosecutor’s Office (“*Fiscalía Nacional Económica*”). As of the date of this offering memorandum, we expect the Acquisition to be consummated by September 30, 2021. However, we cannot assure you that the conditions to the closing of the Acquisition will be met by such date or at all. See “Risk Factors—Risks Related to the Acquisition—The Acquisition is subject to significant uncertainties and may not be consummated timely or at all, which may adversely affect our business, financial condition, results of operations and prospects.”

The Notes and Note Guarantees will be the direct and unconditional senior secured obligations of the Issuer and, upon the consummation of the Acquisition, will rank *pari passu* in right of payment with all of the Issuer’s and Colbún Transmisión’s existing and future unsubordinated obligations (other than obligations preferred by statute or by operation of law) and certain other permitted debt. The Notes and Note Guarantees will be senior in priority of

payment to all present and future unsecured obligations (to the extent of the value of the collateral securing the Notes and any such Note Guarantee) and subordinated obligations, and they will be effectively subordinated to all of the Issuer's and Colbún Transmisión's future indebtedness secured by liens on assets that do not secure the Notes, to the extent of the value of the assets securing such indebtedness.

Adjustments to the Purchase Price of the Acquisition

As set forth above, under the terms of the SPA, the Buyer and the Sellers initially agreed to the Base Purchase Price.

Under the terms of the SPA, the Base Purchase Price is subject to upward or downward adjustments based on a number of variables, including, among others: (1) changes in the total working capital and net debt of Colbún Transmisión (including changes in the Colbún Transmisión Indebtedness Owed to Colbún) until the Acquisition Effective Date, (2) the total amount of Colbún Transmisión's capital expenditures paid by Colbún prior to the Acquisition Effective Date, (3) publication of the new tariff rate that will apply to Colbún Transmisión's operations in the Regulated System following the conclusion of the Ongoing Tariff Review Process, and (4) Tariff Reimbursements, if any, that may be payable by Colbún Transmisión following the conclusion of the Ongoing Tariff Review Process. Following the consummation of the Acquisition and the conclusion of the Ongoing Tariff Review Process, the Acquisition Date Purchase Price may be further adjusted upward or downward based on the factors listed in clauses (3) and (4) above. For more information about the effect of the Ongoing Tariff Review Process on the Acquisition Date Purchase Price, see “—Impact of the Ongoing Tariff Review Process on the Purchase Price.”

As of the date of this offering memorandum, based on calculations prepared by us and reviewed by the Independent Engineer, we estimate that, assuming the Acquisition Effective Date occurs on or before September 30, 2021, the Estimated Payments to Colbún would collectively total approximately U.S.\$1,195.5 million.

Following the execution of the SPA, Colbún published a material fact (*hecho esencial*) on March 30, 2021 announcing the sale of Colbún Transmisión for an Initial Seller Calculated Purchase Price of U.S.\$1,295 million. Following the publication of the CNE Valuation Report, on August 10, 2021, Colbún published a material fact (*hecho esencial*) announcing a revised purchase price of U.S.\$1,185 million. We believe the methodology used by Colbún to calculate the Seller Calculated Purchase Price may be materially different from the methodology used by us to calculate the Buyer Calculated Purchase Price, and such calculations of the acquisition price are subject to change. The Sellers and the Buyer continue to be in discussions regarding these adjustments and expect to consummate the Acquisition at the Acquisition Date Purchase Price on or before September 30, 2021.

Impact of the Ongoing Tariff Review Process on the Purchase Price

The outcome of the Ongoing Tariff Review Process will have both a prospective and a retroactive impact on Colbún Transmisión's invoicing.

Future Cash Flows. The new tariff rates will affect Colbún Transmisión's revenue from existing assets in the Regulated System moving forward. A higher tariff rate would increase future cash flows of Colbún Transmisión to be received from customers, while a lower tariff rate would decrease future cash flows from customers, as compared to amounts collected as of the date of this offering memorandum, based on the tariffs established in the previous tariff period.

In addition, as mentioned in clause (3) of “—Adjustments to the Purchase Price of the Acquisition” above, pursuant to the SPA, the Acquisition Date Purchase Price could be adjusted upward or downward as a result of the publication of the new tariff that will apply to assets in the Regulated System upon the conclusion of the Ongoing Tariff Review Process. If the tariff review process results in a tariff increase, as compared to rates agreed upon by the parties on the Acquisition Effective Date, the Acquisition Date Purchase Price would increase and the Buyer, directly or through its affiliates, would be required to pay an additional amount to the Sellers. If the tariff review process results in a tariff decrease, as compared to levels agreed upon by the parties at the Acquisition Effective Date, the Acquisition Date Purchase Price would be reduced and the Buyer would be entitled to a reimbursement

from the Sellers. The amounts of the tariff components presented in the CNE Valuation Report are lower than the tariff components established in the previous tariff period, and we expect that the revised tariffs established upon the conclusion of the Ongoing Tariff Review Process will be lower than the tariffs established in the previous tariff period. See “Risk Factors—Risks Related to Colbún Transmisión’s Business and Industry—Changes in the valuation of Colbún Transmisión’s existing facilities in the National or Zonal Transmission Systems could negatively alter its return on investments” for information about the risks related tariff variations for assets in the Regulated System.

Retroactive Adjustment. As of the date of this offering memorandum and pending the conclusion of the Ongoing Tariff Review Process, transmission companies have continued invoicing under the previous tariff structure. Once the review process is completed and the new tariff rates have been set, the new tariff will be applied retroactively from January 1, 2020 until the date of the conclusion of the Ongoing Tariff Review Process. Based on the CNE Valuation Report, we expect that the tariffs that will be determined once the Ongoing Tariff Review Process is concluded will be lower than the tariffs established in the previous tariff period. As such, we expect that Colbún Transmisión will be required to make Tariff Reimbursements.

As mentioned in clause (4) of “—Adjustments to the Purchase Price of the Acquisition” above, pursuant to the terms of the SPA, the Acquisition Date Purchase Price is expected to be reduced by the estimated amount of such Tariff Reimbursements applicable to the period from January 1, 2020 until the date of the consummation of the Acquisition, which is expected to occur on September 30, 2021, and the Sponsors are expected to make a corresponding equity contribution on the Release Date (as defined elsewhere in this offering memorandum). See “Description of the Notes—Deposits into and Transfers from Project Accounts—Issuer USD Tariff Readjustment Reserve Account.” As of the date of this offering memorandum, we expect such contribution to be in an aggregate amount of approximately U.S.\$24.4 million, subject to adjustments. In addition, a portion of the Acquisition Date Purchase Price may be reserved in an escrow account in order to partially cover these Tariff Reimbursements, if any, that would be payable by Colbún Transmisión from January 1, 2020 until the date of the consummation of the Acquisition.

The Tariff Reimbursements, if any, would occur over a period of time to be determined at the conclusion of the Ongoing Tariff Review Process, and we cannot be certain as to the amounts or process by which such Tariff Reimbursements would be made. For example, Colbún Transmisión may be instructed by the CNE to (1) pay Tariff Reimbursements to transmission companies whose tariffs increase upon the conclusion of the Ongoing Tariff Review Process relative to the previous tariff period and, as a result, have a payment deficit for the period commencing on January 1, 2020, and/or (2) allow Colbún Transmisión’s existing customers to offset excess amounts they paid to Colbún Transmisión from January 1, 2020 until the conclusion of the Ongoing Tariff Review Process. For additional information, see “Description of the Notes—Deposits into and Transfers from Project Accounts—Issuer USD Tariff Readjustment Reserve Account” and “The Transactions—The Acquisition—The Share Purchase Agreement.”

Although we expect that the purchase price adjustments set forth in the SPA and the funds reserved for Tariff Reimbursements, if any, will partially offset the effects of these variations, the outcome of the Ongoing Tariff Review Process may negatively affect our financial condition and results of operations. In the event that the Ongoing Tariff Review Process figures are lower than the figures in our projections, we will have the option to redeem up to U.S.\$75.0 million of the outstanding principal amount of the Notes to prevent a Rating Downgrade (as defined elsewhere in this offering memorandum). For additional information, see “Risk Factors—Risks Related to the Acquisition—The Acquisition is subject to significant uncertainties and may not be consummated timely or at all, which may adversely affect our business, financial condition, results of operations and prospects,” “Risk Factors—Risks Related to the Acquisition—Changes in the tariff level could result in an upward purchase price adjustment or require us to redeem the Notes” and “Description of the Notes—Redemption of the Notes—Purchase Price Adjustment Reimbursement Redemption.”

The Transition Services Agreements

Pursuant to the terms of SPA, on or prior to the Acquisition Effective Date, Colbún S.A. and Colbún Transmisión will have entered into (a) an Operation Services Agreement (*contrato de prestación de servicios de*

operación técnica); (b) Transition Maintenance Services Agreement (*contrato de prestación de servicios mantenimiento y planificación operacional*); (c) Transition Administration Services Agreement (*contrato de prestación de servicios de apoyo a la administración*); and (d) Telecommunications Services Agreement (*contrato de prestación de servicios de transmisión de datos a través de fibra óptica*) (collectively, the “Transition Services Agreements”) for Colbún to provide certain services to Colbún Transmisión for up to a six-month period after completion of the Acquisition (e.g., (1) business planning and analysis, (2) corporate and legal services, (3) accounting and financial reporting, (4) health, safety standards and environmental training, (5) human resources, (6) insurance, (7) operations and engineering, (8) IT general services and overarching assumptions, (9) IT-related services, (10) certain proprietary systems- related services and (11) licensing- related services).

Repayment of Colbún Transmisión’s Consolidated Project Liabilities

As of June 30, 2021, the aggregate principal amount of the Colbún Transmisión Indebtedness Owed to Colbún is U.S.\$84.2 million. Pursuant to the terms of the SPA, the Colbún Transmisión Indebtedness Owed to Colbún is expected to be fully repaid, settled or cancelled on the Acquisition Effective Date. As a result, the proceeds of this offering may be used, in part, to settle such intercompany obligations.

The Financing Transactions

In connection with the Acquisition, we expect to enter into the following Financing Transactions:

- this offering of Notes;
- a senior secured letter of credit facility in an amount U.S.\$31.5 million, subject to adjustments (the “Letter of Credit Facility”);
- equity contributions to the Issuer (including in the form of subordinated loans) in an estimated aggregate amount of U.S.\$192.8 million from Celeo Redes, APG and/or any of their respective affiliates, subject to any adjustments to the Acquisition Date Purchase Price under the SPA; and
- a Construction Letter of Credit (as described elsewhere in this offering memorandum) with no recourse to the Issuer.

If the issuance of the Notes occurs before the consummation of the Acquisition, the Issuer will deposit the net proceeds from this offering into the Escrow Account until the date that the Escrow Conditions (as defined elsewhere in this offering memorandum) are satisfied. In addition, the Sponsors will deposit into the Escrow Account certain additional amounts required in connection with a potential Special Mandatory Redemption, including an amount equal to 1% of the aggregate principal amount of the Notes and an amount equal to interest payments for a period of six months, which is the maximum escrow period. The Escrow Conditions include, among other conditions, the satisfaction of all the conditions required for the consummation of the Acquisition. If the Acquisition is consummated on or prior to the Redemption Deadline and the other Escrow Conditions are satisfied, the amounts held in the Escrow Account will be released to, and used by, the Issuer to finance the Acquisition as described in this offering memorandum. If (i) the Acquisition and the other conditions to the release of the amounts in the Escrow Account set forth in the Escrow Agreement have not occurred (including as a result of either the Sponsors failing to make equity contributions in an amount that, together with the Escrowed Funds, is sufficient to (x) consummate the Acquisition, and (y) pay fees, costs and expenses in connection with the consummation of the Acquisition payable to Seller to the extent payment of any such amounts is required under the SPA), or (ii) the SPA is terminated on or prior to the Redemption Deadline, the Notes will be subject to the Special Mandatory Redemption, at a redemption price equal to 101% of the aggregate principal amount of the Notes plus accrued and unpaid interest thereon to, but not including, the Redemption Date. Following such Special Mandatory Redemption, any amounts remaining in the Escrow Account would be returned to the Issuer. See “Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.”

We expect to pay the Acquisition Date Purchase Price and to repay the Colbún Transmisión Indebtedness Owed to Colbún using a combination of the proceeds of the Notes and equity contributions to the Issuer (including

in the form of subordinated loans). The aggregate amount of the equity contributions to the Issuer (including in the form of subordinated loans) will be equal to: (1) the Acquisition Date Purchase Price and the Colbún Transmisión Indebtedness Owed to Colbún *plus* the transaction costs and expenses incurred in connection with the Acquisition and this offering, *minus* (2) the net proceeds of the Notes. As of the date of this offering memorandum, assuming the Acquisition Effective Date occurs on or before September 30, 2021, we estimate that the Estimated Payments to Colbún would total approximately U.S.\$1,195.5 million and the net proceeds of the Notes will be approximately U.S.\$1,087.4 million. As a result, as of the date of this offering memorandum, we estimate that the equity contributions to the Issuer (including in the form of subordinated loans) will be equal to an aggregate amount of approximately U.S.\$192.8 million. In addition, the Sponsors will provide a Construction Letter of Credit to cover Construction Costs (as defined elsewhere in this offering memorandum), which would increase our exposure to equity contributions from our Sponsors by approximately U.S.\$68.9 million.

We expect to use the Letter of Credit Facility to fund our debt service reserve and O&M reserve obligations under the Indenture and the Notes. See “Description of Principal Financing Agreements” for a description of the Letter of Credit Facility.

The following table illustrates the estimated sources and uses of funds for the offering of Notes and the Acquisition, assuming the Acquisition is consummated by September 30, 2021. This scenario is for illustrative purposes only, and amounts included in the table below may vary significantly and depend on several factors, including timing of the Acquisition, purchase price adjustments under the SPA, total indebtedness levels, including as a result of the sale of the Notes, and equity investments.

	Amounts	
	<i>(in millions of U.S.\$)</i>	<i>(%)</i>
Sources		
Equity contributions to the Issuer (including in the form of subordinated loans)	192.8	14.9
Gross Proceeds of the Notes	1,098.6	85.1
Total sources	1,291.4	100.0
Uses:		
Estimated Payments to Colbún	1,195.5	92.6
Cash reserved to pay contingent Tariff Reimbursements	24.4	1.9
Transaction costs and fees relating to the Acquisition and the offering of the Notes ⁽¹⁾	71.5	5.5
Total uses	1,291.4	100.0

- (1) Includes estimated fees and expenses related to the Financing Transactions, including discounts and commissions payable to the Initial Purchasers, legal, accounting and advisory fees, fees associated with the Financing Transactions, interest rate hedging and other transaction costs. An increase in actual fees and expenses will result in a corresponding increase in cash on the balance sheet.

REGULATORY, PERMITS AND ENVIRONMENTAL MATTERS

Overview

The Chilean electricity sector is subject to a regulatory framework that has been in effect and has significantly evolved during the past four decades. This framework has fostered the development of an industry with a high level of participation of private capital. The electricity transmission industry has duly satisfied the demand for energy, which has grown at an average rate of 3% between 2009 and 2019. The electricity sector and its private participants are subject to several regulations and the supervision of various technical bodies. The main material laws and regulations covering the Chilean electricity sector and our electric operations are:

- “Chilean Electricity Law”: DFL (*Decreto con Fuerza de Ley*) No. 4-2007 (*Ley General de Servicios Eléctricos*) as amended from time to time, including:
 - Law No. 20,701, enacted in 2013. This law expedites the process for electric concession assignments.
 - Law No. 20,726, enacted in 2014. This law promotes interconnection within electric systems.
 - The Chilean Transmission Law. This law established several amendments to transmission activities in Chile, created the CEN and the National Electrical Grid and unified valuation and expansions plans for each transmission system, among other things. See “—Chilean Electricity Law.”
 - Law No. 21,185 enacted in 2019, which, amongst others, established a stabilization mechanism for energy and power prices that Regulated Consumers pay to distribution companies by bringing forward the projected reduction in supply prices.
 - Law No. 21,249 enacted in 2020, amended by Law No. 21,340 enacted in 2021, which prohibits the suspension of basic services (water, gas and electricity) to certain regulated consumers, due to COVID-19.
- Environmental law: Environmental regulation is mainly governed by Law No. 19,300 “General Environmental Law” (*Ley de Bases Generales del Medio Ambiente*), enacted in 1994 and modified in 2010. This law sets out the framework governing environmental impact assessment in Chile.

Chilean Electricity Law

The Chilean Electricity Law aims to generate incentives to maximize efficiency, maximize resource allocation and to simplify the regulatory scheme. It includes a transparent process to determine the tariff that limits the broad discretionary power of the Chilean government by establishing objective criteria. The regulatory system allows competitive return rates on investment to stimulate private investment, while ensuring the availability of electricity service throughout Chile.

Authorities and other entities

The main regulatory agencies that have primary responsibility for the implementation and enforcement of the Chilean Electricity Law are the Ministry of Energy, the CNE, the SDEC, the Experts Panel and the CEN.

- The Ministry of Energy grants final approval of new works, expansion works, tariffs and node prices set by the CNE and regulates the granting of concessions to power generation, transmission and distribution companies.
- The CNE is a technical public organism that analyzes the structure and level of prices for goods and energy services. It is an adviser to the Ministry of Energy in matters relating to Chile’s energy development. It issues technical regulation and calculates regulated tariffs and node prices. Every four years, the CNE leads the tariff-setting processes of the transmission system. For more information,

please see “—Qualification and Valorization of the Existing Transmission System Facilities (Legacy Assets).”

- The SDEC’s main responsibility is to supervise and ensure that power companies comply with regulations, service quality and safety standards currently in force. The SDEC is entitled to investigate any failure to comply with the quality and safety standards and may impose sanctions, mainly fines. These fines may be appealed in a court of law and have a maximum limit of 10,000 annual taxation units per event (approximately U.S.\$8,100,000).
- The Experts Panel is a permanent entity that was created under the Short Law. The Experts Panel has the authority to resolve conflicts arising between companies and the CNE during the tariff review process.
- The CEN, which was created by the Chilean Transmission Law and replaced the CDECs in 2017, is an autonomous nonprofit corporation of public law (*corporación autónoma de derecho público*). The CEN is in charge of operating the electricity systems, maintaining a secure service, assuring efficient operation of all power installations, and guaranteeing open access to transmission systems. Moreover, the CEN prepares technical procedures, subject to approval by the CNE, authorize third-party connections, monitor the payment chain, promote competitive conditions, and implement public information systems, among other obligations.

Power Transmission System

The transmission sector is considered a natural monopoly that generally operates as a public service and is regulated.

The Chilean Electricity Law establishes certain principles that are used by the authority to determine the regulatory regime that governs each transmission facility. There are five regulatory regimes, as described below:

1. *National Transmission System (former trunk transmission system)*: this is the high voltage backbone of the entire transmission system, where electricity flows according to supply and demand. The National Transmission System is required to provide “open access” to its system on a non-discriminatory basis under general rules, which consists of granting third parties the right to access and connect to the National Transmission System. The open access obligations are subject to certain assumptions and conditions based on economic and technical criteria.

2. *Zonal Transmission System (former sub-transmission system)*: this is the system that enables the supply of energy from the National Transmission System to distribution concessions areas where Regulated Consumers are ultimately supplied. The Zonal Transmission Systems are also subject to open access obligations.

3. *Dedicated Transmission System (former additional system)*: this is the system through which Unregulated Consumers receive energy and generators inject the energy produced to the SEN.

As in the National and Zonal Transmission Systems, the Dedicated Transmission System is subject to open access obligations. To guarantee those obligations, the Chilean Transmission Law set forth certain measures such as the requirement for the owner, lessee or usufructuary of such facilities to disclose any Dedicated Contracts executed in that respect, on the basis that the owner, lessee or usufructuary of transmission facilities is required to always provide access when there is technical capacity available (not considering contracted or reserved capacity over the lines). The cost of any works or studies needed to allow the open access will be assumed by the applicant.

4. *Development Zone System*: refers to areas with resources or conditions that have high potential for the production of electricity using a joint transmission facility, which is of general public interest and economically efficient. The Ministry identifies potential areas for Development Zone Systems in its long-term annual planning decree.

5. *International Systems*. The International Systems will be constituted by transmission lines and substations destined to transport the electrical energy for export or import purposes, to and from the electrical

systems located in Chile. These systems may be public or private. Importation or exportation of energy requires previous authorization from the Ministry of Energy.

As of the date of this offering memorandum, Colbún Transmisión did not have any operating transmission lines in the International System or Development Zones.

Qualification and Valorization of the Existing Transmission System Facilities (Legacy Assets)

The transmission facilities qualification process must be executed every four years. As a result of this process, the CNE classifies each transmission system facility under one of the transmission categories considered by the Chilean Electricity Law. This process contemplates the possibility of presenting discrepancies before the Experts Panel.

Annual compensation for each section of the National and Zonal Transmission Systems is set by the Ministry of Energy every four years based on a TFVS. This study is conducted by an independent consultant, which is appointed through a bidding process carried out by the CNE (which results may be impugned before the Experts Panel). The main purpose of the TFVS is to calculate the regulated tariff of each transmission facility (VATT). The AVI components of the VATT is calculated based on the investment value for the existing segments, using a discount rate that is established by the CNE (between 7% and 10%, as a range for an after-tax IRR applicable since 2020), considering among other things, (i) the economic service life of assets and (ii) the amounts actually paid for the land rights. The economic service life of assets will be preliminarily determined by the CNE according to a procedure that allows the interested parties to submit comments to the preliminary technical report and to appeal before the Experts Panel if such observations were not admitted in the prior stage, and will apply for three consecutive tariff periods. The investment value of the land rights, expenses and indemnities paid for the easements used will only consider the amounts actually paid, adjusted by the Chilean Index Consumer Price. However, this rule is modified by transitional articles of the Chilean Transmission Law, which considers special statutes to value such rights in certain existing facilities prior to the Chilean Electricity Law.

The amount of the COMA, which may consider scope and scale economies (to share costs with nonregulated business and between different transmission assets), is also calculated in the TFVS. In addition, the TFVS establishes indexing formulas for AVI and COMA in order to maintain the real value of these concepts throughout the four-year period.

Annual Expansion Plan

The expansion plan is prepared yearly by the CNE based on a proposal that is sent by CEN. Parties to the electrical system may suggest new works either before the CEN or before the CNE. With the CEN's proposal, the CNE issues a preliminary technical report, which is reviewed by the interested parties; and once the observations from such parties are resolved, the CNE will issue a definitive technical report against which interested parties may claim before the Experts Panel. If there are no discrepancies, or the discrepancies are solved by the Experts Panel, the CNE delivers the technical report to the Ministry, who will set forth in separate decrees (i) the upgrade works and (ii) the new works.

The upgrade works are those that increase the capacity or the safety and quality of service of the transmission lines and electrical substations. In contrast, new works would be new transmission lines or electrical substations that do not exist and are included to increase the capacity or safety and quality of service of the electrical system. Both kinds of works are carried out through separate bidding processes.

Tender, Adjudication and Compensation of New Works and Expansion Works

If the approved projects are deemed to be new works, they will be awarded through an open bidding process. The Chilean Electricity Act does not establish a rate of return for these new works projects: they are awarded to the bidder who offers the lowest AVI + COMA, values that will remain in force for five tariff periods (*i.e.*, 20 years), adjusted by the indexation factors established in the award decrees.

In the case of expansion works, the Chilean Transmission Law guarantees as investment value 100% of the EPC awarded price for five tariff periods (*i.e.* 20 years), to determine the AVI component of the VATT of such expansion works. As for the corresponding COMA, it will be determined in the immediately following tariff processes. The Chilean Transmission Law states that the bidding process will be conducted by the CEN.

Remuneration

Under the Chilean Transmission Law, transmission companies will receive 100% of the VATT, which will be the sum of the actual tariff revenue and a mandatory flat charge, from generation and distribution companies. Generation and distribution companies will be entitled to retrieve the mandatory flat charge from final customers (whether Regulated Consumers or Unregulated Consumers). In addition, under the new Chilean Transmission Law, the generating facilities must retrieve mandatory flat charges from final customers, except for those injections derived from supply agreements between generation companies and Regulated or Unregulated Consumers executed before the entry into force of the new law, which will be subject to a special transitional regime until year 2034. During this transitional period, the injection tariffs would gradually decrease to 0% by the year 2034, simulating the term of existing contracts. However, this exception does not apply to facilities which enter in operation after December 31, 2018 and facilities related to the interconnection between the SIC and the SING, which will be remunerated according to the provisions of the new Chilean Transmission Law.

The Chilean Transmission Law also prohibits transferring to the customer transmission costs that are caused by the distance between power production centers and consumption centers.

Once a month, with connection to the energy and capacity transfer balances, the CEN will calculate the tariff revenue payments that every generation company will pay to each transmission company for the use of the electrical system of the previous month.

Conversely, the CNE sets the mandatory flat charge that is determined semi-annually in the respective technical report, which includes the resolution that determines the node prices. The flat charge, as well as the reassessments or adjustments that may occur, are calculated by the CEN, according to the law and the regulations. The values corresponding to the flat charge are invoiced by the generation or distribution companies to Regulated and Unregulated Consumers. The generation or distribution companies transfer the invoiced amounts to the transmission companies, as described in the following paragraph. Interested parties may submit observations to the technical report before the Experts Panel confirms the amount.

The transmission tariffs invoiced for the mandatory flat charges and the tariff revenue are distributed among the transmission companies under the following rules: (i) the total monthly collection of each system (that is, the National and Zonal Systems and under certain limited circumstances, the Dedicated Transmission System), must be paid in proportion to the VATT for each transmission facility; (ii) in each system, differences between total collection and VATT for each transmission facility, as indicated in clause (i) above, will be considered in the following period in order to pay or deduct such differences, as appropriate, in the calculation of the flat charge for the next period; and (iii) the CEN will ensure that the annual collection allocated to each transmission facility does not exceed its VATT.

Termination of Project Decrees and Dedicated Contracts

The compensation for transmission services in the National and Zonal Transmission Systems is based on Project Decrees and Tariff Decrees. The right to benefit from the exploitation of facilities pertaining to the National and Zonal Transmission System is generally considered perpetual in nature and not subject to concession risks; however, Project Decrees that grant the right to benefit from the use of new facilities currently under construction (which were awarded as part of the National and Zonal Transmission System's expansion plan), may be revoked in the event of a material breach of the transmission company's obligations under the applicable decrees. Current law does not clearly set forth which violations constitute a material breach that could lead to the termination of a decree, and neither the Chilean Electricity Law nor the Project Decrees define the scope of a material breach. As a result, it may be difficult to determine what breaches may constitute a "material breach" because such determination is based on investigations conducted by the CEN. In the event of a termination under these circumstances, the

transmission company would not receive any compensation. In addition, the transfer of transmission line assets to third parties may not be possible after the termination of these Project Decrees. Notwithstanding the foregoing, terminations under these circumstances have not occurred in Chile in the past.

Transmission services in connection with assets in the Dedicated Transmission System are established in long-term Dedicated Contracts with Dedicated Customers, which are generation companies and other Unregulated Consumers. These counterparties may choose not to renew their Dedicated Contracts or may elect to renegotiate for future extensions and under new terms that are less favorable to the transmission company than the original terms. The rights of transmission companies to receive revenue under these Dedicated Contracts are per term, and parties to these contracts are not required to agree to extensions. In addition, Dedicated Customers have the right to early termination of these Dedicated Contracts in the event of a material breach by the transmission company. Most Dedicated Contracts do not specify what may constitute a material breach, and determination of whether a violation constitutes a material breach is based on the evidence rendered by the parties to the dispute and determined by the relevant court. In the event of an early termination due to a material breach by the transmission company, the transmission company would not receive any compensation.

Fines and compensations

The authority may impose fines on the transmission companies if a blackout or outage is caused due to any transmission's operational mistake, including failures related to the coordination duties of all system agents.

In addition, transmission companies may be subject to regulatory fines for any breach of current regulations, including energy supply failure. Any electricity transmission company supervised by the SDEC may be subject to these fines in cases where, in the opinion of the SDEC, such company is responsible for the operational failures that affect the regular energy supply to the system. The maximum fine that the SDEC can impose in the event of such failure is 10,000 annual taxation units, approximately equivalent to U.S.\$8,100,000. Fines imposed by the SDEC can be appealed at Santiago's Court of Appeals and, eventually, at Chile's Supreme Court.

The Chilean Transmission Law created a new system of compensation for unavailability due to supply outages payable to Regulated Consumers and Unregulated Consumers, which has become effective in 2020. Any event or failure in transmission facilities that causes an unauthorized unavailability of supply and is outside the minimum quality of service previously set will result in the payment of compensation equal to the energy not supplied valued at either (i) 15 times the energy rate applicable for Regulated Consumers or (ii) 15 times the energy component of the average market price for Unregulated Consumers established in the final technical report prepared by the CNE (unless supply agreements provide for special rules). The compensation paid by a transmission company per event is capped to the lower between (x) 5% of its regulated revenue in the previous calendar year for the respective transmission system and (y) 20,000 *unidades tributarias anuales* (currently approximately U.S.\$17,174,383).

The new compensations system has been gradually implemented since January 1, 2020. From 2020 to 2023, the compensation amount due by a transmission company, subject to the cap previously described, for each kWh not supplied in compliance with minimum standards is equal to 10 times the value of the electricity rate. From 2024 and thereafter, the compensation amount for energy not supplied will be valued at 15 times the value of the electricity rate.

Electric Concessions

The Chilean Electricity Law provides a mechanism called electric concessions or franchises (*concesiones*) that (x) allows power transmission companies a "right of way" (*servidumbres*) in areas where electric infrastructure is required to be built and (y) to set a compensation value in case a bilateral agreement cannot be reached with affected parties in the area. The electric concession proceeding represents an alternative route to obtain easements in the event that a voluntary agreement cannot be reached.

In general terms, obtaining an electric concession is a process involving several stages, which start with filing an application for a definitive or provisional electric concession before the SDEC, the competent body before which the concession proceeding is carried out.

Environmental Regulation

The Chilean Constitution grants all citizens the right to live in a pollution-free environment. It further provides that other constitutional rights may be limited in order to protect the environment. Chile has numerous laws, regulations, decrees and municipal ordinances that may affect our operations, or the development of new projects, for purposes of environmental protection. Among others, there are regulations relating to waste disposal (including the discharge of liquid industrial wastes), air pollution (including greenhouse gases), cleanup of contamination (such as the establishment of industries in areas in which they may affect public health and the protection of water for human consumption). Under these laws, we may be required to obtain specific approvals, consents and permits. Also, emissions and discharges from our operations may be required to meet specific standards and limitations set forth in regulations or permits. We have made and will continue to make substantial investments to comply with such environmental laws, regulations, decrees and ordinances.

The General Environmental Law (Law No. 19,300), enacted in March 1994 and modified in 2010 by Law No. 20,417, establishes a framework for environmental regulation in Chile, which has become increasingly stringent in recent years. Recent amendments include, among other significant modifications, the creation of a new institutional framework comprised by: (i) the Ministry of Environment (*Ministerio del Medio Ambiente*); (ii) the Council of Ministers for Sustainability (*Consejo de Ministros para la Sustentabilidad*); (iii) the Environmental Assessment Service (*Servicio de Evaluación Ambiental*); (iv) the Environmental Enforcement and Compliance Superintendence (*Superintendencia del Medio Ambiente*); and (v) the Environmental Courts (*Tribunales Ambientales*), all of which are in charge of regulating, assessing and enforcing activities that could have an environmental impact. These institutions, which replaced their predecessors, the National Environmental Commission (*Comisión Nacional del Medio Ambiente*) and the Regional Environmental Commissions (*Comisiones Regionales del Medio Ambiente*), are currently fully operational.

The new institutions and regulatory framework as well as a more environmentally conscious society are likely to impose additional restrictions in connection with protection of the environment, particularly with respect to flora and fauna, wildlife protected areas, water quality, air and soil pollution. In addition, violations of these environmental regulations may lead to fines, the closure of facilities and the revocation of environmental approvals. The Bureau of the Environment has the authority to monitor and control the compliance with environmental permits, initiatives included in Prevention and Decontamination Plans, emission standards and quality and other environmental issues. The sanctions, procedures and liability claims derived from environmental damage will be ruled by the Environmental Court. The General Environmental Law also grants citizens the right to bring civil actions against companies that do not comply with environmental laws and regulations, after such non-compliance has been established by a judicial proceeding. In addition, citizens affected by environmental pollution may petition for relief to a Chilean Court of Appeal, which has the power to require the suspension of the offending activity and the adoption of protective measures through a protective action (*recurso de protección*).

The General Environmental Law (Law No. 19,300) requires a developer of high voltage transmission lines to conduct Environmental Impact Studies (*Estudio de Impacto Ambiental*) and Environmental Impact Statements (*Declaración de Impacto Ambiental*) for any power generation or transmission project and to submit such studies for approval by the Environmental Assessment Service, in order to obtain environmental permits required for operation. The Environmental Assessment Service is in charge of managing, coordinating and consolidating the environmental evaluation process.

In September 2015, with the participation of the government, several stakeholders, key participants in the energy sector, universities and the public at large, the Ministry of Energy produced and issued a document titled “Energy 2050,” which contains Chile’s long-term energy policy, defining what should be the Chilean energy matrix for the years 2035 and 2050 (the “Energy Policy 2050”).

The Energy Policy 2050 is based on four principles identified as: (i) quality and security of supply (*i.e.*,

reliability); (ii) energy as a driving force for development (i.e. inclusiveness and social sustainability); (iii) environmentally friendly energy (i.e., environmental protection and sustainability); and (iv) energy efficiency and energy education (that is, competitiveness, efficiency and public awareness).

Within the framework of the Energy Policy 2050, the Ministry of Energy has developed a short-term energy policy known as “*Ruta Energética: liderando la modernización con sello ciudadano*” (Energy Route: leading modernization to help energy serve the citizens and improve the quality of life), which addresses the following seven main focus areas: energy modernization, the social impact of energy, energy development, low emission energy, sustainable transport, energy efficiency and energy education and training. To achieve its goals, this agenda contains 10 commitments, which include:

- (i) to create a map detailing Chile’s energy vulnerabilities, and identifying families that do not have access to electricity or other energy services, with a view to addressing the existing gaps;
- (ii) to modernize the institutional framework for energy regulation and to increase government efficiency so that the government may provide better service, in particular the through the mandate of the SDEC and the Chilean Nuclear Energy Commission;
- (iii) to reduce the processing times for environmental projects under this agenda by 25%;
- (iv) to reach four times the current capacity of renewable small-scale (less than 300 KW) distribution generators by 2022;
- (v) to increase by at least ten times the number of electric vehicles that circulate in Chile;
- (vi) to modernize the regulation of electricity distribution through a participatory process;
- (vii) to regulate solid biofuels, such as firewood and its derivatives, granting the Ministry of Energy the necessary authority to establish technical specifications and regulations for the commercialization of firewood in urban areas;
- (viii) to establish a regulatory framework for energy efficiency that generates the necessary incentives to promote the efficient use of energy in the sectors of greater consumption (industry and mining, transport and buildings);
- (ix) to start the process of moving away from carbon-based energy sources through the decommissioning of coal- fired plants, and the introduction of concrete measures in electric-powered drive trains; and
- (x) to qualify 6,000 workers, technicians and professionals for jobs in the energy industry by helping them to develop skills and abilities in the management and sustainable use of energy, in the electricity, fuel and renewable energy sectors.

In late 2018, the Ministry of Energy and the Ministry of the Environment initiated negotiations with generation companies to implement a decarbonization process of the Chilean energy matrix. The goal of the government is to progressively close all coal-fired thermoelectric power plants by 2040, which is the year when Chile expects to become a carbon-neutral country. In June 2019, the government and the main generation companies entered into voluntary agreements by means of which the oldest eight thermoelectric plants (representing 1,047 MW of installed capacity) will stop their regular operations by year 2024. In December 2019, the Ministry of Energy announced an agreement according to which another two coal-fired thermoelectric power plants will be decommissioned by the end of 2024.

DESCRIPTION OF CERTAIN MATERIAL PROJECT DOCUMENTS

The following are summaries of the principal terms of the material project documents of Colbún Transmisión. These summaries should not be considered to be a full statement of the terms and provisions of such documents. Accordingly, the following summaries are qualified in their entirety by reference to each document. Copies of the relevant documents described below are available for inspection as described above under “Where You Can Find More Information.” Unless otherwise stated, any reference in this offering memorandum to any contract or document means such contract or document and all schedules, exhibits and attachments thereto as amended, supplemented or otherwise modified and in effect as of the date hereof.

General Overview

Colbún Transmisión’s revenue are (i) regulated revenue, which is from the operation of transmission facilities connected to the National and Zonal Transmission System; or (ii) unregulated revenue, which is from the operation of transmission facilities connected to the Dedicated Transmission System. For more information about Colbún Transmisión’s revenue, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Colbún Transmisión’s Results of Operations—Revenue.”

Regulated revenue consists of revenue from the use of transmission facilities that the CNE declares as pertaining to the National or Zonal Transmission System. The tariff for the use of a National or Zonal transmission facility depends on whether the facility has been already constructed or is in development process after the right to use was awarded by the Ministry of Energy.

The CNE calculates the tariff for the use of existing facilities and the Ministry of Energy reevaluates the tariff every four years based on the investment value of the existing facility and a discount rate established by the CNE. The discount rate varies between 7% and 10% for an after-tax IRR and includes operation, maintenance and administration costs. For more information about regulated revenue of existing facilities, see “Regulatory, Permits and Environmental Matters—Chilean Electricity Law—Qualification and Valorization of the Existing Transmission System Facilities (Legacy Assets).”

For new facilities, the tariff depends on the facility’s awarded AVI + COMA, and this tariff remains in force for five tariff periods. This value is adjusted by indexation factors established in the award decrees. For more information about regulated revenue of new facilities, see “Regulatory, Permits and Environmental Matters—Chilean Electricity Law—Annual Expansion Plan.”

Operators of both existing and new facilities are entitled to retrieve a mandatory flat charge from final customers representing 100% of the current valuation of the relevant facilities. For more information about payments in connection with existing and new regulated facilities, see “Regulatory, Permits and Environmental Matters—Chilean Electricity Law—Remuneration.”

By contrast, unregulated revenue derives from the use of transmission facilities the CNE declares as pertaining to the Dedicated Transmission System, and the tariff for the use of dedicated facilities is established in the respective Dedicated Contract. For more information about unregulated revenue, see “Regulatory, Permits and Environmental Matters—Chilean Electricity Law—Remuneration.”

Overview of Qualification and Valuation Decrees for Existing National and Zonal Facilities

Except for the newly awarded zonal facilities named “Substation Codegua” and “New Substation Loica and transmission line Loica-Portezuelo,” all of Colbún Transmisión’s facilities in the National and Zonal Transmission Systems are deemed existing facilities for purposes of its qualification, valuation and remuneration. See “Business Overview—Overview of Colbún Transmisión—The Colbún Transmisión Portfolio” for a description of the facilities in the National and Zonal Transmission Systems. These facilities were qualified as pertaining to the Zonal and National Transmission System, as applicable, by means of Exempt Resolution No. 244 issued by the CNE on April 9, 2019. The valuation process to determine the applicable tariffs for the quadrennial period 2020-2023 is currently ongoing.

Overview of Project Decrees for New Zonal Facilities

Colbún Transmisión was awarded the right to construct and commercially use (i) the Codegua Substation and (ii) the Loica New Substation and Loica—Portezuelo Transmission Line. These facilities were awarded pursuant to the tender process established in the Coordination per Exempt Decree 231-2019 and Exempt Decree 189-2019, both issued by the Ministry of Energy. The awarding decree is Decree 4T, issued by the Ministry of Energy on February 18, 2021, and published in the Official Gazette on June 21, 2021 (the “Project Decree”).

As determined by the Project Decree, the construction term is equivalent to 36 months, as from June 21, 2021, and the VATT is established in the table below:

Awarded Facilities	VATT
Substation Codegua.....	U.S.\$871,474
New Substation Loica and transmission line Loica-Portezuelo.....	U.S.\$1,783,474

The Ministry of Energy, has the authority to revoke the respective Project Decree, in case of a material breach of the obligations set forth in the applicable Project Decree by the awardee or any successor entity, as reported to the Ministry of Energy. The causes for revocation of a Project Decree are not explicitly specified therein, in the bidding terms or in the Chilean Electricity Law. However, certain material breaches that may cause an early termination are: (i) non-delivery of a required performance bond; or (ii) any other material breach that may allow the authority to presume that the awardee will not be in a position to comply with the execution of the project.

To proceed with the revocation of a Project Decree, the CEN must prove the material breaches before the Ministry of Energy. The awardee may challenge the revocation before administrative and judicial authorities. Since the Chilean civil legislation references “material breach of obligations” as grounds for termination, Chilean courts have determined that non-material breaches cannot be used to successfully sustain judicial claims.

In case of a revocation of the Project Decree, the awardee would not be entitled to receive any indemnification and the CEN would be entitled to execute the performance bond and the applicable fines. The Chilean Electricity Law does not provide any guidance as to the destiny of any assets that may have been constructed at the time of revocation. However, according to Chilean law, the assets will continue to be the property of the awardee.

In addition, if a Project Decree is revoked, the authorities may initiate a new bidding process to develop or continue to operate such project. In this regard, if there is a new concessionaire, the new awardee will not be under any obligation to purchase the assets from the prior owner. Furthermore, there is no specific regulation that gives the right to the government to enforce against the failed holder of a project to sell the assets under construction in order for the new holder to continue the construction

Overview of Dedicated Contracts

Dedicated Contracts with Colbún

Colbún Transmisión has entered into 12 Dedicated Contracts with Colbún to provide capacity and energy services on dedicated lines from Colbún’s generating stations to the bulk electric system. The structure of the Dedicated Contracts entered into with Colbún is generally the same and provide details regarding transmission service, maximum capacity, pricing, availability requirements, etc. A representative summary of the key terms and conditions of the Dedicated Contracts entered into with Colbún is set forth below in the table titled “Summary List of Dedicated Contracts with Colbún.”

The pricing for Dedicated Contracts between Colbún Transmisión and Colbún was determined by an independent study performed by REICH in 2018 to provide appropriate benchmarking and valuation of dedicated asset base. For each Dedicated Contract, the total pricing is divided into annualized investment value (“AVI”) and the annual operation, maintenance and administration costs (“COMA”) components based on the assets included as part of the transmission service. System revenue (*ingresos tarifarios*) received by Colbún Transmisión are for the benefit of Colbún. To the extent Colbún Transmisión is required to make a top-up payment associated with *ingresos*

tarifarios, such payment will be charged to Colbún Transmisión. For transmission facilities also being used by third parties, Colbún pays a portion of the pricing proportional to its contracted transportation capacity over the total transportation capacity of the transmission facility.

The AVI component of pricing is adjusted on January 1 and July 1 of each year pursuant to the variation of the Consumer Price Index (All Urban Consumers) of the United States of America, published by the Bureau of Labor Statistics; while the COMA component is adjusted on the same dates pursuant to the variation of the Chilean IPC, published by the INE, and the dollar observed rate (*dólar observado*) corresponding to the last day of the second month before the calculation.

The term of the Dedicated Contracts with Colbún is 20 years as of October 1, 2018, subject to automatic and successive renewal for a period of 5 years unless any party informs of its intention not to renew the agreement two years in advance. Early termination is not expressly regulated in the Dedicated Contracts. Under general principles of Chilean law, the non-defaulting party is allowed to terminate the agreement as a result of a material breach of the other party.

Summary List of Dedicated Contracts with Colbún

Company and Generator	Transmission Line/Substation Included	Maximum Capacity (MW)
Colbún S.A., Central Aconcagua.....	Central Aconcagua – Los Maquis Central Aconcagua – Aconcagua Los Quilos – Aconcagua Substation Aconcagua	89
Empresa Eléctrica Industrial S.A., Central Carena (Currently Colbún).....	Carena – Puente Alto Carena – Polpaico	10 ⁽¹⁾
Colbún S.A., Central Chacabuco.....	Chacabuco – Totorillo	25.7
Rio Tranquilo S.A., Central Hornitos.....	Los Maquis – Hornitos	63
Colbún S.A., Central Los Pinos.....	Los Pinos – Charrúa	100
Colbún S.A., Central Los Quilos.....	Los Quilos – Los Maquis	39
Colbún S.A., Central San Ignacio.....	San Ignacio – San Clemente San Clemente – Talca	37
Colbún S.A., Central Angostura.....	Angostura – Mulchén	317
Colbún S.A., Central La Mina.....	La Mina – Armerillo	37.2
Colbún S.A., Central Santa María.....	Santa María – Charrúa	350
Colbún S.A., Central Candelaria.....	Central Colbún – Colbún Chiburgo – San Clemente Chiburgo – Colbún Machicura – Colbún Central Machicura – Machicura Central Candelaria – Candelaria	870
Colbún S.A., Rucúe-Quilleco Complex.....	Rucúe – Charrúa Central Rucúe – Rucúe Central Quilleco – Quilleco	250

(1) It is expected that, as of December 31, 2021, Colbún will be able to increase the maximum capacity to 13.5MW.

Dedicated Contracts with Third Parties

Colbún Transmisión has entered into 12 Dedicated Contracts with third parties to provide services required for transmission and transformation of power on dedicated lines from the applicable counter parties, including generating stations, mining companies, and industrial companies, to the bulk electric system. The agreements provide details regarding transmission service, maximum capacity, pricing, availability requirements, etc.

These third-party Dedicated Contracts vary in form, but in general the pricing is divided into AVI and COMA components based on the assets included as part of the transmission or substation service. The Table “Summary List of Dedicated Contracts with Third-Parties” below provides a summary of key points of such third-party Dedicated Contracts.

Generally, these agreements provide that any of the parties may terminate the Dedicated Contract early due to material breach. A material breach usually is not defined in the agreement, and the party that intends to terminate it has to prove that a material breach has occurred. Nevertheless, the lack of alternatives for transmission services and the significant costs and delays involved in building an alternative transmission facility make such early termination claims by customers unlikely.

Summary List of Dedicated Contract with Third-Parties

Company	Term	Termination	Transmission Line / Substation Included	Maximum Capacity
Corporación Nacional del Cobre (Codelco)	5 years	March 31, 2025	Aconcagua – Saladillo Aconcagua substation	35 MVA (or 70 MVA interruptible)
Corporación Nacional del Cobre (Codelco)	24 year	March 31, 2027	Los Quilos – Aconcagua Alto Jahuel - Candelaria	280-325 MVA
Corporación Nacional del Cobre (Codelco)	25 years	January 1, 2028	Candelaria – Minero Candelaria substation	300 MW
Corporación Nacional del Cobre (Codelco)	25 years	January 1, 2028	Minero substation	Transformer step-down from 220 kV to 110 kV 30 MW
Melon S.A.	14 years	December 31, 2023	Calera Centro substation Cerro Calera substation Esperanza substation Maipo substation	60 MVA
Cartulinas CMPC S.A. – Transformador Maipo SS....	73 years	January 31, 2060		
Cartulinas CMPC S.A. – Procart (Planta Maule)	30 years	December 31, 2032	Colbún – Procart (Planta Maule)	80 MW
Anglo American Sur S.A.	32 years	December 31, 2030	Maitenes substation Las Torotolas substation Candelaria	220 MVA (2 circuits) 161 MW
Hidreléctrica La Higuera S.A.....	40 years	Year 2060	Puente Negro substation	
Hidreléctrica La Confluencia S.A.	40 years	Year 2060	La Confluencia – La Higuera Puente Negro substation	163 MW
Duqueco	30 years	March 31, 2029	Rucúe substation Charrúa substation	180 MVA
Hidreléctrica Lleuquereo S.A.....	30 years	July 21, 2045	Rucúe – Charrúa Rucúe – Quilleco Quilleco – Charrúa Rucúe substation Quilleco substation Charrúa substation	362 MVA for each line

Overview of Maintenance Agreements

Colbún Transmisión contracts with a number of service providers to help with preventive maintenance, corrective maintenance, testing, equipment replacement, cleaning, vegetation management and other services for transmission lines and substation assets. In general, these contracts are priced based on the number/length of assets maintained, with minimum guaranteed pricing applicable. Actual prices may fluctuate based on the services performed and required maintenance tasks within a given period.

Colbún and Colbún Transmisión will enter into (a) an Operation Services Agreement (*contrato de prestación de servicios de operación técnica*); (b) Transition Maintenance Services Agreement (*contrato de prestación de servicios mantenimiento y planificación operacional*); (c) Transition Administration Services Agreement (*contrato de prestación de servicios de apoyo a la administración*); and (d) Telecommunications Services Agreement (*contrato de prestación de servicios de transmisión de datos a través de fibra óptica*) (collectively, the “Transition Services Agreements”) for Colbún to provide certain services to Colbún Transmisión for up to a six-month period following completion of the Acquisition (e.g., (1) business planning and analysis, (2) corporate and legal services, (3) accounting and financial reporting, (4) health, safety standards and environmental training, (5) human resources, (6) insurance, (7) operations and engineering, (8) IT general services and overarching assumptions, (9) IT-related services, (10) certain proprietary systems- related services and (11) licensing- related services).

Overview of Construction Agreements

Colbún Transmisión has entered into twelve construction agreements for the development of certain electrical transmission facilities and the installation of ancillary equipment (“Construction Agreements”). The works under six of such construction agreements have been completed and are currently operating. The works under six of such construction agreements remains ongoing. Five of such construction agreements with ongoing works relate to upgrades to the National and Zonal Transmission System and one relates to the Dedicated Transmission System.

Overview of Certain Project Development Agreements

In connection with the development and construction the New Projects, on the Acquisition Effective Date, Colbún Transmisión is expected to enter into an agreement to carry out the development and construction of such works. Such agreement will take the form of one of the two following alternatives: (1) Colbún Transmisión and Colbún may enter into a services agreement, substantially in the form of Exhibit G to the SPA, pursuant to which Colbún will (a) provide certain construction management services in respect of three existing construction agreements (the “Sigdo Koppers New Projects Agreements”) that Colbún Transmisión has entered into with Construcción Sigdo Koppers S.A. (“Sigdo Koppers”), and (b) reimburse Colbún Transmisión for certain cost overruns and other amounts (the “Colbún Construction Services Agreement”), or (2) Colbún Transmisión and Colbún may enter into an administrative and construction management services agreement, pursuant to which (a) Colbún will agree to develop and construct the New Projects for a lump sum fixed price, and (b) Colbún is expected to remain liable for any construction costs, cost overruns and other amounts in respect of the New Projects in excess of such lump sum fixed price (the “Colbún EPC Agreement”).

Colbún Construction Services Agreement

The services to be provided pursuant to the Colbún Construction Services Agreement in respect of the New Projects would consist of (1) management and administration of each New Project’s construction agreements; (2) management and administration of the New Projects, including but not limited to payments of any kind necessary for their development; (3) negotiation on behalf of Colbún Transmisión of any easements or rights of way necessary for the development and construction of the New Projects; (4) carrying out of processes required to obtain environmental authorizations for project development; (5) technical monitoring; (6) procurement of all necessary authorizations for the operation phase of the New Projects; (7) adoption of measures to guarantee strict compliance with safety measures required by all contractors working in the construction of the New Projects; (8) negotiation on behalf of Colbún Transmisión of all contracts required for the development, construction and start-up of the New Projects; (9) submission of all the as-built documentation to Colbún Transmisión; and (10) any other service generally required for the successful development of the New Projects.

In the event that Colbún Transmisión and Colbún elect to enter into the Colbún Construction Services Agreement, Colbún Transmisión would be responsible for all payments made to Sigdo Koppers in connection with the New Projects, subject to indemnification from Colbún to Colbún Transmisión (the “Colbún Indemnification Payments”) for amounts in excess of the amount set forth in the Colbún Construction Services Agreement, if any (the “Colbún Construction Cap”). Under the terms of the Colbún Construction Services Agreement, the Colbún Indemnification Payments, if any, would be payable on a pre-tax basis, and we may not be able to recover such amounts from Colbún.

Colbún EPC Agreement

As of the date of this offering memorandum, the Issuer and Colbún are in the process of negotiating the terms of the Colbún EPC Agreement. In the event that Colbún Transmisión and Colbún elect to enter into the Colbún EPC Agreement, the SPA would be amended to replace the Colbún Construction Services Agreement as Exhibit G to the SPA with the Colbún EPC Agreement. The Colbún EPC Agreement is expected to establish that Colbún Transmisión would pay to Colbún a fixed sum equal to the Colbún Construction Cap for all services provided under the Colbún EPC Agreement. Moreover, if Colbún Transmisión and Colbún elect to enter into the Colbún EPC Agreement, it is expected that the Sigdo Koppers New Projects Agreements will be assigned by Colbún

Transmisión to Colbún, and Colbún would be liable for any and all amounts payable to Sigdo Koppers under these construction agreements. Notwithstanding the foregoing, as of the date of this offering memorandum, we cannot assure you that Colbún Transmisión and Colbún will elect to enter into the Colbún EPC Agreement, what final terms any such EPC agreement will have or that, if executed, the terms of such agreement would be more favorable to Colbún Transmisión than the terms of the Colbún Construction Services Agreement annexed to the SPA.

For additional information, see “Risk Factors—Risks Relating to the Acquisition—The Acquisition is subject to significant uncertainties and may not be consummated timely or at all, which may adversely affect our business, financial condition, results of operations and prospects” and “Description of the Notes—Covenants—Negative Covenants—Material Project Documents” and “Description of the Notes—Certain Definitions—“Projects Development Agreement.”

Overview of Lease Agreements

On October 1, 2018, Colbún Transmisión and Colbún entered into lease agreements with 20-year terms, subject to successive automatic renewals for five-year terms, unless otherwise indicated by either party with at least 60 days’ notice. These agreements consist of leases of a portion of the relevant real estate owned by Colbún for the O&M of certain of Colbún Transmisión’s transmission facilities. See “Description of the Notes” for a detailed list of the relevant agreements.

In addition, Colbún Transmisión has agreements with Transelec S.A. for the use of physical spaces for electricity transmission. Each agreement has its own terms that may encompass lease of land, right of use of common spaces by Colbún and Transelec S.A. for the operation of transmission assets and permission to use the aerial space above Transelec’s facilities. These agreements are for indefinite terms, subject to the continuation of Colbún Transmisión’s operations in the respective facility as a condition subsequent.

MANAGEMENT

Board of Directors of Colbún Transmisión

As of the date of this offering memorandum, Colbún Transmisión is managed by a board of directors, and its registered offices are located at Avenida Apoquindo 4775 piso 11, Comuna de Las Condes, Santiago, Chile.

Colbún Transmisión's board of directors is composed of three members who hold office for three years. They are responsible for setting general guidelines and policies for Colbún Transmisión's business and operations on a day-to-day basis, and for monitoring the implementation of those guidelines. Each director is appointed at Colbún Transmisión's general shareholders' meeting. Further, such directors may be removed from the board of directors at any time by a shareholder vote at an extraordinary shareholders' meeting. Colbún Transmisión's board of directors meets at least quarterly and can meet extraordinarily as necessary. The current members of Colbún Transmisión's board of directors were elected at the annual shareholders' meeting held April 2019. The current members of Colbún Transmisión's board of directors will submit their resignation on the closing date of the SPA and will be replaced by the Issuer in an extraordinary shareholders' meeting upon the consummation of the Acquisition. It is expected that Colbún Transmisión's board of directors will have the same members as the Issuer's board of directors after the closing date and prior to the Permitted Merger.

The following table sets forth information about the members of Colbún Transmisión's Board of Directors as of the date of this offering memorandum:

Name	Position	Appointment Date	Age
Hernán Rodríguez Wilson	Director	April 23, 2019	57
Thomas Keller Lippold.....	Director	April 23, 2019	64
Juan Eduardo Vásquez	Director	April 23, 2019	61

Below is a summary of the business experience, activities and areas of expertise as of Colbún Transmisión's directors as of the date of this offering memorandum:

Hernán Rodríguez Wilson. Mr. Rodríguez has been a Colbún Transmisión director since August 2018. From 2004 until 2011, Mr. Rodriguez was the general manager of Forestal Mininco and Empresas CMPC. He began his career at Empresas CMPC, where he joined the Studies Management group in 1987 and participated in projects such as Celulosa del Pacífico and the purchase of Química Estrella and Tissue products plant. Mr. Rodríguez received a bachelor degree in industrial civil engineering from the Pontificia Universidad Católica de Chile and an MBA in Finance and International Business from the University of California, Los Angeles (UCLA).

Thomas Keller Lippold. Mr. Keller has been a Colbún Transmisión director and Colbún's chief executive officer since October 2014. Mr. Keller was the executive president and, before that, corporate vice president of finance and administration at Codelco. He was also the CEO of the supermarkets division of Cencosud, and vice president of finance and executive president of Collahuasi. Mr. Keller received a bachelor degree in commercial engineering from Universidad Adolfo Ibáñez and an MBA degree from the University of Chicago.

Juan Eduardo Vásquez Moya. Mr. Vásquez has been a Colbún Transmisión director since April 2013 and began working at Colbún as chief business officer in 2008. Mr. Vásquez held various senior management positions in Endesa-España, Endesa Chile and AES Gener and served as director for several electrical and gas utilities in South America. Mr. Vásquez received a bachelor degree in civil electric engineering from Universidad de Chile and an MBA degree from Universidad Adolfo Ibáñez.

Board of Directors of Colbún Transmisión after the Acquisition

Upon the consummation of the Acquisition and prior to the Permitted Merger, Colbún Transmisión will be managed by a board of directors composed of three members who will be elected at an extraordinary shareholder's meeting of Colbún Transmisión, in which the Issuer will be the majority shareholder and effectively choose the board members. It is expected that the members of Colbún Transmisión's board of directors will be the same as the Issuer's board of directors.

Upon the consummation of the Acquisition, it is expected that Colbún Transmisión's board of directors will designate Colbún Transmisión's general manager, who is expected to be the same general manager as the Issuer's general manager at the time of the Acquisition.

Managers of the Issuer

The Issuer has two managers that may act individually and separately. The Issuer's management offices are located at Apoquindo Avenue 4501, office 1902, Las Condes, Santiago.

The following table sets forth information for the Issuer's managers as of the date of this offering memorandum:

Name	Position	Appointment Date	Age
Alan Heinen Alves da Silva	Manager	March 17, 2021	39
David Germán Zamora Mesías.....	Manager	March 17, 2021	44

Below is a summary of the business experience, activities and areas of expertise as of the date of this offering memorandum of the Issuer's managers:

Alan Heinen Alves Da Silva. Mr. Heinen has over 13 years of experience in the electricity industry (distribution and transmission lines). Mr. Heinen has been an attorney at Celeo Redes since 2011, and he currently is a general manager at Celeo Redes Chile. During his time at the Celeo Redes Group, Mr. da Silva has held different positions, including corporate legal roles in Celeo Redes Brazil S.A., where his role involved corporate governance, human resources, land management of transmission line construction, contracts and litigation, mergers and acquisitions management and compliance. Previously, Mr. da Silva worked at Cymi S.A. (ACS Group) from 2008 to 2010. Mr. da Silva has a bachelor's degree in law from Universidade Católica de Petrópolis, an MBA degree from IESE Business School and graduate degrees in energy, real state, compliance and private law.

David Germán Zamora Mesías. Mr. Zamora has 15 years of experience in power transmission O&M. Mr. Zamora joined Celeo Redes Chile in 2014 for the start-up of the Alto Jahuel project, where he had a key role in the O&M team building, operational control room construction and the maintenance base in Talca. Prior to joining Celeo Redes Chile, Mr. Zamora was a maintenance engineer in the Swiss company ABB from 2013 to 2014. He worked at Transnet between 2010 and 2013 and at CGE Transmisión between 2003 and 2010, where he assumed various responsibilities in O&M of power transmission systems. Mr. Zamora has a bachelor's degree in electrical engineering from Pontificia Universidad Católica de Valparaíso, a management control degree from Universidad de Chile and is currently a candidate for a master's degree of engineering management at Universidad de los Andes.

Board of Directors of the Issuer after the Acquisition

Upon the completion of the Acquisition and once the Issuer becomes a corporation (*sociedad anónima*), we expect the Issuer's board of directors to be composed of three members who will continue to set general business guidelines to the Issuer and, prior to the Permitted Merger, to Colbún Transmisión. The board will also supervise the implementation of guidelines established by the Issuer's general manager and executive officers. The Issuer's shareholders will elect the board members in an extraordinary meeting. Once the new members of the Issuer's board of directors take office, they will revoke all powers of attorney previously granted on behalf of the Issuer and Colbún Transmisión and will grant new powers of attorney.

Actions of the Issuer's Board of Directors

Upon consummation of the Acquisition and before the Issuer's shareholders select the Issuer's officers, we expect the Issuer's Board of Directors will select a general manager who will be authorized to take any action in connection with the Issuer's operations that are not expressly reserved to the shareholders' meeting.

Board of Executive Officers

The following table sets forth the members of the board of executive officers of Celeo Redes Chile Expansión SpA who perform the corresponding duties on behalf of the Issuer as of the date of this offering memorandum.

Name	Position	Appointment Date	Age
Alan Heinen Alves da Silva	General Manager	March, 2021	39
David Germán Zamora Mesías.....	Operations Officer	January, 2017	44
Eduardo Jofré Pérez	Financial Officer	August, 2010	57
Cristián Andrés de la Cruz Bauerle	Legal Manager	April, 2017	41
Rodrigo Güell Saavedra	Business Development Manager	October, 2020	45

Below is a summary of the business experience, activities and areas of expertise as of the date of this offering memorandum of the executive officers of Celeo Redes Chile Expansión SpA, who perform such duties on behalf of the Issuer as of the date of this offering memorandum:

Alan Heinen Alves Da Silva. See “Managers of the Issuer” above

David Germán Zamora Mesías. See “Managers of the Issuer” above.

Eduardo Jofré Pérez. Mr. Jofré has served as Financial Officer of Celeo Redes Chile since 2010. Mr. Jofré has 15 years of experience in financial and business operations with local and multinational corporations. He joined Celeo Concesiones e Inversiones S.L.U. in 2010 for the start-up of the Alto Jahuel project, where he had a key role in establishing the project’s first operations and business structure. He also participated in the implementation of a financial plan to secure funding for the Alto Jahuel project. From 2006 to 2010, Mr. Jofré served as CFO of Convento Viejo, and between 1996 and 2006 he held various finance positions at Scotiabank, including five years at Senior Director Level. Mr. Jofré has a bachelor’s degree in finance and economics from Universidad de Santiago de Chile and has participated in graduate studies in finance at Universidad Adolfo Ibáñez.

Cristián Andrés de la Cruz Bauerle. Mr. De la Cruz is the legal manager of Celeo Redes Chile. He joined Celeo Redes Chile in 2013 as a corporate attorney, working on power transmission developments, contracts and project financing, local trials and procedures and the implementation of compliance programs. In 2010, Mr. De la Cruz joined Empresa Portuaria Punta Caldera S.A. as responsible of legal matters on infrastructure and mining projects. Mr. De la Cruz started his career in 2008, when he was a legal adviser at Sonacol S.A., a Copec subsidiary, in the project development department. Mr. De la Cruz has a bachelor’s degree in law from Universidad del Desarrollo and a LL.M. degree in business law from Universidad Adolfo Ibáñez.

Rodrigo Güell Saavedra. Mr. Güell has 20 years of working experience in the Chilean energy market in different roles related to business development, commercial matters and planning and risk in energy generation, transmission and distribution. Mr. Güell joined Celeo Redes Chile in October 2020, where he is responsible for business development and regulatory matters. Mr. Güell has worked for Engie, Hidroaysén, CEN (ISO, formerly the CDEC-SING) and CGE. Mr. Güell has a bachelor’s degree in electrical engineering from Universidad Técnica Federico Santa María and holds a master’s degree of philosophy in technology policy from Judge Business School of University of Cambridge.

Compensation of Directors and Officers

According to Colbún Transmisión’s bylaws, the directors do not receive compensation. Colbún Transmisión does not hire its managers or key executives directly, and the individuals in these positions are personnel of Colbún.

Upon the consummation of the Acquisition, the Issuer does not expect to hire its managers or key directors directly. Rather, the Issuer expects to hire certain personnel of Celeo Redes Chile Limitada, the holding company of Celeo Redes, to perform such services.

PRINCIPAL SHAREHOLDERS

Pre-Acquisition

As of June 30, 2021, the aggregate amount of Colbún Transmisión's issued and outstanding share capital was U.S.\$99,234,823, represented by 49,617,414 shares.

The following table sets forth certain information about the ownership of Colbún Transmisión's shares as of the date of this offering memorandum:

Shareholders	Shares	% of Total
Colbún S.A. ⁽¹⁾	49,617,413	99.999998%
Colbún Desarrollo SpA ⁽²⁾	1	0.000002%
Total	49,617,414⁽¹⁾	100%

(1) Colbún S.A.'s equity interest is held by members of the Larraín Matte, Matte Capdevil and Matte Izquierdo families in the following proportion: (i) Patricia Matte Larraín (6.49%) and her children María Patricia Larraín Matte (2.56%), María Magdalena Larraín Matte (2.56%), Jorge Bernado Larraín Matte (2.56%) and Jorge Gabriel Larraín Matte (2.56%); (ii) Eliodoro Matte Larraín (7.21%) and his children Eliodoro Matte Capdevila (3.27%) Jorge Matte Capdevila (3.27%) and María del Pilar Matte Capdevila (3.27%); and (iii) Bernardo Matte Larraín (7.79%) and his children Bernardo Matte Izquierdo (3.44%), Sofía Matte Izquierdo (3.44%) and Francisco Matte Izquierdo (3.44%). Colbún's share capital consists solely of ordinary shares and, as of December 31, 2020, shareholders representing 5% or more of its share capital are: Minera Valparaíso S.A. (35.2%), Forestal Cominco S.A. (14.0%) and Antarchile S.A. (9.6%).

(2) Colbún Desarrollo SpA's equity interest is held by Colbún, who owns 100% of its share capital.

Post-Acquisition

Upon consummation of the Acquisition, the expected aggregate amount of Colbún Transmisión's issued and outstanding share capital will be U.S.\$99,234,823, represented by 49,617,414 shares.

The following table sets forth certain information about the expected ownership of Colbún Transmisión's shares following the consummation of the Acquisition:

Shareholders	Shares	% of Total
Issuer ⁽¹⁾	49,617,413	99.999998%
Celeo Redes Chile Expansión SpA	1	0.000002%
Total	49,617,414	100%

(1) The Issuer is directly owned by (i) APG Energy & Infra Investments Chile Expansion SpA (80%), which is wholly-owned by APG, a Dutch pension fund (80%) and Celeo Redes Chile Expansión SpA (20%). Celeo Redes Chile Expansión SpA is wholly-owned by Celeo Redes S.L.U, which is wholly-owned by Celeo Concesiones e Inversiones, S.L. And Celeo Concesiones e Inversiones S.L. is owned by Grupo Elecnor S.A. (51%) and APG Infrastructure Pool (49%).

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of certain transactions since January 1, 2018 to which Colbún Transmisión has been a party and in which one or more of Colbún Transmisión's directors, members of senior management or indirect controlling shareholder, or an affiliate or immediate family member thereof, had a direct or indirect material interest. It is Colbún Transmisión's policy to conduct all related party transactions at an arm's-length basis.

Pre-Acquisition

As of the date of this offering memorandum, Colbún Transmisión had the following relationships with Colbún, its parent company:

O&M Agreement between Colbún Transmisión and Colbún

Colbún Transmisión and Colbún executed an O&M Agreement on October 11, 2018, according to which Colbún has to provide real-time operations support, maintenance management support and advice in case of failures. The agreement has initial term of six months and six-month period automatic renewal, unless terminated by either party upon 60-day notification. In compensation, Colbún Transmisión agreed to pay Colbún for the services at cost plus an applicable margin of approximately 7.1% for high-value added services, 6.4% for technical services, 4.6% for logistical services and 5.0% for administration services. Colbún Transmisión paid an initial annual fee and, at the beginning of each year, the parties review the annual payment to balance pending and exceeding payments.

The services under the agreement include real-time supervision; local activation of equipment; equipment management in accordance with prevailing norms, provision of failure reports to the CEN; documenting operation data of facilities; advisory support on the management of disconnection, as required by the CEN; performance of safety studies during disconnections; advisory support during the annual planning of disconnections; assistance with contingency plans for the recovery of service during failures; attention support during failure conditions; operational inspection to the facilities; management support to execute basic preventive maintenance, corrective maintenance, maintenance against failure and replacement and storage of parts; and evaluation and execution of major maintenance networks and of investment project as required by applicable norms.

This agreement will be terminated on the Acquisition Effective Date.

Back-office Administration Agreement between Colbún Transmisión and Colbún

Colbún Transmisión and Colbún executed a back-office administration agreement on October 11, 2018, according to which Colbún has to provide back-office overhead and administration management services. The agreement has initial term of three years and is subject to automatic two-year period renewals, unless terminated by either party upon 60-day notification before the start of the renewal period. In compensation, Colbún Transmisión agreed to pay Colbún for the services at cost plus an applicable margin of approximately 7.1% for high-value added services, 6.4% for technical services, 4.6% for logistical services and 5.0% for administration services.

The services under the agreement include administration services; environmental, health and occupational safety services; accounting services; legal and tax advisory services; administrative and IT support; and other administrative services.

This agreement will be terminated on the Acquisition Effective Date.

Post-Acquisition

O&M Agreement

Upon the consummation of the Acquisition, we expect to enter into an O&M agreement with Celeo Redes Chile Limitada, for a term of ten years, with automatic renewals for five-year terms thereafter. Under the agreement, Celeo Redes will provide pre-operational and operational maintenance services, operation of installations, maintenance of installations, support major corrective maintenance and emergency services.

Under the agreement, Celeo Redes Limitada's maintenance activities will include predictive and preventive maintenance services to comply with the maintenance program, as well as coverage for expenses related to corrective maintenance, including for the procurement of spare parts not supplied by Celeo Redes Limitada. Celeo Redes Limitada's activities will include supervision, execution and control of all operational activities. Celeo Redes Limitada will provide resources and interconnection of computer systems required for the operation of transmission lines.

This agreement will establish pass-through penalties imposed by regulators for unavailability of the line capped at 25% of annual O&M fee per year, and will trigger an early termination at 30% annual O&M fee.

G&A Agreement

Upon the consummation of the Acquisition, we expect to enter into a general and administrative services agreement with Celeo Redes Chile Limitada for a term of ten years, with automatic renewals for one-year terms thereafter. Under this agreement, Celeo Redes will provide general management, data processing, accounting and back-office services to the Issuer.

DESCRIPTION OF PRINCIPAL FINANCING AGREEMENTS

In order to secure the full and timely payment and performance of our obligations under the Indenture and the Notes, we will enter into the following financing agreements, among others, governed by New York and Chilean law. The following summary is not exhaustive and is subject to and qualified in its entirety by reference to all of the provisions of such agreements, including the definitions therein of certain terms that are not otherwise defined in this offering memorandum. In the event of any conflict between the English-language and Spanish-language versions of any of the agreements described in this summary and governed by Chilean law, the Spanish-language version governs. Unless otherwise indicated, defined terms in this section are used as defined in the “Description of the Notes.”

New York Law Documents

Reserve Letter of Credit Facility

On or about the Release Date, the Issuer, as borrower, Citibank, N.A., as Reserve LC Facility Agent, the lenders party thereto (the “LC Lenders”) and the issuing banks party thereto (the “Issuing Banks”) will enter into the Reserve LC Facility Agreement pursuant to which the Issuer will obtain a senior secured letter of credit facility in an amount up to U.S.\$31.5 million, subject to adjustments. The available amounts to be drawn under the standby letters of credit issued under the Reserve LC Facility Agreement will be used to fund (i) the Issuer USD Debt Service Reserve Account in an amount equal to the Issuer USD Debt Service Reserve Account Requirement and/or (ii) the Issuer Dollar O&M Reserve Account in an amount equal to the O&M Reserve Requirement. The commitments under the Reserve LC Facility Agreement will have sub-limits in respect of each of the letters of credit to be issued to the credit of the Issuer USD Debt Service Reserve Account and the Issuer USD O&M Reserve Account, respectively.

Following receipt of a request for letters of credit under the Reserve LC Facility Agreement from the Issuer, the Reserve LC Facility Agent will notify each Issuing Bank of its pro rata share thereof in accordance with its respective share of the commitments thereunder and the relevant sublimit for the applicable Reserve Account. Each Issuing Bank will issue letters of credit under the Reserve LC Facility Agreement on a pro rata basis and any drawing upon a letter of credit issued under the LC Reserve Facility Agreement by the Offshore Account Bank will be made pro rata across the letters of credit issued by all Issuing Banks to the relevant Reserve Account. The Issuer is required to pay an interest rate on unreimbursed drawn amounts under the issued letters of credit at a rate equal to 6-month LIBOR plus 1.50%. If the Issuer fails to reimburse the Issuing Banks for any drawn amounts under any letters of credit issued under the Reserve LC Facility Agreement on or before the first business day following such drawing, the relevant unreimbursed drawn amounts will be automatically converted into loans, which will be due and payable via a cash sweep to the extent of funds available at priority third in the priority of payments waterfall for the Issuer USD Revenue Account on each semiannual payment date.

The Issuer’s obligations under the Reserve LC Facility Agreement are secured by the Collateral *pari passu* with the Notes in accordance with the terms of the Senior Security Documents as set forth in “Description of the Notes—Collateral.”

The Reserve LC Facility Agreement requires that the Issuer comply with substantially the same affirmative covenants with which it must comply under the Indenture as set forth in “Description of the Notes—Covenants,” including, among others, the preservation and maintenance of corporate existence, maintenance of proper books and records, compliance with applicable laws, maintenance of all governmental approvals and third-party consents required for the operation and maintenance of the Projects and the Issuer’s obligations under the Material Project Documents and maintenance of the Projects in accordance with prudent electricity transmission industry practices. The Reserve LC Facility Agreement also requires that the Issuer comply with substantially the same negative covenants with which it must comply under the Indenture as set forth in “Description of the Notes—Covenants,” including, among others, restrictions on indebtedness, liens, investments, capital expenditures, affiliate transactions and restricted payments. In addition to the foregoing, the Reserve LC Facility Agreement also imposes certain customary and fundamental lender-required covenants on the Issuer, such as with respect to sanctions, anti-corruption laws, anti-money laundering, and use of proceeds.

The Reserve LC Facility Agreement contains customary events of default, such as failure to make payment of amounts due, failure to comply with a covenant or other obligation under the Reserve LC Facility Agreement, cross-payment default and cross-acceleration under other agreements evidencing financial indebtedness (including the Notes), certain insolvency events and abandonment. The Reserve LC Facility Agreement is governed by New York law.

Collateral Accounts Agreement

In connection with this offering, we expect to enter into the Collateral Accounts Agreement on the Release Date, with Citibank, N.A., as the Intercreditor Agent, the Offshore Collateral Agent and the Offshore Depositary, and Banco de Chile as the Onshore Collateral Agent and the Onshore Depositary. The Collateral Accounts Agreement will be governed by the laws of the State of New York.

The Collateral Accounts Agreement will provide for (1) the establishment of certain bank accounts of the Issuer, with funds therein from time to time becoming part of the Collateral, (2) deposits into, and withdrawals from, the Project Accounts, and (3) the establishment of certain other accounts by the Onshore Depositary, which are not Project Accounts.

Accounts

The Project Accounts will include multiple Offshore Project Accounts and Onshore Project Accounts. The Offshore Project Accounts will be comprised of the following:

1. Each of the following offshore accounts established by the Offshore Depositary, in the name of the Issuer, and pledged for the benefit of the Senior Secured Parties under the Senior Security Documents (collectively, the “Offshore Project Accounts”):
 - a. a dollar-denominated debt service accrual account in the name of the Issuer (the “Issuer USD Debt Service Accrual Account”);
 - b. a dollar-denominated loss proceeds account in the name of the Issuer (the “Issuer USD Loss Proceeds Account”);
 - c. a dollar-denominated disposition proceeds account (the “Issuer USD Disposition Proceeds Account”);
 - d. a dollar-denominated debt service reserve account in the name of the Issuer (the “Issuer USD Debt Service Reserve Account”);
 - e. a dollar-denominated O&M reserve account in the name of the Issuer (the “Issuer USD O&M Reserve Account”);
 - f. a dollar-denominated debt proceeds account (the “Issuer USD Debt Proceeds Account”);
 - g. a dollar-denominated tariff readjustment reserve account (the “Issuer USD Tariff Readjustment Reserve Account”);
 - h. a dollar-denominated prepayment account (the “Issuer USD Prepayment Account”); and
 - i. a dollar-denominated restricted payment retention account (the “Issuer USD Restricted Payment Retention Account”).

The Onshore Project Accounts will be comprised of the following:

2. Each of the following onshore accounts established by the Onshore Depositary, in the name of the Issuer, and pledged for the benefit of the Senior Secured Parties under the Senior Security Documents (collectively, the “Onshore Project Accounts”):

- a. a peso-denominated revenue account in the name of the Issuer (the “Issuer CLP Revenue Account”);
- b. a peso-denominated loss proceeds account in the name of the Issuer (the “Issuer CLP Loss Proceeds Account”);
- c. a peso-denominated disposition proceeds account in the name of the Issuer (the “Issuer CLP Disposition Proceeds Account”);
- d. a peso-denominated O&M payment account in the name of the Issuer (the “Issuer CLP O&M Payment Account”);
- e. a dollar-denominated revenue account in the name of the Issuer (the “Issuer USD Revenue Account”);
- f. a dollar-denominated mandatory capital expenditure account in the name of the Issuer (the “Issuer USD Mandatory Capex Account”);
- g. a dollar-denominated construction costs payment account in the name of the Issuer (the “Issuer USD Construction Costs Payment Account”); and
- h. a dollar-denominated O&M payment account in the name of the Issuer (the “Issuer USD O&M Payment Account”).

The Issuer has also established a peso-denominated performance guarantee cash collateral account with Banco de Chile (the “Issuer CLP Performance Guarantee Cash Collateral Account”) and a dollar-denominated distribution account with Banco de Chile (the “Issuer USD Distribution Account”). In addition, the Issuer may establish Unrestricted Accounts from time to time, which may be funded from the proceeds of Specified Permitted Indebtedness, Permitted Indebtedness of the type described in clause (vii) of the “Description of the Notes—Negative Covenants—Indebtedness,” capital contributions made by any affiliate of the Issuer (other than any Restricted Subsidiary) not otherwise required to be deposited in a Project Account and funds permitted to be withdrawn from the Issuer USD Restricted Payment Retention Account and transferred to an Unrestricted Account for the payment of any principal, interest, fees, costs and other amounts in respect of Permitted Debt that are reasonably expected to become due and payable during the next monthly period. None of the Issuer CLP Performance Guarantee Cash Collateral Account, the Issuer USD Distribution Account or any Unrestricted Account, nor any amounts on deposit therein, will constitute part of the Collateral.

For a description of deposits into and transfers from the Project Accounts under the Collateral Accounts Agreement, see “Description of the Notes—Priority of Payments” and “Description of the Notes—Deposits and Transfers from Project Accounts.”

Permitted Investments

Amounts deposited in the Project Accounts will, upon the Issuer’s written instruction, be invested by the Offshore Depositary (in the case of the Offshore Project Accounts) and the Onshore Depositary (in the case of the Onshore Project Accounts) in Permitted Investments in the same currency as the amounts on deposit in the Project Account from which such funds originated and in accordance with and subject to the limitations set forth in the Collateral Accounts Agreement. If the Depositaries have received a Notice of Default, each Collateral Agent will, at the written instruction of the Intercreditor Agent (acting at the written direction of the Required Senior Creditors), direct the respective Depositaries to invest and reinvest such balances in accordance with such written instructions, or in the absence of such instructions, such balances will remain uninvested.

Withdrawals and Transfers from the Project Accounts

We will not be entitled to request withdrawals or transfers of monies (i) from the Project Accounts (other than the Issuer CLP O&M Payment Account, the Issuer USD O&M Payment Account, the Issuer USD Mandatory Capex Account and the Issuer USD Construction Costs Payment Account (collectively, the “Payment Accounts”)), without having provided the relevant Confirmed Transfer Certificate. The Issuer will deliver no more than one Transfer Certificate in respect of the Project Accounts (other than the Payment Accounts) to the Account Depositories and the Collateral Agents during any period beginning on (and including) a Monthly Transfer Date and ending on (but excluding) the immediately succeeding Monthly Transfer Date (each, a “Monthly Period”), provided that the Issuer may deliver more than one Transfer Certificate in a given month to the extent the Issuer is required under any Secured Obligation Document to make any mandatory prepayment, offer or purchase immediately (an “Immediate Prepayment Transfer”). The Onshore Depository will withdraw or transfer monies from the Payment Accounts from time to time in accordance with the Issuer’s written instructions.

Each Transfer Certificate from the Issuer will be signed by the Issuer and delivered to the applicable Account Depositories, and Collateral Agents, no later than 12:00 p.m. (New York time) or 1:30 p.m. (Santiago, Chile time), as the case may be, at least five Business Days (but no more than ten (10) Business Days) prior to each Monthly Transfer Date in accordance with the terms of the Collateral Accounts Agreement; provided that, in the case of any Immediate Prepayment Transfer, the Issuer will deliver such executed Transfer Certificate five Business Days before the date of such Immediate Prepayment Transfer. Unless the relevant Account Depository has received written notice from the applicable Collateral Agent no later than 12:00 p.m. (New York City time) or 1:30 p.m. (Santiago, Chile time), as the case may be, two Business Days prior to the Monthly Transfer Date or the date of such Immediate Prepayment Transfer (as applicable) to which such Transfer Certificate relates, that the Intercreditor Agent (acting at the written direction of the Required Senior Creditors) has delivered to such Collateral Agent a written notice of objection to such Transfer Certificate, such Transfer Certificate will be deemed to be a “Confirmed Transfer Certificate,” and the applicable Account Depository will pay or transfer the amount(s) specified in such Confirmed Transfer Certificate. In the event that the applicable Collateral Agent receives a notice of objection from the Intercreditor Agent, it will deliver written notice thereof to the applicable Account Depository, the Issuer and the other Collateral Agent, and the applicable Account Depository will not take any further action with respect to such Transfer Certificate until the Issuer has delivered an amended Transfer Certificate and such certificate is considered a Confirmed Transfer Certificate.

Secured Obligations Events of Default

On and after the date on which either Collateral Agent or Account Depository receives notice from, in the case of either Collateral Agent, the Intercreditor Agent (acting at the written direction of the Required Senior Creditors) or in the case of the Onshore Depository, the Onshore Collateral Agent (acting at the written direction of the Intercreditor Agent, who, in turn, is acting at the written direction of the Required Senior Creditors) or in the case of the Offshore Depository, the Offshore Collateral Agent (acting at the written direction of the Intercreditor Agent, who, in turn, is acting at the written direction of the Required Senior Creditors), in each case, that any Secured Obligation Event of Default has occurred and is continuing (the “Notice of Default,” and the date of receipt of such Notice of Default, the “Secured Obligation Default Date”) and until such time that such Collateral Agent receives written notice from the Intercreditor Agent or such Account Depository receives written notice from the applicable Collateral Agent that such Secured Obligation Event of Default has been waived, cured or otherwise no longer exists, such Collateral Agent will take such enforcement or other action in respect of the Collateral pursuant to the Intercreditor Agreement, as specified in such Notice of Default, and each Account Depository (A) will thereafter accept all notices and instructions required or permitted to be given to such Account Depository pursuant to the terms of the Collateral Accounts Agreement with respect to a Project Account (other than a Payment Account) only from the Collateral Agents and not from the Issuer or any other Person, and such Account Depository will not withdraw, transfer, pay or otherwise distribute any monies in any of the Project Accounts (other than a Payment Account) except pursuant to such notices and instructions from the Collateral Agents (acting upon the written direction of the Intercreditor Agent, who, in turn, is acting at the written direction of the Required Senior Creditors); and (B) the relevant Account Depository (acting at the written direction of the applicable Collateral Agent, who, in turn, is acting at the written direction of the Required Senior Creditors) will (i) effect any transfers or withdrawals

solely to the extent expressly directed by the relevant Account Depository (acting at the written direction of the Intercreditor Agent, who, in turn, is acting at the written direction of the Required Senior Creditors), in writing, (ii) follow any Notice of Default received from the applicable Collateral Agent (acting at the written direction of the Intercreditor Agent, who, in turn, is acting at the written direction of the Required Senior Creditors) including liquidating Permitted Investments and directing the disposition of the funds in each of the Project Accounts as necessary to comply with such Notice of Default, and (iii) use the assets in the Project Accounts to repay the Secured Obligations, and will sell, dispose of or realize on the assets in the Project Accounts and otherwise pursue remedies, in each case solely in accordance with the applicable Notice of Default.

Chilean Law Documents

Chilean Collateral Agency Agreement

In connection with this offering, on the Release Date, the Issuer, APG Energy & Infra Investments Chile Expansion SpA, Celeo Redes Chile Expansión SpA, the Indenture Trustee, the Reserve LC Facility Agent, each other Senior Secured Party that is a party thereto from time to time (directly or through its Designated Representative), and Banco de Chile, as onshore collateral agent, will enter into the Chilean Collateral Agency Agreement for the purpose of appointing Banco de Chile as Onshore Collateral Agent (*agente de garantías*) under Chilean law, as set forth therein, with respect to the Senior Onshore Security Documents. Colbún Transmisión will become a party to the Chilean Collateral Agency Agreement on the Colbún Transmisión Joinder Date. Any future Senior Creditors or their Designated Representative, will become a party to the Chilean Collateral Agency Agreement and accept the terms and conditions thereof to appoint the Onshore Collateral Agent as such on behalf of such future Senior Creditors.

Among other duties, Banco de Chile as Onshore Collateral Agent will: (i) receive and keep custody of the Senior Onshore Security Documents; (ii) execute any act or agreement required for the execution, perfection and maintenance of the Senior Onshore Security Documents; (iii) perform any judicial or non-judicial act or action, as indicated therein, required to attach or foreclose on any Collateral under the Senior Onshore Security Documents; and (iv) undertake any other act described in the Senior Onshore Security Documents and Law 20,190 as the same may be amended from time to time or replaced. The Chilean Collateral Agency Agreement will be governed by Chilean Law.

Senior Onshore Share Pledge over the Shares of the Issuer

In connection with this offering, on the Release Date, APG Energy & Infra Investments Chile Expansion SpA and Celeo Redes Chile Expansión SpA (together, the “Initial Shareholders”), acting as pledgors, the Issuer and the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into a share pledge agreement by means of which a pledge without conveyance (*prenda sin desplazamiento*) over 100% of the existing and future shares of the Issuer owned by the Initial Shareholders will be granted as security for the payment and performance in full of the Secured Obligations.

Senior Onshore Share Pledge over the Shares of Colbún Transmisión

In connection with this offering, on the Colbún Transmisión Joinder Date, the Issuer and Celeo Redes Chile Expansión SpA, acting as pledgors, Colbún Transmisión and the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into a share pledge agreement by means of which a pledge without conveyance (*prenda sin desplazamiento*) over 100% of the existing and future shares of Colbún Transmisión owned by the Issuer and Celeo Redes Chile Expansión SpA will be granted as security for the payment and performance in full of the Secured Obligations.

Senior Onshore Account Pledges

In connection with this offering, on the Release Date, the Issuer, acting as pledgor, and the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into one or more account pledge agreements by means of which a pledge without conveyance (*prenda sin desplazamiento*) over (i) the amounts that are deposited and from time to time will be deposited into the Onshore Project Accounts (other than any *cuentas corrientes*), and

(ii) the investments made with those amounts, will be granted as security for the payment and performance in full of the Secured Obligations.

Senior Onshore Project Document Pledges

In connection with this offering, on the Release Date, the Issuer and, on the Colbún Transmisión Joinder Date, Colbún Transmisión, as applicable, acting as pledgors, and the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into one or more pledge agreements by means of which a commercial pledge (*prenda comercial sobre derechos*) and promise of commercial pledge (*promesa de prenda comercial sobre derechos*) over their collection rights under all Material Project Documents, Construction Agreements, Agreement for Use of Physical Spaces of Colbún Transmisión's Facilities and Lease Agreements and under any credit support, performance guarantee or other financial support instrument provided (or cause to be provided) by any counterparty to any such agreements to or in favor of the Issuer and/or Colbún Transmisión will be granted as security for the payment and performance in full of the Secured Obligations.

Senior Onshore Assets Pledges

In connection with this offering, on the Release Date, the Issuer and, on the Colbún Transmisión Joinder Date, Colbún Transmisión, as applicable, acting as pledgors, and the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into one or more pledge agreements by means of which a pledge without conveyance (*prenda sin desplazamiento*) over (i) the Transmission Lines, (ii) the Substations, and (iii) all tangible assets of the Issuer and/or Colbún Transmisión, including machinery and equipment whether now owned or at any time acquired, will be granted as security for the payment and performance in full of the Secured Obligations.

Senior Onshore Conditional Assignment

In connection with this offering, on the Release Date, the Issuer and, on the Colbún Transmisión Joinder Date, Colbún Transmisión, as applicable, and the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into a conditional assignment (*cesión condicional de derechos*) and promise of conditional assignment (*promesa de cesión condicional de derechos*) over collection rights under all Material Project Documents, Construction Agreements, Agreements for Use of Physical Spaces of Colbún Transmisión's Facilities and Lease Agreements and under any credit support, performance guarantee or other financial support instrument provided (or cause to be provided) by any counterparty to any such agreements to or in favor of the Issuer and/or Colbún Transmisión, as security for the payment and performance in full of the Secured Obligations.

Senior Onshore Irrevocable Collection Mandate

In connection with this offering, on the Release Date, the Issuer and, on the Colbún Transmisión Joinder Date, Colbún Transmisión, as applicable, and the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into an irrevocable collection mandate (*mandato irrevocable de cobro*) and promise of irrevocable collection mandate (*promesa de mandato irrevocable de cobro*) over collection rights under all Material Project Documents, Construction Agreements, Agreements for Use of Physical Spaces of Colbún Transmisión Facilities and Lease Agreements, and under any credit support, performance guarantee or other financial support instrument provided (or cause to be provided) by any counterparty to any such agreements to or in favor of the Issuer and/or Colbún Transmisión, as security for the payment and performance in full of the Secured Obligations.

Senior Onshore Mortgages over Real Estate

In connection with this offering, on the Release Date, the Issuer and, on the Colbún Transmisión Joinder Date, Colbún Transmisión, as applicable, acting as mortgagors and the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into one or more mortgage agreements by which the Issuer and/or Colbún Transmisión will create a mortgage over the sites where the Substations are located (to the extent owned by the Issuer and/or Colbún Transmisión, as applicable), as security for the payment and performance in full of the Secured Obligations.

Senior Onshore Pledge over Subordinated Loans

In connection with this offering, in respect of any affiliate loans provided to the Issuer, Colbún Transmisión and/or any other Restricted Subsidiary, each Permitted Subordinated Lender, providing such affiliate loans, acting as pledgor, the Issuer, Colbún Transmisión and/or any other Restricted Subsidiary, as applicable, the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into a pledge agreement by means of which a pledge without conveyance (*prenda sin desplazamiento*) over all such affiliate loans owned by such Permitted Subordinated Lender will be granted as security for the payment and performance in full of the Secured Obligations.

Subordination Agreements

In connection with this offering, in respect of any affiliate loans provided to the Issuer, Colbún Transmisión and/or any other Restricted Subsidiary, each Permitted Subordinated Lender providing such affiliate loans, acting as subordinated lender, the Issuer, Colbún Transmisión and/or any other Restricted Subsidiary, as applicable, and the Onshore Collateral Agent for the benefit of the Senior Secured Parties, will enter into a subordination agreement (*convenio de subordinación*) according to which all such affiliate loans owned by such Permitted Subordinated Lender will be subordinated in right of payment of the Notes.

DESCRIPTION OF THE NOTES

The Notes will be issued pursuant to an indenture (the “Indenture”) to be dated as of September 20, 2021, by and among Alfa Desarrollo SpA, following the consummation of our acquisition thereof, Colbún Transmisión S.A. (“Colbún Transmisión” and together with each future Restricted Subsidiary of the Issuer that guarantees the Notes, the “Guarantors”, each a “Guarantor”) and Citibank, N.A., as trustee (in such capacity, the “Indenture Trustee”), registrar, transfer agent and paying agent (in such capacity, the “Paying Agent”). The following description is a summary of certain provisions of the Notes, the Indenture, the Escrow Agreement and the other Financing Documents. It does not restate the Notes, the Indenture, the Escrow Agreement or other Financing Documents in their entirety, and is subject to, and qualified in its entirety by reference to, all of the provisions of the Notes, the Indenture, the Escrow Agreement and such other Financing Documents, in each case, including the definitions therein. We urge you to read the Notes, the Indenture, the Escrow Agreement and the other Financing Documents because they, and not this description, define your rights as holder of the Notes. Copies of the Notes, the Indenture, the Escrow Agreement and the other Financing Documents will be on file for inspection during normal business hours at the corporate trust office of the Indenture Trustee. Certain terms that are given special meanings in the Indenture are used as defined under the sub-heading “—Certain Definitions.” As used in this description, the word “we” refers only to Alfa Desarrollo SpA (the “Issuer”) and not to the Sponsors, any Guarantor or any other Person. When we refer to “Notes” in this section, we mean the Notes to be originally issued on the Issue Date and any additional notes of the same series which may be issued from time to time under the Indenture at a later date, unless otherwise stated.

General

The Issuer will issue U.S.\$1,098,618,000 in aggregate principal amount of 4.550% Senior Secured Notes due 2051 (the “Notes”). Principal and interest on the Notes will be payable on each Scheduled Payment Date as described in “—Payments on the Notes” below, with the final payments thereof being required to be made on the Maturity Date.

The Indenture will not be qualified under the Trust Indenture Act and holders of the Notes will not be entitled to the protections provided under the Trust Indenture Act to holders of debt securities issued under an indenture that is so qualified.

The Notes will also have the benefit of, and will be subject to, the terms of the other Financing Documents. The Financing Documents set forth the terms of the agreements that will secure the Issuer’s obligations under the Notes. For a description of the Financing Documents, see “Description of Principal Financing Agreements”.

As of the Issue Date, we will not have any subsidiaries. Accordingly, there will be no “Restricted Subsidiaries” until the Acquisition Effective Date. On the Acquisition Effective Date, Colbún Transmisión will be our only Restricted Subsidiary and, on the Colbún Transmisión Joinder Date, will become the only Guarantor of the Notes.

On or after the Issue Date, any other Person that becomes Subsidiary shall become a Restricted Subsidiary and the Issuer will cause, in any event, no later than 30 days after the date on which such Restricted Subsidiary becomes a Restricted Subsidiary, that Restricted Subsidiary to become a Guarantor on a senior basis by executing a supplemental indenture in accordance with the terms of the Indenture. Any such Restricted Subsidiary must also accede to, join or execute, as applicable, the relevant Senior Security Documents as provided in covenants (o), (p), (q), (r) and, solely with respect to Colbún Transmisión, (u) or, with respect to any other Restricted Subsidiary, (v) under the caption “Covenants—Affirmative Covenants” on the Colbún Transmisión Joinder Date or the Restricted Subsidiary Joinder Date of such Restricted Subsidiary, as applicable.

Under the circumstances described below in the definition of “Unrestricted Subsidiary” under the caption “—Certain Definitions,” the Issuer will be permitted to designate additional Subsidiaries as “Unrestricted Subsidiaries.” Unrestricted Subsidiaries will not be subject to any of the negative covenants in the Indenture. Further, Unrestricted Subsidiaries will not Guarantee the Notes.

The registered holder of a Note will be treated as its owner for all purposes. Only registered holders will have rights under the Indenture.

Note Guarantees

Prior to the Colbún Transmisión Joinder Date, there will be no Guarantors of the Notes under the Indenture. Following the Acquisition Effective Date (or, in the case of Colbún Transmisión, the Colbún Transmisión Joinder Date), the due and punctual payment of all amounts payable under the Notes, including principal, premium, if any, and interest, together with all other payment obligations of the Issuer under the Indenture and the Notes, will be unconditionally and irrevocably guaranteed on a senior secured basis by Colbún Transmisión and all future Restricted Subsidiaries of the Issuer to the extent required

pursuant to the covenants described in clause (p), (q) and (r) under the heading “—Covenants—Affirmative Covenants” (the “*Note Guarantees*”). These Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under Applicable Law. This provision may not, however, be effective to protect a Note Guarantee from being voided under fraudulent transfer law, or may reduce the applicable Guarantor’s obligation to an amount that effectively makes its Note Guarantee worthless. If a Note Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, a Guarantor’s liability on its Note Guarantee could be reduced to zero.

With respect to each Guarantor, the Note Guarantee of such Guarantor will be automatically and unconditionally released and discharged on the earliest date on which any of the following has occurred (such date with respect to such Guarantor, the “*Note Guarantee Release Date*”):

- (a) satisfaction and discharge of the Indenture as provided below under the heading “—Satisfaction and Discharge” or legal defeasance or covenant defeasance as provided below under the heading “—Defeasance;”
- (b) such Guarantor ceasing to be a Subsidiary of the Issuer as a result of any enforcement of any pledge or security interests in favor of Secured Obligations, subject to, in each case, (i) the application of the proceeds of such foreclosure in accordance with the Senior Security Documents and the Intercreditor Agreement and (ii) such disposition being permitted pursuant to the terms of the Intercreditor Agreement;
- (c) in connection with the Permitted Merger;
- (d) such Guarantor is released from its Note Guarantee in accordance with the terms of the Indenture as described in clause (a)(iii) under “—Amendments—Amendments Without Consent of Holders”; or
- (e) as otherwise provided in the Intercreditor Agreement.

provided that for any such release pursuant to clause (c) to become effective, the Issuer must provide to the Indenture Trustee written notice and an Officer’s Certificate (which may be combined with the notice) that the Permitted Merger has been consummated in accordance with Chilean law. Promptly after the consummation of the Permitted Merger, but in any case, within thirty (30) days after the date the Permitted Merger is consummated, the Issuer shall deliver to the Onshore Collateral Agent a declaration deed pursuant to Chilean law evidencing that all Senior Onshore Security Documents remain in full force and effect.

Upon any release of a Guarantor from its Note Guarantee, such Guarantor will also be automatically and unconditionally released from its obligations under the Senior Security Documents and the Intercreditor Agreement.

Status; Ranking

The Notes will constitute the Issuer’s direct and unconditional senior secured obligations, secured, prior to the Release Date, by a first priority security interest in the Escrow Property and, from the Release Date, by a first priority security interest, subject to the perfection requirements described under the heading “Collateral,” in the Collateral held or owned by the Issuer as of such date and in all Equity Interests in the Issuer, and following the Colbún Transmisión Joinder Date, subject to the perfection requirements described under the heading “Collateral,” by all the Collateral, and will:

- be senior obligations of the Issuer;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- rank senior to any existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively senior to all of the Issuer’s existing and future senior unsecured Indebtedness, to the extent of the value of the Collateral that is subject to Liens securing the Notes; and
- be effectively subordinated to any future Indebtedness of the Issuer that is secured by Liens on assets that do not secure the Notes, to the extent of the value of the assets securing such Indebtedness.

With respect to each Guarantor, from the effective date of its Note Guarantee until the Note Guarantee Release Date of such Guarantor, the Note Guarantee of such Guarantor will constitute direct, unconditional, senior, secured obligations of such Guarantor and will:

- be senior obligations of such Guarantor;
- rank *pari passu* in right of payment with any existing and future Indebtedness of such Guarantor that is not subordinated in right of payment to the Notes;
- rank senior to any existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to the Notes;
- be effectively senior to all of such Guarantor's existing and future senior unsecured Indebtedness, to the extent of the value of the Collateral that is subject to Liens securing the Notes and the Note Guarantees; and
- be effectively subordinated to any future Indebtedness of such Guarantor that is secured by Liens on assets that do not secure the Notes and the Note Guarantees, to the extent of the value of the assets securing such Indebtedness.

Additional Notes

We intend to issue U.S.\$1,098,618,000 aggregate principal amount of Notes in this offering.

Subject to the limitations described under “—Covenants—Negative Covenants—Indebtedness,” we may also issue additional notes of the same series as the Notes offered hereby under the Indenture from time to time after this offering (the “*Additional Notes*” and together with the Notes, the “*Indenture Notes*”); *provided, however*, that unless the Additional Notes are issued under a separate CUSIP number, the Additional Notes must be fungible with the Notes issued on the Issue Date for U.S. federal income tax purposes. Any Additional Notes, if issued, will rank *pari passu* in right of payment and with respect to rights in the Collateral to the Notes issued on the Issue Date and will vote on all matters as one class with the Notes issued on the Issue Date. No offering of any Additional Notes is being or will in any manner be deemed to be made by this offering memorandum. Subject to the limitations described under “—Covenants—Negative Covenants—Indebtedness,” the Indenture will also permit the Issuer to issue an unlimited amount of Indenture Notes.

Nature of Recourse

All obligations in connection with the Notes are solely obligations of the Issuer and any Guarantors, secured, prior to the Release Date, under the Escrow Agreement by a first priority Lien on the Escrow Property and, from the Release Date, by a first priority security interest, subject to the perfection requirements described under the heading “Collateral,” in the Collateral held or owned by the Issuer on such date and in all Equity Interests in the Issuer, and following the Colbún Transmisión Joinder Date, by a first priority security interest, subject to the perfection requirements described under the heading “Collateral,” in all the Collateral, in each case secured under the Senior Security Documents, with no recourse to any other Person or entity.

None of the Sponsors or any shareholders' parent companies or any affiliates of any of the foregoing (other than the Issuer and any Guarantors) or their respective incorporators, stockholders, members, directors, managers, officers, representatives, employees or any other Person or entity (each, a “*Non-Recourse Person*”), will guarantee the payment of the Notes or will have any liability for any of the Issuer's obligations under the Notes, the Indenture, the other Financing Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. By accepting a Note, each holder of Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Notwithstanding the foregoing, nothing shall impair or in any way limit any liabilities or obligations of a Non-Recourse Person under or pursuant to any share pledge agreement pledging Collateral, any separate agreement with respect to the contribution of equity or subordinated debt, any future EPC guarantee agreement or any Material Project Document, in each case to which such Non-Recourse Person is a party.

The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Collateral

Prior to the Release Date, the Notes and other Secured Obligations will be secured by a first priority security interest in the Escrow Property.

From the Release Date (or, in the case of Collateral held or owned by Colbún Transmisión, the Colbún Transmisión Joinder Date), the Notes, the Note Guarantees (if and when issued), the Additional Notes (if and when issued) and other Secured Obligations will be secured by a first priority security interest, subject to the perfection requirements set forth below, which will rank senior in priority of payment to any other Indebtedness of the Issuer and the Guarantors, in certain existing and future assets of the shareholders of the Issuer (limited to such shareholders' equity interests in the Issuer and any subordinated loans provided by such shareholders to the Issuer or any Guarantor), the Issuer and the Guarantors (collectively, the "*Collateral*"), for the benefit of the Senior Secured Parties, including the following:

- (a) all Equity Interests in the Issuer and, until the consummation of the Permitted Merger, all Equity Interests in Colbún Transmisión;
- (b) the collection rights under all Material Project Documents, Construction Agreements, Agreements for Use of Physical Spaces of Colbún Transmisión Facilities and Lease Agreements, and under any credit support, performance guarantee or other financial support instrument provided (or caused to be provided) by any counterparty to any of the foregoing to or in favor of the Issuer or Colbún Transmisión; *provided* that the Collateral shall include collection rights under Project Decrees solely to the extent permitted under Applicable Law, and provided further that, in the event Colbún Transmisión or the Issuer enter into the Colbún Construction Agreement and the agreements described in paragraphs (g), (h) and (i) of the definition of "Construction Contracts" are assigned by Colbún Transmisión to Colbún S.A., any collection rights under such agreements will no longer be Collateral and any Senior Onshore Security Documents (including the Senior Onshore Project Documents Pledge, the Senior Onshore Conditional Assignment and the Senior Onshore Irrevocable Collection Mandate) over such Construction Agreements shall be terminated and the parties thereto (including the Onshore Collateral Agent) shall enter into the relevant termination or release deeds and make all filings and take all other actions required for the full termination in accordance with Applicable Law of such Senior Onshore Security Documents (including the Senior Onshore Project Documents Pledge, the Senior Onshore Conditional Assignment and the Senior Onshore Irrevocable Collection Mandate);
- (c) the Transmission Lines and Substations and all tangible assets of the Issuer and Colbún Transmisión, including machinery and equipment of the Issuer and Colbún Transmisión, whether now owned or at any time acquired after the Release Date, in respect of the Issuer, or the Colbún Transmisión Joinder Date, in respect of Colbún Transmisión, as applicable;
- (d) the Real Estate Rights of the Issuer and Colbún Transmisión in the sites where the Substations are located (to the extent perfection of a security interest is possible under Applicable Law over such Real Estate Rights, including, easements and rights of way granted by any electrical concession);
- (e) the Project Accounts of the Issuer (other than any *Cuentas Corrientes*, as defined in the Collateral Accounts Agreement) and any cash, Cash Equivalents and Permitted Investments maintained therein; *provided, for the avoidance of doubt*, that the Issuer CLP Performance Guarantee Cash Collateral Account and the Issuer USD Distribution Account shall not constitute Collateral;
- (f) all related party subordinated loans to the Issuer and the Guarantors, which shall be subject to corresponding subordination agreements (*convenios de subordinación*); and
- (g) all proceeds (including condemnation and eminent domain proceeds) of the foregoing.

The Collateral (other than the Equity Interests in the Issuer and, following the Colbún Transmisión Joinder Date, Colbún Transmisión) shall be subject to Permitted Liens.

The Issuer and, following the Colbún Transmisión Joinder Date, Colbún Transmisión, will and will cause each Restricted Subsidiary to file for registration, in the case of the Issuer and Colbún Transmisión, within ten (10) Business Days after the Colbún Transmisión Joinder Date, or, in the case of any other Restricted Subsidiary, as promptly as practicable after the Restricted Subsidiary Joinder Date of such Restricted Subsidiary, in the relevant registries or offices, each of the Senior Onshore Security Documents covering the Collateral required to be so registered for the priority and perfection of the security interests granted by such documents, except for the Senior Onshore Mortgage over Real Estate, which will only be subject to the obligation to deliver a certificate of registration on the terms set forth in the second sentence of this paragraph. The Issuer will use commercially reasonable efforts to deliver to the Onshore Collateral Agent a certificate of registration, issued by the relevant registries or offices, in respect of each of the Senior Onshore Security Documents required to be so registered for the

priority and perfection of the security interests granted by such Senior Onshore Security Documents as soon as practicable after the Colbún Transmisión Joinder Date or the Restricted Subsidiary Joinder Date of such other Restricted Subsidiary, as applicable, but in any event will deliver such certificates not later than ninety (90) days from the Colbún Transmisión Joinder Date or the Restricted Subsidiary Joinder Date of such other Restricted Subsidiary, as applicable.

In addition, subject to the paragraph immediately below, the Notes, the Note Guarantees, the Additional Notes (if and when issued) and other Secured Obligations will be secured by a conditional assignment (*cesión condicional de derechos*) and irrevocable collection mandates over collection rights (*mandatos irrevocables de cobro*) under the contracts referred to in clause (b) above (the “Conditionally Assigned Agreements”); *provided* that the Secured Obligations will be secured by a conditional assignment (*cesión condicional de derechos*) and irrevocable collection mandates over collection rights (*mandatos irrevocables de cobro*) under Project Decrees, in each case solely to the extent permitted under Applicable Law.

The Issuer and each Guarantor will (a) within a 90-day period following the Colbún Transmisión Joinder Date, obtain the consent (or confirmation that no such consent is required) of each of Colbún S.A., Duquenco SpA, Cartulinas CMPC S.A., Hidroeléctrica Lleuquero S.A., Hidroeléctrica La Higuera S.A., Hidroeléctrica La Confluencia S.A., Ingeniería Agrosonda SpA, Pine SpA, Semi Chile SpA, Celeo Redes Chile Limitada, Empresa Eléctrica de La Frontera S.A. and each Person not otherwise identified in sub-clause (b) below that is a counterparty to a Conditionally Assigned Agreement following the Colbún Transmisión Joinder Date, in respect of the conditional assignment of the Conditionally Assigned Agreements to which such Person is a counterparty and (b) for a 180-day period following the Colbún Transmisión Joinder Date, use commercially reasonable efforts to obtain the consent (or confirmation that no such consent is required) of each of Melón S.A., Corporación Nacional del Cobre de Chile (“Codelco”), Anglo American Sur S.A., Inprolec S.A., Ingeniería y Construcción Sigdo Koppers S.A., Transelec S.A. and Compañía General de Electricidad S.A. in respect of the conditional assignment of the Conditionally Assigned Agreement and in respect of the pledge of the Codelco Lease Agreement to which such Person is a counterparty. Promptly after conclusion of such 180-day period, the Issuer shall deliver to the Indenture Trustee and the Onshore Collateral Agent written notice detailing the consents that were not obtained, specifying the reasons for denial of such consents. Upon expiration of such one 180-day period, the Issuer and each Guarantor shall have no further obligation to secure the consents described in sub-clause (b) above not previously obtained and such circumstance will not constitute a Default or an Event of Default under the Indenture or any other Secured Obligation Documents.

Prior to the Release Date, the defined term “Collateral” will be deemed to refer solely to the first priority security interest in the Escrow Property pursuant to the Escrow Agreement. From the Release Date and prior to the Colbún Transmisión Joinder Date, the defined term “Collateral” will be deemed to refer solely to the first priority security interest in the Equity Interests in the Issuer and the Collateral held or owned by the Issuer, in each case pursuant to the Senior Onshore Security Documents and the Collateral Accounts Agreement. From and after the Colbún Transmisión Joinder Date, the defined term “Collateral” will be deemed to refer to all the Collateral.

The Indenture will also provide that, in the event that there shall be established any additional Restricted Subsidiary after the Issue Date (other than Colbún Transmisión), whether through formation, acquisition, designation or otherwise, the Notes, the Note Guarantees and any other Secured Obligations will be secured by a first priority security interest in certain existing and future assets of such Restricted Subsidiary to the same extent as set forth above, *mutatis mutandis*, in respect of the Issuer and any Guarantors (which assets shall be included in the Collateral); *provided* that in the event that the granting of a first priority security interest over any such property or assets shall reasonably be determined by the Issuer to be impracticable to be granted after using commercially reasonable efforts, as set forth in an Officer’s Certificate to the Indenture Trustee, such property or assets need not be included in the Collateral; *provided, however* that the following shall in each case be pledged as Collateral without regard to the foregoing proviso:

- (a) all Equity Interests in such Restricted Subsidiary;
- (b) all material project documents of the Restricted Subsidiary, including the engineering, procurement and construction agreement and its guarantee, if applicable, and the operations and maintenance agreement relating to the Project operated by such Restricted Subsidiary, and any credit support, performance guarantee or other financial support instrument provided (or caused to be provided) by any counterparty to any of the foregoing to or in favor of such Restricted Subsidiary, in each case solely to the extent permitted by Applicable Law;
- (c) all leaseholds and other real estate property of such Restricted Subsidiary owned or at any time acquired after the establishment of such Restricted Subsidiary solely to the extent such Restricted Subsidiary may grant a security interest in accordance with Applicable Law; *provided* that, if any consents, acceptances or acknowledgements from third parties (including Third Party Consents) are required in order to grant a first

- priority security interest in the assets listed in this clause (c), (1) the Issuer shall use its commercially reasonable efforts to ensure that such consents are obtained such that the Notes, the Note Guarantees and any other Secured Obligations shall be so secured and (2) to the extent any such assets are not included in the Collateral, notwithstanding anything to the contrary herein, neither the Issuer nor any Restricted Subsidiary shall create, assume or suffer to exist any Lien or other encumbrance in respect of such assets;
- (d) all accounts relating to the project operated by such Restricted Subsidiary other than non-Project Accounts required or permitted to be established or maintained in accordance with the Indenture and the Collateral Accounts Agreement;
 - (e) all related party subordinated loans to the Restricted Subsidiary, which shall be subject to corresponding subordination agreements (*convenios de subordinación*); and
 - (f) all proceeds (including condemnation and eminent domain proceeds) of the foregoing.

In addition, the Indenture will require that the Collateral Agent(s), for the benefit of the Senior Secured Parties, be named as loss payee(s) and as additional insured(s) in the property insurance policies and as additional insured(s) in the civil liability insurance policies of the Issuer and its Restricted Subsidiaries wherein any Senior Secured Party has an insurable interest.

Upon the occurrence of the Discharge of Secured Obligations under the Financing Documents or pursuant to any disposition of such assets permitted by the Financing Documents, the Issuer will be entitled to releases of assets included in the Collateral from the Liens under the Senior Security Documents (and, at the Issuer's sole cost and expense, the Collateral Agents shall execute such documents and agreements as are reasonably requested by the Issuer in order to release such assets from the Liens under the Senior Security Documents).

Intercreditor Agreement

On the Release Date, the Issuer, the Intercreditor Agent, the Collateral Agents, the Reserve LC Facility Agent and the Indenture Trustee will enter into an intercreditor agreement (the "*Intercreditor Agreement*"), governing the rights of the Senior Secured Parties with respect to the Collateral. Additionally, upon the entry by the Issuer or any Guarantor into any agreement under which the Issuer or such Guarantor incurs Subsequent Senior Debt Obligations, the Intercreditor Agent and the Issuer will enter into a joinder to the Intercreditor Agreement with the Designated Representative for such Subsequent Senior Debt Obligations.

Under the Intercreditor Agreement, the holders of the Notes and any Additional Notes will be represented by the Indenture Trustee, the Reserve LC Lenders will be represented by the Reserve LC Facility Agent, and any future holders of Subsequent Senior Debt Obligations will be represented by their respective Designated Representative. The Intercreditor Agreement will provide for *pari passu* treatment and voting of the Senior Secured Parties and set forth other relative rights among the holders of the Notes and the holders of any other Secured Obligations.

Pari Passu Benefits

The Secured Obligations will at all times rank at least *pari passu* in right of payment and security with any other present and future senior debt of the Issuer and the Guarantors. The Collateral will secure all Secured Obligations on a *pari passu* basis among themselves.

Sharing; Collateral

Subject to the provisions of the Intercreditor Agreement and the provisions set forth in each Secured Obligation Document which affect the allocation of funds among the Senior Secured Parties party to such Secured Obligation Document, following an Enforcement Action, all amounts paid to, or received by, any Collateral Agent and representing the proceeds of the Collateral or the proceeds of any action taken pursuant to a Remedies Instruction will be paid promptly to the Senior Secured Parties ratably (without priority of any one over any other except as set forth in the relevant provisions of the Intercreditor Agreement) in the order described under "—Allocation of Collateral Proceeds" based on the amounts then due to each Senior Secured Party on each level of priority specified therein.

Each Senior Secured Party that is a party to the Intercreditor Agreement (for itself, each Senior Secured Party on whose behalf it executes the Intercreditor Agreement and any other Person claiming through it) (a) will agree that all Collateral is for the joint benefit of all the Senior Secured Parties and (b) will represent and warrant to each other Senior Secured Party

that, in respect of any Secured Obligations now or hereafter owing to such Senior Secured Party, it has received no security or guarantees from any Credit Party or any Affiliate thereof, other than (i) its interest in the Collateral as provided in the Senior Security Documents, if any, (ii) with respect to the Indenture Trustee, the guarantee provided by Colbún Transmisión pursuant to the supplemental indenture entered into by Colbún Transmisión on the Colbún Transmisión Joinder Date and the supplemental indenture entered into by any other Restricted Subsidiary on the Restricted Subsidiary Joinder Date of such Restricted Subsidiary, (iii) with respect to the Reserve LC Facility Agent, the guarantee provided by Colbún Transmisión and the other Restricted Subsidiaries pursuant to the LC Facility Guaranty (as defined in the Reserve LC Facility Agreement), or (iv) as otherwise provided pursuant to the Secured Obligation Documents. In furtherance of the foregoing, if any Senior Secured Party will receive or be entitled to demand or otherwise call upon any guaranty, security or other assurance of payment that is not described in clause (i), (ii) or (iii) of the preceding sentence in respect of the Secured Obligations owed to such Senior Secured Party, such Senior Secured Party will receive any proceeds thereof in trust for all the Senior Secured Parties (to be shared promptly and ratably with the other Senior Secured Parties in accordance with the Intercreditor Agreement) and will exercise its rights to demand or call upon such guaranty, security or other assurance of payment as directed, prior to the Discharge of Secured Obligations, by the Required Senior Creditors (determined without regard to the Senior Creditor Voting Party Percentage of such Senior Secured Party to the extent such Senior Secured Party is a Senior Creditor).

Notwithstanding any other provisions of the Intercreditor Agreement, no Senior Secured Party will have any obligation to share: (a) any mandatory payment received by a Senior Creditor in respect of the indemnity provided by the Issuer or the Guarantor pursuant to specified sections of the Indenture, the Reserve LC Facility Agreement or any analogous provision contained in any other Secured Obligation Document, (b) subject to the terms of the Collateral Accounts Agreement, any payment made from the Issuer USD Debt Service Reserve Account or transferred from the Issuer USD Restricted Payment Retention Account in accordance with “Redemption of the Notes—Target Note Balance Cash Sweep Mandatory Redemption”, (c) any payment made by any Person to such Senior Secured Party pursuant to a contract of participation or assignment or any other arrangement by which a direct or indirect interest of such Senior Secured Party under the relevant Secured Obligation Document is transferred (other than any such contract or other arrangement entered into with the Issuer, any Guarantor or any Affiliate thereof), and (d) any payment by any Restricted Subsidiary to the Indenture Trustee in accordance with the supplemental indenture entered into by such Restricted Subsidiary on the Restricted Subsidiary Joinder Date or to the Reserve LC Facility Agent in accordance with the LC Facility Guaranty (as defined in the Reserve LC Facility Agreement). Additionally, amounts obtained by a Senior Secured Party in the form of a permitted non-*pro rata* mandatory or optional payment pursuant to any Secured Obligation Document will not be required to be paid to the Intercreditor Agent for the account of the Senior Secured Parties and applied in accordance with “—Allocation of Collateral Proceeds.”

Voting and Decision Making

Except as otherwise expressly provided in the Intercreditor Agreement, each Senior Creditor will be entitled to vote in each Intercreditor Vote conducted under the Intercreditor Agreement represented by its respective Designated Representative.

Each Senior Secured Party that is a party to the Intercreditor Agreement (for itself, each Senior Secured Party on whose behalf it executes the Intercreditor Agreement and any other Person claiming through it) will agree under the Intercreditor Agreement that no Senior Secured Party will, except in accordance with the provisions of the Intercreditor Agreement, take any Enforcement Action or grant any Modification with respect to any Secured Obligation Document (each, a “Decision”), except in accordance with the provisions of the Intercreditor Agreement.

Except as otherwise set forth in the Intercreditor Agreement, where, in accordance with the Intercreditor Agreement, any Decision of the Required Senior Creditors is required (excluding Unilateral Actions or as otherwise provided for in the Intercreditor Agreement), the determination of whether such Decision will be granted or withheld will be determined through an Intercreditor Vote conducted in accordance with the procedures set forth in the Intercreditor Agreement among the Senior Creditors entitled to vote with respect to the particular decision at issue as set forth in the Intercreditor Agreement. The Intercreditor Agent will not have (i) a right or obligation to vote in any Intercreditor Vote in respect of any Decision to be taken under the Intercreditor Agreement; provided, however, that any Decision that modifies the rights or obligations of any Senior Creditor Agent (including any such Decision in respect of a Modification of any provision of the Intercreditor Agreement or any other Secured Obligation Document) may only be made with the consent of such Senior Creditor Agent; or (ii) any individual right or obligation to take or initiate the taking of any Enforcement Action, or to exercise any remedy, other than where instructed to do so in accordance with the terms of the Intercreditor Agreement.

None of (i) any Affiliate of the Issuer or any Guarantor that from time to time holds any Secured Obligation, (ii) any Senior Creditor that has agreed, directly or indirectly, to vote or otherwise act at the direction or subject to the approval or disapproval of any Person identified in the foregoing clause (i), (iii) any “Defaulting Lender” (or equivalent term or concept)

under and as defined in any Secured Obligation Document, or (iv) except as specified in the immediately succeeding paragraph, any Secured Hedge Bank, will be entitled to participate in any Intercreditor Vote or any vote under any Secured Obligation Document in which it is a Senior Creditor (each of the parties referred to in clauses (i) through (iv), a “Non-Voting Senior Creditor”) and the Designated Representative, in determining the percentage of votes cast of the Senior Creditors acting through it, will disregard the principal amount of the Secured Obligations that are held by Non-Voting Senior Creditors in both the numerator and the denominator of the calculation of any Senior Creditor Voting Party Percentage of the Senior Creditors acting through it. Except as otherwise provided in the Intercreditor Agreement, each Senior Creditor will have a number of votes in any Intercreditor Vote equal to the portion (in Dollar amounts) of the Senior Debt Exposure owing to that Senior Creditor (in Dollar amounts). Prior to the taking of any Intercreditor Vote, the Intercreditor Agent shall receive and be entitled to conclusively rely upon a Voting Certificate from any Designated Representative submitting an Intercreditor Vote as to the identity of each Non-Voting Senior Creditor and the principal amount of Secured Obligations relating thereto, and the Intercreditor Agent shall only be charged with knowledge thereof of which it receives notice.

No Secured Hedge Bank shall have (a) any voting rights with respect to any Secured Obligations arising under any Secured Hedge Agreement to which it is a party or (b) any rights to participate in any Intercreditor Vote in its capacity as a Secured Hedge Bank except for Intercreditor Votes requiring the consent of the Unanimous Voting Parties or in connection with Modifications that disproportionately and adversely affect the applicable Secured Hedge Bank and in each such case only upon (i) the determination that a termination payment is payable by any Credit Party to a Secured Hedge Bank in accordance with the terms of a Secured Hedge Agreement following an event of default or other termination event thereunder with respect to such Credit Party and (ii) the delivery of a hedge termination statement by such Secured Hedge Bank to each Designated Representative; *provided that*:

(x) no Modification with respect to the provisions of any Secured Hedge Agreement may be made except with the written consent of the Secured Hedge Bank party thereto;

(y) no Modification of any Senior Security Document to alter the ratable treatment of any Secured Hedge Agreement may be made in a manner materially adverse to any Secured Hedge Bank without the written consent of such Secured Hedge Bank; and

(z) no Modification may be made to definitions of “Secured Hedge Agreement,” “Secured Hedge Bank,” “Secured Hedge Exposure,” “Secured Hedge Obligations,” “Secured Hedge Transaction,” “Secured Obligations Documents,” “Secured Obligations,” “Senior Creditors,” “Senior Debt,” “Senior Debt Exposure,” “Senior Secured Parties,” “Subsequent Senior Debt Documents,” “Subsequent Senior Debt Exposure,” “Subsequent Senior Debt Obligations,” “Subsequent Senior Debt Provider” or “Termination Payments” under the Intercreditor Agreement, in each case, in a manner materially adverse to any Secured Hedge Bank without the written consent of such Secured Hedge Bank.

Subject to receipt by the Intercreditor Agent from each Designated Representative in accordance with the Intercreditor Agreement of any information it requires to calculate the Senior Creditor Voting Party Percentage, the Intercreditor Agent shall calculate the Senior Creditor Voting Party Percentage. In calculating the Senior Creditor Voting Party Percentage consenting to, approving, waiving or otherwise providing direction with respect to any Decision, the total Senior Creditor Vote Amounts cast by all Senior Creditors (through their Designated Representatives) in favor of the proposed Decision (such number, the “Numerator”) will be divided by the total Senior Creditor Vote Amount with respect to such matter (such number, the “Denominator”); provided, that the Senior Creditor Voting Party Percentage shall not include any votes excluded pursuant to the terms of the Intercreditor Agreement. With respect to the Notes and, to the extent Subsequent Senior Debt Obligations are issued in the form of bonds or other “public-style” securities, if the holders thereof fail to vote in connection with any Intercreditor Vote within the time prescribed by the Intercreditor Agent, such Notes or Subsequent Senior Debt Obligations (as applicable) will be excluded from both the Numerator and the Denominator of the calculation in determining the outcome of such vote. In order to determine whether the Required Senior Creditors have voted in favor or against any proposed Decision, following receipt of Voting Certificates from the Designated Representatives, the Intercreditor Agent shall calculate the aggregate Senior Creditor Voting Party Percentages of all Senior Creditors (acting through the Designated Representatives, as applicable) that voted in favor of such proposed Decision.

Notwithstanding the immediately preceding sentence or any other provision of the Intercreditor Agreement, if on the Voting Determination Date with respect to:

(i) any Modification, approval or other direction, instruction or decision (including with respect to any exercise of remedies pursuant to the Intercreditor Agreement or any action described in the list immediately following the first paragraph under “—Amendments and Modifications”) that requires the consent of the Senior Creditors holding more than 66 and 2/3% of the Senior Debt Exposure, if (x) the aggregate percentage of the Senior Debt Exposure casting a vote in respect of such

Modification, approval or other direction, instruction or decision (including with respect to any exercise of remedies pursuant to the Intercreditor Agreement or any action described in the list immediately following the first paragraph under “—Amendments and Modifications”) is greater than 50% of the Senior Debt Exposure (the “*Minimum Required Senior Creditor Exposure*”), but less than 66 and 2/3% of the Senior Debt Exposure (whether as a result of the failure of the holders of the Notes or any Subsequent Senior Debt Obligations issued in the form of bonds or other “public-style” securities to cast a vote or otherwise), then the consent of the Senior Creditors holding more than 66 and 2/3% of the Minimum Required Senior Creditor Exposure will constitute the “Required Senior Creditors” for purposes of determining whether such Modification, approval or other direction, instruction or decision (including with respect to any exercise of remedies pursuant to the Intercreditor Agreement or any action described in the list immediately following the first paragraph under “—Amendments and Modifications”) has been approved or rejected by the “Required Senior Creditors” or (y) the aggregate percentage of the Senior Debt Exposure casting a vote in respect of such Modification, approval or other direction, instruction or decision (including with respect to any exercise of remedies pursuant to the Intercreditor Agreement or any action described in the list immediately following the first paragraph under “—Amendments and Modifications”) is less than the Minimum Required Senior Creditor Exposure (whether as a result of the failure of the holders of the Notes or any Subsequent Senior Debt Obligations that are issued in the form of bonds or other “public-style” securities to cast a vote or otherwise), such Modification, approval or other direction, instruction or other decision (including with respect to any exercise of remedies pursuant to the Intercreditor Agreement or any action described in the list immediately following the first paragraph under “—Amendments and Modifications”) will be deemed rejected by the Senior Creditors; *provided* that, any Senior Secured Party (acting through its Designated Representative, as applicable) may initiate a new Intercreditor Vote in respect of such Modification, approval or other direction, instruction or other decision (including with respect to any exercise of remedies pursuant to the Intercreditor Agreement or any action described in the list immediately following the first paragraph under “—Amendments and Modifications”) at any time thereafter pursuant to the provisions of the Intercreditor Agreement; or

(ii) any Modification, approval or other direction, instruction or decision that requires the consent of the Majority Senior Creditors, if (x) the aggregate percentage of the Senior Debt Exposure casting a vote in respect of such Modification, approval or other direction, instruction or decision is greater than 33 and 1/3% of the Senior Debt Exposure (the “*Minimum Majority Senior Creditor Exposure*”), but less than 50% of the Senior Debt Exposure (whether as a result of the failure of the holders of the Notes or any Subsequent Senior Debt Obligations that are issued in the form of bonds or other “public-style” securities to cast a vote or otherwise), then the consent of the Senior Creditors holding more than 50% of the Minimum Majority Senior Creditor Exposure will constitute the “Majority Senior Creditors” for purposes of determining whether such Modification, approval or other direction, instruction or decision has been approved or rejected by the “Majority Senior Creditors” or (y) the aggregate percentage of the Senior Debt Exposure casting a vote in respect of such Modification, approval or other direction, instruction or decision is less than the Minimum Majority Senior Creditor Exposure (whether as a result of the failure of the holders of the Notes or any Subsequent Senior Debt Obligations that are issued in the form of bonds or other “public-style” securities to cast a vote or otherwise), such Modification, approval or other direction, instruction or other decision will be deemed rejected by the Senior Creditors; *provided* that, any Senior Secured Party (acting through its Designated Representative, as applicable) may initiate a new Intercreditor Vote in respect of such Modification, approval or other direction, instruction or other decision at any time thereafter pursuant to the provisions of the Intercreditor Agreement.

Defaults and Remedies

Promptly after any Designated Representative obtains knowledge of the occurrence, cessation or rescission of any Secured Obligation Event of Default under any Secured Obligation Document to which it is a party that is continuing and has not been waived or rescinded, or any Secured Obligation Event of Default under any Secured Obligation Document to which it is a party has ceased to exist or has been rescinded, such Designated Representative will notify the Intercreditor Agent in writing thereof (such notice, a “*Notice of Default*”). Upon receipt by the Intercreditor Agent of any such Notice of Default, and without the need for a prior determination through an Intercreditor Vote and without obtaining the consent of any Senior Secured Party, the Intercreditor Agent will promptly send a copy thereof to each Designated Representative and each other party to the Intercreditor Agreement, and such Designated Representative shall promptly provide a copy thereof to the Senior Creditors that it represents.

Until the Discharge of Secured Obligations, the Collateral Agents, upon the occurrence and during the continuance of a Secured Obligation Event of Default and at the written direction of the Intercreditor Agent (acting solely upon the direction of the Required Senior Creditors (acting through their respective Designated Representative)), shall have the right (to the fullest extent permitted by Applicable Law), acting upon such written directions, to enforce rights, exercise remedies (including set-off and the right to credit bid their debt, to the extent permitted by Applicable Law) and make determinations regarding the release, disposition, or restrictions with respect to the Collateral without any further consultation with or the consent of any Senior Secured Party (or any Designated Representative in respect thereof), in each case in accordance with the Senior Security Documents. In exercising rights and remedies with respect to the Collateral, the Collateral Agents, at the written direction of

the Intercreditor Agent (acting solely upon the direction of the Required Senior Creditors (acting through their respective Designated Representative)), may enforce the provisions of the Senior Security Documents and exercise remedies thereunder, subject in each case to the terms and conditions of the Senior Security Documents and applicable law. Such exercise and enforcement shall include the rights of the Collateral Agents to sell or otherwise dispose of Collateral upon foreclosure and apply such sale or disposition proceeds in accordance with the post-enforcement waterfall in the Intercreditor Agreement, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured creditor under applicable law (including the Debtor Relief Laws of any applicable jurisdiction) and the Senior Security Documents, in each case to the extent set forth in the applicable Senior Security Document; provided that, unless and until the Collateral Agents shall have received a written direction of the Intercreditor Agent (acting solely upon the direction of the Required Senior Creditors (acting through their respective Designated Representatives)), the Collateral Agents may (but shall not be obligated to), in each case take such action, or refrain from taking such action, in order to preserve or protect its interest in and Lien on the Collateral, with respect to any Secured Obligation Event of Default. For the avoidance of doubt, nothing in the Intercreditor Agreement shall limit or otherwise modify any of the rights of the Senior Secured Parties to accelerate their respective Senior Secured Debt in accordance with the relevant Secured Obligation Document.

At any time after the occurrence and during the continuance of a Secured Obligation Event of Default, any Designated Representative in respect of a Secured Obligation Document under which a Secured Obligation Event of Default has occurred and is continuing may serve a notice (such notice, a “*Remedies Initiation Notice*”) on the Intercreditor Agent that describes such Secured Obligation Event of Default and instructs the Intercreditor Agent to call an Intercreditor Vote with respect to which such Designated Representative is seeking to pursue any Enforcement Action as well as the Enforcement Action(s) that such Designated Representative wishes to pursue.

If the Intercreditor Agent receives any Remedies Initiation Notice from any Designated Representative pursuant to the Intercreditor Agreement, or a request for a Modification from the Issuer relating to any Secured Obligation Event of Default, the Intercreditor Agent shall promptly provide each other Designated Representative with a copy of such notice, and with respect to such Remedies Initiation Notice, inform them of the date (such date, as specified in the Remedies Initiation Notice, the “*Remedies Commencement Date*”) on which the Intercreditor Agent shall issue a Remedies Direction if a Remedies Instruction is received. The Intercreditor Agent shall submit such Remedies Initiation Notice (except for a Remedies Initiation Notice executed by the Required Senior Creditors) or such request for Modification to an Intercreditor Vote, by delivering an Intercreditor Vote Notice and an accompanying Voting Certificate to each Designated Representative in accordance with the Intercreditor Agreement, which Intercreditor Vote Notice shall incorporate a request for instructions from the Designated Representatives as to which rights and remedies, if any, the Intercreditor Agent should exercise or, pursuant to the Intercreditor Agreement, instruct any Collateral Agent to exercise pursuant to a Remedies Direction or whether the requested waiver or Modification relating to any Secured Obligation Event of Default should be made to any Secured Obligation Documents. The Intercreditor Agent shall only give effect to (i) any Remedies Initiation Notice if such Remedies Initiation Notice is executed by the Required Senior Creditors, or such Remedies Initiation Notice is approved by the Required Senior Creditors in an Intercreditor Vote in each case in accordance with the Intercreditor Agreement and (ii) any such request for Modification if such request for Modification is approved by the Required Senior Creditors in an Intercreditor Vote in accordance with the Intercreditor Agreement. Subject to the terms of the Intercreditor Agreement, no Enforcement Action should be taken and no waiver or Modification relating to any Secured Obligation Event of Default should be made to any Secured Obligation Documents, unless, in each case, an Intercreditor Vote is taken in accordance with the procedures set forth in the Intercreditor Agreement and such Enforcement Action, Modification, instruction or waiver is approved by the Required Senior Creditors.

Upon receiving an Intercreditor Vote Notice and Voting Certificate delivered pursuant to the Intercreditor Agreement, each Designated Representative may, by returning such Voting Certificate, include instructions that request that the Intercreditor Agent take, or instruct any Collateral Agent pursuant to the Intercreditor Agreement to take, any Enforcement Action as described in such Voting Certificate (any such instruction once approved in an Intercreditor Vote by the Required Senior Creditors in accordance with the terms of the Intercreditor Agreement, a “*Remedies Instruction*”). Each Remedies Instruction shall specify the particular Enforcement Action that the Senior Secured Parties represented by such Designated Representatives propose to cause the Intercreditor Agent or any Collateral Agent (acting on the instructions of the Intercreditor Agent) to take, and except as otherwise provided herein, shall be effective on the Remedies Commencement Date or such other date set forth in the Remedies Instruction; provided that, the Secured Obligation Event of Default which is the subject of such Remedies Initiation Notice has not been previously cured or waived. Notwithstanding anything herein to the contrary, the Intercreditor Agent shall not take or instruct any Person to take any Enforcement Action unless and until it has received Remedies Instructions with respect to such Enforcement Action from the Designated Representatives representing Senior Creditors holding more than 66 and 2/3% of the Senior Debt Exposure. Promptly upon its receipt of a Remedies Instruction from such Required Senior Creditors, the Intercreditor Agent shall deliver a Remedies Direction to one or more Collateral Agents, with a copy to each Designated Representative, instructing each such Collateral Agent to exercise the remedies

provided in such Remedies Instruction. Any Designated Representative may vote in favor of any proposed exercise of any proposed Enforcement Action, whether or not such Senior Secured Party may have voted against the proposed exercise of such proposed Enforcement Action in any previous Intercreditor Vote, by notice to the Intercreditor Agent, prior to the commencement of such Enforcement Action, and if done prior to the commencement of such Enforcement Action, the Intercreditor Agent shall promptly inform the Collateral Agents and each other Designated Representative (each of which shall promptly inform the Senior Creditors it represents), of any such change of vote, and if as a result of such change, the Remedies Instruction is no longer approved by the Required Senior Creditors, on and from the date of such notice, the applicable Remedies Instruction shall have no effect. During the period prior to the Remedies Commencement Date with respect to any Secured Obligation Event of Default, no Senior Secured Party will be entitled to take any Enforcement Action in connection with such Secured Obligation Event of Default, nor will any Senior Secured Party instruct the Intercreditor Agent to take any Enforcement Action in connection with such Secured Obligation Event of Default. None of the Senior Secured Parties will have any power, individually or together with any other Senior Secured Party, to take Enforcement Action or otherwise enforce or exercise any rights, discretions or powers in respect of the Collateral which a Collateral Agent is authorized to exercise or enforce under this Agreement or any of the other Senior Security Documents.

A Designated Representative may serve only one Remedies Initiation Notice with respect to any Secured Obligation Event of Default, and each Remedies Initiation Notice served by such Designated Representative will be deemed to have been served with respect to all Secured Obligation Events of Default in existence on the date such Remedies Initiation Notice is served.

If any Designated Representative is directed to deliver an Acceleration Notice in accordance with the applicable Secured Obligation Documents, the relevant Designated Representative will deliver to each other Designated Representative within two (2) Business Days of receipt of such direction or of such determination, as the case may be, a written notice to that effect in order to permit the Senior Secured Parties to coordinate the timing of the acceleration and early termination of their respective Secured Obligations.

If the Intercreditor Agent receives a Remedies Instruction from the Required Senior Creditors pursuant to the terms of the Intercreditor Agreement, the Intercreditor Agent will deliver a Remedies Direction to the applicable Collateral Agent, with a copy to the Issuer, instructing the applicable Collateral Agent to exercise the Enforcement Actions provided therein on the Remedies Commencement Date, unless the Secured Obligation Event of Default which is the subject of such Remedies Instruction has been or is cured or waived, or a Modification of the Secured Obligation Documents is made with respect thereto, prior to taking such Enforcement Action or such Remedies Instructions are modified or withdrawn, and the proceeds of any collection, recovery, receipt, appropriation, realization or sale of any or all of the Collateral by the applicable Collateral Agent following such exercise will be for the benefit of all Senior Secured Parties and allocated among them pursuant to the provisions of the Intercreditor Agreement. Each Remedies Instruction will specify the particular Enforcement Action(s) that the Required Senior Creditors have instructed the Intercreditor Agent to instruct the applicable Collateral Agent to take.

At the direction of the Required Senior Creditors or each relevant Designated Representative pursuant to a Remedies Instruction, the Intercreditor Agent will instruct the applicable Collateral Agent to exercise the Enforcement Action(s) provided therein (*provided* that the relevant Senior Security Documents permit such Enforcement Action(s)) including, if so directed, to promptly instruct each Collateral Agent to seek to enforce the Senior Security Documents to which it is a party, to realize upon the Collateral or, in the case of a Proceeding against any Credit Party or any other Person, to seek to enforce the claims of the Senior Secured Parties thereunder and the proceeds of any such realization or enforcement by the applicable Collateral Agent will be for the benefit of all Senior Secured Parties and allocated among them pursuant to the provisions of the Intercreditor Agreement. None of the Intercreditor Agent nor any Collateral Agent will, under any circumstances, be responsible for determining whether the relevant Senior Security Documents permit such Enforcement Action(s) or be liable to any Senior Secured Party or any other Person for following the directions and instructions in a Remedies Initiation Notice or a Remedies Instruction.

Allocation of Collateral Proceeds

Upon the occurrence of an Acceleration Event or following the exercise of remedies pursuant to a Remedies Instruction, the proceeds of any collection, recovery, receipt, appropriation, realization or sale of any or all of the Collateral or the enforcement of any Senior Security Document will be applied in the following order (it being agreed that the Collateral Agents will apply such amounts in the following order as promptly as is reasonably practicable after the receipt thereof; *provided* that, such amounts will not be so applied until such time as the amount of the Secured Obligations have been determined in accordance with the terms of the Intercreditor Agreement and under the terms of the relevant Secured Obligation Documents):

first, on a *pro rata* basis, to the payment of all fees and other out-of-pocket costs, expenses, indemnities and/or other amounts due to the Senior Creditor Agents in their capacities as such (including costs and expenses incurred in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the Intercreditor Agreement or any other Senior Security Document);

second, on a *pro rata* basis, to the payment of all fees and other out-of-pocket costs, expenses, indemnities and/or other amounts due to any Senior Creditor (other than amounts paid at priority *first* to the Senior Creditor Agents), including fees that will become payable to any issuing bank under the Reserve LC Facility Agreement from the date of application of proceeds pursuant to the Intercreditor Agreement to the expiration of each letter of credit outstanding under the Reserve LC Facility Agreement as of such date;

third, on a *pro rata* basis, to the payment of any (i) interest expense, due and payable to any Senior Creditor that constitutes Secured Obligations and (ii) accrued and unpaid ordinary course settlement payments under any Secured Hedge Agreements;

fourth, on a *pro rata* basis, to the payment of (i) all principal and other amounts due and payable to the Senior Creditors that constitute Secured Obligations (including cash collateralization (at 100% of the available amount thereof) of all outstanding letters of credit constituting Secured Obligations) and (ii) termination payments and any remaining secured hedge settlement obligations then due and payable under any Secured Hedge Agreement (or the amount that would be payable if such Secured Hedge Agreement were terminated); and

fifth, the balance, if any, after all of the Secured Obligations have been paid in full in cash to the Issuer or as otherwise required by applicable law;

provided, however, that the foregoing orders of application above will not be altered as a result of any Liens under any of the Senior Security Documents failing to secure all of the Secured Obligations, and the Senior Secured Parties will agree that proceeds of Collateral from all sources will be applied to ensure that the foregoing order of application is maintained.

Amendments and Modifications

With respect to certain fundamental actions described below (the “*Fundamental Actions*”), (a) no Modification will be agreed to by any Senior Secured Party under any Secured Obligation Document, (b) no instruction will be given to the Intercreditor Agent or any Collateral Agent under or with respect to any Secured Obligation Document and (c) no discretion will be exercised by any Senior Secured Party under or with respect to any Secured Obligation Document, unless, in each case, and in all cases subject to the provisions described in the final two paragraphs under “—Voting and Decision Making,” an Intercreditor Vote is taken in accordance with the procedures set forth in the Intercreditor Agreement and such Modification is approved by the Senior Creditors holding more than 66 and 2/3% of the Senior Debt Exposure; *provided* that any such Modification, instruction or exercise of discretion with respect to the Fundamental Action described in (a) below that by its terms materially and adversely affects the rights of Senior Creditors under one class of Senior Debt (the “*Affected Class*”) in a manner different than such Modification with respect to the Fundamental Action described in item (a) below affects Senior Creditors of other classes of Senior Debt, then, in addition to requiring the approval of Senior Creditors holding more than 66 and 2/3% of the Senior Debt Exposure, such Modification, instruction or exercise of discretion instruction or exercise of discretion with respect to the Fundamental Action described in item (a) below will require the consent of the Unanimous Voting Parties with respect to such Affected Class:

- (a) any Modification of the Secured Obligation Documents that has the effect of releasing Collateral from the Lien of any of the Senior Security Documents or releasing funds held by any Collateral Agent or the Indenture Trustee; *provided, however*, that any release by Senior Creditors in accordance with the terms of the relevant Secured Obligation Documents of cash provided by the Issuer or any Guarantor to collateralize letters of credit provided thereunder by such Senior Creditors shall be deemed not to be a Fundamental Action;
- (b) except as otherwise described in this “—Amendments and Modifications” section, any Modification of any provision of the Intercreditor Agreement;
- (c) any Modification of any Secured Obligation Document by any Senior Creditor or Designated Representative that would reasonably be expected to (i) materially impair the ability of any Credit Party to repay any other Senior Debt in accordance with the Secured Obligation Documents governing such other Senior Debt or otherwise comply with its obligations thereunder (unless such impairment is waived by the affected Senior Creditors or their respective Senior Creditor Agent), (ii) result in a breach of or default or acceleration under any Secured Obligation Document governing any other Senior Debt (unless such breach or default is waived

- by the affected Senior Creditors or their respective Senior Creditor Agent), (iii) materially and adversely affect the rights and remedies of the other Senior Creditors (unless such material adverse effect is waived by the affected Senior Creditors or their respective Senior Creditor Agent) or (iv) materially and adversely affect the Collateral (*it being understood* that the sharing of such Collateral with the existing Senior Creditors pursuant to the terms of the Secured Obligation Documents and the Intercreditor Agreement will be deemed in all cases not to have such a material and adverse effect);
- (d) any Modification of a Secured Obligation Document to which the Intercreditor Agent, any Collateral Agent or the Indenture Trustee is a party which would permit the assignment by the Issuer or any Guarantor of its obligations under any Secured Obligation Document other than as expressly permitted under the Secured Obligation Document (as in effect prior to such Modification);
 - (e) any Modification to any Common Secured Obligation Document that alters the relative priority of payments, the application of proceeds as among the Senior Creditors of more than one issuance of Senior Debt or the relative priority of payments on the Secured Obligations set forth in the Collateral Accounts Agreement or any other relevant Senior Security Document;
 - (f) any Modification of any Secured Obligation Document by any Senior Creditor or Designated Representative that would (i) increase the principal amount of the Senior Debt Exposure except to the extent such increase is expressly permitted by the terms of the applicable Secured Obligation Document (as in effect prior to such Modification), (ii) increase the interest rate thereunder or otherwise change the basis on which interest is calculated thereunder (excluding, however, the implementation of any LIBOR replacement mechanics which are set forth in any Secured Obligation Document on the date of execution thereof), (iii) shorten the tenor or maturity date thereof, (iv) increase the scheduled amortization payments, (v) change the currency in which the Secured Obligations are made or in which payments by the Issuer or any Guarantor are required to be made, (vi) modify the mandatory prepayment provisions of any Secured Obligation Documents or (vii) violate the terms of the Intercreditor Agreement; or
 - (g) any Modification of any definition contained in the Secured Obligation Documents to the extent such Modification would have substantially the same effect as any of the Modifications referred to in clauses (a) through (f) above.

Except as otherwise provided in the Intercreditor Agreement, (a) no Modification will be agreed to by the Intercreditor Agent or any Collateral Agent under any Common Secured Obligation Document, (b) no instruction will be given to the Intercreditor Agent or any Collateral Agent under or with respect to any Common Secured Obligation Document and (c) no authority will be exercised by the Intercreditor Agent or any Collateral Agent under or with respect to any Common Secured Obligation Document unless, in each case, an Intercreditor Vote is taken in accordance with the procedures described in “— Voting and Decision Making” and the Majority Senior Creditors authorize the Intercreditor Agent or Designated Representative, as applicable, to agree to such Modification, provide the Intercreditor Agent with such instruction or authorize the Intercreditor Agent to exercise such authority, as the case may be.

Notwithstanding anything in the Intercreditor Agreement to the contrary, the Intercreditor Agent will, at the request of any Designated Representative and without the need for a prior determination through an Intercreditor Vote, agree to such Modifications in regard to any immaterial ambiguity, inconsistency, error or defect arising under the Intercreditor Agreement or the other Secured Obligation Documents that (a) are necessary or desirable to reflect the clear intent of the parties, (b) will not be inconsistent with the Intercreditor Agreement (for example, errant cross-references and misspelled defined terms) and (c) will not adversely affect the interests of any of the Senior Secured Parties or the Issuer (the Intercreditor Agent being entitled to rely on a certificate from the related Designated Representative and the Issuer that such Modification will not adversely affect the interests of the Senior Secured Parties and the Issuer, as applicable, and the advice of counsel and having all of the rights provided to it under the Intercreditor Agreement). Any such Modification that is set forth in a writing signed by the Intercreditor Agent, the Collateral Agents and the Issuer shall be binding on each Credit Party and each of the applicable Senior Secured Parties.

Priority of Payments

The Collateral Accounts Agreement will provide for the establishment of, deposits into and withdrawals from the Project Accounts, as described below in “Deposits into and Transfers from Project Accounts” and as further described in “Description of Principal Financing Agreements —New York Law Documents—Collateral Accounts Agreement.”

All Project Revenues denominated in CLP received by the Issuer will be deposited into the Issuer CLP Revenue Account; *provided, however*, that (i) on and after the date of consummation of the Permitted Merger, any CLP-denominated Project Revenues that are received by the Issuer but that are permitted under the Secured Obligation Documents to be deposited into a Colbún Transmisión Account shall be so deposited, (ii) the Net Available Amount of all Casualty Proceeds and Expropriation Compensation denominated in CLP will be deposited into the Issuer CLP Loss Proceeds Account and (iii) the Net Available Amount of all Asset Sale Proceeds denominated in CLP will be deposited into the Issuer CLP Disposition Proceeds Account. Unless a Secured Obligation Event of Default has occurred and is continuing and a Notice of Default has been received from the Onshore Collateral Agent, the amounts deposited into the Issuer CLP Revenue Account will be withdrawn and transferred by the Onshore Depositary on each Monthly Transfer Date in the following order of priority pursuant to a Confirmed Transfer Certificate:

first, to pay (*pro rata* to the extent of insufficient funds) any and all CLP-denominated Secured Obligations comprising any fees, costs and expenses due and payable to any Secured Party under and in accordance with the Secured Obligation Documents;

second, after the application of funds provided in clause *first*, to fund (*pro rata* to the extent of insufficient funds and without duplication) (A) to fund the Issuer CLP Performance Guarantee Cash Collateral Account in an amount consistent with the requirements of the applicable Performance Guarantee Instrument and (B) the Issuer CLP O&M Payment Account, in an aggregate amount equal to the excess, if any, of: (1) the amount needed to pay the aggregate amount of CLP-denominated Operating Costs of the Issuer projected to be due and payable in the next Monthly Period beginning on such Monthly Transfer Date over (2)(x) the aggregate amount then on deposit in the Issuer CLP O&M Payment Account *minus* (y) any such amounts on deposit that have been previously designated for payment of CLP-denominated Operating Costs of the Issuer that have not yet been paid; and

third, after the application of funds provided in clauses *first* and *second*, convert the funds then standing to the credit of the Issuer CLP Revenue Account to USD and transfer the entire balance thereof to the Issuer USD Revenues Account.

All Project Revenues denominated in Dollars received by the Issuer and amounts converted and transferred from the Issuer CLP Revenue Account will be deposited into the Issuer USD Revenue Account; *provided, however*, that (i) on and after the date of consummation of the Permitted Merger, any USD-denominated Project Revenues that are received by the Issuer but that are permitted under the Secured Obligation Documents to be deposited into a Colbún Transmisión Account shall be so deposited, (ii) the Net Available Amount of all Casualty Proceeds and Expropriation Compensation denominated in Dollars will be deposited into the Issuer USD Loss Proceeds Account and (iii) the Net Available Amount of all Asset Sales Proceeds will be deposited into the Issuer USD Disposition Proceeds Account. Unless a Secured Obligation Event of Default has occurred and is continuing and a Notice of Default has been received from the Onshore Collateral Agent, the amounts deposited into the Issuer USD Revenue Account will be withdrawn and transferred by the Onshore Depositary on each Monthly Transfer Date in the following order of priority pursuant to a Confirmed Transfer Certificate:

first, to transfer (*pro rata* to the extent of insufficient funds and without duplication) to the Issuer USD O&M Payment Account, an aggregate amount equal to the excess, if any, of: (A) the amount needed to pay the aggregate amount of Dollar-denominated Operating Costs of the Issuer projected to be due and payable in the next Monthly Period beginning on such Monthly Transfer Date over (B)(1) the aggregate amount then on deposit in the USD O&M Payment Account *minus* (2) any such amounts on deposit that have been previously designated for payment of Dollar-denominated Operating Costs of the Issuer that have not yet been paid;

second, after the application of funds provided in clause *first*, to pay (*pro rata* to the extent of insufficient funds) any and all Dollar-denominated Secured Obligations comprising (without duplication of any such amounts paid in accordance with clause *first*) any fees, costs and expenses due and payable to any Senior Secured Party under and in accordance with the Secured Obligation Documents;

third, after the application of funds provided in clauses *first* and *second*, to fund (*pro rata* to the extent of insufficient funds and without duplication), the Issuer USD Debt Service Accrual Account in an amount equal to (A) the USD Debt Service Accrual Requirement or (B) to the extent the balance standing to the credit of the Issuer USD Debt Service Accrual Account is not sufficient to pay unfunded obligations under the Secured Obligation Documents, including (I) principal and interest due and payable under any Secured Obligation Document, (II) any applicable Reserve LC Reimbursement Obligations, (III) any ordinary course settlement payments, termination payments and other obligations under any Secured Hedging Agreement, (IV) any other Secured Obligation that is then due and payable, (V) Specified Permitted Indebtedness outstanding on any Monthly Transfer Date that is a repayment date, the payment of any such unfunded obligations denominated in Dollars and (VI) any

other fees, costs and expenses due and payable to the Senior Secured Parties under and in accordance with the Secured Obligation Documents;

fourth, after the application of funds provided in clauses *first*, *second* and *third*, to fund the Issuer USD Debt Service Reserve Account to the extent necessary to cause the balance therein (when added to (A) the amounts on deposit therein and (B) the undrawn amount of all Reserve LCs credited thereto) to equal the then-required Issuer USD Debt Service Reserve Account Requirement; and

fifth, after the application of funds provided in clauses *first*, *second*, *third* and *fourth*, to fund the Issuer USD O&M Reserve Account to the extent necessary to cause the balance therein (when added to (A) the amounts on deposit therein and (B) the undrawn amount of all Reserve LCs credited thereto) to equal the then-required O&M Reserve Requirement;

sixth, after the application of funds provided in clauses *first*, *second*, *third*, *fourth* and *fifth*, to fund the Issuer USD Mandatory Capex Account in an amount equal to any and all Dollar-denominated Mandatory Capex that are reasonably expected to become due and payable during the immediately succeeding 45-day period *minus* the balance already on deposit in the Issuer USD Mandatory Capex Account on such date;

seventh, after the application of funds provided in clauses *first*, *second*, *third*, *fourth*, *fifth* and *sixth* transfer to the Issuer USD Construction Costs Payment Account, an amount equal to the Construction Costs that are reasonably expected to become due and payable during the immediately succeeding 180 days *minus* the balance already on deposit in the Issuer USD Construction Costs Payment Account on such date; and

eighth, after the application of funds provided in clauses *first*, *second*, *third*, *fourth*, *fifth*, *sixth*, and *seventh* to the Issuer USD Restricted Payment Retention Account.

Deposits into and Transfers from Project Accounts

Amounts will be deposited into and transferred from the Project Accounts other than the Revenue Accounts (including amounts on deposit in the Issuer USD Restricted Payment Retention Account, which will be used from time to time to the extent necessary to cover deficiencies in certain Project Accounts) in accordance with the Collateral Accounts Agreement, as described below.

Issuer USD Debt Proceeds Account

On the Business Day immediately preceding the Acquisition Effective Date, the Sponsors will advance proceeds of equity contributions to the Issuer (including in the form of subordinated loans) in an amount required by the Escrow Agreement into the Issuer USD Debt Proceeds Account. The Escrow Agent will advance on the Release Date the balance (including the net proceeds of the Notes issued on the Issue Date) of the Escrow Account established pursuant to the Escrow Agreement into the Issuer USD Debt Proceeds Account.

On the Acquisition Effective Date and in accordance with the Collateral Accounts Agreement, the Offshore Depositary will transfer from the Issuer USD Debt Proceeds Account, subject to and in accordance with the funds flow memorandum duly executed by an Authorized Officer of the Issuer and to the extent amounts are then available in the USD Debt Proceeds Account, the amounts specified in such funds flow delivered to the Offshore Depositary to:

- (i) the Sellers an amount equal to the Acquisition Date Purchase Price;
- (ii) Colbún an amount equal to the outstanding Indebtedness permitted pursuant to covenant (a)(viii) of “Covenants—Negative Covenants”;
- (iii) the Issuer USD Debt Service Reserve Account an amount equal, together with any Acceptable Credit Support credited thereto at such time, to the Dollar Debt Service Reserve Account Requirement;
- (iv) the Issuer USD O&M Reserve Account an amount equal, together with any Acceptable Credit Support credited thereto on or prior to such time, to the Dollar O&M Reserve Account Requirement;
- (v) to the Reserve LC Facility Agent for the account of the Reserve LC Issuing Banks to pay the fees and expenses related to the Acceptable Credit Support issued thereunder;
- (vi) to the Indenture Trustee to pay fees and expenses related to the offering of the Notes; and

- (vii) to such other Persons (including, without limitation, the Senior Creditor Agents and their respective counsel) and in such amounts as specified in the funds flow memorandum.

After the completion of all transfers described above, to the extent any amount remains on deposit in the Issuer USD Debt Proceeds Account, then the Offshore Depositary will transfer such remaining amount to the Issuer USD Revenue Account in accordance with the Collateral Accounts Agreement.

If funds have been deposited into the Issuer USD Debt Proceeds Account in accordance with the Escrow Agreement and Collateral Accounts Agreement and either the SPA is terminated or the Acquisition has not been consummated on or prior to the date that is one Business Day prior to the Redemption Deadline, the Issuer will cause a notice of a Special Mandatory Redemption to be mailed, or sent to DTC in accordance with its procedure applicable to Global Notes (with a copy to the Intercreditor Agent, Collateral Agents, Depositaries and Designated Representatives), no later than the Business Day after the date of such termination or one Business Day prior to the Redemption Deadline in the event the Acquisition has not yet been consummated and the Notes will be redeemed no later than one Business Day following the date of such notice unless such notice is revoked pursuant to the terms of the Collateral Accounts Agreement and the Indenture. In the event that a Special Mandatory Redemption notice is provided because the Acquisition has not been consummated by the date that is one Business Day prior to the Redemption Deadline, such notice will be revocable by the Issuer until 11:00 a.m. (Eastern time) on the Redemption Deadline upon consummation of the Acquisition. If the Special Mandatory Redemption has not been revoked and the Offshore Depositary has not received written notice from the Issuer that the Acquisition has been consummated by 11:00 a.m. (Eastern time) on the Redemption Deadline, then the Offshore Depositary will, without the requirement of notice to or action by the Issuer, or any other person, promptly release the amounts on deposit in the Issuer USD Debt Proceeds Account to the Indenture Trustee in order to complete the Special Mandatory Redemption.

Issuer USD Debt Service Accrual Account

The Issuer USD Debt Service Accrual Account will be funded from (i) the Issuer USD Revenue Account as described in “Priority of Payments”, (ii) other Project Accounts to the extent permitted by the Collateral Accounts Agreement and (iii) the Issuer USD Debt Service Reserve Account at such times and at such amounts as provided in the Collateral Accounts Agreement.

On each Monthly Transfer Date, the Offshore Depositary will, subject to and in accordance with a Confirmed Transfer Certificate and to the extent of funds then available in the Issuer USD Debt Service Accrual Account, transfer an amount equal to the amount necessary to pay interest, principal or other obligations due under the applicable Secured Obligation Document on the relevant Monthly Transfer Date for the payment to the Senior Creditors of (a) *first*, on a *pro rata* basis, (i) any interest due under the Senior Obligation Documents and (ii) the amount at the time due or accrued as of such date in respect of ordinary course settlement payments under any Secured Hedging Agreement, (b) *second*, on a *pro rata* basis, (i) any principal due under the Senior Obligation Documents (including Reserve LC Reimbursement Obligations) and (ii) the amount due at such time in respect of termination payments payable under any Secured Hedging Agreement and (c) *third*, on a *pro rata* basis, the other obligations due under the Secured Obligation Documents, including, without limitation, the fees, costs and expenses due and payable to the Senior Secured Parties under and in accordance with the Secured Obligation Documents.

Issuer USD Debt Service Reserve Account

On the Acquisition Effective Date, the Issuer USD Debt Service Reserve Account will be funded (A) from the Issuer USD Debt Proceeds Account or (B) with one or more Acceptable Credit Support or a combination thereof in an amount equal to at least the Dollar Debt Service Reserve Account Requirement. Thereafter, the Issuer USD Debt Service Reserve Account will be funded (A) from the Issuer USD Revenue Account as described in “Priority of Payments”, (B) other Project Accounts to the extent permitted by the Collateral Accounts Agreement or (C) with one or more Acceptable Credit Support or a combination thereof in an amount equal to at least the Dollar Debt Service Reserve Account Requirement.

If any Acceptable Credit Support issued in accordance with the Reserve LC Facility Agreement is used to fund the Issuer USD Debt Reserve Account on the Release Date and the Acquisition Effective Date has not occurred by the date that is thirty (30) days after the Release Date, the Offshore Collateral Agent will cancel or return all such Acceptable Credit Support to the Reserve LC Issuing Banks within one (1) Business Day thereafter.

If the Issuer determines that the monies on deposit in the Issuer USD Revenue Account and the Issuer USD Debt Service Accrual Account are insufficient to pay interest, principal or other obligations due under the Indenture on the relevant Monthly Transfer Date (the amount of such insufficiency as determined by the Issuer, the “Dollar Deficiency”), the Offshore Depositary will, subject to and in accordance with a Confirmed Transfer Certificate, to the extent amounts in the Issuer USD

Restricted Payment Retention Account are not adequate for such purposes, transfer an amount equal to the Dollar Deficiency from the Issuer USD Debt Service Reserve Account, to the extent of funds then available on deposit therein, to the Dollar Debt Service Accrual Account and if, after giving effect to such transfer, the Dollar Deficiency remains and if one or more Acceptable Credit Support are then in effect, the Offshore Collateral Agent will make a drawing ratably on all such Acceptable Credit Support in an aggregate amount equal to the applicable Dollar Deficiency (which amount shall have been notified by the Issuer to the Offshore Collateral Agent) (or, if less, the then aggregate undrawn amount under all such Acceptable Credit Support) and deposit such drawn amount into the Issuer USD Debt Service Reserve Account to be transferred to the Issuer USD Debt Service Accrual Account, subject to and in accordance with a Confirmed Transfer Certificate.

Issuer USD Restricted Payment Retention Account

The Issuer USD Restricted Payment Retention Account shall be funded from the Issuer USD Revenue Account as described in “Priority of Payments” and from the Issuer USD Tariff Readjustment Reserve Account as described in “Description of the Notes—Issuer USD Tariff Readjustment Reserve Account.”

The Offshore Depositary will make withdrawals and transfers of amounts from the Issuer USD Restricted Payment Retention Account to the Issuer USD Distribution Account or to such other account or accounts designated by the Issuer (including any Unrestricted Account) subject to and in accordance with the applicable Confirmed Transfer Certificate, solely to the extent permitted under clause (l) of “Covenants—Negative Covenants” and to the extent permitted under the other Secured Obligation Documents.

If, as of any Scheduled Payment Date, the Issuer has failed to meet the Debt Service Coverage Ratio during the preceding four (4) consecutive Scheduled Payment Dates (inclusive of such Scheduled Payment Date of determination) required for the making of Restricted Payments pursuant to clause (l) of “Covenants—Negative Covenants,” the Offshore Depositary, subject to and in accordance with a Confirmed Transfer Certificate, will withdraw and transfer all of the funds on deposit in the Issuer USD Restricted Payment Retention Account to the Issuer USD Prepayment Account for application for an offer to repurchase the Notes in accordance with the Indenture and a mandatory prepayment, if applicable, under the other Secured Obligation Documents, in each case subject to and in accordance with such Confirmed Transfer Certificate.

On each Scheduled Payment Date occurring after June 1, 2043, subject to and in accordance with the applicable Confirmed Transfer Certificate, the Offshore Depositary will withdraw and transfer to the Issuer USD Prepayment Account the amount on deposit in the Issuer USD Restricted Payment Retention Account in excess (if any) of \$2,000,000 for application in accordance with “Redemption of the Notes—Target Note Balance Cash Sweep Mandatory Redemption”; provided that promptly following its receipt of a written instruction of the Issuer duly executed by an authorized officer of the Issuer to do so, the Offshore Depositary shall be authorized and directed to and shall (and the Offshore Depositary shall be released from any liability in so doing) transfer to the Issuer USD Prepayment Account any additional amount on deposit in the Issuer USD Restricted Payment Retention Account subject to and in accordance with the Issuer’s written instructions notwithstanding that, after giving effect to such transfer, the amount on deposit in the Issuer USD Restricted Payment Retention Account is less than \$2,000,000.

Issuer USD Prepayment Account

The Issuer will remit (or will cause to be remitted) the following to the Issuer USD Prepayment Account (i) amounts transferred from the Issuer USD Restricted Payment Retention Account, the Issuer USD Loss Proceeds Account, the Issuer CLP Loss Proceeds Account, the Issuer USD Disposition Proceeds Account and the Issuer CLP Disposition Proceeds Account, in each case, in accordance with the Collateral Accounts Agreement, and (ii) any other amounts to the extent required to be applied towards the payment of any mandatory prepayment, offer or purchase of the Secured Obligations pursuant to the relevant Secured Obligation Documents.

The Offshore Depositary will make withdrawals and transfers of all proceeds from the Issuer USD Prepayment Account, in each case subject to and in accordance with a Confirmed Transfer Certificate and to the extent of funds then available on deposit therein, for application to the payment of any mandatory prepayment, offer or purchase of the Secured Obligations in accordance with the relevant Secured Obligation Documents. Any such payment will be applied in accordance with the applicable Confirmed Transfer Certificate among all Senior Creditors party to Secured Obligation Documents that require such mandatory prepayment, offer or purchase to be made; provided that, for the avoidance of doubt, if any Secured Obligation Documents do not require such mandatory prepayment, offer or purchase to be made, the Senior Creditors party thereto will not be entitled to any portion of such payment in respect of such Senior Creditor’s interests in the Secured Obligations relating to such Secured Obligation Documents, and such Senior Creditor’s ratable amount of such payment will instead be transferred by the Offshore Depositary into the Issuer USD Revenue Account as set forth in the applicable Confirmed

Transfer Certificate. To the extent that any Senior Creditor entitled to a ratable amount of any such mandatory prepayment, offer or purchase declines to accept any such payment in accordance with the terms of the Secured Obligation Documents to which it is a party, such Senior Creditor's ratable amount of such payment will instead be transferred by the Offshore Depositary into the Issuer USD Revenue Account subject to and in accordance with the applicable Confirmed Transfer Certificate.

Issuer USD Loss Proceeds Account

Except to the extent otherwise provided under the Secured Obligation Documents, the Issuer will remit (or will cause to be remitted) the Net Available Amount of all Dollar-denominated Loss Proceeds and Dollar-denominated Expropriation Compensation to the Issuer USD Loss Proceeds Account. In furtherance (and without limitation) of the foregoing, the Issuer will irrevocably instruct each insurance and reinsurance provider to deliver such Dollar-denominated Loss Proceeds and each relevant Person making payments constituting Expropriation Compensation to deliver such Dollar-denominated Expropriation Compensation, in each case, directly to the Offshore Depositary for deposit into the Issuer USD Loss Proceeds Account.

The Offshore Depositary will make withdrawals and transfers of all Loss Proceeds from the Issuer USD Loss Proceeds Account, in each case subject to and in accordance with a Confirmed Transfer Certificate and to the extent of funds then available in the Issuer USD Loss Proceeds Account (i) to the extent permitted under the Secured Obligation Documents (as certified by the Issuer in any such Confirmed Transfer Certificate), for reinvestment in permitted capital expenditures and other replacement of assets of the Issuer or any Restricted Subsidiary (including with respect to property or assets of any other Project) if the Net Available Amount of Loss Proceeds in respect of a single Casualty Event or series of related Casualty Events is less than or equal to \$20,000,000 (or its equivalent in CLPs) or (ii) subject to the last paragraph of this section "Issuer USD Loss Proceeds Account", to the Issuer USD Prepayment Account if the Net Available Amount of Loss Proceeds in respect of a single Casualty Event or series of related Casualty Events is greater than \$20,000,000 (or its equivalent in CLPs).

The Offshore Depositary will make withdrawals and transfers of all Expropriation Compensation from the Issuer USD Loss Proceeds Account, in each case subject to and in accordance with a Confirmed Transfer Certificate and to the extent of funds then available in the Issuer USD Loss Proceeds Account (i) to the extent permitted under the Secured Obligation Documents (as certified by the Issuer in any such Confirmed Transfer Certificate), for reinvestment in permitted capital expenditures and other replacement of assets of the Issuer or any Restricted Subsidiary (including with respect to property or assets of any other Project) if the Net Available Amount of Expropriation Compensation in respect of a single Expropriatory Action or a series of related Expropriatory Actions is less than or equal to \$20,000,000 (or its equivalent in CLPs), (ii) subject to the last paragraph of this section "Issuer USD Loss Proceeds Account", to the Issuer USD Prepayment Account if the Net Available Amount of Expropriation Compensation in respect of a single Expropriatory Action or a series of related Expropriatory Actions is greater than \$20,000,000 (or its equivalent in CLPs).

If the Net Available Amount of Dollar-denominated Loss Proceeds or Expropriation Compensation, as the case may be, in respect of a single Casualty Event or series of related Casualty Events or a single Expropriatory Action or a series of related Expropriatory Actions, as the case may be, is greater than \$20,000,000 (or its equivalent in CLPs), the Offshore Depositary Agent shall transfer such Net Available Amount of Loss Proceeds or Expropriation Compensation to the Issuer USD Prepayment Account subject to and in accordance with a Confirmed Transfer Certificate within the later of the date that is (i) ninety (90) days after the occurrence of the Casualty Event or series of related Casualty Events or a single Expropriatory Action or a series of related Expropriatory Actions, as the case may be, or (ii) sixty (60) days after the Issuer or any Restricted Subsidiary receives such Loss Proceeds or Expropriatory Compensation, as the case may be; provided that, if prior to such date the Issuer submits to Intercreditor Agent (with a copy to the Designated Representatives, Collateral Agents and the Depositaries) a plan for restoration or reinvestment (including with respect to property or assets of any other Project) in respect of such Net Available Amount of Loss Proceeds or Expropriation Compensation (or portion thereof) and a certificate certifying that the Issuer has or reasonably expects to have adequate funds to carry out its plan of restoration or reinvestment and perform its scheduled payment obligations under the Secured Obligation Documents, the Issuer shall not be required to transfer the Net Available Amount of Loss Proceeds or Expropriation Compensation (or portion thereof) included in such restoration or reinvestment plan to the extent such Net Available Amount is in fact invested in restoration or other assets (including with respect to property or assets of any other Project) in accordance with such restoration or reinvestment plan and the Secured Obligation Documents within 360 days of receipt of such Loss Proceeds or Expropriatory Compensation or, if so committed within such period, within 180 days thereafter, and the Offshore Depositary shall, in each case subject to and in accordance with a Confirmed Transfer Certificate, transfer such Net Available Amount for reinvestment in permitted capital expenditures and other replacement of assets of the Issuer or any Restricted Subsidiary (including with respect to property or assets of any other Project) in accordance with the Secured Obligation Documents; provided, however, that, notwithstanding the foregoing proviso, the Net Available Amount of Expropriation Compensation received in respect of any such Expropriatory Action or series of Expropriatory Actions resulting in a cessation or material disruption of the operations of the affected Project shall be transferred to the Issuer USD Prepayment Account in accordance with a Confirmed Transfer Certificate.

Issuer USD Disposition Proceeds Account

Except to the extent otherwise provided under the Secured Obligation Documents, the Issuer shall remit (or shall cause to be remitted) the Net Available Amount of all Dollar-denominated Asset Sale Proceeds to the Issuer USD Disposition Proceeds Account. In furtherance (and without limitation) of the foregoing, the Issuer will irrevocably instruct each relevant Person making payments constituting Asset Sale Proceeds to deliver such Dollar-denominated Asset Sale Proceeds directly to the Offshore Depository for deposit into the Issuer USD Disposition Proceeds Account.

The Offshore Depository will make withdrawals and transfers of all proceeds from the Issuer USD Disposition Proceeds Account, in each case subject to and in accordance with a Confirmed Transfer Certificate and to the extent of funds then available in the Issuer USD Disposition Proceeds Account, (a) to the extent permitted under the Secured Obligation Documents (as certified by the Issuer in any such Confirmed Transfer Certificate), for reinvestment in permitted capital expenditures and other replacement of assets of the Issuer or any Restricted Subsidiary if the Net Available Amount of Asset Sale Proceeds is equal to or less than \$30,000,000 (or its equivalent in CLPs) in the aggregate since the Acquisition Effective Date (or \$10,000,000 (or its equivalent in CLPs) on an annual basis after such \$30,000,000 threshold has been met) or (b) at the end of the reinvestment period set forth in the proviso to this paragraph, to the Issuer USD Prepayment Account if the Net Available Amount of Asset Sale Proceeds is greater than \$30,000,000 (or its equivalent in CLPs) in the aggregate since the Acquisition Effective Date (or \$10,000,000 (or its equivalent in CLPs) on an annual basis after such \$30,000,000 threshold has been met); provided that, if prior to such date the Issuer submits to the Intercreditor Agent (with a copy to the Designated Representatives, Collateral Agents and the Depositories) a plan for reinvestment or replacement of assets (including with respect to property or assets of any other Project) in respect of such Net Available Amount of Asset Sale Proceeds (or portion thereof) and a certificate certifying that the Issuer has or reasonably expects to have adequate funds to carry out its plan of reinvestment or replacement and perform its scheduled payment obligations under the Secured Obligation Documents, the Issuer will not be required to transfer the Net Available Amount of Asset Sale Proceeds (or portion thereof) included in such reinvestment or replacement plan to the Issuer USD Prepayment Account to the extent such Net Available Amount is in fact invested in replacement assets or other assets (including with respect to property or assets of any other Project) in accordance with such reinvestment or replacement plan and the Secured Obligation Documents within 360 days of receipt of such Asset Sale Proceeds, or, if so committed within such period, within 180 days thereafter, and the Offshore Depository will, in each case in accordance with a Confirmed Transfer Certificate, transfer such Net Available Amount for reinvestment in permitted capital expenditures and other replacement of assets of the Obligor (including with respect to property or assets of any other Project) in accordance with the Secured Obligation Documents.

Issuer USD O&M Reserve Account

On the Acquisition Effective Date, the Issuer USD O&M Service Reserve Account will be funded (A) from the Issuer USD Debt Proceeds Account or (B) with one or more Acceptable Credit Support or a combination thereof in an amount equal to at least the Dollar O&M Reserve Account Requirement. Thereafter, the Issuer USD O&M Reserve Account will be funded (A) from the Issuer USD Revenue Account as described in "Priority of Payments", (B) other Project Accounts to the extent permitted by the Collateral Accounts Agreement or (C) with one or more Acceptable Credit Support or a combination thereof in an amount equal to at least the Dollar O&M Reserve Account Requirement.

If any Acceptable Credit Support issued in accordance with the Reserve LC Facility Agreement is used to fund the Issuer USD O&M Reserve Account on the Release Date and the Acquisition Effective Date has not occurred by the date that is thirty (30) days after the Release Date, the Offshore Collateral Agent will cancel or return all such Acceptable Credit Support to the Reserve LC Issuing Banks within one (1) Business Day thereafter.

The Offshore Depository will make withdrawals and transfers of amounts in the Issuer USD O&M Reserve Account, in each case subject to and in accordance with a Confirmed Transfer Certificate, to the extent amounts in the Issuer USD Restricted Payment Retention Account are not adequate for such purposes, to fund the Issuer USD O&M Payment Account and/or the Issuer CLP O&M Payment Account (each, an "*O&M Payment Account*"), as applicable, on any date on which the balance in any such O&M Payment Account is insufficient to pay Operating Costs that are then due and payable from such O&M Payment Account (such insufficiency, the "*Operating Deficiency*"), in an amount equal to the Operating Deficiency, to the extent of funds then available on deposit therein, for application in accordance with such Confirmed Transfer Certificate. If after giving effect to such transfer, the Operating Deficiency remains and if one or more Acceptable Credit Support are then in effect, the Offshore Collateral Agent will make a drawing ratably on all such Acceptable Credit Support in an amount equal to the Operating Deficiency (which amount shall have been notified by the Issuer to the Offshore Collateral Agent) (or, if less, the then aggregate undrawn amount under all such Acceptable Credit Support) and deposit such drawn amount in the Issuer USD O&M Reserve Account for transfer to the Issuer USD O&M Payment Account and/or the Issuer CLP O&M Payment Account, as applicable and in each case subject to and in accordance with a Confirmed Transfer Certificate.

Issuer USD O&M Payment Account

The Issuer USD O&M Payment Account will be funded from (i) the Issuer USD Revenue Account as described in “Priority of Payments”, (ii) other Project Accounts to the extent permitted by the Collateral Accounts Agreement and (iii) the Issuer USD O&M Reserve Account as described in “Deposits into and Transfers from the Project Accounts—Issuer USD O&M Reserve Account.”

Commencing on the Release Date and thereafter, and so long as no Notice of Default shall have been delivered, the Issuer shall make withdrawals and transfers of amounts on deposit in the Issuer USD O&M Payment Account to pay Dollar-denominated Operating Costs of the Issuer that are then due and payable.

Issuer CLP O&M Payment Account

The Issuer CLP O&M Payment Account will be funded from (i) the Issuer CLP Revenue Account as described in “Priority of Payments”, (ii) other Project Accounts to the extent permitted by the Collateral Accounts Agreement and (iii) the Issuer USD O&M Reserve Account as described in “Deposits into and Transfers from the Project Accounts—Issuer USD O&M Reserve Account.”

Commencing on the Release Date and thereafter, and so long as no Notice of Default shall have been delivered, the Issuer shall make withdrawals and transfers of amounts on deposit in the Issuer CLP O&M Payment Account to pay CLP-denominated Operating Costs of the Issuer that are then due and payable.

Issuer USD Mandatory Capex Account

The Issuer USD Mandatory Capex Account will be funded from (i) the proceeds of Eligible Equity Commitments to the Issuer made at such times and in such amounts as permitted by the Indenture, (ii) other Project Accounts to the extent permitted by the Collateral Accounts Agreement, (iii) the Issuer USD Revenue Account as described in “Priority of Payments”, (iv) proceeds of any Specified Permitted Indebtedness incurred pursuant to the Indenture and (v) transfers from any Unrestricted Account.

Commencing on the Release Date and thereafter, and so long as no Notice of Default has been delivered, the Onshore Depositary will make withdrawals and transfers of amounts from the Issuer USD Mandatory Capex Account for the payment of costs and expenses incurred or to be incurred in respect of any Mandatory Capex constituting (A) interest payable during the construction period thereof, (B) funding of required reserve accounts (including Unrestricted Accounts) during the construction period or as a condition to the occurrence of “completion” of any Mandatory Capex or (C) financing-related fees and costs payable during the construction period thereof and (ii) pay all other costs and expenses incurred or to be incurred in respect of any Mandatory Capex not described in the foregoing clause (i) above.

Issuer CLP Disposition Proceeds Account.

Except to the extent otherwise provided under the Secured Obligation Documents, the Issuer will remit (or will cause to be remitted) the Net Available Amount of all CLP-denominated Asset Sale Proceeds to the Issuer CLP Disposition Proceeds Account. In furtherance (and without limitation) of the foregoing, the Issuer will irrevocably instruct each relevant Person making payments constituting Asset Sale Proceeds to deliver such CLP-denominated Asset Sale Proceeds directly to the Offshore Depositary for deposit into the Issuer CLP Disposition Proceeds Account.

The Onshore Depositary will make withdrawals and transfers of all proceeds from the Issuer CLP Disposition Proceeds Account, in each case subject to and in accordance with a Confirmed Transfer Certificate and to the extent of funds then available in the Issuer CLP Disposition Proceeds Account, (a) to the extent permitted under the Secured Obligation Documents (as certified by the Issuer in any such Confirmed Transfer Certificate), for reinvestment in permitted capital expenditures and other replacement of assets of the Issuer or any Restricted Subsidiary if the Net Available Amount of Asset Sale Proceeds is equal to or less than \$30,000,000 (or its equivalent in CLPs) in the aggregate since the Acquisition Effective Date (or \$10,000,000 (or its equivalent in CLPs) on an annual basis after such \$30,000,000 threshold has been met) or (b) at the end of the reinvestment period set forth in the proviso to this paragraph, to the Issuer USD Prepayment Account if the Net Available Amount of Asset Sale Proceeds is greater than \$30,000,000 (or its equivalent in CLPs) in the aggregate since the Acquisition Effective Date (or \$10,000,000 (or its equivalent in CLPs) on an annual basis after such \$30,000,000 threshold has been met); provided that, if prior to such date the Issuer submits to the Intercreditor Agent (with a copy to the Designated Representatives, Collateral Agents and the Depositaries) a plan for reinvestment or replacement of assets (including with respect to property or assets of any other Project) in respect of such Net Available Amount of Asset Sale Proceeds (or portion thereof) and a certificate certifying that the Issuer has or reasonably expects to have adequate funds to carry out its plan of

reinvestment or replacement and perform its scheduled payment obligations under the Secured Obligation Documents, the Issuer will not be required to transfer the Net Available Amount of Asset Sale Proceeds (or portion thereof) included in such reinvestment or replacement plan to the Issuer USD Prepayment Account to the extent such Net Available Amount is in fact invested in replacement assets or other assets (including with respect to property or assets of any other Project) in accordance with such reinvestment or replacement plan and the Secured Obligation Documents within 360 days of receipt of such Asset Sale Proceeds, or, if so committed within such period, within 180 days thereafter, and the Onshore Depositary will, in each case in accordance with a Confirmed Transfer Certificate, transfer such Net Available Amount for reinvestment in permitted capital expenditures and other replacement of assets of the Obligor (including with respect to property or assets of any other Project) in accordance with the Secured Obligation Documents.

Issuer CLP Loss Proceeds Account

Except to the extent otherwise provided under the Secured Obligation Documents, the Issuer will remit (or will cause to be remitted) the Net Available Amount of all CLP-denominated Loss Proceeds and CLP-denominated Expropriation Compensation to the Issuer CLP Loss Proceeds Account. In furtherance (and without limitation) of the foregoing, the Issuer will irrevocably instruct each insurance and reinsurance provider to deliver such CLP-denominated Loss Proceeds and each relevant Person making payments constituting Expropriation Compensation to deliver such CLP-denominated Expropriation Compensation, in each case, directly to the Offshore Depositary for deposit into the Issuer CLP Loss Proceeds Account.

The Onshore Depositary will make withdrawals and transfers of all Loss Proceeds from the Issuer CLP Loss Proceeds Account, in each case subject to and in accordance with a Confirmed Transfer Certificate and to the extent of funds then available in the Issuer CLP Loss Proceeds Account (i) to the extent permitted under the Secured Obligation Documents (as certified by the Issuer in any such Confirmed Transfer Certificate), for reinvestment in permitted capital expenditures and other replacement of assets of the Issuer or any Restricted Subsidiary (including with respect to property or assets of any other Project) if the Net Available Amount of Loss Proceeds in respect of a single Casualty Event or series of related Casualty Events is less than or equal to \$20,000,000 (or its equivalent in CLPs) or (ii) subject to the last paragraph of this section “Issuer CLP Loss Proceeds Account”, to the Issuer USD Prepayment Account if the Net Available Amount of Loss Proceeds in respect of a single Casualty Event or series of related Casualty Events is greater than \$20,000,000 (or its equivalent in CLPs).

The Onshore Depositary will make withdrawals and transfers of all Expropriation Compensation from the Issuer CLP Loss Proceeds Account, in each case subject to and in accordance with a Confirmed Transfer Certificate and to the extent of funds then available in the Issuer CLP Loss Proceeds Account (i) to the extent permitted under the Secured Obligation Documents (as certified by the Issuer in any such Confirmed Transfer Certificate), for reinvestment in permitted capital expenditures and other replacement of assets of the Issuer or any Restricted Subsidiary (including with respect to property or assets of any other Project) if the Net Available Amount of Expropriation Compensation in respect of a single Expropriatory Action or a series of related Expropriatory Actions is less than or equal to \$20,000,000 (or its equivalent in CLPs), (ii) subject to the last paragraph of this section “Issuer CLP Loss Proceeds Account”, to the Issuer USD Prepayment Account if the Net Available Amount of Expropriation Compensation in respect of a single Expropriatory Action or a series of related Expropriatory Actions is greater than \$20,000,000 (or its equivalent in CLPs).

If the Net Available Amount of CLP-denominated Loss Proceeds or Expropriation Compensation, as the case may be, in respect of a single Casualty Event or series of related Casualty Events or a single Expropriatory Action or a series of related Expropriatory Actions, as the case may be, is greater than \$20,000,000 (or its equivalent in CLPs), the Onshore Depositary Agent will transfer such Net Available Amount of Loss Proceeds or Expropriation Compensation to the Issuer USD Prepayment Account in accordance with a Confirmed Transfer Certificate within the later of the date that is (A) ninety (90) days after the occurrence of the Casualty Event or series of related Casualty Events or a single Expropriatory Action or a series of related Expropriatory Actions, as the case may be, or (B) sixty (60) days after the Issuer or any Restricted Subsidiary receives such Loss Proceeds or Expropriatory Compensation, as the case may be; provided that, if prior to such date, the Issuer submits to Intercreditor Agent (with a copy to the Designated Representatives, the Collateral Agents and the Depositaries) a plan for restoration or reinvestment (including with respect to property or assets of any other Project) in respect of such Net Available Amount of Loss Proceeds or Expropriation Compensation (or portion thereof) and a certificate certifying that the Issuer has or reasonably expects to have adequate funds to carry out its plan of restoration or reinvestment and perform its scheduled payment obligations under the Secured Obligation Documents, the Issuer will not be required to transfer the Net Available Amount of such Loss Proceeds or Expropriation Compensation (or portion thereof) included in such restoration or reinvestment plan to the Issuer USD Prepayment Account to the extent such Net Available Amount is in fact invested in restoration or other assets (including with respect to property or assets of any other Project) in accordance with such restoration or reinvestment plan and the Secured Obligation Documents within 360 days of receipt of such Loss Proceeds or, if so committed within such period, within 180 days thereafter, and the Onshore Depositary will, in each case in accordance with a Confirmed Transfer Certificate, transfer such Net Available Amount for reinvestment in permitted capital expenditures and other replacement of assets of the

Issuer and any Restricted Subsidiary (including with respect to property or assets of any other Project) in accordance with the Secured Obligation Documents; provided, however, that, notwithstanding the foregoing proviso, the Net Available Amount of Expropriation Compensation received in respect of any such Expropriatory Action or series of Expropriatory Actions resulting in a cessation or material disruption of the operations of the affected Project shall be transferred to the Issuer USD Prepayment Account in accordance with a Confirmed Transfer Certificate.

Issuer USD Construction Costs Payment Account

The Issuer USD Construction Costs Payment Account will be funded from the (i) proceeds of all drawings under the Construction Letter of Credit made in accordance with the Indenture, (ii) proceeds of any cash equity contributions received by the Issuer (including in the form of subordinated loans) from any Affiliate (other than any Restricted Subsidiary) for the payment of Construction Costs in accordance with the Indenture, (iii) other Project Accounts to the extent permitted by the Collateral Accounts Agreement, and (iv) the Issuer USD Revenue Account as described in “Priority of Payments”.

Commencing on the Release Date and thereafter, and so long as no Notice of Default has been delivered, the Onshore Depository will make withdrawals and transfers of amounts from the Issuer USD Construction Costs Payment Account (i) for the payment of Construction Costs in respect of any capital expenditure constituting (A) interest payable during the construction period thereof, (B) funding of required reserve accounts (including any Unrestricted Accounts) during the construction period or as a condition to the occurrence of “completion” of any capital expenditure or (C) financing-related fees and costs payable during the construction period thereof and (ii) pay all other Construction Costs in respect of any capital expenditure not described in the foregoing clause (i) above.

Issuer USD Tariff Readjustment Reserve Account

The Issuer USD Tariff Readjustment Reserve Account will be funded in an amount equal to at least \$24.4 million on or prior to the Release Date by way of equity contributions (including in the form of subordinated loans) received by the Issuer from the Shareholders.

Commencing on the Tariff Readjustment Trigger Date and thereafter, the Issuer will make withdrawals and transfers from the Issuer USD Tariff Readjustment Reserve Account from time to time to (i) make Tariff Readjustment Payments or (ii) transfer amounts to the Issuer USD Revenues Account in amounts no less than the then-applicable Tariff Readjustment Set Off Amounts.

On the Tariff Readjustment End Date, after the making of any transfers required on such date pursuant to the immediately preceding paragraph, the then current balance of the Issuer USD Tariff Readjustment Reserve Account will be transferred by the Offshore Depository to the Issuer USD Restricted Payment Retention Account pursuant to a written instruction from the Issuer.

Payments on the Notes

Payments of interest, principal, Make-Whole Premium (if applicable) and Additional Amounts (if any) on the Notes will be paid to each holder of the Notes on a *pro rata* basis among all holders; *it being understood* that, with respect to any tender or repurchase offer described in “—Repurchase Upon a Change of Control Ratings Downgrade Event” below, the Issuer’s purchase of any Notes (or beneficial interests therein) participating in such tender will be made on a *pro rata* basis only among such participating Notes (or beneficial interests therein).

Interest

Interest on the outstanding principal of the Notes will accrue at a rate equal to 4.550% *per annum* (the “*Interest Rate*”) from September 20, 2021 (the “*Issue Date*”), or from the most recent Scheduled Payment Date, as applicable, and will be payable semi-annually in arrears on each Scheduled Payment Date commencing on March 27, 2022 (or if any such day is not a Business Day, then the first Business Day thereafter). Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Notes will be payable on each Scheduled Payment Date to the applicable holder of record as of the most recent Record Date. The Indenture Trustee will have no obligation to calculate or verify the calculation of any interest payable on the Notes.

Principal

Unless redeemed early as described in “—Redemption of the Notes” below, no principal will be payable on the Notes from and including the Issue Date to but excluding the March 27, 2022 Scheduled Payment Date. Installments of principal

will be payable semi-annually on each Scheduled Payment Date commencing on the March 27, 2022 Scheduled Payment Date (or if any such day is not a Business Day, then the first Business Day thereafter), subject to any reductions thereto in respect of any redemption described under “Redemption of the Notes— Purchase Price Adjustment Reimbursement Redemption” and “Redemption of the Notes—Target Note Balance Cash Sweep Mandatory Redemption”, *pro rata*, to the registered holder thereof on the immediately preceding Record Date, in accordance with the following schedule:

Scheduled Payment Dates	% of Original Principal Amount Payable	Amount Payable (in U.S.\$)
March 27, 2022	0.269582%	2,961,676
September 27, 2022	0.094953%	1,043,171
March 27, 2023	0.128463%	1,411,318
September 27, 2023	0.130882%	1,437,893
March 27, 2024	0.082051%	901,427
September 27, 2024	0.190124%	2,088,736
March 27, 2025	0.299327%	3,288,460
September 27, 2025	0.356809%	3,919,968
March 27, 2026	0.361288%	3,969,175
September 27, 2026	0.362203%	3,979,227
March 27, 2027	0.366196%	4,023,095
September 27, 2027	0.330941%	3,635,777
March 27, 2028	0.266753%	2,930,596
September 27, 2028	0.212117%	2,330,356
March 27, 2029	0.252617%	2,775,296
September 27, 2029	0.315525%	3,466,414
March 27, 2030	0.374841%	4,118,071
September 27, 2030	0.435937%	4,789,282
March 27, 2031	0.457794%	5,029,407
September 27, 2031	0.491050%	5,394,764
March 27, 2032	0.536929%	5,898,799
September 27, 2032	0.597949%	6,569,175
March 27, 2033	0.682130%	7,494,003
September 27, 2033	0.753746%	8,280,789
March 27, 2034	0.748169%	8,219,519
September 27, 2034	0.738241%	8,110,449
March 27, 2035	0.712221%	7,824,588
September 27, 2035	0.681096%	7,482,643
March 27, 2036	0.713284%	7,836,266
September 27, 2036	0.742383%	8,155,953
March 27, 2037	0.795619%	8,740,814
September 27, 2037	0.844399%	9,276,719
March 27, 2038	0.813997%	8,942,718
September 27, 2038	0.697995%	7,668,299
March 27, 2039	0.739086%	8,119,732
September 27, 2039	0.857281%	9,418,243
March 27, 2040	0.888137%	9,757,233
September 27, 2040	0.892356%	9,803,584
March 27, 2041	0.839028%	9,217,713
September 27, 2041	0.786604%	8,641,773
March 27, 2042	0.907694%	9,972,090
September 27, 2042	1.027718%	11,290,695
March 27, 2043	1.064358%	11,693,229
September 27, 2043	1.097773%	12,060,332
March 27, 2044	1.159272%	12,735,971

September 27, 2044	1.265792%	13,906,219
March 27, 2045	1.348902%	14,819,280
September 27, 2045	1.401194%	15,393,769
March 27, 2046	1.393460%	15,308,802
September 27, 2046	1.378778%	15,147,503
March 27, 2047	1.561852%	17,158,787
September 27, 2047	1.745614%	19,177,630
March 27, 2048	1.764170%	19,381,489
September 27, 2048	1.777066%	19,523,167
March 27, 2049	1.886427%	20,724,627
September 27, 2049	1.991308%	21,876,868
March 27, 2050	2.081779%	22,870,799
September 27, 2050	2.168594%	23,824,564
March 27, 2051	2.138146%	23,490,057
September 27, 2051	Remaining Balance	

The Notes will mature on September 27, 2051.

The Notes will not be entitled to the benefit of any sinking fund to retire them.

Whenever in the Indenture or this “Description of the Notes” there is mentioned in any context, the payment of principal, interest, Make-Whole Premium or any other amounts under or with respect to any of the Notes, such payment will be deemed to include payment of Additional Amounts (as defined below) to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Additional Amounts

The Indenture will provide that any and all payments by (or on behalf of) the Issuer to the holders of the Notes under or with respect to the Notes, will be made without deduction or withholding for or on account of, any Taxes imposed, assessed, levied or collected by (or on behalf of) the competent taxing authority of Chile, any other jurisdiction in which the Issuer or a Guarantor (or, in each case, a successor thereof) is then organized or resident or doing business for tax purposes (or any political subdivision or taxing authority thereof or therein) or any jurisdiction from or through which payments on the Notes are made (or any political subdivision or taxing authority thereof or therein) (a “*Taxing Jurisdiction*”), unless such Taxes are required by any Applicable Law to be deducted or withheld.

If any Taxes are required by Applicable Law of any Taxing Jurisdiction to be deducted or withheld with respect to any such payment, then the Issuer, subject to the exceptions described below, will be required to: (i) pay to the Indenture Trustee (for the benefit of the applicable recipient of such payment) such additional amounts (the “*Additional Amounts*”) as may be necessary so that the recipient of such payments will receive the full amount otherwise payable in respect of such payments had no such Taxes (including any such Taxes payable in respect of such Additional Amounts) been required to be so deducted or withheld, (ii) deduct or withhold such Taxes, and (iii) pay the full amount of Taxes deducted or withheld to the relevant Taxing Jurisdiction in accordance with Applicable Law.

Notwithstanding the preceding paragraph, no such Additional Amounts will be payable with respect to any payment under the Notes:

- (a) in respect of any Tax assessed or imposed to the extent that such Tax would not have been assessed or imposed but for any present or former connection between the applicable recipient of such payment (or between a fiduciary, settlor, beneficiary, member or shareholder of such recipient, if such recipient is an estate, a trust, a partnership or a corporation) and such jurisdiction, including such recipient (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein other than the mere ownership of such Notes or the receipt of such payment in respect thereof;
- (b) in respect of any estate, inheritance, gift, capital gains, personal Property, excise, sales, value-added, transfer or other similar Tax;

- (c) to the extent that any such Tax would not have been imposed but for the failure of the applicable recipient of such payment to comply with any certification, identification, information, documentation or other reporting requirement with which it is legally entitled to comply to the extent: (i) such compliance is required by Applicable Law as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes and (ii) at least 30 days before the Scheduled Payment Date with respect to which the Issuer will apply this clause (c), the Issuer will have notified the Indenture Trustee (on behalf of such Holder or beneficial owner) in writing that such recipient will be required to comply with such requirement;
- (d) in respect of Notes surrendered (if surrender is required) more than 30 days after the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the Indenture Trustee on or prior to such due date, the date on which notice is given to the applicable recipients that the full amount has been received by the Indenture Trustee, except to the extent that payments under such Notes would have been subject to withholding and the applicable recipient would have been entitled to such Additional Amounts, on surrender of such Notes for payment on the last day of such period of 30 days;
- (e) in respect of any Tax which is payable other than by deduction or withholding from payments of principal of or interest on the Notes or any Note Guarantees;
- (f) in respect of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States of America and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement); or
- (g) due to any combination of the circumstances described in clauses (a) through (f);

nor will any Additional Amounts be paid with respect to any payment to a recipient who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that such payment would be required to be included in the income, for tax purposes, of a beneficiary or settlor or with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been in the place of such recipient.

Notwithstanding the foregoing paragraph, the limitations on the obligations of the Issuer to pay Additional Amounts as set forth in clause (c) above will not apply if a certification, identification, information, documentation or other reporting requirement described in such clause would be materially more onerous (in form, in procedure or in the substance of information disclosed) to the applicable recipient than comparable information or other reporting requirements imposed under United States tax law, regulation and administrative practice (such as Internal Revenue Service Forms W-8BEN, W-8BEN-E, W-8IMY, W-8EC1, W-8EXP, 6166 and W-9 or any successor form).

Upon the written request of a recipient, the Issuer will provide the Indenture Trustee (for the Indenture Trustee to deliver to such applicable recipient) evidence of the payment of Taxes in respect of which the Issuer has paid any Additional Amounts.

In the event that Additional Amounts actually paid with respect to the Notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable on payments to the holder of the Notes, and as a result thereof such holder (or its beneficial owner) is entitled to make a claim for a refund of such excess from the Taxing Jurisdiction imposing such withholding tax, such holder (or beneficial owner) shall, by accepting the Notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund of such excess to the Issuer. However, by making such assignment, the holder (or beneficial owner) makes no representation or warranty that the Issuer will be entitled to receive such a refund and incurs no other obligation with respect thereto, and in no event will such assignment place such holder (or beneficial owner) in a less favorable net after-tax position than the holder (or beneficial owner) would have been in if the tax in respect of which such Additional Amounts were paid and which gave rise to such refund had not been deducted, withheld or otherwise imposed and the Additional Amounts with respect to such Tax had never been paid. The Issuer will inform the Indenture Trustee of its intent to claim the refund within 30 Business Days of the Issuer’s determination that it is entitled to receive such refund.

The Issuer’s obligation to pay Additional Amounts will survive the final payment of principal and interest on the Notes and the sale or transfer of the Notes (or beneficial interests therein) by any holder of (or beneficial owner) the Notes.

In addition, the Issuer will pay any stamp, issue, registration, documentary or other similar taxes and other duties (including interest and penalties with respect thereto) imposed or levied by any Taxing Jurisdiction in respect of the creation, issue and offering of the Notes.

Escrow of Proceeds; Special Mandatory Redemption

Escrow of Proceeds

The Acquisition may not close contemporaneously with the closing of this offering. In the event that the Issue Date occurs before the Acquisition Effective Date, concurrently with the closing of the offering of the Notes on the Issue Date, the Issuer will enter into the Escrow Agreement with the Indenture Trustee and the Escrow Agent, pursuant to which the initial purchasers will deposit, or cause to be deposited, the gross proceeds (net of the initial purchasers' discount and certain expenses) to be received by the Issuer from this offering (the "*Offering Proceeds*"), in an escrow account in New York (the "*Escrow Account*") pending consummation of the Acquisition, and the Issuer will deposit, or cause to be deposited, additional funds (the "*Additional Funds*") and, together with the Offering Proceeds, the "*Escrowed Funds*"), such that the Escrowed Funds on deposit in the Escrow Account on the Issue Date will be equal to the sum (such sum, the "*Required Amount*") of (x) 101.0% of the aggregate principal amount of the Notes and (y) the amount of interest that would accrue on the Notes for the period from the Issue Date to, but excluding the date that is six months from the Issue Date (such date, the "*Redemption Deadline*"); provided that the Issuer is not required to enter into the Escrow Agreement if (i) the Acquisition is expected by the Issuer to be consummated within one Business Day of the Issue Date, and the Acquisition is in fact consummated by the Issuer within one Business Day of the Issue Date, and (ii) the Issuer delivers an Officer's Certificate to the Indenture Trustee on the Issue Date substantially in the same form as the Escrow Officer's Certificate (as defined below). Funds held in the Escrow Account may be invested and re-invested, upon the Issuer's written instruction to the Escrow Agent, in J.P. Morgan US Dollar Liquidity Fund LVNAV (U38) Premier Shares ISIN: LU0103813555 or may be held on deposit in the Escrow Account uninvested until the date on which the Escrowed Funds are released upon satisfaction of the conditions to release set forth in the Escrow Agreement (the "*Release Date*"). The Release Date will occur on or prior to the Redemption Deadline upon delivery to the Escrow Agent of (collectively, the "*Escrow Conditions*") (A) the Issuer's Escrow Officer's Certificate, (B) the Indenture Trustee's Escrow Officer's Certificate and (C) legal opinions in form and substance satisfactory to the Escrow Agent substantially in the form attached to the Escrow Agreement.

The Issuer shall certify to the Escrow Agent in an Officer's Certificate (the "*Issuer's Escrow Officer's Certificate*") that:

- (i) all conditions to the closing of the Acquisition as set forth in the SPA have been satisfied or waived or are reasonably expected to be satisfied on the immediately succeeding business day;
- (ii) the Acquisition will be consummated on substantially the terms described in this offering memorandum on the business day immediately succeeding the date on which the Issuer delivers its Issuer's Escrow Officer's Certificate (except in the event the consummation of the Acquisition is delayed by an additional Business Day as a result of an administrative or technical delay in processing the requisite wire transfers);
- (iii) no Default or Event of Default has occurred and is continuing under the Indenture;
- (iv) the Sponsors have deposited or caused to be deposited into the Issuer USD Debt Proceeds Account proceeds of equity contributions (including in the form of subordinated loans) such that, together with the Escrowed Funds, such amounts are sufficient to (i) consummate the Acquisition and (ii) pay fees, costs and expenses in connection with the consummation of the Acquisition payable to Seller to the extent payment of any such amount is required under the SPA;
- (v) the Reserve LC Facility Agreement has been executed and delivered by the parties thereto and all conditions precedent to the Closing Date (as defined in the Reserve LC Facility Agreement) have been satisfied or waived in accordance therewith;
- (vi) the Reserve LCs have been issued and delivered in escrow by the respective issuing banks in an aggregate principal amount equal to the Dollar O&M Reserve Account Requirement and the Dollar Debt Service Account Requirement;
- (vii) the Intercreditor Agreement has been executed and delivered by the parties thereto;
- (viii) the Collateral Accounts Agreement has been executed and delivered by the parties thereto;

(ix) each Senior Onshore Security Document to be executed by the Issuer (other than the Senior Onshore Share Pledge over the Shares of Colbún Transmisión) has been executed by the parties thereto;

(x) the Project Accounts have been established;

(xi) the Intercreditor Agreement has been executed and delivered by the parties thereto; and

(xii) the Construction Letters of Credit have been issued by the respective issuing banks thereunder, issued for the account of APG and Celeo Redes on a 80:20 *pro rata* basis for an aggregate face amount that is no less than the Construction Letter of Credit Required Face Amount.

The Indenture Trustee shall certify to the Escrow Agent in an Officer's Certificate (the "*Indenture Trustee's Escrow Officer's Certificate*") that:

- (i) it has received confirmation from Citibank, N.A., in its capacity as Offshore Depositary that an amount that is no less than the amount certified by the Issuer to be needed to make the payments specified in certification (iv) of the Issuer's Escrow Officer's Certificate has been deposited into the Issuer USD Debt Proceeds Account;
- (ii) it has received confirmation from Citibank, N.A., in its capacity as Offshore Depositary that an amount that is no less than \$24.4 million has been deposited into the Issuer USD Debt Proceeds Account (for further transfer to the Issuer USD Tariff Readjustment Reserve Account);
- (iii) it has received copies of the Construction Letters of Credit in the form attached as a schedule to the Escrow Agreement;
- (iv) it has received copies of the Reserve LCs substantially in the form attached as a schedule to the Escrow Agreement;
- (v) it has received legal opinions from (1) White & Case LLP and (2) Carey y Cia, in each case substantially in the form attached as a schedule to the Escrow Agreement;
- (vi) it has received a flow of funds memorandum substantially in the form attached as a schedule to the Escrow Agreement.

The Issuer will grant the Indenture Trustee, for the benefit of the holders of the Notes, a first priority security interest in the Escrow Account, the Issuer's rights in the Escrow Agreement and all amounts on deposit therein (collectively, the "*Escrow Property*") to secure the Notes, including the Special Mandatory Redemption (as defined herein). Prior to the Release Date, the Notes will be secured solely by a first priority Lien in the Escrow Property. From the Release Date, the Notes will be secured by a first security interest, subject to the perfection requirements described under the heading "Collateral," in the Collateral held or owned by the Issuer as of such date and in all Equity Interests in the Issuer, and following the Colbún Transmisión Joinder Date, subject to the perfection requirements described under the heading "Collateral," by the other Collateral.

Special Mandatory Redemption

If either the SPA is terminated or the Acquisition has not been consummated on or prior to the date that is one Business Day prior to the Redemption Deadline, the Issuer will cause a notice of a Special Mandatory Redemption to be mailed, or sent to DTC in accordance with its procedure applicable to Global Notes with a copy to the Indenture Trustee and Escrow Agent, no later than the earlier of the Business Day after the date of such termination or one Business Day prior to the Redemption Deadline in the event the Acquisition has not yet been consummated and the Notes will be redeemed no later than one Business Day following the date of such notice unless such notice is revoked pursuant to the terms of the Escrow Agreement and the Indenture. In the event that a Special Mandatory Redemption notice is provided because the Acquisition has not been consummated by the date that is three Business Days prior to the Redemption Deadline, such notice will be revocable by the Issuer until 11:00 a.m. (Eastern time) on the Redemption Deadline upon consummation of the Acquisition and delivery of the Issuer's Escrow Certificate and the Indenture Trustee's Escrow Certificate. If the Issuer's Escrow Officer's Certificate and the Indenture Trustee's Escrow Officer's Certificate are not received by 11:00 a.m. (Eastern time) on the Redemption Deadline, then the Escrow Agent shall, without the requirement of notice to or action by the Issuer, or any other person, promptly release the Escrowed Funds to the Indenture Trustee to redeem the Notes on the Redemption Deadline at 101.0% of the aggregate

principal amount thereof plus accrued and unpaid interest thereon to, but not including, the Redemption Date (which date will, in any event, not be later than the Redemption Deadline (the “*Special Mandatory Redemption*”)).

Following the making of such Special Mandatory Redemption, any funds that remain in the Escrow Account will be disbursed to the Issuer, and the Escrow Account shall be terminated.

Limitation on Activities of Issuer Prior to the Acquisition Effective Date

Prior to the Acquisition Effective Date, the Issuer’s primary activities will be restricted to issuing the Notes, issuing capital stock to, and receiving equity contributions (including in the form of subordinated loans) from, any of its parent companies, performing its obligations in respect of the Notes, the Indenture, the Escrow Agreement and the purchase agreement with the initial purchasers of the Notes, granting Liens in favor of the holders of the Notes, performing its obligations under the SPA, including consummating the Acquisition, redeeming the Notes, to the extent required by the Indenture, and conducting such other activities as are necessary or appropriate to carry out the activities described above. Prior to the Acquisition Effective Date, the Issuer will not own, hold or otherwise have any interest in any assets other than the Escrow Account and the Escrow Property, cash and U.S. Government Obligations, which mature no later than the Redemption Deadline and its rights under the SPA and other agreements entered into in connection therewith or the transactions contemplated thereby.

Prior to the Acquisition Effective Date, the Issuer will not (i) make any Restricted Payment or Investments, except Investments deemed to exist by virtue of the Escrow Agreement; (ii) incur any Indebtedness except the Notes; (iii) incur any Liens except in favor of the Indenture Trustee or the Escrow Agent for the benefit of the holders of the Notes; (iv) enter into any merger, consolidation or sale of all or substantially all of its assets; (v) make any Asset Sale, except the liquidation of Escrow Property and the release of the amounts in the Escrow Account in accordance with the terms of the Escrow Agreement; or (vi) engage in any transaction with its Affiliates; except, in the case of each of the foregoing, (A) to the extent permitted by and made in accordance with the first paragraph of this “Limitation on Activities of Issuer Prior to the Effective Date,” or (B) in the ordinary course of business or necessary or advisable in connection with or to effectuate the Acquisition or to pay any fees or expenses relating to the Acquisition.

Redemption of the Notes

Upon the redemption of the Notes (or any portion thereof) (whether such redemption is a voluntary redemption permitted by, or a mandatory redemption required by, the terms of the Indenture), the Issuer will pay all accrued interest, Additional Amounts (if any), Make-Whole Premium (if applicable) and all amounts then due and payable by the Issuer under the Indenture (including any fees, expenses, indemnities or other amounts payable to the Indenture Trustee and/or the Collateral Agents). In addition, under certain circumstances described in “—Repurchase Upon a Change of Control Ratings Downgrade Event” below, the Issuer will be required to make a tender offer with respect to some or all of the Notes.

Mandatory Redemption

The Indenture will provide that, subject to any limitations contained therein, the Issuer will, by delivery of an irrevocable notice to the Indenture Trustee at least 30 days (but not more than 60 days) before the selected Redemption Date, after the payment of all outstanding obligations then due and payable to the Intercreditor Agent, the Collateral Agents, the Indenture Trustee, the Transfer Agent, the Paying Agent and the registrar, as applicable, redeem the Notes without a Make-Whole Premium (as defined below), in whole or in part, on such Redemption Date, at a price equal to (i) 100% of the outstanding principal amount of the Notes being redeemed, *plus* (ii) accrued and unpaid interest on such Notes to (but excluding) the Redemption Date (without prejudice to the right of the holders of record on the relevant Record Date to receive interest and Additional Amounts, if any, due on the relevant Scheduled Payment Date to the extent that such date precedes the Redemption Date) *plus* (iii) Additional Amounts, if any, payable in respect of such Notes, and to the extent required and in accordance with the Intercreditor Agreement, redeem any other Secured Obligations, upon the receipt of amounts described in clauses (i) through (v) of the third paragraph in “Offers to Purchase Notes Under Certain Circumstances,” to the extent such amounts exceed U.S.\$100.0 million, individually or in the aggregate.

Purchase Price Adjustment Reimbursement Redemption

If a Purchase Price Adjustment Reimbursement Event occurs, the Issuer shall, within 90 days after the occurrence of such Purchase Price Adjustment Reimbursement Event, redeem up to U.S.\$75.0 million of the Notes, corresponding to the Purchase Price Adjustment Reimbursement, without premium or penalty, on a *pro rata* basis among all holders and applied to reduce the remaining scheduled payments on the Notes on a *pro rata* basis across scheduled amortization payments, at a redemption price equal to (a) 100% of the principal amount of the Notes being redeemed, *plus* (b) accrued and unpaid interest

on the principal amount of such Notes to, but not including, the Redemption Date, plus (c) Additional Amounts, if any, payable in respect of such Notes (the “*Purchase Price Adjustment Reimbursement Redemption*”).

Target Note Balance Cash Sweep Mandatory Redemption

On each Scheduled Payment Date after June 1, 2043, the Issuer shall apply cash standing to the balance of the Issuer USD Restricted Payment Retention Account in excess of U.S.\$2,000,000 on each such Scheduled Payment Date to mandatorily redeem the Notes without a Make-Whole Premium, in whole or in part, at a price equal to (i) 100% of the outstanding principal amount of the Notes being redeemed, plus (ii) accrued and unpaid interest on such Notes to (but excluding) the Scheduled Payment Date (without prejudice to the right of the holders of record on the relevant Record Date to receive interest and Additional Amounts, if any) plus (iii) Additional Amounts, if any, payable in respect of such Notes (each such mandatory redemption, a “*Target Note Balance Mandatory Redemption*”); provided that (x) such mandatory redemption in no case shall exceed the amount necessary to cause the outstanding principal amount of the Notes to equal the Target Note Balance as of such Scheduled Payment Date, and (y) if on any such Scheduled Payment Date the outstanding principal amount of the Notes would be or is equal to or less than the Target Note Balance associated with such Scheduled Payment Date, then the Issuers shall not be required to make a Target Note Balance Mandatory Redemption on such Scheduled Payment Date and (z) no Default or Event of Default will occur in the event that the balance of the Issuer USD Restricted Payment Retention Account being so applied is less than the amount needed to cause the outstanding principal amount of the Notes to equal the Target Note Balance as of such Scheduled Payment Date.

The Issuer shall deliver to the Indenture Trustee on the next Business Day following the Monthly Transfer Date that occurs immediately prior to such Scheduled Payment Date an Officer’s Certificate setting forth in reasonable detail and certifying as accurate (i) the principal amount of Notes the Issuer is required to redeem on such Scheduled Payment Date pursuant to a Target Note Balance Mandatory Redemption as described above and (ii) the current outstanding principal amount of Notes. Unless and until the Indenture Trustee receives such Officer’s Certificate, the Indenture Trustee may assume without inquiry that no such Target Note Balance Mandatory Redemption shall occur on a Scheduled Payment Date. The Indenture Trustee shall not at any time be under any duty or responsibility to any Holder to determine whether any Target Note Balance Mandatory Redemption is payable, or with respect to the nature, extent, or calculation of the amount of any such Target Note Balance Mandatory Redemption is owed, or with respect to the method employed in such calculation of any Target Note Balance Mandatory Redemption. No more than five (5) Business Days after the Indenture Trustee’s receipt of the Officer’s Certificate delivered by the Issuer to the Indenture Trustee pursuant to the Indenture, the Indenture Trustee, at the expense of the Issuer, shall provide to the Holders the Notes a copy of such Officer’s Certificate at the address of such Holder appearing in the security register or otherwise in accordance with the procedures of DTC and the provisions set forth in the Indenture.

Optional Redemption

Optional Redemption with Make-Whole Premium

Prior to March 27, 2051 (the “*Par Call Date*”), the Issuer may, by delivery of an irrevocable notice to the Indenture Trustee at least 30 days (but not more than 60 days) before the selected Redemption Date, redeem the Notes, in whole or in part, at any time on such selected Redemption Date, at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed or (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable if redemption had not been made (exclusive of any interest accrued and unpaid to the Redemption Date) discounted from the dates on which the principal and interest would have been payable if the redemption had not been made, to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30 day months) using a discount rate equal to the Treasury Rate, *plus* 40 basis points (the “*Make-Whole Premium*”); *plus* (i) accrued and unpaid interest on the principal amount of the Notes to, but not including, the redemption date, and (ii) Additional Amounts, if any.

“*Comparable Treasury Issue*” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the Par Call Date for the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the Par Call Date for the Notes.

“*Comparable Treasury Price*” means, with respect to any redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker is unable to obtain at least five such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by the Independent Investment Banker.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Issuer from time to time to act as the “Independent Investment Banker.”

“Reference Treasury Dealer” means Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Santander Investment Securities Inc., and a Reference Treasury Dealer selected by SMBC Nikko Securities America, Inc., or their respective affiliates or successors which are primary U.S. Government securities dealers in New York City (*“Primary Treasury Dealers”*), and one other nationally recognized investment banking firm that is a Primary Treasury Dealer selected from time to time by the Issuer; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

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

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third Business Day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Promptly (and, in any event, within two Business Days) after receipt of a notice of such an optional redemption, the Indenture Trustee will provide a copy of such notice to the holders. This notice will specify the Redemption Date, the components of the redemption price to be payable to such holders and the place(s) of payment of such amounts. The Indenture Trustee will have no obligation to calculate or verify the calculation of the Make-Whole Premium payable on the Notes.

Optional Redemption without Make-Whole Premium

At any time and from time to time on or after the Par Call Date, the Issuer may, at its option, redeem all or a portion of the Notes, without premium or penalty, prior to the stated maturity thereof, at a redemption price equal to (a) 100% of the principal amount of the Notes being redeemed, *plus* (b) accrued and unpaid interest on the principal amount of such Notes to, but not including, the Redemption Date, *plus* (c) Additional Amounts, if any, payable in respect of such Notes.

Optional Redemption for Changes in Taxes

If, as result of any amendment to or other change in (or change in the official interpretation of) the Applicable Laws, treaties or rules of any Taxing Jurisdiction, which amendment or change becomes effective on or after the Issue Date, or, if later, the date a given jurisdiction becomes a Taxing Jurisdiction, the Issuer is required, after taking all reasonable measures to avoid the following requirements, to pay Additional Amounts in excess of 4.00% on payments of interest due on the Notes, then the Issuer may elect to redeem all, but not less than all, of the Notes on any date prior to the final maturity thereof by giving at least 30 days' but not more than 60 days' (or such additional time as may be required by Applicable Law) irrevocable notice thereof (including the selected Redemption Date, which must be a New York Business Day); *provided* that no such notice may be given before the date that is 90 days before the earliest date on which such Additional Amounts would first begin to accrue; and *provided further* that, concurrently with the delivery of any such notice of redemption, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of recognized standing in such Taxing Jurisdiction (or a letter from an internationally recognized accounting firm), which Opinion of Counsel or letter is in form and substance reasonably acceptable to the Indenture Trustee, to the effect that, the conditions described above are satisfied as a result of such amendment or other change and (ii) an Officer's Certificate to the effect that the Issuer cannot avoid payment of the amounts set forth therein by taking reasonable measures and that the Issuer is or at the time of redemption will be entitled to effect such a redemption in accordance with the terms of the Indenture and setting forth in reasonable detail a statement of the facts relating thereto. Promptly (and, in any event, within two Business Days) after receipt of such notice of redemption (and the corresponding Opinion of Counsel or letter and Officer's Certificate), the Indenture Trustee will provide a copy of such notice to the holders. This notice will specify the Redemption Date, the portion and components of the applicable redemption price to be payable to the holders and the place(s) of payment of such amounts.

On or before the New York Business Day immediately preceding the indicated Redemption Date, the Issuer will deliver to the Indenture Trustee the applicable redemption price for the full redemption of the Notes. Following receipt by the Indenture Trustee of such redemption price, the holders will be entitled to receive on the selected Redemption Date an amount

in Dollars equal to the sum of: (a) 100% of the principal amount of the Notes *plus* (b) any Additional Amounts and accrued and unpaid interest (if any) on the principal amount of the Notes to, but not including, the Redemption Date (without prejudice to the right of the holders of record on the relevant Record Date to receive interest and Additional Amounts, if any, due on the relevant Scheduled Payment Date to the extent that such date precedes the Redemption Date). The Indenture will provide that no Make-Whole Premium will be payable by the Issuer with respect to any such redemption. If such redemption price (or portion thereof) is paid by (or on behalf of) the Issuer, then the Indenture Trustee will apply such amounts to make such payment to the holders of the Notes; *it being understood* that such payments to the applicable holders might not occur until the Business Day after the Redemption Date and no additional interest or other amounts will accrue as a result of such delay.

Redemption Procedures

Notice of any redemption will be sent at least 30 but not more than 60 days before the Redemption Date to each holder of Notes to be redeemed at its registered address. If Notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. A new Note in a principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST, we will cause notices of redemption also to be published as provided under “—Notices; Meetings of Holders; Voting.”

In the event that less than all of the Notes are to be redeemed at any time, selection of Notes for redemption will be made by the Indenture Trustee in compliance with the requirements of the principal securities exchange or market, if any, on which Notes are then listed or, if the Notes are not then listed on a securities exchange or market, on a *pro rata* basis, by lot or by any other method as the Indenture Trustee will deem fair and appropriate (subject to the procedures of the Note Depository). Any partial redemption of the Notes permitted by the terms of the Indenture will be applied to reduce the remaining scheduled payments on the Notes on a *pro rata* basis across scheduled amortization payments; provided however that any optional redemption of the Notes will be applied to reduce the remaining scheduled payments on the Notes either, at the Issuer’s option (i) on a *pro rata* basis across scheduled amortization payments or (ii) in inverse order of maturities. The Notes will only be redeemable in principal amounts of U.S.\$200,000 or an integral multiple of U.S.\$1,000 in excess thereof.

On and after the Redemption Date, interest will cease to accrue on Notes or portions thereof called for redemption as long as we have deposited with the Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any Notes by us, such redeemed Notes will be cancelled by the Indenture Trustee in the manner described in “—Purchase by the Issuer; Cancellation” below. Any Redemption Date must be a New York Business Day.

We will give notice to the Note Depository pursuant to the provisions described under “—Notices; Meetings of Holders; Voting” of any redemption we propose to make at least 30 days (but not more than 60 days) before the Redemption Date.

Notwithstanding the foregoing provisions of this “—Redemption of the Notes” section and compliance with the Indenture, we are not prohibited from acquiring the Notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise. However, any Notes we acquire are subject to the conditions and restrictions set forth in “—Notices; Meetings of Holders; Voting” and “—Purchase by the Issuer; Cancellation.”

Offers to Purchase Notes Under Certain Circumstances

The Issuer will be required to give prompt written notice of the following events to the Indenture Trustee after obtaining Knowledge of such event and use the net cash proceeds received from such event, after the payment of all outstanding obligations then due and payable to the Intercreditor Agent, the Collateral Agents, the Indenture Trustee, the Transfer Agent, the Paying Agent and the registrar, as applicable, to offer to purchase all or a portion the Notes, on a *pro rata* basis among all holders, without a Make-Whole Premium, at a price equal to (i) 100% of the outstanding principal amount of the Notes being repurchased, *plus* (ii) accrued and unpaid interest on the Notes to (but excluding) the purchase date (without prejudice to the right of the holders of record on the relevant Record Date to receive interest and Additional Amounts, if any, due on the relevant Scheduled Payment Date to the extent that such date precedes the purchase date) *plus* (iii) Additional Amounts, if any, payable in respect of such Notes:

- (a) a Casualty Event and the receipt by the Issuer or any Restricted Subsidiary of any proceeds of insurance (other than business interruption proceeds) relating to such Casualty Event in excess of U.S.\$20.0 million or its equivalent on the date of receipt, *provided* that this clause (a) shall not apply in the event that (x) the Issuer has submitted a certificate from an authorized officer of the Issuer within the later of (1) 90 days after the occurrence of the Casualty Event or (2) 60 days after the Issuer receives such proceeds of insurance to the

effect that the Issuer intends to invest such proceeds of insurance in replacement property and/or other assets (including property or assets for any other Project) and (y) such proceeds of insurance are in fact invested in Replacement Assets within 360 days of receiving such proceeds of insurance or, if so committed within such period, invested within 180 days thereafter;

- (b) an Expropriatory Action and the receipt by the Issuer or any Restricted Subsidiary of any Expropriation Compensation in excess of U.S.\$20.0 million or its equivalent on the date of receipt, *provided* that this clause (b) shall not apply in the event that (i) such Expropriatory Action does not result in any cessation or material disruption of the operations of the affected Project and (ii) (A) the Issuer has submitted a certificate from an authorized officer of the Issuer within the later of (x) 90 days after the occurrence of the Expropriatory Action or (y) 60 days after the Issuer or such Restricted Subsidiary receives such Expropriation Compensation to the effect that the Issuer intends to invest the proceeds of such Expropriation Compensation in Replacement Assets (including property or assets for any other Project) and (B) such proceeds of Expropriation Compensation are in fact invested in Replacement Assets within 360 days of receiving such proceeds of insurance or, if so committed within such period, invested within 180 days thereafter;
- (c) a failure by the Issuer to meet the Restricted Payment condition set forth in clause (l)(i)(D) in the Restricted Payments section of “Covenants—Negative Covenants” for a period of four (4) consecutive semi-annual periods (on a rolling basis);
- (d) the early termination of any Dedicated Contract and the receipt of Termination Proceeds by the Issuer or any Restricted Subsidiary in excess of U.S.\$20.0 million in the aggregate, or its equivalent, solely to the extent such payments are expressly provided for pursuant to the terms of such Dedicated Contract; or
- (e) an Asset Sale by the Issuer or any Restricted Subsidiary for which the direct or indirect Asset Sale Proceeds received by the Issuer or such Restricted Subsidiary, taken together with all other Asset Sale Proceeds received from all other Asset Sales since the Issue Date, exceeds U.S.\$30.0 million in the aggregate (or U.S.\$10.0 million on an annual basis after the U.S.\$30.0 million threshold has been met), other than Asset Sale Proceeds that are reinvested (or committed to be reinvested) in permitted capital expenditures and other Replacement Assets of the Issuer or such Restricted Subsidiary within 360 days of such sale or disposition or, if so committed within such period, reinvested within 180 days thereafter which shall not count against the foregoing threshold.

The amounts described in clauses (a) through (d) above will be deposited in, and allocated from, the Project Accounts in accordance with the Collateral Accounts Agreement. See “Description of Principal Financing Agreements —New York Law Documents—Collateral Accounts Agreement.”

Within 30 days following (i) the receipt of Loss Proceeds in excess of U.S.\$20.0 million related to a Casualty Event not allocated to repair or replace affected property as set forth in clause (a) above, (ii) the receipt of Expropriation Compensation in excess of U.S.\$20.0 million not allocated to replace affected property as set forth in clause (b); (iii) the occurrence of any such event in (c); (iv) the receipt of Termination Proceeds by the Issuer or any Restricted Subsidiary in respect of Dedicated Contracts in excess of U.S.\$20.0 million in the aggregate as set forth in clause (d) above; or (v) the date on which the aggregate amount of Asset Sales Proceeds exceed U.S.\$30.0 million (or U.S.\$10.0 million on an annual basis after the U.S.\$30.0 million threshold has been met) as set forth in clause (e), the Issuer will deliver, by first-class mail or, if the Notes are in global form, in accordance with DTC’s applicable procedures, a notice to each Holder, with a copy to the Indenture Trustee, offering to purchase the Notes as described above (a “*Purchase Offer*”), *provided however* that in the event of the receipt of any such amounts in (i) through (v) of this paragraph, which exceed U.S.\$100.0 million, individually or in the aggregate, then the Issuer shall be obligated to redeem the Notes as described above in “Mandatory Redemption without a Make-Whole Premium.”

The Purchase Offer shall state, among other things, the event or circumstances requiring the Purchase Offer, an estimate of the amount to be applied to such purchase (the “*Purchase Amount*”), and the purchase date (the “*Purchase Date*”), which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed or given, as the case may be, except as may be required by law.

If the aggregate outstanding amount of Notes held by Holders who accept such Purchase Offer exceeds the amounts available to effect such purchase, the Indenture Trustee will select the particular Notes to be purchased by lot, on a *pro rata* basis among all holders, based on the amounts tendered or required to be prepaid or redeemed (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in denominations of US\$200,000, or an integral multiple of US\$1,000 in excess thereof, will be purchased) or by another method that the Indenture Trustee deems fair and appropriate in accordance

with DTC's applicable procedures (or such other basis as required by the principal securities exchange or market, if any, on which Notes are then listed, or by the depositary with which such Notes are deposited). In case any of the Notes are to be purchased in part only, the notice which relates to such Purchase Offer will state the portion of the principal amount thereof to be purchased, and will state that on and after the Purchase Date, upon surrender of such Notes, a new Note or Notes in principal amount equal to the unpurchased portion thereof will be issued (or adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate); *provided* that the remaining principal amount of such Holder's Notes will not be less than US\$200,000 and will be in integral multiples of US\$1,000 in excess thereof.

On the Purchase Date, the Issuer will, to the extent lawful:

- (i) accept for payment all Notes or portions of Notes properly tendered, and, if applicable, selected for purchase pursuant to the Purchase Offer;
- (ii) deposit with the applicable paying agent or tender agent for such Purchase Offer, as applicable, an amount equal to the Purchase Amount in respect of all Notes or portions of Notes properly tendered and, if applicable, selected for purchase; and
- (iii) deliver or cause to be delivered to the Indenture Trustee the Notes so accepted together with an Officer's Certificate stating the principal amount outstanding of the Notes being purchased by the Issuer.

The paying agent(s) or tender agent for such Purchase Offer, as applicable, will promptly deliver to each Holder of the Notes so accepted the Purchase Amount for such Notes, and, upon receipt of written direction from the Issuer, the Indenture Trustee will promptly authenticate and deliver (or cause to be transferred by book-entry) to each Holder a new Note or Notes equal in principal amount to any unpurchased portion of the Notes surrendered, if any.

If any Asset Sales Proceeds remain after consummation of an offer to purchase pursuant to clause (e) above, the Issuer or the applicable Restricted Subsidiary may use those Asset Sales Proceeds for any purpose not otherwise prohibited by the Indenture or the Financing Documents. Upon completion of such an offer to purchase as set forth in (e), the amount of Asset Sales Proceeds will be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to any Purchase Offer. To the extent that the provisions of any securities laws or regulations conflict with the Purchase Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Purchase Offer provisions of the Indenture by virtue of such compliance.

Repurchase Upon a Change of Control Ratings Downgrade Event

Except as otherwise described below, by no later than 30 days after the occurrence of a Change of Control Ratings Downgrade Event, we must give written notice thereof to the Indenture Trustee (for the Indenture Trustee to deliver to each holder of the Notes) (a "*Change of Control Ratings Downgrade Event Notice*") offering to purchase all of the Notes then outstanding on a selected date that is no earlier than 30 days and no later than 60 days (or such additional time as may be required by Applicable Law) after the date of such notice, which selected date must be a Business Day; *provided* that, if immediately after the closing of such purchase there would be fewer than six months remaining until the Maturity Date, we will not be obligated to make such a repurchase offer. The Change of Control Ratings Downgrade Event Notice must advise each holder of the Notes in sufficient detail as to how to tender its Notes should it elect to accept such offer.

The Issuer will: (a) accept (except to the extent such would violate Applicable Law) for purchase all Notes that have been tendered in such offer, and (b) pay (such payment to be made in Dollars) each applicable holder for its Notes a purchase price equal to 101% of the portion of the outstanding principal balance represented by such Notes *plus* (i) all accrued and unpaid interest (if any) thereon to but excluding the purchase date *plus* (ii) Additional Amounts, if any, payable in respect of such Notes. Any such Notes so purchased by the Issuer will be immediately cancelled by the Indenture Trustee in the manner described in "—Purchase by the Issuer; Cancellation" below.

If the Issuer purchases only a portion of an outstanding Note in connection with a repurchase offer following a Change of Control Ratings Downgrade Event, the Issuer will, promptly upon cancellation of the original Note, issue in the name of the holder thereof a new Note in a principal amount equal to the portion thereof not purchased. The unpurchased portion of any Note will not be less than the minimum denomination of a Note specified in "Book-Entry; Settlement and Clearance."

The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other Applicable Laws in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any Applicable Laws conflict with provisions of this covenant, the Issuer will comply with such Applicable Laws and will not be deemed to have breached its obligations under this covenant by virtue of its compliance with such Applicable Laws.

Each holder of the Notes (except as otherwise required by law) will be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive Note issued in respect of it) and no Person will be liable for so treating the holder.

Covenants

The Issuer will covenant and agree in the Indenture that, for so long as the Indenture is in effect and any Notes are outstanding, the Issuer will observe and perform certain covenants as described below.

Affirmative Covenants

The affirmative covenants in the Indenture will include the following:

- (a) Payment of Notes. The Issuer will pay or cause to be paid the principal of, premium (if applicable), and interest on, the Notes on the dates and in the manner provided in the Notes. Principal, premium (if applicable) and interest will be considered paid on the date due if all amounts due and payable to the holders of Notes on the applicable payment date are transferred in accordance with the terms of the Indenture. If a payment date is not a Business Day at the place of payment, a payment may be made at that place on the next succeeding Business Day and no interest shall accrue on such payment for the intervening period.
- (b) Corporate Existence. The Issuer will, and will cause each Restricted Subsidiary to: (i) other than in connection with the Permitted Merger, preserve and maintain its corporate existence as a *sociedad por acciones* or *sociedad anónima*, as applicable, under the laws of Chile or such Restricted Subsidiary's applicable jurisdiction and (ii) except to the extent that any failure to take such action would not be reasonably expected, alone or in the aggregate, to have a Material Adverse Effect, take all action necessary to maintain all rights, privileges and franchises necessary for the conduct of its business.
- (c) Books and Records.
 - (i) The Issuer will, and will cause each Restricted Subsidiary to: (A) maintain proper books of record and accounts separate from those of any other Person that together fairly present the financial condition of such Person and the results of its operations in conformity with the Accounting Principles, (B) prepare all financial statements required under the Indenture in accordance with the Accounting Principles (subject, in the case of unaudited financial statements, to changes resulting from audit and normal year-end adjustments) and (C) maintain operating and maintenance logs and records with respect to the Projects required by Applicable Law and all applicable Governmental Approvals in all material respects.
 - (ii) The Issuer will maintain adequate accounting, management information and cost accounting systems for the Projects and engage the Auditors to audit annually its financial statements.
 - (iii) The Issuer will maintain at its principal place of business originals or copies of its principal books and records and at all times hold itself out to the public and all other Persons as a legal entity separate from the Sponsor and any other Person.
 - (iv) The Issuer will, and will cause each Restricted Subsidiary to, conduct its respective business in its own name and, other than in respect of the Permitted Merger, strictly comply with all organizational formalities to maintain its respective separate existence and file its own respective tax returns, if any, as may be required under Applicable Law, to the extent (A) not part of a consolidated group or (B) not treated as a division for tax purposes of another taxpayer.
 - (v) Once per year, or at any time if an Event of Default has occurred and is continuing, at the written direction of the holders of Notes (or beneficial owners thereof), subject to applicable legal rules, safety requirements and existing confidentiality restrictions, and upon the request of the Indenture Trustee and with the consent of the Issuer (such consent not to be unreasonably withheld or delayed)

(provided that such consent shall not be required if an Event of Default has occurred and is continuing), the Issuer will permit representatives or agents of the Indenture Trustee, during normal business hours, at the at Issuer's own cost and expense and following not less than five Business Days' notice (provided that, if an Event of Default has occurred and is continuing, no notice will be required), to examine, copy and make extracts from its books and records, to inspect any of its Property, and to discuss its business and affairs with the Issuer and its officers and accountants, to the extent reasonably requested by the Indenture Trustee.

- (d) Compliance with Law. The Issuer will, and will cause each Restricted Subsidiary to, comply with all Applicable Laws (including any applicable Environmental Laws and applicable rules and regulations of the CMF) except to the extent failure to so comply would not reasonably be expected to have a Material Adverse Effect.
- (e) Governmental Approvals. The Issuer will, and will cause each Restricted Subsidiary to obtain and maintain in full force and effect all Governmental Approvals and third-party consents required from time to time with respect to the ownership, use, operation and maintenance of the Projects and the performance of the Issuer's and any Guarantors' obligations under the Transaction Documents at or before the time such Governmental Approvals and third-party consents are required to be obtained or maintained, except, in each case, to the extent that failure to obtain and maintain such Governmental Approvals and third-party consents would not reasonably be expected, alone or in the aggregate, to have a Material Adverse Effect.
- (f) Maintenance and Performance of the Projects. The Issuer will, and will cause each Restricted Subsidiary to, maintain the Projects in accordance with prudent electricity transmission industry practices in Chile, except, in each case, where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.
- (g) Taxes. The Issuer will, and will cause each Restricted Subsidiary to file timely or cause to be filed timely all tax returns required to be filed by it and pay or cause to be paid all taxes due and payable by it whether shown to be due and payable on such tax returns or on any assessment received by it or otherwise, except to the extent (i) any such taxes are being diligently contested by appropriate proceedings in good faith and with respect to which such reserves as may be required by the Accounting Principles have been established or (ii) that any failure to do so would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.
- (h) Use of Proceeds. The Issuer will use the net proceeds of the Notes in the manner set forth in this offering memorandum under "Use of Proceeds."
- (i) Maintenance of Priority of the Notes. Each of the Issuer and any Guarantors will ensure that its payment obligations with respect to the Notes and any Note Guarantees, as applicable, will constitute its unsubordinated, direct and unconditional senior secured obligations of the Issuer and any Guarantors, and will rank at least *pari passu* in priority of payment with all other present and future Indebtedness of the Issuer and any Guarantors, other than obligations mandatorily preferred by the Applicable Laws of Chile generally.
- (j) Insurance. The Issuer will, and will cause each Restricted Subsidiary to, maintain insurance policies with one or more sound and reputable insurance companies on the Issuer's property in at least such amounts and against at least such risks as are usually insured against by companies of a similar size engaged in the same or a similar business in Chile (in each case as determined by the Issuer) or otherwise in accordance with prudent electricity transmission industry practices in Chile, and naming the applicable Collateral Agent as sole loss payee and such additional insurance covering such risks as required under the Senior Security Documents.
- (k) Maintenance of Properties. The Issuer will, and will cause each Restricted Subsidiary to, (A) from time to time obtain, and at all times thereafter keep and maintain or cause to be kept and maintained in full force and effect good and valid rights to all Property material to the conduct of its business, (B) maintain or cause to be maintained such Property in good working order and condition, ordinary wear and tear excepted, (C) make or cause to be made all repairs and replacements thereto as are reasonably required to maintain the effectiveness of manufacturer's warranties and (D) preserve the Collateral, including in respect of newly acquired Property constituting Collateral, except, in each case, where the failure to do so, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect.

- (l) Material Project Documents. The Issuer will, and will cause each Restricted Subsidiary to (A) perform, observe, comply and fulfill all of its obligations, covenants and conditions contained in each Material Project Document to which the Issuer or any Restricted Subsidiary is a Party, except to the extent disputed in good faith by appropriate proceedings or means promptly initiated and diligently conducted, and (B) preserve, protect, maintain and enforce all of its respective rights and remedies under each such Material Project Document to which the Issuer or any Restricted Subsidiary is a Party in accordance with the terms thereof, taking into account any grace periods, and subject to the requirements set forth in clause (e) in this “— Affirmative Covenants” section; except, in the case of each of (A) and (B) above, to the extent that any failure to do so, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect.
- (m) Restricted Subsidiary Accounts Sweep. The Issuer will cause Colbún Transmisión to (i) on the date that is two (2) Business Days prior to each Monthly Transfer Date, transfer to the Issuer USD Revenue Account funds on deposit in the Colbún Transmisión Accounts in an amount equal to (A) at any time prior to the consummation of the Permitted Merger, the Dollar-denominated balance set forth therein *over* (1) the aggregate amount of Dollar-denominated Operating Expenses reasonably expected to be due within the immediately succeeding ninety (90) days *minus* (2) the aggregate Dollar-denominated balance already on deposit in the Colbún Transmisión Accounts on such date and (B) on or after the date of the consummation of the Permitted Merger, the Dollar-denominated balance set forth therein and (ii) on the date that is two (2) Business Days prior to each Monthly Transfer Date, transfer to the Issuer CLP Revenue Account funds on deposit in the Colbún Transmisión Accounts in an amount equal to (A) at any time prior to the consummation of the Permitted Merger, the CLP-denominated balance set forth therein *over* (1) the aggregate amount of CLP-denominated Operating Costs reasonably expected to be due within the immediately succeeding ninety (90) days *minus* (2) the aggregate CLP-denominated balance already on deposit in the Colbún Transmisión Accounts on such date and (B) on or after the date of the consummation of the Permitted Merger, the CLP-denominated balance set forth therein. To the extent applicable, the Issuer will cause each other Restricted Subsidiary (other than Colbún Transmisión) to (i) on the date that is two (2) Business Days prior to each Monthly Transfer Date, transfer to the Issuer USD Revenue Account funds on deposit in the Restricted Subsidiary Accounts of each Restricted Subsidiary in an amount equal to the Dollar-denominated balance set forth therein *over* (1) the aggregate amount of Dollar-denominated Operating Costs of such Restricted Subsidiary reasonably expected to be due within the immediately succeeding ninety (90) days *minus* (2) the aggregate Dollar-denominated balance already on deposit in such Restricted Subsidiary Accounts on such date and (II), on the date that is two (2) Business Days prior to each Monthly Transfer Date, transfer to the Issuer CLP Revenue Account funds on deposit in the Restricted Subsidiary Accounts of each Restricted Subsidiary in an amount equal to the CLP-denominated balance set forth therein *over* (1) the aggregate amount of CLP-denominated Operating Costs of such Restricted Subsidiary reasonably expected to be due within the immediately succeeding ninety (90) days *minus* (2) the aggregate CLP-denominated balance already on deposit in such Restricted Subsidiary Accounts on such date.
- (n) Real Estate Rights. The Issuer will, and will cause each Restricted Subsidiary to:
- (i) promptly from time to time obtain and maintain in full force and effect all Real Estate Rights, except to the extent that failure to obtain and maintain such Real Estate Rights would not reasonably be expected, alone or in the aggregate, to have a Material Adverse Effect; and
 - (ii) cause all registrations of Real Estate Rights that have been or will be made to at all times remain in full force and effect except to the extent failure to comply with the foregoing, individually or in the aggregate has not had and would not be reasonably expected to have a Material Adverse Effect.
- (o) Senior Onshore Security Documents.
- (i) The Issuer will, and will cause each Restricted Subsidiary existing as of such date to, file for registration, within ten (10) Business Days after, in the case of the Issuer and Colbún Transmisión, the Colbún Transmisión Joinder Date or, in the case of any other Restricted Subsidiary, as promptly as practicable after the Restricted Subsidiary Joinder Date of such Restricted Subsidiary, in the relevant registries or offices, each of the Senior Onshore Security Documents covering the Collateral required to be so registered for the priority and perfection of the security interests granted by such Senior Onshore Security Documents, except for the Senior Onshore Mortgage over Real Estate, which shall only be subject to the obligation to deliver a certificate of registration on the terms set

forth in the second sentence of this paragraph. The Issuer shall use commercially reasonable efforts to deliver to the Onshore Collateral Agent a certificate of registration, issued by the relevant registries or offices, in respect of each of the Senior Onshore Security Documents required to be so registered for the priority and perfection of the security interests granted by such Senior Onshore Security Documents as soon as practicable after the Colbún Transmisión Joinder Date or the Restricted Subsidiary Joinder Date, as applicable, but in any event shall deliver such certificates not later than ninety (90) days after the Colbún Transmisión Joinder Date or the Restricted Subsidiary Joinder Date, as applicable.

- (ii) The Issuer and each Guarantor shall (A) within a 90-day period following the Colbún Transmisión Joinder Date, obtain the consent (or confirmation that no such consent is required) of each of Colbún S.A., Duqueco SpA, Cartulinas CMPC S.A., Hidroeléctrica Lleuquero S.A., Hidroeléctrica La Higuera S.A., Hidroeléctrica La Confluencia S.A., Ingeniería Agrosonda SpA, Pine SpA, Semi Chile SpA, Celeo Redes Chile Limitada, Empresa Eléctrica de La Frontera S.A. and each Person not otherwise identified in sub-clause (B) below that is a counterparty to a Conditionally Assigned Agreement following the Colbún Transmisión Joinder Date, in respect of the conditional assignment of the Conditionally Assigned Agreements to which such Person is a counterparty and (B) for a 180-day period following the Colbún Transmisión Joinder Date, use commercially reasonable efforts to obtain the consent (or confirmation that no such consent is required) of each of Melón S.A., Codelco, Anglo American Sur S.A., Inprolec S.A., Ingeniería y Construcción Sigdo Koppers S.A., Transelec S.A. and Compañía General de Electricidad S.A. in respect of the conditional assignment of the Conditionally Assigned Agreement and in respect of the pledge of the Codelco Lease Agreement to which such Persons are a counterparty. Promptly after conclusion of such 180-day period, the Issuer shall deliver to the Indenture Trustee and the Onshore Collateral Agent written notice detailing the consents that were not obtained and specifying the reasons for denial of such consents. For the avoidance of doubt, upon expiration of such one 180-day period, the Issuer and each Guarantor shall have no further obligation to secure the consents described in sub-clause (ii) above not previously obtained and such circumstance will not constitute a Default or an Event of Default under the Indenture or any other Secured Obligation Documents.

(p) Further Assurances.

- (i) The Indenture will provide that the Issuer and each Restricted Subsidiary will do or cause to be done all acts and things, including filings and registrations required under Applicable Law to be made in connection with the Indenture and the Senior Security Documents, or that the Collateral Agents from time to time may reasonably request, to assure and confirm that the Collateral Agents hold, for the benefit of the holders of the Notes, duly created and enforceable and perfected Liens upon the Collateral (including with respect to any property or assets that are acquired or otherwise become Collateral after the Issue Date), in each case, as contemplated by, and with the Lien priority required under, the Indenture and the Senior Security Documents. Promptly upon the written request of the Indenture Trustee or any Collateral Agent (none of which will be under an obligation to make such request), from time to time, the Issuer and each Restricted Subsidiary will promptly execute, acknowledge and deliver such security documents, instruments, certificates, notices and other documents, and take such other actions as the Indenture Trustee or such Collateral Agent may reasonably request, necessary to create, perfect, protect, maintain, assure or enforce the Liens and benefits intended to be conferred, in each case as contemplated by the Indenture for the benefit of the holders of the Notes and as otherwise consistent and in accordance with the Senior Security Documents.
- (ii) The Indenture will provide that, promptly upon the issuance of any capital stock in the Issuer to any Person other than the Shareholders, the Issuer will cause such Equity Interests to be subject to a first-priority Lien in favor of the Senior Secured Parties.

- (q) Additional Guarantees. If the Issuer shall acquire any new Subsidiary or designate any Unrestricted Subsidiary as a Restricted Subsidiary, then the Issuer shall, within 30 days thereof, cause such Restricted Subsidiary to execute and deliver to the Indenture Trustee a supplemental indenture in form and substance reasonably satisfactory to the Indenture Trustee pursuant to which such Restricted Subsidiary shall become a Guarantor with respect to the Notes, upon the terms and subject to the release provisions and other limitations described under “—Note Guarantees.”

- (r) Covenant to Give Security. In connection with any property of any Restricted Subsidiary other than Colbún Transmisión (including, without limitation, any assets, rights, real estate, contracts, shares and/or equity interests) (i) which is not already subject to a perfected first priority security interest in favor of the Indenture Trustee or Collateral Agents for the benefit of the Senior Secured Parties, (ii) as to which no governmental authority or other Third Party Consent acceptance or acknowledgements or consents from third parties is required for a first priority Lien be created upon such property or has been obtained and solely to the extent such first priority Lien is permitted under Applicable Law to be created upon such property, and (iii) which is not subject to any third party Lien, the Issuer will, and will cause each Restricted Subsidiary to, at its own expense, within the terms of the relevant Senior Security Document, (A) by no later than the Restricted Subsidiary Joinder Date of such Restricted Subsidiary, duly execute, in form and substance reasonably satisfactory to the Collateral Agents, a security interest or pledge to the Offshore Collateral Agent or Onshore Collateral Agent, as applicable, of such property and, within the periods described in clause (o) above, take whatever action necessary to vest in the respective Collateral Agent, as applicable, a valid and subsisting first priority Lien on such property enforceable against all third parties in accordance with its terms; or (B) by no later than the Restricted Subsidiary Joinder Date of such Restricted Subsidiary, duly execute a mortgage, pledge, assignment or other security agreement, in form and substance reasonably satisfactory to the applicable Collateral Agent, securing payment of all of the Secured Obligations and constituting a Lien on such property and, within the periods described in clause (o) above, take whatever action necessary to vest in the respective Collateral Agent, as applicable, a valid and subsisting first priority Lien on such property purported to be subject to such mortgage, pledge, assignment or other security agreement, enforceable against all third parties in accordance with its terms.
- (s) Rating Agency. The Issuer will exercise commercially reasonable efforts to maintain ratings on an international scale from at least two Rating Agencies; *provided, however*, that, in the event that one or more Rating Agency (i) ceases to exist, (ii) ceases to issue ratings of the type issued in respect of the Notes as of the Issue Date or (iii) refuses or otherwise declines to provide a rating for the Notes (other than due to the Issuer's failure to (A) provide such Rating Agency with such reports and other information or documents, as such Rating Agency shall reasonably request to monitor and continue to assign ratings to the Notes, (B) pay customary fees to such Rating Agency in connection therewith or (C) take any other action reasonably requested by such Rating Agency in connection therewith) (and, in each of cases (i) through (iii) above, the Issuer is unable to substitute such Rating Agency), the failure by the Issuer to obtain or maintain such rating shall not constitute a Default or Event of Default; *it being understood* that the Issuer shall not request any Rating Agency to cease rating the Notes and/or the Issuer so long as there are at least two Rating Agencies rating the Notes at the time of such request.
- (t) Insurance Proceeds and Expropriation Compensation. Following the occurrence of any Casualty Event or Expropriation Compensation, the Issuer will, and will cause each Restricted Subsidiary to, use commercially reasonable efforts to pursue their rights to compensation in connection therewith, except where the failure to do so, individually or in the aggregate, has not had or would not reasonably be expected to have a Material Adverse Effect.
- (u) Colbún Transmisión Joinder. Not later than one (1) Business Day after the Acquisition Effective Date, the Issuer shall cause Colbún Transmisión to deliver to the Indenture Trustee or cause the satisfaction of each of the following, each of which shall be satisfactory in form and substance to the Indenture Trustee (the date on which each such requirement is satisfied or waived in accordance with the Indenture, the "*Colbún Transmisión Joinder Date*");
- (i) Financing Documents. Each of the following Financing Documents has been entered into by all parties thereto and has become unconditional and fully effective in accordance with its respective terms, and the Indenture Trustee has received a copy of each such Financing Document (other than those indicated in paragraph (B) below, a copy of which shall be delivered to the Indenture Trustee ten (10) Business Days after the execution thereof): (A) a supplemental indenture (including the Note Guarantee), and (B) an accession or joinder agreement by Colbún Transmisión in respect of the Chilean Collateral Agency Agreement, and each Senior Onshore Security Document to which Colbún Transmisión is intended to be a party, which are the following: (i) Senior Onshore Share Pledge over the Shares of Colbún Transmisión; (ii) Senior Onshore Project Documents Pledge; (iii) Senior Onshore Assets Pledge; (iv) Senior Onshore Conditional Assignment; (v) Senior Onshore Irrevocable Collection Mandate; (vi) Senior Onshore Mortgage over Real Estate; (vii) Subordination Agreement; and (viii) Senior Onshore Pledge over Subordinated Loans.

- (ii) Corporate Documents. The Indenture Trustee has received an Officer's Certificate, including an incumbency certificate of Colbún Transmisión in connection with the supplemental indenture and Note Guarantee, in the form to be attached to the Indenture.
- (iii) Legal Opinions. The Indenture Trustee has received legal opinions from Colbún Transmisión's counsels, in the form to be attached to the Indenture.
- (v) Restricted Subsidiary Joinder. Not later than 30 days after the Issuer shall acquire any new Subsidiary or designate any Unrestricted Subsidiary as a Restricted Subsidiary, the Issuer shall cause such Restricted Subsidiary to deliver to the Indenture Trustee or cause the satisfaction of each of the following, each of which shall be satisfactory in form and substance to the Indenture Trustee (the date on which each such requirement is satisfied or waived in accordance with the Indenture in respect of such Restricted Subsidiary, the "*Restricted Subsidiary Joinder Date*" of such Restricted Subsidiary):
 - (i) Financing Documents. Each of the following Financing Documents has been entered into by all parties thereto and has become unconditional and fully effective in accordance with its respective terms, and the Indenture Trustee has received a copy of each such Financing Document (other than those indicated in paragraph (B) below, a copy of which shall be delivered to the Indenture Trustee ten (10) Business Days after the execution thereof): (A) a supplemental indenture (including the Note Guarantee), and (B) an accession or joinder agreement by such Restricted Subsidiary in respect of the Chilean Collateral Agency Agreement, the Intercreditor Agreement, the Collateral Accounts Agreement and each Senior Onshore Security Document to which such Restricted Subsidiary is intended to be a party.
 - (ii) Corporate Documents. The Indenture Trustee has received an Officer's Certificate, including an incumbency certificate of such Restricted Subsidiary in connection with the supplemental indenture and Note Guarantee, substantially in the form to be attached to the Indenture.
 - (iii) Legal Opinions. The Indenture Trustee has received legal opinions from such Restricted Subsidiary's counsels, substantially in the form to be attached to the Indenture.

Reporting Covenants

In addition to the affirmative covenants described above, the Indenture will include the following reporting covenants of the Issuer:

- (a) Financial Statements; Reporting Requirements. The Issuer will provide to the Indenture Trustee, and, upon request, to the holders of beneficial interests in the Notes:
 - (i) (A) as soon as available and in any event within 60 days after the end of each of the first and third fiscal quarters of each fiscal year of the Issuer, (B) within 75 days after the end of the second quarter of each fiscal year and (C) within 120 days after the end of each fiscal year of the Issuer, copies in English of the unaudited (with respect to each of the first three fiscal quarters) or audited (with respect to a fiscal year) balance sheet of the Issuer, and the related unaudited or audited statements of income and cash flows for such period, in each case (1) prepared in accordance with the Accounting Principles and (2) accompanied by: (x) a signed audit report of the Auditors, in the case of the annual financial statements, and (y) a certificate of an Authorized Officer of the Issuer (I) certifying that such financial statements fairly and accurately present the Issuer's financial condition and results of operations on the dates and for the periods indicated in accordance with the Accounting Principles, subject, in the case of interim financial statements, to the absence of footnotes and normally recurring year-end adjustments, and (II) certifying that no Default or Event of Default has occurred and is continuing, or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the actions if any the Issuer is taking with regard to such Default or Event of Default;
 - (ii) [Reserved];
 - (iii) all notices, in English, of the Issuer's annual shareholders' meeting;

- (iv) not later than fifteen (15) Business Days following each Scheduled Payment Date, a Debt Service Coverage Statement in respect of the Debt Service Coverage Ratio for the Calculation Period most recently ended on such Scheduled Payment Date (or such shorter period as shall have occurred from the Issue Date to the applicable Scheduled Payment Date) and a Debt Service Coverage Statement in respect of the projected Debt Service Coverage Ratio for Calculation Period beginning on such Scheduled Payment Date, setting forth in reasonable detail the calculation of the Debt Service Coverage Ratio; and
 - (v) such other information (which is in the possession of the Issuer and which the Issuer has a right to share with the Indenture Trustee without violating any Applicable Law or agreement to which the Issuer or any Restricted Subsidiary is a Party or is otherwise bound), with respect to the Issuer's condition (financial or otherwise), business, operations, performance, prospects or the Projects as the Indenture Trustee may from time to time reasonably request in writing.
- (b) Annual Budget.
- (i) The Issuer will deliver to the Indenture Trustee an Annual Budget not later than 30 days prior to the commencement of each fiscal year (commencing for the fiscal year ending December 31, 2022) for the forthcoming fiscal year, accompanied by a certificate of an Authorized Officer of the Issuer certifying that such Annual Budget constitutes the Issuer's good faith estimate for the period covered; and
 - (ii) Each Annual Budget will be prepared by the Issuer in good faith on the basis of written assumptions stated therein that the Issuer believes to be reasonable as to all factual and legal matters then known to the Issuer that are material to such estimates.
- (c) Certain Notices. The Issuer will deliver to the Indenture Trustee promptly, but in any event within ten (10) Business Days, after the Issuer obtains actual Knowledge thereof, written notice of:
- (i) the occurrence of any Default or Event of Default (and specifying the details thereof and any action taken or proposed to be taken or proposed to be taken with respect thereto);
 - (ii) a Change of Control or a Change of Control Ratings Downgrade Event;
 - (iii) any material litigation, arbitration or administrative or other similar governmental proceeding or investigation instituted or threatened in writing against the Issuer or any Guarantor in respect of or in connection with the Projects that if adversely determined against any such Person would reasonably be expected to have a Material Adverse Effect;
 - (iv) any single Casualty Event or series of Casualty Events or the initiation of settlement discussions in relation thereto under the Issuer's or any Guarantor's insurance policies involving damages or proceeds of insurance reasonably expected to exceed U.S.\$10.0 million;
 - (v) any breach or default under any Material Project Document that has or could reasonably be expected to have a Material Adverse Effect; and
 - (vi) the occurrence of an Abandonment, Event of Force Majeure or Expropriatory Action.
- (d) Securities Act Information. The Issuer will, to the extent applicable, deliver the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.
- (e) Purchase Price Adjustment Reimbursement. The Issuer will notify each Rating Agency rating the Notes of the amount of any Purchase Price Adjustment Reimbursement promptly upon completion of the Ongoing Tariff Review Process and a final determination with Colbún with respect to the amount of such Purchase Price Adjustment Reimbursement in accordance with the SPA.
- (f) Construction Letters of Credit. In connection with any request to increase the Construction Letter of Credit Required Face Amount, the Issuer will notify the Indenture Trustee in writing promptly, but in any event within ten (10) Business Days, of any increase in the maintenance costs for all Projects in the fiscal year

2022, which notice will be accompanied by a certificate from the Independent Engineer confirming the amount of such maintenance costs.

The Indenture Trustee shall have no duty to review or analyze reports or other information delivered to it. Delivery of such reports, information and documents to the Indenture Trustee pursuant to the above is for informational purposes only, and the Indenture Trustee's receipt thereof shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Indenture Trustee is entitled to certificates). The Indenture Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Issuer's compliance with the covenants or with respect to any reports or other documents filed with any website, or participate in any conference calls.

Negative Covenants

The negative covenants in the Indenture will include the following:

- (a) Indebtedness. The Issuer will not, and will cause each Restricted Subsidiary not to, incur, create, assume, suffer or permit to exist any Indebtedness, except (such exceptions, collectively, "*Permitted Indebtedness*"):
 - (i) Indebtedness incurred under the Financing Documents to be incurred on the Issue Date (excluding any Indenture Notes (including Additional Notes) that may be issued under the Indenture from time to time);
 - (ii) Indebtedness disbursed under the Reserve LC Facility Agreement or otherwise in connection with a draw under a Reserve LC;
 - (iii) Indebtedness of the Issuer (including, for the avoidance of doubt, any Additional Notes that may be issued under the Indenture from time to time.), *provided* that the proceeds of the same shall be applied solely for Mandatory Capex (such Indebtedness, "*Specified Permitted Indebtedness*"):
 - (A) in an aggregate amount of up to U.S.\$40.0 million (the "*Capex Indebtedness Threshold*") outstanding at any time in respect of any Mandatory Capex (such outstanding amount from time to time, "*Capex Indebtedness*"), *provided* that
 - (1) no Default or Event of Default shall have occurred and be continuing;
 - (2) the lenders or creditors holding such Specified Permitted Indebtedness shall have acceded to the Intercreditor Agreement (and, to the extent required to be secured on a *pari passu* basis with all other Senior Debt, all applicable Financing Documents);
 - (3) the Issuer shall be in compliance with the historical Debt Service Coverage Ratio described under subclause (i)(D) of clause (I) of this "—Negative Covenants"; and
 - (4) the Issuer shall have delivered a Debt Service Coverage Statement demonstrating a projected Debt Service Coverage Ratio equal to or greater than the Required Projected Debt Service Coverage Ratio for the remainder of the life of the Notes (in each case after giving effect to the incurrence of such Specified Permitted Indebtedness and the Project Revenues reasonably estimated by the Issuer to accrue from such Mandatory Capex, all on a *pro forma* basis); and
 - (B) Indebtedness that, when added to all other Specified Permitted Indebtedness outstanding, would cause the aggregate outstanding amount of all Specified Permitted Indebtedness to exceed the Capex Indebtedness Threshold, *provided* that the proceeds of such Indebtedness in excess of the Capex Indebtedness Threshold shall be applied solely for Mandatory Capex (such outstanding amount from time to time, "*Mandatory Major Capex Indebtedness*", and any Mandatory Capex undertaken in connection therewith, "*Mandatory Major Capex*") and may be incurred only if:
 - (1) no Default or Event of Default shall have occurred and be continuing;

- (2) the lenders or creditors providing such Specified Permitted Indebtedness shall have acceded to the Intercreditor Agreement (and, to the extent required to be secured on a *pari passu* basis with all other Senior Debt, all applicable Financing Documents);
- (3) the Issuer shall be in compliance with the historical Debt Service Coverage Ratio described under subclause (i)(D) of clause (I) of this “—Negative Covenants”;
- (4) the Issuer shall have delivered a Debt Service Coverage Statement demonstrating a projected Debt Service Coverage Ratio equal to or greater than the Required Projected Debt Service Coverage Ratio for the remainder of the life of the Notes (in each case, after giving effect to the incurrence of such Mandatory Major Capex Indebtedness and the Project Revenues reasonably estimated by the Issuer to accrue from such Mandatory Major Capex, with the projected amounts to be payable under the relevant O&M Agreement in connection with such Mandatory Major Capex project having been certified as reasonable by the Independent Engineer, all on a *pro forma* basis);
- (5) the engineering, procurement and construction agreement with respect to such Mandatory Major Capex project shall have been executed and entered into by all necessary parties thereto and the Independent Engineer shall have issued a certification (I) as to the technical capability of the engineering, procurement and construction contractor in connection with such Mandatory Major Capex project and (II) that sufficient committed funds are available to the Issuer to construct such Mandatory Major Capex project, taking into account contingency for construction and related liabilities (including (x) Eligible Equity Commitments and (y) Mandatory Major Capex Indebtedness incurred under this clause); and
- (6) the Issuer shall have obtained a Ratings Reaffirmation immediately following the incurrence of such Indebtedness.

For purposes of calculating Specified Permitted Indebtedness at any time outstanding in determining whether the Capex Indebtedness Threshold set forth in clauses (A) and (B) above shall have been exceeded, Specified Permitted Indebtedness at any time outstanding shall not include such portion of Capex Indebtedness and Mandatory Major Capex that is outstanding relating to any Mandatory Capex projects that shall have (x) achieved commercial operation (as certified by the Coordinator or the applicable other relevant Chilean agency or regulatory authority) and (y) received the first installment of Project Revenue payable in respect thereof.

- (iv) Subordinated Indebtedness of the Issuer or any Restricted Subsidiary, whether existing on the Issue Date or incurred thereafter, *provided* that the Issuer or such Restricted Subsidiary may make interest payments or repay such subordinated Indebtedness only with amounts available to be used for Restricted Payments or from amounts in any Unrestricted Account (“*Permitted Subordinated Debt*”);
- (v) Indebtedness of a Restricted Subsidiary or Indebtedness of the Issuer the proceeds of which are applied to the acquisition of a Restricted Subsidiary; *provided* that:
 - (A) to the extent such Indebtedness has been incurred and is outstanding on the date on which such Restricted Subsidiary was acquired by, or merged into, the Issuer, such Indebtedness is refinanced with Indebtedness incurred by the Issuer at the time of such acquisition or merger;
 - (B) no Default or Event of Default shall have occurred and be continuing;
 - (C) the lenders or creditors holding such Indebtedness shall have acceded to the Intercreditor Agreement (and, to the extent required, all applicable Financing Documents);
 - (D) except for Colbún Transmisión and any Project operated by Colbún Transmisión prior to or on the Acquisition Effective Date, the project operated by such Restricted Subsidiary

shall have achieved commercial operation (as certified by the Coordinator or the applicable other relevant Chilean agency or regulatory authority) and received the first installment of Project Revenue payable in respect thereof;

- (E) the Issuer shall have delivered a Debt Service Coverage Statement demonstrating a Debt Service Coverage Ratio equal to or greater than the Required Projected Debt Service Coverage Ratio for the twelve-month period ending with the quarter most recently ended (in each case taken as one accounting period and pro forma for the incurrence of such Indebtedness and the Project Revenues generated by such Restricted Subsidiary in such twelve-month period, or annualized Project Revenues if such Restricted Subsidiary's commercial operations shall not have commenced prior to the beginning of such twelve-month period);
- (F) the Issuer shall have delivered a Debt Service Coverage Statement demonstrating a projected Debt Service Coverage Ratio equal to or greater than the Required Projected Debt Service Coverage Ratio for the remainder of the life of the Notes (in each case, after giving effect to the incurrence of such Indebtedness); and
- (G) the Issuer shall have obtained a Ratings Reaffirmation immediately following the incurrence of such Indebtedness that is the subject of the refinancing described in subclause (A);

(vi) Indebtedness:

- (A) in connection with purchase money obligations, or capital lease obligations, in either case, incurred in the ordinary course of business to finance discrete items of equipment or machinery forming part of the Projects; *provided* that such obligations, if secured, are secured only by Liens upon the equipment or machinery being financed or leased;
- (B) in connection with reimbursement obligations and other Indebtedness ("*Performance Guarantee Obligations*") that may be incurred by the Issuer or any Restricted Subsidiary in respect of any performance guarantees (*boletas de garantía*) (each, a "*Performance Guarantee Instrument*") that are required for ongoing or expected future Mandatory Capex; and
- (C) of the Issuer incurred in the ordinary course of business;

provided that the aggregate principal amount at any time outstanding of Indebtedness in (A) through (C) above shall not exceed the greater of U.S.\$30.0 million and 10% of Consolidated Total Assets.

(vii) Indebtedness in connection with any payment to be made to the Sellers in accordance with the SPA in respect of a Purchase Price Adjustment Payment; *provided that*:

- (A) no Default or Event of Default shall have occurred and be continuing;
- (B) the lenders or creditors holding such Indebtedness shall have acceded to the Intercreditor Agreement (and, to the extent required to be secured on a *pari passu* basis with all other Senior Debt, all applicable Financing Documents);
- (C) the Issuer shall be in compliance with the historical Debt Service Coverage Ratio described under subclause (i)(D) of clause (I) of this "—Negative Covenants";
- (D) the Issuer shall have delivered a Debt Service Coverage Statement demonstrating a projected Debt Service Coverage Ratio equal to or greater than the Required Projected Debt Service Coverage Ratio for the remainder of the life of the Notes (in each case after giving effect to the incurrence of such Indebtedness, all on a *pro forma* basis); and
- (E) the Issuer shall have obtained a Ratings Reaffirmation immediately following the incurrence of such Indebtedness.

- (viii) Indebtedness owed by Colbún Transmisión to Colbún and its Affiliates to the extent permitted pursuant to Section 5.1(h) of the SPA; *provided* such Indebtedness shall be repaid no later than the date that is 10 Business Days after the Acquisition Effective Date.
 - (ix) Indebtedness under Hedge Agreements permitted in accordance with (k) of this “—Negative Covenants”;
 - (x) Indebtedness of the Issuer owing to any Restricted Subsidiary or of any Restricted Subsidiary owing to the Issuer; and
 - (xi) Indebtedness of the Issuer that represents a replacement, renewal, refinancing or extension of outstanding Permitted Indebtedness (*plus* the amount of any premium required to be paid under the terms of the instrument governing such Permitted Indebtedness and the amount of reasonable fees, expenses and defeasance costs, if any, incurred in connection with such replacement, renewal, refinancing or extension), solely to the extent the same would be permitted pursuant to any of clauses (i)-(x).
- (b) Liens. The Issuer will not, and will cause each Restricted Subsidiary not to, create, assume or suffer to exist any Lien upon any of its Property, whether now owned or hereafter acquired by it, other than Permitted Liens.
- (c) Maintenance of Existence, Conduct of Business. The Issuer will not, and will cause each Restricted Subsidiary not to:
- (i) other than amendments or modifications reasonable required or advisable in connection with the Permitted Merger, take any action to amend or modify any of its Organizational Documents or permit or suffer to exist any amendment or modification of any of its Organizational Documents if any such amendment or modification would reasonably be expected to materially and adversely affect the rights of the Senior Secured Parties under the Financing Documents or the ability of the Issuer to perform its obligations pursuant to the Financing Documents; or
 - (ii) conduct any business other than the ownership, development, construction, design, engineering, energization, testing, operation and maintenance of the Projects or any future projects, activities required under Applicable Law and activities reasonably incidental thereto or other projects in the electricity transmission industry, except to the extent as would not be material to the Issuer, and including the sale and lease of capacity pursuant to Fiber Optic Contracts (so long as such sale and lease of capacity pursuant to Fiber Optic Contracts shall not materially interfere with the operation of any Project under its respective Project Decree) (each a “*Permitted Business*”).
- (d) [Reserved].
- (e) Accounting, Reporting Practices. The Issuer will not make any change in: (i) its accounting practices or reporting practices (including the currency in which its financial statements are reported), except as required by the Accounting Principles, or (ii) its fiscal year or its method of determining fiscal quarters.
- (f) No Fundamental Changes. The Issuer will not, and will cause each Restricted Subsidiary not to: (i) consolidate with, directly or indirectly, any Person, or enter into any transaction of consolidation, merger, joint venture, or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), in each case whether in one transaction or in a series of related transactions, or (ii) permit or suffer any change to the legal form of the Issuer or such Restricted Subsidiary, as applicable; *provided, however*, that none of the foregoing shall prohibit (A) the Permitted Merger, (B) Colbún Transmisión from changing its name (or the Issuer from causing Colbún Transmisión to change its name) in accordance with Section 5.7 of the SPA, or (C) any Restricted Subsidiary from consolidating with, or entering into any transaction of consolidation, merger, joint venture, or amalgamation with any other Restricted Subsidiary or the Issuer, *provided* that the surviving Person shall be the Issuer or a Restricted Subsidiary.
- (g) Loans and Advances; Guarantees. Except as otherwise permitted under “Restricted Payments” below, the Issuer will not, and will cause each Restricted Subsidiary not to:
- (i) make any investments, loans or advances to any Person other than Cash Equivalents and Permitted Investments; or

- (ii) assume, create, incur or suffer to exist any Guarantee other than a Note Guarantee, or endorse, contingently agree to purchase or otherwise become liable for Indebtedness or obligations of any other Person except by: (A) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business and (B) Guarantees of obligations of non-Affiliate suppliers, contractors and others in the ordinary course of business, which in the aggregate of (A) and (B) shall not exceed the greater of U.S.\$5.0 million and 1.0% of Consolidated Total Assets, outstanding at any one time.
- (h) Bank Accounts. The Issuer will not, and will cause each Restricted Subsidiary not to, establish or maintain any bank accounts other than (i) the Project Accounts, (ii) in the case of Colbún Transmisión, the Colbún Transmisión Accounts, (iii) in the case of any Restricted Subsidiary, the Restricted Subsidiary Accounts of such Restricted Subsidiary, (iv) any other non-Project Accounts required or permitted to be established or maintained in accordance with the Indenture and the Collateral Accounts Agreement, and (v) until the time it is closed in accordance with the Escrow Agreement, the Escrow Account; (vi) any Unrestricted Account.
- (i) Acquisition of Assets; Maintenance of Assets. The Issuer will not, and will cause each Restricted Subsidiary not to:
 - (i) buy or acquire any asset, other than: (A) pursuant to the Material Project Documents, (B) in connection with capital expenditures and other purchases undertaken in the ordinary course of business or necessary to comply with the Material Project Documents and/or Construction Agreements or otherwise incurred in accordance with the Annual Budget, or (C) Permitted Investments acquired pursuant to the Senior Security Documents, (D) Mandatory Capex or (E) Construction Costs; or
 - (ii) subject to the terms set forth in “Mandatory Redemption without a Make-Whole Premium” and “Offers to Purchase Notes Under Certain Circumstances,” consummate an Asset Sale, unless:
 - (A) the Issuer and/or the Restricted Subsidiary receive aggregate consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of;
 - (B) at least 75% of the aggregate consideration received in the Asset Sale by the Issuer and/or the Restricted Subsidiary is in the form of:
 - (1) cash or Cash Equivalents;
 - (2) Replacement Assets;
 - (3) the assumption of any liabilities as shown on the Issuer’s or such Restricted Subsidiary’s most recent balance sheet (other than contingent liabilities, Indebtedness that is by its terms subordinated in right of payment to the Notes or any Note Guarantee and liabilities to the extent owed to the Issuer or any Affiliate of the Issuer) and the release of the Issuer or such Restricted Subsidiary from all liability in connection therewith; and
 - (C) the Issuer obtains a Ratings Reaffirmation for the Notes with respect to the proposed Asset Sale.
- (j) Transactions with Affiliates. The Issuer will not, and will cause each Restricted Subsidiary not to, enter into, amend, modify, renew or extend the term of, or supplement any transactions or agreements with any Affiliate; *provided, however*, that the Issuer and the Restricted Subsidiaries may enter into, amend, modify, renew or extend the term of, or supplement transactions or agreements with one or more Affiliates if undertaken on an arm’s length basis, and if, with respect to any Affiliate transaction or series of related Affiliate transactions (or any amendment, modification, renewal or extension of term, or supplement thereof) involving an aggregate consideration (or increase thereof, as applicable) in excess of US\$10.0 million, the Issuer delivers to the Indenture Trustee a Board Resolution (including a majority of the disinterested members thereof), set forth in an Officer’s Certificate of the Issuer, stating that such Affiliate transaction complies with the Indenture and that such Affiliate transaction has been approved by not less than a majority of the members of its Competent Body (including a majority of the disinterested members thereof), *provided* that the O&M

Agreement and Administrative Services Agreement may be entered into, amended, modified, renewed or extended on terms not less favorable in any material respect to the Issuer than would be included in a transaction on an arm's length basis notwithstanding the provisions described in this clause.

- (k) Hedging Transactions. The Issuer will not, and will cause each Restricted Subsidiary not to, enter into any Secured Hedge Agreement other than (i) Secured Hedge Agreements in respect of currency hedges with a notional value not to exceed \$50.0 million and (ii) such other Hedge Agreements entered into in the ordinary course of business and not for speculative purposes.
- (l) Restricted Payments.
 - (i) The Issuer will not, and will cause each Restricted Subsidiary not to, (A) declare any dividend except to the extent payment of the same is permitted by the Financing Documents or (B) pay any Restricted Payment, except that the Issuer will be permitted to withdraw and transfer amounts and transfer to the Issuer USD Distribution Account on each Monthly Transfer Date that falls on a Scheduled Payment Date, all or any portion of the amounts on deposit in the Issuer USD Restricted Payment Retention Account if, (1) after the funding of any insufficiencies in the other Project Accounts and (2) subject to compliance with the Target Note Balance as of the most recent Scheduled Payment Date, the following conditions have been satisfied, both immediately prior to and after the payment of any such Restricted Payment:
 - (A) no Default or Event of Default has occurred and is continuing at the time of and immediately following the making of such proposed Restricted Payment;
 - (B) the first scheduled payment of Debt Service in respect of the Notes shall have been made;
 - (C) the Issuer USD Debt Service Reserve Account and the Issuer USD O&M Reserve Account shall have been fully funded to the applicable required balance and all other transfers required to be made to or from the Project Accounts on or prior to the date of such Restricted Payment have been made immediately prior to such Restricted Payments, and no Reserve LC Reimbursement Obligations and amounts due under the Reserve LC Facilities shall be outstanding;
 - (D) the Issuer shall have delivered a Debt Service Coverage Statement (as defined below) demonstrating that the (i) Debt Service Coverage Ratio for the twelve-month period ending with the quarter most recently ended (taken as one accounting period), or such shorter period as shall have occurred from the Issue Date to the applicable Scheduled Payment Date, is greater than or equal to 1.15:1.0 and (ii) the projected Debt Service Coverage Ratio for the twelve months after the quarter most recently ended is greater than or equal to 1.15:1.0; and
 - (E) the Restricted Payment is made within 30 days following a Scheduled Payment Date in respect of the Notes.
 - (ii) Notwithstanding subclause (i) above, the Issuer may:
 - (A) apply the proceeds of the Notes in the manner described under clause (h) in “—Covenants—Affirmative Covenants;” and
 - (B) transfer to the Issuer USD Distribution Account the proceeds of any Purchase Price Adjustment Reimbursement not required to be applied towards a Purchase Price Adjustment Reimbursement Redemption in accordance with the Indenture.
 - (iii) Notwithstanding subclause (i) above, each Restricted Subsidiary may pay:
 - (A) dividends and other distributions to the Issuer in respect of such Restricted Subsidiary's capital stock; and
 - (B) make such transfers pursuant to clause (m) in “—Covenants—Affirmative Covenants.”

- (m) Material Project Documents. The Issuer will not and will cause each Restricted Subsidiary not to:
- (i) except as permitted in accordance with clauses (ii) and (iv) below, cancel, terminate, amend or modify the Administrative Services Agreement, any Dedicated Contract or any Project Decree except to the extent that (A) such assignment could not reasonably be expected to result in a Material Adverse Effect and (B) the Issuer delivers to the Indenture Trustee a certificate from an Authorized Officer certifying that no Material Adverse Effect could reasonably be expected to occur as a result of such cancellation, termination, amendment or modification;
 - (ii) (A) enter into any new, or amend and extend any existing, Dedicated Contract, other than Replacement Dedicated Contracts, if doing so would reasonably be expected to result in a Material Adverse Effect or (B) enter into the Colbún Construction Agreement unless prior to, or substantially concurrently with, the execution and delivery of the same by the parties thereto, (1) the Independent Engineer has certified that (x) such agreement (together with any Construction Contracts being assigned by Colbún Transmission to Colbún S.A. in connection with such agreement) are reasonably expected to allow Colbún Transmission (or, after the Permitted Merger, the Issuer) to complete the construction of the new substations of Codegua and Loica, the new transmission line 2x220 kV of Loica-Portezuelo and the expansion of the substation of Portezuelo, (y) the Colbún Construction Agreement is not more burdensome to Colbún Transmisión (or, after the Permitted Merger, the Issuer) than (I) the agreements described in clauses (g), (h) and (i) of the definition of Construction Agreements, and (z) the exceptions described in sub-clause (3) below are with respect to amounts that are not material or are appropriate and reasonable in its professional judgment and (II) the “*Contrato de Prestación de Servicios de Gestión, Administración y Gerenciamiento*” attached as Exhibit G to the SPA, taken as a whole, (2) the Indenture Trustee shall have received an Officer’s Certificate of the Issuer certifying that (x) attached thereto is a written confirmation it has received from its external Chilean counsel, confirming that the Colbún Construction Agreement will not result in additional tax liabilities to Colbún Transmission (or, after the Permitted Merger, the Issuer) and does not provide for any indemnification or reimbursement obligations that are unusual or not otherwise customary for similar agreements and (y) the Colbún Construction Agreement will not result in additional liabilities or indemnities for Colbún Transmission (or, after the Permitted Merger, the Issuer) as compared to, the agreements described in sub-clause (1)(y)(I) and (II) above, taken as a whole and (3) except for any amounts certified by the Independent Engineer as being not material or any exceptions the Independent Engineer has certified as appropriate and reasonable in its professional judgment, the Indenture Trustee shall have received an Officer’s Certificate of the Issuer certifying that the Colbún Construction Agreement is a lump sum fixed price contract and pursuant to the terms of such agreement, Colbún is liable for any construction costs, cost overruns and other amounts in respect of the works described in clause (1)(x) of this clause that are in excess of such lump sum fixed price;
 - (iii) assign any Material Project Documents, other than any assignment to a Collateral Agent pursuant to the Senior Security Documents or consent, or otherwise permit any assignment of any Material Project Document (other than the O&M Agreement, which is subject to subclause (v) below);
 - (iv) (A) amend, modify or supplement any O&M Agreement unless: (1) any such amendment, modification or supplement does not impair by its terms the applicable scope and quantity of services offered pursuant to the applicable O&M Agreement and provides for terms no less favorable to the Issuer or the applicable Restricted Subsidiary in any material respect; (2) after giving effect to such amendment, modification or supplement, the aggregate compensation payable by the Issuer or the applicable Restricted Subsidiary is consistent with the Annual Budget then in effect; (3) the O&M Agreement, as amended or modified, is subject to the same Liens constituted under the Financing Documents; (4) such amendment, modification or supplement would not reasonably be expected to result, either directly or indirectly, in a violation of the applicable Project Decree; and the Issuer will have delivered to the Indenture Trustee a certificate signed by an Authorized Officer of the Issuer at least 10 Business Days prior to the execution of any such amendment or modification certifying as to each of the matters set forth above and, to the extent the Operator is an Affiliate and such amendment, modification or supplement constitutes a material amendment, modification or supplement, containing a certification of the Independent Engineer that, to the best reasonable knowledge of the Independent Engineer based on the information it has been provided, which information includes all such documents and information it deems to be

reasonably necessary for the purpose of issuing such certificate, each of the matters set forth in subclauses (1) and (2) above shall have been satisfied or (B) terminate any O&M Agreement if doing so would reasonably be expected to result in a Material Adverse Effect, provided that for any such termination, the Issuer delivers to the Indenture Trustee a certificate from an Authorized Officer certifying that no Material Adverse Effect could reasonably be expected to occur as a result of such termination;

- (v) consent to or otherwise permit any assignment or replacement of the O&M Agreement or of the Operator thereunder unless:
 - (A) in the event that the replacement Operator under such agreement is not an affiliate of the Issuer, (1) the Issuer shall have delivered to the Indenture Trustee a Ratings Reaffirmation for the Notes with respect to the proposed replacement of the Operator or applicable O&M Agreement, *provided* that in the event that no such rating agency is continuing to assign ratings to the Notes at the time of such assignment, the Indenture Trustee shall have received an Officers' Certificate of the Issuer certifying that such assignment would not reasonably be expected to result in a Material Adverse Effect or (2) the replacement Operator shall possess expertise recognized in the international and/or Chilean markets relating to the operation of electricity transmission lines, such expertise having been confirmed to the Indenture Trustee by the Independent Engineer in writing to the best of the Independent Engineer's knowledge based on the information provided to the Independent Engineer, which information shall include all such documents and information the Independent Engineer shall deem to be reasonably necessary for the purpose of issuing such confirmation; and
 - (B) the Issuer shall have delivered to the Indenture Trustee an Officers' Certificate of the Issuer at least ten (10) Business Days prior to giving consent or otherwise permitting such assignment certifying as to each of the matters set forth above.
- (n) Issuance of Equity Interests. The Issuer (i) will not issue or transfer Equity Interests of the Issuer to any Person and (ii) will not, and will cause each Restricted Subsidiary not to, issue or transfer any Equity Interests of any Restricted Subsidiary to any person other than the Issuer, unless, in the case of clause (i):
 - (A) such issuance or transfer shall be made expressly subject to the granting or continuation of a Lien in favor of the Onshore Collateral Agent in respect of the Equity Interests being issued or transferred, and any person that owns any Equity Interest in the Issuer or any Restricted Subsidiary as a result of such issuance or transfer shall, simultaneously with such issuance or transfer, pledge or otherwise grant or acknowledge a first priority security interest in respect of such Equity Interests as Collateral in favor of the Onshore Collateral Agent for the benefit of the holders of Notes and other Secured Obligations;
 - (B) such Person referred to in clause (A) shall, within ten (10) Business Days of such issuance or transfer, execute and deliver to the Onshore Collateral Agent such documents, opinions of counsel and instruments necessary or as the Onshore Collateral Agent may reasonably request in order to evidence, secure and perfect the Onshore Collateral Agent's security interest in and Lien in respect of such Equity Interests; and
 - (C) such issuance or transfer is permitted under the Project Decrees.
- (o) Mandatory Capex. The Issuer will not, and will cause each Restricted Subsidiary not to, make or cause to be made any capital expenditures (other than to the extent the same constitute Operating Costs covered in the O&M Agreement and ordinary maintenance capital expenditures) in respect of any Project or future project unless such capital expenditure is required by the applicable Project Decree, Dedicated Contract or Applicable Law ("*Mandatory Capex*") or constitutes Construction Costs.
- (p) Intermediate Holdcos. The Issuer will not form, create or otherwise allow the existence of any intermediate holding company in the corporate structure between the Issuer and any Restricted Subsidiary unless such intermediate holding company is also a Restricted Subsidiary.

- (q) Designation of Restricted Subsidiaries. Upon the formation or acquisition of any Subsidiary of the Issuer, such Subsidiary shall be a Restricted Subsidiary. The Issuer may not designate any Unrestricted Subsidiary to be a Restricted Subsidiary or acquire a Restricted Subsidiary unless:
- (i) such designation or acquisition shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary or acquired Subsidiary and any such Indebtedness of the Subsidiary being so designated or acquired will be refinanced with Indebtedness incurred by the Issuer at the time of such designation or acquisition, and such incurrence of Indebtedness must be permitted under the covenant described under clause (a) of this “—Negative Covenants”;
 - (ii) all Liens upon property or assets of such Unrestricted Subsidiary or Subsidiary being so designated or acquired of the type included in the Collateral (and subject to the same limitations and exclusions) existing at the time of such designation or acquisition would constitute Permitted Liens and such incurrence of Liens must be permitted under the covenant described under clause (b) of this “—Negative Covenants”;
 - (iii) no Default or Event of Default would be in existence upon giving effect to such designation or acquisition; and
 - (iv) the project operated by such designated or acquired Restricted Subsidiary shall have achieved commercial operation (as certified by the Coordinator or the applicable other relevant Chilean agency or regulatory authority) and received the first installment of Project Revenue payable in respect thereof.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in CLP or any other foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; provided that, if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall not be deemed to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

Events of Default

Pursuant to the Indenture, each of the following events, acts, occurrences or conditions will constitute an event of default (each, an “*Event of Default*”):

- (a) the Issuer fails to pay when and as the same will become due (whether by scheduled maturity or required prepayment or by acceleration or otherwise): (i) any principal of or premium (if any) on the Notes, any payments with respect to the payment of any applicable redemption price to be paid pursuant to the events described under “—Redemption of the Notes” or any payments due with respect to any tender offer described in “—Repurchase Upon a Change of Control Ratings Downgrade Event” and, in any such case described in this subclause (i), such failure continues unremedied for a period of three (3) or more Business Days, *provided* that any such failure to pay resulted solely from a cause or causes that are technical or administrative in nature and not from a failure by the Issuer to make a good faith effort to make such payment; and (ii) Additional Amounts (if any), interest on the Notes or any fee due under the Financing Documents and, in any such case described in this subclause (ii), such failure continues unremedied for a period of thirty (30) or more Business Days.
- (b) any certification or notice furnished to the Indenture Trustee pursuant to any Financing Document, proves to have been untrue or incorrect in any material respect when made or deemed made by the Issuer or such Restricted Subsidiary and the underlying facts or circumstances causing the same to be untrue or incorrect in any material respect have had or would reasonably be expected to have a Material Adverse Effect which the Issuer or such Restricted Subsidiary was not able to eliminate within 30 days after the time of the Issuer

obtaining Knowledge thereof; *provided* that if the Issuer or the applicable Restricted Subsidiary is taking action reasonably likely to address the underlying facts or circumstances causing such inaccuracies, an Event of Default pursuant to this clause (b) will occur only if the Issuer or the applicable Restricted Subsidiary fails to cure within 60 days of the earlier of (A) the Issuer obtaining Knowledge thereof and (B) notice from the Indenture Trustee thereof;

- (c) the Issuer or any Restricted Subsidiary fails to perform or observe any of its covenants, obligations, conditions or agreements (other than those referenced elsewhere under “—Events of Default”) under any Financing Document (including the Indenture) or the Senior Security Documents if such failure remains unremedied for sixty (60) days after the Issuer received notice of such failure from the Indenture Trustee or the holders of at least 25% of the aggregate principal amount of the outstanding Notes;
- (d) the Indenture, any Note, any Note Guarantee or any other Financing Document (or any provision thereof) is declared to be void, invalid or unenforceable against any party thereto by any Governmental Authority having jurisdiction over any party thereto or the subject matter thereof, or the performance of the obligations thereunder of any party thereto becomes illegal under Applicable Law;
- (e) the Issuer or any Restricted Subsidiary that is party to any Financing Document repudiates its obligations thereunder in writing, denies in writing that it has any further liability or obligation under such Financing Document or challenges the validity or enforceability of any of the Financing Documents (or any provision thereof);
- (f) (i) the Issuer or any Restricted Subsidiary defaults in the payment of any principal of or interest on any mortgage, indenture, or instrument securing or evidencing any Indebtedness for Borrowed Money other than the Notes outstanding and Note Guarantees thereof (whether at stated maturity or otherwise) and such default continues beyond any applicable grace period set forth in the agreements or instruments evidencing or relating to such Indebtedness, or (ii) any of the Issuer’s or any Restricted Subsidiary’s Indebtedness for Borrowed Money other than the Notes outstanding and Note Guarantees thereof becomes due (or required to be prepaid, repurchased, redeemed or defeased) and payable prior to the scheduled maturity thereof other than as a result of failure to pay principal of such Indebtedness, and in each case, the principal amount of such Indebtedness, together with all other Indebtedness subject to (i) and (ii) above, aggregates to U.S.\$ 10.0 million or more;
- (g) an Abandonment occurs and the Abandonment gives rise to a Material Adverse Effect;
- (h) the early termination due to breach or default by the Issuer or any Restricted Subsidiary of any Project Decree or Dedicated Contract which gives rise to a Material Adverse Effect;
- (i) an Expropriatory Action occurs and a Material Adverse Effect as a result thereof has occurred;
- (j) (i) there is commenced against the Issuer or any Restricted Subsidiary a Proceeding which remains undismissed or unstayed for 60 days; (ii) the Issuer or any Restricted Subsidiary commences a Proceeding; (iii) a receiver or trustee or other officer or representative of a court or of creditors, or any court or Governmental Authority, under color of legal authority takes and holds possession of any substantial part of the Property of the Issuer or any Restricted Subsidiary for a period in excess of 60 days; or (iv) the Issuer is unable to or admits in writing its inability to pay its debts as they become due;
- (k) a final and non-appealable judgment or judgments for the payment of money are rendered against the Issuer or any Restricted Subsidiary in an aggregate amount exceeding U.S.\$25.0 million that (i) is not covered by available insurance as acknowledged in writing by the provider of such insurance or as certified to the Indenture Trustee by an insurance consultant is entered against the Issuer or any Restricted Subsidiary by one or more courts, administrative tribunals or other bodies having jurisdiction over the Issuer or such Restricted Subsidiary and the same is not paid or discharged, or for which no bond is posted, for a period of sixty (60) days after its entry or (ii) is not effectively stayed within ninety (90) days after its entry;
- (l) from and following the Issue Date, or such later date as may be specified in the Indenture, any security interest or other Lien purported to be created by or under the Senior Security Documents in the Collateral (other than any security interest or other Lien with respect to machinery, equipment or other ancillary physical assets having a Fair Market Value of less than U.S.\$5.0 million) fails or ceases to be a validly perfected first priority security interest or a valid transfer of rights, as applicable, in favor of the applicable Collateral Agent(s),

except to the extent permitted in accordance with the terms of the Senior Security Documents; *provided* that the Issuer will have ten (10) Business Days after discovery thereof by the Issuer to cure any such failure or cessation and restore such validity or priority or furnish all documents or instruments reasonably required to cure such failure or cessation and restore such validity or priority;

- (m) (i) the Issuer fails to obtain, renew or maintain in full force and effect any Governmental Approval or Project Decrees necessary for the construction or operation of the Projects or for the Issuer or any Restricted Subsidiary to fulfill its respective obligations under any Transaction Documents or (ii) any such Governmental Approval or Project Decree is rescinded, revoked, terminated, suspended, modified adversely or withheld or is determined in a final administrative resolution or judgment to be invalid or not to be in full force and effect, in each case, which gives rise to a Material Adverse Effect;
- (n) a Total Loss occurs that has had or could reasonably be expected to have a Material Adverse Effect;
- (o) the Issuer's failure to offer to purchase or redeem the Notes when required to do so and such failure continues for a period of thirty (30) days or more;
- (p) (i) the Escrow Agreement is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, other than in accordance with its terms and the terms of the Indenture or (ii) except as permitted by the Indenture, any Lien purported to be granted under the Escrow Agreement ceases to be an enforceable and perfected Lien and such failure to be enforceable and perfected continues for ten (10) days; and
- (q) the Issuer fails to consummate the Special Mandatory Redemption if required in accordance with the Indenture.

If an Event of Default will have occurred and is continuing, the Indenture Trustee may and, within five Business Days of receiving written notice thereof, shall notify the holders of the Notes, and the holders of at least 25.0% in aggregate principal amount of the Notes then outstanding may instruct the Indenture Trustee in writing to accelerate the maturity of all the Notes and (a) subject to the terms of the Intercreditor Agreement, instruct the Intercreditor Agent to instruct either Collateral Agent to exercise any rights and remedies in respect of the Collateral available under the Financing Documents, under the Uniform Commercial Code as in effect in the State of New York and under the Applicable Law of any jurisdiction in which Collateral may be located, and transfer the proceeds thereof for such application as specified or permitted under the Financing Documents and/or (b) take any enforcement action permitted by Applicable Law with respect to the Financing Documents and exercise all other available remedies. Upon the occurrence of a Specified Event of Default, all of the principal of and accrued interest on all of the Notes, and all other amounts whatsoever payable by the Issuer under the Indenture and any other Financing Document, will become immediately due and payable without any demand or other action by the Indenture Trustee or the holders of the Notes.

Notices; Meetings of Holders; Voting

As long as any Global Notes are outstanding, notices to be given to holders will be given to the Note Depository, in accordance with its applicable policies as in effect from time to time. If the Issuer issues Notes in definitive form, notices to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the Register, and will be deemed given when mailed. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules and regulations of the SGX-ST so require, the Issuer will publish all notices, at the Issuer's expense, to holders in a newspaper with general circulation in Singapore (which is expected to be *Business Times, Singapore Edition*), or to the extent and in the manner permitted by such rules, the Issuer may also publish a notice on the website of the SGX-ST (www.sgx.com).

A meeting of holders of the Notes may be held at any time and from time to time to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Indenture to be made, given or taken by such holders. The Indenture Trustee may at any time call a meeting of the holders for any such purpose to be held at such time and at such place as the Indenture Trustee will reasonably determine. Notice of every meeting of the holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, will be given by the Indenture Trustee to each holder not less than 10 (or such lesser period as may be agreed by every holder) nor more than 60 days before the date fixed for the meeting. In case at any time the Issuer or holders holding at least 10.0% of the aggregate principal amount of the Notes then outstanding will have requested the Indenture Trustee to call a meeting of the holders for

any such purpose, by written request setting forth in reasonable detail the action proposed to be taken at such meeting, the Indenture Trustee will call such a meeting for such purposes by giving notice thereof to such holders.

Notwithstanding anything in the Indenture or in the other Financing Documents to the contrary, in determining whether the holders of the requisite aggregate principal amount of Notes have concurred in any request, demand, authorization, direction, notice, consent, waiver or other act under the Indenture, any such vote or determination will exclude (in both the numerator and denominator of any applicable calculation), the principal amount of the Notes (or beneficial interests therein) which are owned by the Issuer or any of its Affiliates, and the Notes (or beneficial interests therein) which are owned by each such Person shall be deemed not to be outstanding for the purpose of any such vote or determination; *provided* that for the purposes of determining whether the Indenture Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent and waiver or other act, only Notes (or beneficial interests therein) for which a responsible officer of the Indenture Trustee has received written notice of such ownership (which for definitive notes, will be conclusively evidenced by the security register) shall be so excluded; and *provided further* that if the Issuer or any of its Affiliates own all of the Notes (or beneficial interests therein), then such Persons will not be excluded from any such vote or determination with respect to which such Persons are the only holders. For the purpose of clarification, and subject to any transfer restrictions that may apply to the Notes, neither the Issuer nor any of its Affiliates is prohibited by the Financing Documents from being a holder; *provided* that, promptly after its becoming a holder, such Person will so notify the Indenture Trustee in writing and, in the case of the Issuer, comply with its obligations described in “—Purchase by the Issuer; Cancellation.”

The Indenture will provide that, notwithstanding anything else in the Indenture to the contrary, with respect to any Global Note held through the Note Depository (or a nominee thereof), each Person holding a beneficial interest in such Global Note may be considered to be a “holder” of its portion of the Notes for purposes of voting on the matter relating thereto (for example, such Person may consent to any waiver or amendment directly without requiring the participation of the applicable clearing system or its nominee and may attend and vote at meetings of holders); *it being understood* that the Indenture Trustee must have received from (or on behalf of) such Person evidence satisfactory to the Indenture Trustee that such Person holds the beneficial interests in such Global Note that it purports to vote, and such evidence of ownership may include a securities position or participant list or other information obtained from the applicable clearing system.

Purchase by the Issuer; Cancellation

To the extent permitted under Applicable Law, the Issuer and its Affiliates may at any time and from time to time purchase any Note (or a beneficial interest therein) in the open market or otherwise at any price; *provided* that, notwithstanding anything else in the Financing Documents to the contrary, if a Default or Event of Default exists, then the Issuer will not purchase any Notes (or beneficial or similar interests therein) unless such purchase is made on a *pro rata* basis among all holders.

Any Notes (or any portion thereof or any beneficial interests therein) that are acquired by the Issuer above shall, upon its receipt of written direction from the Issuer, be immediately cancelled by the Indenture Trustee in accordance with its standard procedures. By no later than the selected purchase date, the Issuer will notify the Indenture Trustee in writing of the portion of the principal balance of the Notes that it will be so purchasing (and, to the extent applicable, the amounts of each Global Note being so purchased) and immediately after such purchase: (a) will confirm to the Indenture Trustee (or revise) such notice in writing and (b) provide the Indenture Trustee detailed evidence of the consummation of such purchase. Upon receipt of written evidence satisfactory to the Indenture Trustee as to the consummation of such purchase, the Indenture Trustee will promptly cause the applicable amount of the principal balance to be canceled (including, if applicable, to notify the Note Depository) in accordance with its standard procedures. Upon any such cancellation, the remaining scheduled payments on the Notes will be reduced on a *pro rata* basis among all holders and the calculation of interest (and other calculations under the Financing Documents) will take into effect such cancellation.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect, and upon written request by the Issuer, the Indenture Trustee shall execute instruments acknowledging satisfaction and discharge of the Indenture, when:

- (a) either:
 - (i) all Indenture Notes issued under the Indenture theretofore authenticated and delivered (other than (A) Indenture Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in the Indenture and (B) Indenture Notes for whose payment money has been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged

from such trust, as provided in the Indenture) have been delivered to the Indenture Trustee for cancellation; or

- (ii) all such Indenture Notes not theretofore delivered to the Indenture Trustee for cancellation (A) have become due and payable, (B) will become due and payable at their stated maturity within one year, or (C) are to be called for redemption within one year under arrangements provided in the Indenture, and the Issuer, in the case of (A), (B) or (C) described in this subclause (ii), has deposited or caused to be deposited with the Indenture Trustee in trust for such purpose money (in the form of cash in Dollars or U.S. Government Obligations, or a combination thereof) in an amount sufficient without reinvestment, to pay and discharge the entire Indebtedness on such Indenture Notes, for principal and any premium and interest to the date of such deposit (in the case of Indenture Notes which have become due and payable) or to the stated maturity or redemption date, as the case may be, and no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer is a party or by which the Issuer is bound;
- (b) the Issuer has paid or caused to be paid in full all other amounts payable by the Issuer to the Indenture Trustee, the holders and any other Senior Secured Party under the Financing Documents relating to the Indenture, the Indenture Notes and the other Financing Documents;
- (c) the Issuer has delivered irrevocable written instructions to the Indenture Trustee under the Indenture to apply the deposited money toward the payment of the Indenture Notes at their stated maturity or on the redemption date, as the case may be; and
- (d) the Issuer has delivered to the Indenture Trustee a certificate of an Authorized Officer of the Issuer and an Opinion of Counsel, each stating that all conditions precedent provided in the Indenture with respect to the satisfaction and discharge of the Indenture have been satisfied.

The Indenture, the Indenture Notes and the other Financing Documents will be automatically reinstated if and to the extent that for any reason any such payment is rescinded or must otherwise be restored or returned by the applicable payee, whether as a result of any proceeding or otherwise, and the Issuer will indemnify the applicable Senior Secured Party(ies) on demand for all reasonable fees, costs and expenses (including reasonable fees, costs and expenses of counsel) incurred by such Senior Secured Party(ies) in connection with such reinstatement, rescission or restoration.

Defeasance

The Issuer may, at its option and at any time, terminate or discharge all of its obligations with respect to the outstanding Notes (“*Legal Defeasance*”), which means that the Issuer will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, except for:

- (a) the rights of holders of the Notes to receive payment in respect of the principal of, interest on and Additional Amounts (if any) on, such Notes when such payments are due solely out of the trust created as described under clause (a) of the third paragraph under this “—Defeasance” section;
- (b) the Issuer’s obligations to register the transfer or exchange of any Notes, replace mutilated, destroyed, lost or stolen Notes and maintain an office or agency for payments in respect of the Notes;
- (c) the rights, powers, trusts, duties, indemnities and immunities of the Indenture Trustee and the Collateral Agents, and the obligations of the Issuer and the Guarantors in connection therewith; and
- (d) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and the obligations of the Guarantors released with respect to certain covenants in the Indenture (“*Covenant Defeasance*”), and thereafter any omission to comply with those covenants will not constitute an Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under “—Events of Default” will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (a) the Issuer must irrevocably deposit with the Indenture Trustee, in trust, for the benefit of the holders of Notes, cash denominated in Dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay, without reinvestment, the principal of, interest on and Additional Amounts, if any, on the outstanding Notes on the stated date for payment thereof or on the applicable Redemption Date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular Redemption Date;
- (b) in the case of Legal Defeasance, the Issuer must deliver to the Indenture Trustee an Opinion of Counsel from counsel in the United States to the effect that (subject to customary exceptions and exclusions): (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) since the date of issuance of the Notes, there has been a change in the applicable U.S. federal income tax law; in either case to the effect that, and based thereon such Opinion of Counsel state that, the holders of Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (c) in the case of Covenant Defeasance, the Issuer will have delivered to the Indenture Trustee an Opinion of Counsel from counsel in the United States to the effect that the holders of Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (d) in the case of Legal Defeasance and Covenant Defeasance, the Issuer will have delivered to the Indenture Trustee an Opinion of Counsel from counsel in Chile to the effect that, based upon Chilean law then in effect, holders of Notes will not recognize income, gain or loss for Chilean tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of such Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Chilean taxes, if any, in the same manner as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred;
- (e) no Event of Default or Default shall have occurred and be continuing with respect to the Notes, including with respect to certain events of bankruptcy or insolvency (but excluding any Event of Default or Default arising due to the incurrence of Indebtedness the proceeds of which will be used for the Legal Defeasance or the Covenant Defeasance, as the case may be);
- (f) the Issuer has delivered to the Indenture Trustee a certificate of an Authorized Officer of the Issuer and an Opinion of Counsel (subject to customary exceptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with;
- (g) the Issuer has delivered to the Indenture Trustee a certificate of an Authorized Officer of the Issuer stating that the transfer of trust funds pursuant to such deposit was not made by the Issuer with the intent of preferring the holders of Notes over any of the Issuer's other creditors with the intent of defeating, hindering, delaying or defrauding any of the Issuer's creditors or others; and
- (h) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which the Issuer is a party or by which it is bound (other than the Financing Documents).

Any Legal Defeasance or Covenant Defeasance will be effective on the day on which all the applicable conditions above have been satisfied. Upon a Legal Defeasance or a Covenant Defeasance as described above, the Collateral will be released from the Liens securing the Notes.

Amendments

The Issuer, any Guarantors and the Indenture Trustee (and/or any other Agent) may enter into amendments to the Indenture, the Notes and the other Financing Documents as provided below.

Amendments Without Consent of the Holders

The Issuer, the Guarantors and the Indenture Trustee (and/or any other Agent) may from time to time and at any time without the consent of the holders or any other Person enter into a written amendment of or supplement to the Indenture, any Note and/or any other Financing Document (so long as the Indenture Trustee and/or such Agent is a party to the relevant Financing Document), and the Indenture Trustee shall be authorized and directed to provide required instructions to the Intercreditor Agent to instruct each Authorized Agent to enter into or consent to amendments or supplements to the Financing Documents to which any such Authorized Agent is a party, for one or more of the following purposes:

- (a) to:
 - (i) add additional covenants or representations and warranties for the benefit of some or all of the holders of the Notes and/or the Indenture Trustee (including with respect to any future Restricted Subsidiary),
 - (ii) add guarantees with respect to some or all of the Notes or additional collateral to secure some or all of the Notes (including any additional collateral provided by any future Restricted Subsidiaries),
 - (iii) release a Guarantor and terminate the corresponding Note Guarantee or release Collateral, in each case in accordance with the terms of the Indenture, the Intercreditor Agreement and the Senior Security Documents,
 - (iv) surrender any right and/or power conferred upon the Issuer,
 - (v) add any Rating Agency for the Notes,
 - (vi) cure ambiguities or defects or correct inconsistencies that will not adversely affect in any material respect the interests of any of the holders of outstanding Notes (as evidenced in a certificate of an Authorized Officer of the Issuer delivered to the Indenture Trustee),
 - (vii) conform the text of the Indenture or any Note to any provision of a description of such Notes appearing in an offering memorandum, offering circular or similar disclosure document pursuant to which such Notes were offered to the extent such provision was intended to conform to a provision of the Indenture or the Notes (as evidenced in a certificate of an Authorized Officer of the Issuer delivered to the Indenture Trustee),
 - (viii) evidence and provide for the acceptance and appointment under the Indenture or any other Financing Document of a successor Indenture Trustee, successor Collateral Agent or other successor Agent thereunder pursuant to the requirements thereof,
 - (ix) issue Additional Notes in accordance with the terms of the Indenture,
 - (x) comply with any applicable rules or regulations of any securities exchange on which any Notes issued under the Indenture are listed,
 - (xi) permit or facilitate the issuance of Notes in definitive form,
 - (xii) provide for the accession or succession of any parties to the Intercreditor Agreement or the Senior Security Documents (and other amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplement or other modification from time to time of the Notes or other Secured Obligations or any other agreement or action that is not prohibited by the Indenture,
 - (xiii) other than in respect of a Fundamental Action, amend or modify any provision of the Reserve LC Facility Agreement, and/or
- (b) to make such other modifications in regard to ambiguities, inconsistencies, errors, matters or questions arising under the Financing Documents as the Issuer and the Indenture Trustee may deem necessary or desirable that will not be inconsistent with the provisions of the Financing Documents and that will not adversely affect in any material respect the interests of any of the holders of outstanding Notes that have not consented thereto; *provided* that an Opinion of Counsel will be required to be addressed and delivered to the Indenture Trustee

opining that such amendment does not in any material respect adversely affect the interests of any of the holders that have not consented thereto.

- (c) For amendments to the Intercreditor Agreement, see “Intercreditor Agreement—Amendments and Modifications.”

Pursuant to the Indenture, each holder, by its acceptance of a Note, will authorize and direct the Indenture Trustee and each agent under the Financing Documents to execute and deliver from time to time, if so requested in writing by the Issuer, and without the consent of the holders of the Notes or any other Person, one or more documents or agreements as are expressly contemplated to be executed by the Indenture Trustee or any such agent in accordance with the terms of the Financing Documents and enter into one or more Third Party Consents or Senior Onshore Share Pledges (collectively, “*Permitted Supplemental Agreements*”); *provided* that the entry by the Indenture Trustee or any such agent, as the case may be, into any such Permitted Supplemental Agreement will be subject to the prior receipt by the Indenture Trustee and the related agent of (A) a certificate of an Authorized Officer of the Issuer certifying that each of the terms and conditions specified in the Financing Documents in connection with the entry by the Indenture Trustee and/or such agent, as the case may be, into such Permitted Supplemental Agreement, and the relevant transactions contemplated by such Permitted Supplemental Agreement, has been satisfied; and (B) confirmation from either an in-house counsel of the Issuer (or one of its Affiliates) or an external legal counsel reasonably satisfactory to the Indenture Trustee (which may be external counsel to the Issuer) that such Permitted Supplemental Agreement is substantially in the requisite form and contains the requisite substance specified in the Financing Documents.

Amendments with Consent of the Holders

Subject to certain exceptions, the Notes, the Indenture and the other Financing Documents (other than the Reserve LC Facility Agreement) may be amended or supplemented with the written consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding. However, without the consent of each holder of an outstanding Note affected thereby, no amendment, supplement or waiver may:

- (a) reduce in any such manner the amount of, or delay the timing or alter the priority of, any scheduled payments to holders that are required to be made (including as a result of mandatory redemptions or through offers to purchase), or delay any date of payment, or change the place of payment where, or the currency in which, such Notes are payable, or impair the Indenture Trustee’s right to institute suit for the enforcement of any such payment; *provided* that the foregoing will not apply with respect to the waiver or amendment of any additional interest that might accrue as a result of an Event of Default,
- (b) reduce the percentage of principal amount of the outstanding Notes the consent of whose holders is required for any such amendment or supplement to the Indenture or such other Financing Document, or the consent of whose holders is required for any waiver (of compliance with certain provisions of the Indenture or certain Defaults or Events of Default thereunder and their consequences or provisions of the other Financing Documents) under the Indenture or such other Financing Document;
- (c) except to the extent expressly permitted by the Indenture (including as described under the heading “—Amendments”), permit the creation of any Lien prior to or *pari passu* with the Lien of the Senior Security Documents with respect to any of the Collateral, terminate (except as specifically contemplated by the Indenture) the Lien of or deprive any holder of the Notes of the security afforded by the Lien of the Senior Security Documents;
- (d) modify any of the provisions relating to the eligibility status of the Indenture Trustee or relating to amendments or waivers requiring the consent of holders; or
- (e) materially increase the discretionary authority of the Indenture Trustee under the Indenture.

Without the consent of the holders of at least 66 2/3% in aggregate principal amount of the Notes then outstanding, an amendment, supplement or waiver may not (1) modify any Senior Security Document or provisions in the Indenture dealing with Senior Security Documents in any manner adverse to the holders or (2) otherwise release any of the Collateral from the Liens securing the Notes other than in accordance with the Indenture and the Senior Security Documents.

The holders will receive prior notice as described under “—Notices; Meetings of Holders; Voting” of any proposed amendment, supplement or waiver to the Notes or the Indenture described in this section. After an amendment, supplement or waiver described in the preceding paragraph becomes effective, we are required to give to the Indenture Trustee a notice briefly

describing such amendment, supplement or waiver. However, the failure to give such notice to all holders, or any defect therein, will not impair or affect the validity of the amendment, supplement or waiver.

The consent of the holders is not necessary to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment, supplement or waiver.

Prescription

All claims for payment of principal of or interest (including Additional Amounts, if any) on or in respect of the Notes will be prescribed unless made within six years from the date on which such payment first became due.

Registration of Transfer

The Indenture Trustee will keep at its office a register (the “*Register*”) in which, subject to restrictions on transfer set forth in the Indenture and such other reasonable regulations as it may prescribe, it will provide for: (a) the registration of the holder of each Note and (b) the registration of transfers and exchanges of the holders’ interests in the Notes as provided in the Indenture. The Indenture Trustee will, upon at least two Business Days’ prior written notice and during regular business hours of the Indenture Trustee, permit any holder of the Notes to inspect and copy the Register and other books and records of the Indenture Trustee to the extent relating to the Notes; however, the Indenture Trustee may provide photostatic copies of the Register and other books and records to the extent relating to the Notes to such holder in lieu of permitting such holder to inspect and copy the Register and other books and records of the Indenture Trustee.

Mutilated, Destroyed, Lost or Stolen Notes

If: (a) any mutilated or defaced Note is surrendered to the Indenture Trustee, or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note and of the ownership thereof, and (b) in the case of a Note that has been destroyed, mutilated beyond clear identification, lost or stolen, there is delivered to the Indenture Trustee and the Issuer such security and/or indemnity as may be required by them to save each of them harmless, then, in the absence of actual knowledge of a responsible officer of the Indenture Trustee or written notice to the Indenture Trustee that such Note has been acquired by a “protected purchaser” (as defined in Section 8-303 of the Uniform Commercial Code), the Indenture Trustee, at the written direction of the Issuer, will authenticate, register and deliver, in exchange and substitution for (upon surrender and cancellation thereof) or in lieu of and in substitution for any such mutilated, defaced, destroyed, lost or stolen Note, a new Note executed by the Issuer of like tenor (including the same Issue Date) and of like principal balance registered in the same manner, dated the date of its authentication and bearing interest from the date to which interest has been paid on such mutilated, defaced, destroyed, lost or stolen Note. In connection with such execution, authentication and delivery of any new Note, the Issuer or the Indenture Trustee may require the payment by the applicable holder of a sum sufficient to cover any Taxes or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the Indenture Trustee) connected therewith. Any duplicate Note so issued will constitute conclusive evidence of the same indebtedness of the Issuer, as if originally issued, whether or not the lost, stolen or destroyed Note will be found at any time.

Notwithstanding any statement herein, the Indenture Trustee reserves the right to impose such transfer, certificate, exchange or other requirements, and to require such restrictive legends on the Notes, as it may determine are necessary to ensure compliance with the securities laws of the United States and the states therein and any other Applicable Laws (upon which, any further sales or other dispositions thereof will be subject to the requirements indicated in such legends).

Governing Law; Submission to Jurisdiction

The Indenture, the Notes and the Escrow Agreement will be expressly stated to be governed by and construed in accordance with the laws of the State of New York. The Collateral Accounts Agreement will be governed by and construed in accordance with the laws of the State of New York and the Senior Onshore Security Documents will be governed by and construed in accordance with the laws of Chile.

Each of the parties to the Indenture will irrevocably and unconditionally submit (and each holder (by acquiring a Note or a beneficial interest therein or otherwise accepting the benefits of the Indenture, the Escrow Agreement and the other applicable Financing Documents) will be deemed to irrevocably and unconditionally submit) to the jurisdiction of: the United States District Court for the Southern District of New York or of any New York State court (in either case sitting in Manhattan, New York City); *provided* that nothing in this paragraph will be deemed to limit the ability of any party to the Escrow Agreement or such Financing Documents to bring suit against any other party to such Financing Documents in any other permissible jurisdiction. Each of the parties to the Indenture will irrevocably waive (and each holder (by acquiring a Note or

a beneficial interest therein or otherwise accepting the benefits of the Indenture, the Escrow Agreement and the other applicable Financing Documents) will be deemed to irrevocably waive), to the fullest extent permitted by Applicable Law, any objection that it may now or thereafter have to the laying of the venue of any such proceeding brought in such a court, any claim that any such proceeding brought in such a court has been brought in an inconvenient forum and any objection based on place of residence or domicile.

The Issuer and any Guarantors will irrevocably appoint Cogency Global Inc. as their respective authorized agent on which any and all legal process may be served with respect to any action, suit or proceeding relating to the Indenture, the Notes, the Escrow Agreement and/or any other applicable Financing Documents brought in the United States District Court for the Southern District of New York or in any New York State court (in either case sitting in Manhattan, New York City). Each of the Issuer and any such Guarantors agree that service of process in respect of it upon such agent, together with written notice of such service sent to it in the manner provided in the Indenture will be deemed to be effective service of process upon it in any such action, suit or proceeding.

Listing

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. Each of the Issuer, the Guarantors, the Indenture Trustee and each Collateral Agent are (without the need for any approvals, consents or instructions from any holders, but in accordance with all other provisions applicable thereto) authorized to join in the execution of any amendment (including amendment and restatement) of any Financing Document(s) to the extent required to provide such a listing. Promptly after such a listing, the Issuer will so notify the Indenture Trustee, which will provide notice thereof to each of the holders.

In the event that the Notes are listed on the SGX-ST, we will use our reasonable best efforts to maintain such listing, *provided* that if, as a result of any legislation we could be required to publish financial information either more regularly than we otherwise would be required to or according to accounting principles which are materially different from the Accounting Principles which we would otherwise use to prepare our published financial information, or if we determine that it is unduly burdensome to maintain a listing on the SGX-ST, we may delist the Notes from the SGX-ST and, in the event of such delisting, we will use our reasonable best efforts to seek an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, stock exchange and/or quotation system as we may decide. Although we cannot assure you as to the liquidity that may result from a listing on the SGX-ST, delisting the Notes from the SGX-ST may have a material effect on the ability of holders of the Notes to resell the Notes in the secondary market.

Indenture Trustee

Citibank, N.A. will act as the Indenture Trustee under the Indenture, with its corporate office at (a) for transfers, exchanges or surrender of the Notes, 388 Greenwich Street, New York, New York 10013, United States, Attention: Agency & Trust - Alfa Desarrollo SpA.

The Indenture contains provisions for the immunities and the protections and rights of the Indenture Trustee under the Indenture, for which reference is made to the Indenture. The obligations of the Indenture Trustee to the holders are subject to such immunities and rights as set forth therein. In addition, the Indenture will contain provision permitting the holders of specified percentages in principal amount of the Notes at the time then outstanding, on behalf of the holders of all Notes, to direct the Indenture Trustee in connection with actions to be taken, or rights to be exercised, under the Indenture and the other Financing Documents, including without limitation in connection with the exercise of rights and remedies following the occurrence and during the continuation of an Event of Default, in each case on and subject to the terms and conditions set forth in the Indenture.

The Indenture Trustee will be responsible for (among other things): (a) maintaining a record of the aggregate holdings of Notes and accepting Notes for exchange and registration of transfer, (b) making payments in respect of the Notes to the holders to the extent funds are available therefor and (c) transmitting notices to the holders and from such holders to the Issuer (in each case, as contemplated by the Indenture). In the event of a transfer of a Note, new Notes will be obtainable at the office of the Indenture Trustee in connection with such transfer.

Offshore Collateral Agent and Onshore Collateral Agent

Citibank N.A. will be appointed to act as Offshore Collateral Agent on behalf of the holders and the other Senior Secured Parties pursuant to the Collateral Accounts Agreement. The Offshore Collateral Agent will: (a) accept delivery of the Collateral Accounts Agreement and execute and deliver such agreement on behalf of and for the benefit of the Senior Secured

Parties and (b) hold, for the benefit of the Senior Secured Parties, the Liens intended to be created by the Collateral Accounts Agreement as valid, perfected, first priority Liens over the Collateral located outside of Chile.

Banco de Chile will be appointed to act as Onshore Collateral Agent on behalf of the holders of Notes and the other Senior Secured Parties pursuant to the Chilean Collateral Agency Agreement and the Collateral Accounts Agreement. The Onshore Collateral Agent will, pursuant to the Chilean Collateral Agency Agreement: (a) accept delivery of the Senior Onshore Security Documents and execute and deliver each of such Senior Onshore Security Documents on behalf of and for the benefit of the holders of Notes and the other Senior Secured Parties, as applicable, and (b) hold, for the benefit of the holders of Notes and the other Senior Secured Parties, as applicable, the Liens intended to be created by such Senior Onshore Security Documents as valid, perfected, first priority Liens over the Collateral located in Chile.

Intercreditor Agent

Citibank, N.A will act as the Intercreditor Agent under the Intercreditor Agreement. The rights, duties, protections and obligations of the Intercreditor Agent will be set forth in the Intercreditor Agreement.

Certain Definitions

“Abandonment” means a period of 30 consecutive days during which the Issuer or any Restricted Subsidiary voluntarily ceases to construct, operate or maintain any Project, other than as a result of the occurrence of an Event of Force Majeure, an event of loss or pursuant to requirements of Applicable Law with respect to such Project, *provided* that, in each case, (a) none of (i) scheduled maintenance of the Projects, (ii) repairs of the Projects (whether scheduled or not), or (iii) forced outage or schedule outage of the Projects, shall constitute Abandonment or suspension of the Projects so long as the Issuer is diligently attempting to end such event and (b) any period of Abandonment shall be deemed to end on the date that operations of a substantial nature are resumed and thereafter diligently pursued.

“Acceleration Event” means the occurrence of any default under any Secured Obligation Document or Secured Obligation Event of Default or any determination by the Senior Creditors that a Designated Representative represents to instruct such Designated Representative to accelerate the Indebtedness under its Secured Obligation Document.

“Acceleration Notice” means, as applicable, a notice of the occurrence and continuance of an Acceleration Event from (a) the Indenture Trustee to the Issuer pursuant to the Indenture, (b) the Reserve LC Facility Agent to the Issuer pursuant to the Reserve LC Facility Agreement or (c) any other Designated Representative to the Issuer pursuant to the terms of any other subsequent Secured Obligation Document.

“Acceptable Credit Support” means a letter of credit meeting the following requirements: (a) such letter of credit is written in the English language and is drawable in New York, New York; (b) such letter of credit shall be issued by an Acceptable Financing Institution in favor of the Offshore Collateral Agent (for the benefit of the relevant Senior Secured Parties under the Secured Obligation Documents); (c) amounts available under such letter of credit may be drawn on demand, without presentation of any document other than a draw certificate and copies of the letter of credit, at any time from time to time, in whole or in part, from the issue date thereof until the expiration thereof; (d) (i) such letter of credit is issued for a term of at least one (1) year and (ii) if such letter of credit is not automatically renewable or has not been renewed, extended or replaced at least thirty (30) days prior to the expiration of such letter of credit, the Offshore Collateral Agent shall be entitled to draw all amounts then available thereunder at any time prior to its expiration and shall draw such amounts in accordance with the Collateral Accounts Agreement; (e) if the issuer of such letter of credit ceases to be an Acceptable Financing Institution, and the Issuer has not replaced such letter of credit within thirty (30) days thereof in accordance with the Collateral Accounts Agreement, the Offshore Collateral Agent will be entitled to draw all amounts then available thereunder and will draw such amounts in accordance with the Collateral Accounts Agreement; (f) such letter of credit will be subject to ISP and, to the extent not inconsistent therewith, governed by and construed in accordance with the law of the State of New York; and (g) either (i) such letter of credit, including any such letter of credit delivered pursuant to the Collateral Accounts Agreement in respect of the Issuer USD Debt Service Reserve Account or the Issuer USD O&M Reserve Account, constitutes Permitted Indebtedness, or (ii) if such letter of credit does not constitute Permitted Indebtedness, the Issuer is not the account party in respect of such letter of credit or otherwise liable in any respect for any reimbursement or payments with respect to any drawings under such letter of credit or any other costs associated therewith.

“Acceptable Financing Institution” means any United States commercial bank(s) or financial institution(s) or a United States branch or subsidiary of a foreign commercial bank(s) or financial institution(s) having, or guaranteed or confirmed by an entity having, a long-term unsecured senior debt rating of at least BBB+ (or the equivalent thereof) by S&P or Fitch or at least Baa1 (or the equivalent thereof) by Moody’s.

“*Acceptable Letter of Credit*” means an irrevocable letter of credit from an Acceptable Financing Institution; *provided* that in the event of any downgrade, the Issuer shall cause such provider of an Eligible Equity Commitment to provide a substitute Acceptable Letter of Credit within 30 days of any such downgrade event.

“*Account Depositories*” means the Onshore Depository and the Offshore Depository.

“*Accounting Principles*” means IFRS or such other system of internationally recognized accounting principles as may be applicable to the Issuer and the Guarantors from time to time, as the same shall be notified in writing to the Indenture Trustee.

“*Acquisition*” means the acquisition by the Issuer, directly or indirectly, of all of the shares issued in the share capital of Colbún Transmisión from the Sellers in accordance with the terms of the SPA.

“*Acquisition Date Purchase Price*” means \$1,349,016,363, subject to adjustment on the Acquisition Effective Date pursuant to the SPA.

“*Acquisition Effective Date*” means the date and time at which the Acquisition is consummated.

“*Additional Amounts*” has the meaning ascribed to such term under the heading “—Payments on the Notes—Additional Amounts.”

“*Additional Note Supplemental Indenture*” means a supplement to the Indenture duly executed and delivered by the Issuer, the Guarantors and the Indenture Trustee pursuant to the terms of the Indenture providing for the issuance of Additional Notes.

“*Additional Notes*” has the meaning ascribed to such term under the heading “—Additional Notes.”

“*Administrative Services Agreement*” means the administrative services agreement to be entered into between the Issuer and Celeo Redes Chile Limitada.

“*Affected Class*” has the meaning ascribed to such term under the heading “—Intercreditor Agreement—Amendments and Modifications.”

“*Affiliate*” means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person; and for purposes of this definition, the term “*control*” (including the terms “*controlling*”, “*controlled by*” and “*under common control with*”) of a Person will mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“*Agents*” means, collectively, the Indenture Trustee, the Reserve LC Facility Agent and each other Designated Representative, the Collateral Agents, the Intercreditor Agent and the Account Depositories.

“*Agreements for Use of Physical Spaces of Colbún Transmisión Facilities*” means, as amended, supplemented or otherwise modified from time to time, (a) the agreement for the use of physical spaces and common facilities in the Chiburgo substation, dated October 11, 2018, between Colbún Transmisión and Colbún; (b) the agreement for the use of physical spaces and common facilities in the Aconcagua substation, dated October 11, 2018, between Colbún Transmisión and Colbún; (c) the agreement for the use of physical spaces and common facilities in the Carena substation, dated October 11, 2018, between Colbún Transmisión and Empresa Eléctrica Industrial S.A. (as succeeded by Colbún); (d) the agreement for the use of physical spaces and common facilities in the Colbún substation, dated October 11, 2018, between Colbún Transmisión and Colbún; (e) the agreement for the use of physical spaces and common facilities in the Los Quilos substation, dated October 11, 2018, between Colbún Transmisión and Colbún; (f) the agreement for the use of physical spaces and common facilities in the Rucúe substation, dated October 11, 2018, between Colbún Transmisión and Colbún; (g) the agreement for the use of physical spaces and common facilities in the San Ignacio substation, dated October 11, 2018, between Colbún Transmisión and Colbún; (h) the agreement for the use of physical spaces and common facilities in the Mulchén substation, dated November 11, 2014, between Colbún Transmisión and Empresa Eléctrica de La Frontera S.A.; and (i) each other agreement for use of physical spaces of Colbún Transmisión facilities entered into in the future by the Issuer or Colbún Transmisión solely to the extent any such other agreement grants right of payment to Colbún Transmisión from the relevant counterparty in excess of \$50,000 or its equivalent in Chilean pesos.

“*Agreements for Use of Physical Spaces of Third Party Facilities*” means, as amended, supplemented or otherwise modified from time to time, (a) the agreement for the use of physical spaces and common facilities in the Alto Jahuel substation, dated May 1, 1997, between Colbún Transmisión and Transelec S.A. (“*Transelec*”); (b) the agreement for the use of physical spaces and common facilities in the Polpaico substation, dated February 15, 1999, between Colbún Transmisión and Transelec; (c) the agreement for the use of physical spaces and common facilities in the Charrúa substation, dated February 10, 1998, between Colbún Transmisión and Transelec; (d) the agreement for the use of physical spaces and common facilities in the Polpaico substation, dated November 28, 2003, between Colbún Transmisión and Transelec; (e) the agreement for the use of physical spaces and common facilities in the Alto Jahuel substation, dated May 2, 2007, between Colbún Transmisión and Transelec; (f) the agreement for the use of physical spaces and common facilities in the Charrúa substation, dated June 23, 2008, between Colbún Transmisión and Transelec; (g) the agreement for the use of physical spaces and common facilities in the Charrúa substation, dated June 24, 2010, between Colbún Transmisión and Transelec; (h) the agreement for the use of physical spaces and common facilities in the Ancoa substation, dated August 20, 2012, between Colbún Transmisión and Transelec; (i) the agreement for the use of physical spaces and common facilities in the Pehuenche substation, dated September 27, 2017, between Colbún Transmisión and Transelec; (j) the agreement for the use of physical spaces and common facilities in the Talca substation, dated June 1, 1998, between Colbún Transmisión and Compañía General de Electricidad S.A.; and (k) each other agreement for use of physical spaces of third party facilities entered into in the future by the Issuer or Colbún Transmisión solely to the extent any such agreement is entered into as required by the applicable Project Decree, Dedicated Contract or Applicable Law.

“*Annual Budget*” means a consolidated annual budget in respect of the Issuer for the relevant fiscal year, which annual budget shall include estimations of the consolidated Project Revenues and Operating Costs of the Issuer.

“*APG*” means APG Energy & Infra Investments S.L.U., a company organized and existing under the laws of the Kingdom of Spain.

“*Applicable Law*” means any foreign, federal, state, regional, local or municipal laws, rules, orders, judgments, regulations, resolutions, treaties, rules, statutes, ordinances, codes or published decrees of any Governmental Authority (including any determination of an arbitrator or a court or other Governmental Authority) whether in effect on the Issue Date or thereafter, in each case applicable to a Person or its assets or business (including, in the case of the Issuer, to the Projects and the performance of its obligations under the Transaction Documents).

“*Asset Sale*” means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer (each, a “*disposition*”), by the Issuer or any Restricted Subsidiary, of:

- (a) any capital stock of any of the Issuer or any Restricted Subsidiary (other than directors’ qualifying shares or shares required by Applicable Law to be held by a Person other than the Issuer or a Restricted Subsidiary); or
- (b) any property or assets (other than cash, Cash Equivalents or capital stock) of any of the Issuer or any Restricted Subsidiary not in the ordinary course of business of the Issuer or such Restricted Subsidiary.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

- (1) the disposition of all or substantially all of the assets of the Issuer and any Restricted Subsidiary as permitted under “—Negative Covenants—No Fundamental Changes”;
- (2) the sale or disposition of cash or Cash Equivalents;
- (3) dispositions deemed to occur in connection with the creation of any Lien to the extent permitted under the Indenture;
- (4) foreclosure of assets in connection with Liens permitted under the Indenture;
- (5) the sale of equity interests in any Unrestricted Subsidiary;
- (6) the sale of any assets of an Unrestricted Subsidiary;
- (7) the settlement, compromise, release, dismissal or abandonment of any action or claims against any Person;

- (8) sales or other dispositions of obsolete, redundant worn out or defective equipment;
- (9) sales, conveyances, leases, assignments, transfers or other dispositions of equipment or other property in the ordinary course of the business of the Issuer or in accordance with the Material Project Documents;
- (10) sales, conveyances, leases, assignments, transfers or other dispositions of equipment or other property that are required by a Government Authority or pursuant to Applicable Law for Fair Market Value or at a price determined by such Government Authority or Applicable Law;
- (11) sales, transfers or other dispositions of Permitted Investments;
- (12) the unwinding of any Secured Hedge Agreement;
- (13) the issuance of capital stock in (x) the Issuer, provided that any sale of capital stock by the Issuer is in exchange for the Fair Market Value of such capital stock, and, provided further that the use of proceeds from any such sale of capital stock shall be used to finance capital expenditures for one or more Projects or (y) any Restricted Subsidiary to the Issuer or another Restricted Subsidiary; in each case, provided that any such Equity Interests are subject to a first-priority Lien in favor of the Senior Secured Parties; and
- (14) other Asset Sales not included in the above categories not to exceed U.S.\$30.0 million in the aggregate; provided that written notice is provided to the Indenture Trustee of any such disposition.

“*Asset Sale Proceeds*” means all amounts paid by or on behalf of any third party in connection with any Asset Sale.

“*Auditors*” means any independent public accountants of recognized international standing as selected by the Issuer.

“*Authorized Agent*” means any paying agent, transfer agent, authenticating agent, each Account Depositary, each Collateral Agent or security registrar or other agent appointed in accordance with the Indenture to perform any function that the Indenture authorizes the Indenture Trustee or such agent to perform,

“*Authorized Officer*” means: (a) with respect to the Issuer, a member of the Competent Body of the Issuer, Chief Executive Officer, Treasurer or Chief Financial Officer, Secretary or any attorney-in-fact of the Issuer from time to time, (b) with respect to any Person other than the Issuer that is a corporation or a *sociedad anónima*, the President of the Competent Body of such Person or Chief Executive Officer, Vice President, Treasurer, Chief Financial Officer, Secretary or duly appointed officer of such Person, (c) with respect to any Person that is a partnership, the President of the Competent Body of such Person, Vice President, Treasurer, Chief Financial Officer, Assistant Treasurer, nominee of the managing partner, attorney-in-fact, Secretary or Assistant Secretary of a general partner of such Person and (d) with respect to any Person that is a limited liability company or a *sociedad de responsabilidad limitada*, the managing member or a duly appointed officer of such Person.

“*Board Resolution*” means a copy of a resolution certified by the Secretary, an Assistant Secretary or another person performing corporate secretarial functions of the Issuer to have been duly adopted by the Competent Body of the Issuer and to be in full force and effect on the date of such certification as and when delivered to the Indenture Trustee.

“*Borrowed Money*” of any Person means, at any date, without duplication: (a) all obligations of such Person to repay money, (b) all obligations of such Person to pay money evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person to pay the deferred purchase price of Property or services, (e) all obligations of such Person as lessee under Capital Lease Obligations, (f) all intercompany debt obligations and (g) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to Property acquired by such Person; *provided that* “Borrowed Money” does not include trade accounts payable or purchase money obligations incurred in the ordinary course of business (other than trade accounts or purchase money obligations which are due in more than 60 days and are not subject to a *bona fide* dispute).

“*Business Day*” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are not authorized or required to close in New York, New York or Santiago, Chile and with respect to payments or withdrawals from any Project Account, a day on which the financial institution at which such Project Account is located is open for business.

“*Calculation Period*” means, with respect to any payment or determination date, a period of four consecutive Quarterly Periods immediately preceding such payment or determination date (or as the context otherwise requires) for which financial statements are available.

“*Capex Indebtedness*” has the meaning ascribed to such term in clause (a) under the heading “—Covenants—Negative Covenants.”

“*Capex Indebtedness Threshold*” has the meaning ascribed to such term in clause (a) under the heading “—Covenants—Negative Covenants.”

“*Capital Lease Obligations*” means, as to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal Property which obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under the Accounting Principles and, for purposes of the Indenture, the amount of such obligations will be the capitalized amount thereof, determined in accordance with the Accounting Principles.

“*Cash Equivalents*” means at any time, any of the following:

- (a) U.S. dollars, Euros or Chilean pesos or money in other currencies received in the ordinary course of business;
- (b) U.S. Government Obligations or certificates representing an ownership interest in U.S. Government Obligations with maturities not exceeding one year from the date of acquisition;
- (c) (i) demand deposits, (ii) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (iii) bankers’ acceptances with maturities not exceeding one year from the date of acquisition, and (iv) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of (x) Chile or any political subdivision thereof having one of the four highest international or local ratings obtainable by S&P, Moody’s or Fitch or such similar equivalent rating by at least one Rating Agency, an international risk classification of at least “BBB+” by S&P, “BBB+” by Fitch or “Baa1” by Moody’s, or an equivalent rating from a nationally recognized Chilean credit rating agency registered within the Registry of Credit Rating Entities (*Registro de Entidades Clasificadoras de Riesgo*) carried out by the CMF or (y) the United States or any state thereof having capital, surplus and undivided profits in excess of US\$500.0 million whose short-term debt is rated “A-2” or higher by S&P, “A-2” or higher by Fitch or “P-2” or higher by Moody’s (or such equivalent rating by at least one Rating Agency);
- (d) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (b) and (c) above entered into with any financial institution meeting the qualifications specified in clause (c) above;
- (e) commercial paper rated at least “P-1” by Moody’s, “A-1” by S&P or “A-1” or higher by Fitch and maturing within one year after the date of acquisition; or
- (f) money market funds at least 95.0% of the assets of which consist of investments of the type described in clauses (a) through (e) above.

“*Casualty Event*” means, with respect to any Property of the Issuer, any Restricted Subsidiary or otherwise relating to any Project, any event that causes loss of or damage to such Property or that causes any portion of such Property to be rendered unfit for normal use other than (a) ordinary use and wear and tear and (b) any Expropriatory Action.

“*Casualty Proceeds*” means all amounts paid by any insurer (or reinsurer) under any insurance policy relating to any Project as a result of the occurrence of a Casualty Event (excluding, in each case, the proceeds of general liability insurance, third-party liability insurance, employers’ liability insurance, automobile liability insurance, marine cargo consequential loss insurance, advance loss of profits insurance, delay-in-start-up insurance and any other business interruption insurance).

“*Celeo Redes*” means Celeo Redes S.L.U., a company organized and existing under the laws of the Kingdom of Spain.

“*Change of Control*” means: (a) Celeo Redes ceasing to own, directly or indirectly, at least 20% of the economic interest in, or voting power of, the capital stock of the Issuer or, from the Acquisition Effective Date until the consummation

of the Permitted Merger, Colbún Transmisión or (b) Celeo Redes and APG, collectively, ceasing to (i) own, directly or indirectly, more than 50% of the economic interest in, or voting power of, the capital stock of the Issuer or, from the Acquisition Effective Date until the consummation of the Permitted Merger, Colbún Transmisión, (ii) have the power to direct the appointment of a majority of the Competent Body of the Issuer's or, from the Acquisition Effective Date until the consummation of the Permitted Merger, Colbún Transmisión's board of directors or (iii) have the power to direct the management and/or the policies of the Issuer or, from the Acquisition Effective Date until the consummation of the Permitted Merger, Colbún Transmisión; or (c) the Issuer (including through a majority-owned subsidiary thereof) at any time ceasing to exercise operational management over any Restricted Subsidiary.

“*Change of Control Ratings Downgrade Event*” means the Ratings Downgrade of the Notes within 60 days (or 90 days if the rating for the Notes is under publicly announced consideration for possible downgrade due to the Change of Control) (a “*Change of Control Ratings Downgrade*”) after the earlier of (a) the date of public announcement of the Change of Control and (b) the date the Issuer notifies any rating agency rating the Notes that a Person intends to effect the Change of Control; *provided, however*, that such Change of Control Ratings Downgrade will not be considered to be attributable to a Change of Control if, before such Change of Control Ratings Downgrade, the Issuer has obtained a Ratings Reaffirmation for the Notes stating that such Change of Control will not cause a Change of Control Ratings Downgrade.

“*Change of Control Ratings Downgrade Event Notice*” has the meaning ascribed to such term under the heading “—Repurchase Upon a Change of Control Ratings Downgrade Event.”

“*Chilean Collateral Agency Agreement*” means that certain onshore collateral agency agreement (*contrato de agencia de garantías*), by and among the Issuer, APG Energy & Infra Investments Chile Expansion SpA, Celeo Redes Chile Expansión SpA, the Indenture Trustee, the Reserve LC Facility Agent, each other Senior Secured Party (directly or through a Designated Representative) party thereto from time to time, and Banco de Chile, as Onshore Collateral Agent. Colbún Transmisión will accede to the Chilean Collateral Agency Agreement on the Colbún Transmisión Joinder Date and any other Restricted Subsidiary will accede to the Chilean Collateral Agency Agreement on the Restricted Subsidiary Joinder Date of such Restricted Subsidiary.

“*Chilean Electricity Law*” means the Decree with Force of Law (*Decreto con Fuerza de Ley*) No.4/20,018 of 2006, of the Ministry of Economy, Development and Reconstruction, General Law of Electric Services (*Ley General de Servicios Eléctricos, contenida en el Decreto con Fuerza de Ley N° 4/2006, del Ministerio de Economía, Fomento y Reconstrucción*), as amended or supplemented from time to time.

“*CLP*” means the lawful currency of Chile.

“*CMF*” means the Financial Market Commission (*Comisión para el Mercado Financiero*).

“*Codelco Lease Agreement*” means the lease agreement for the operation of the Minero Substation, dated September 7, 2001, between Colbún and Corporación Nacional del Cobre de Chile (“*Codelco*”), assigned to Colbún Transmisión on October 1, 2018, as the same be amended, supplemented or otherwise modified from time to time.

“*Colbún*” means Colbún S.A., a *sociedad anónima* organized and existing under the laws of Chile, and its successors.

“*Colbún Construction Agreement*” means the agreement to be entered into between Colbún Transmisión and Colbún S.A. pursuant to which Colbún S.A. will provide administrative and management services in respect of the development and construction of recently awarded projects, namely the new substations of Codegua and Loica, the new transmission line 2x220 kV of Loica-Portezuelo and the expansion of the substation of Portezuelo.

“*Colbún Desarrollo*” means Colbún Desarrollo SpA, a *sociedad por acciones* organized and existing under the laws of Chile, and its successors.

“*Colbún Transmisión*” means Colbún Transmisión S.A., a company organized and existing under the laws of Chile, and its successors.

“*Colbún Transmisión Accounts*” means each existing account held in the name of Colbún Transmisión and identified in the Collateral Accounts Agreement in the definition of “*Colbún Transmisión Accounts*.”

“*Colbún Transmisión Joinder Date*” has the meaning ascribed to such term in clause (u) under the heading “—Covenants—Affirmative Covenants.”

“*Collateral*” has the meaning ascribed to such term under the heading “—Collateral.”

“*Collateral Accounts Agreement*” means that certain Collateral Accounts Agreement, dated as the Release Date, by and among the Issuer, the Indenture Trustee, the Account Depositories, the Collateral Agents and each other relevant agent from time to time party thereto.

“*Collateral Agents*” means each of the Offshore Collateral Agent and the Onshore Collateral Agent.

“*Common Secured Obligation Document*” means the Intercreditor Agreement, the Senior Security Documents and any other document or instrument that is applicable to more than one issuance of Senior Debt.

“*Competent Body*” means the Board of Directors or applicable competent body for the administration of any Person.

“*Conditionally Assigned Agreements*” has the meaning ascribed to such term in clause (a) under the heading “—Collateral.”

“*Confirmed Transfer Certificate*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“*Consolidated Total Assets*” means the total assets of the Issuer and its Subsidiaries on a consolidated basis in accordance with the applicable Accounting principles, as shown on the most recent balance sheet of the Issuer delivered pursuant to “Reporting Covenants – Financial Statements; Reporting Requirements.”

“*Construction Agreements*” means as amended, supplemented or otherwise modified from time to time, (a) the construction agreement, dated January 19, 2017, between Colbún Transmisión and Ingeniería Agrosonda SpA (“*Ingeniería Agrosonda*”); (b) the construction agreement, dated January 20, 2017, between Colbún Transmisión and Ingeniería Agrosonda; (c) the construction agreement, dated July 19, 2019, between Colbún Transmisión and Ingeniería Agrosonda; (d) the construction agreement, dated September 21, 2020, between Colbún Transmisión and Inprolec S.A.; (e) the construction agreement, dated August 21, 2018, between Colbún Transmisión and Pine SpA; (f) the construction agreement, dated January 31, 2020, between Colbún Transmisión and Semi Chile SpA; (g) the construction agreement for the Codegua Substation, dated January 12, 2021, between Colbún Transmisión and Construcción Sigdo Koppers S.A. (“*Sigdo Koppers*”); (h) the construction agreement for the expansion of the Portezuelo Substation, dated January 12, 2021, between Colbún Transmisión and Sigdo Koppers; and (i) the construction agreement for the Loica facilities dated January 12, 2021, between Colbún Transmisión and Sigdo Koppers; *provided however* that the agreements described in clauses (g), (h) and (i) will cease to be “Construction Agreements” in the event Colbún Transmission or the Issuer enter into the Colbún Construction Agreement and such agreements are assigned by Colbún Transmission to Colbún S.A.

“*Construction Costs*” means (i) all capital expenditures (excluding Mandatory Capex) required to be undertaken under Project Decrees and Dedicated Contracts in effect as of the date hereof in respect of each Project set forth on Schedule A to the SPA, (ii) all maintenance costs for fiscal year 2021 in respect of each Project set forth on Schedule A to the SPA and (iii) all maintenance costs for fiscal year 2022 in respect of each Project, as certified from time to time by the Issuer and, in the event of any increase, confirmed by the Independent Engineer.

“*Construction Letter of Credit*” means one or more unconditional, irrevocable, stand-by letters of credit (i) substantially in the form provided in the Indenture, (ii) issued by an Acceptable Financing Institution in favor of the Issuer, (iii) payable in Dollars, (iv) in respect of which neither the Issuer nor any subsidiary of the Issuer has any reimbursement or other obligations to the issuer of such Construction Letter of Credit and (v) having a face amount available for drawing thereunder equal to no less than the Construction Letter of Credit Required Face Amount.

“*Construction Letter of Credit Required Face Amount*” means U.S.\$68.9 million; provided that such amount (i) may be reduced or increased, as the case may be if (a) on or around the date on which the Escrowed Funds are released from escrow in accordance with the terms of the Escrow Agreement, the Independent Engineer delivers a certificate (substantially in the form provided in the Indenture) to the Indenture Trustee stating that the remaining Construction Costs are expected to be less or more, as the case may be, than the initial required face amount or (b) otherwise from time to time upon written notice from the Issuer delivered in accordance with the Indenture following any increase in the maintenance costs for all Projects during the fiscal year 2022 and (ii) reduced from time to time by (a) cash on deposit in the Issuer USD Construction Costs Payment Account and (b) any cash contributions received by the Issuer from any Affiliate (other than the Issuer or any Restricted Subsidiary) which have been applied to pay Construction Costs from time to time as set forth in a certificate from the Issuer to the Indenture Trustee.

“*Coordinator*” means the *Coordinador Independiente del Sistema Nacional*, Coordinator of the National Electric System, an autonomous entity in charge of coordinating the efficient operation and dispatch of generation units to satisfy demand pursuant to the Chilean electricity system.

“*Covenant Defeasance*” has the meaning ascribed to such term under the heading “—Defeasance.”

“*Credit Party*” means each Person (other than any Senior Secured Party or any other representative thereof) from time to time party to a Secured Obligation Document.

“*Credit Rating*” means, as to any Person, an international credit rating in respect of the Dollar-denominated senior unsecured long-term debt of such Person, or with respect to an insurance provider, such Person’s financial strength and ability to meet its ongoing insurance policy and contract obligations.

“*Debt Service*” means, for any period, without duplication, the aggregate amount of scheduled principal, interest (but excluding for the first Calculation Period only, interest expense accruing during such Calculation Period that is pre-funded by the Issuer from the proceeds of the Notes or equity contributions (including in the form of subordinated loans) received by the Issuer from the Sponsors), Make-Whole Premium (if applicable), Additional Amounts (if any) and fees payable under the Financing Documents, other amounts scheduled under the Collateral Accounts Agreement to be payable during such period, and any amounts overdue in respect of the Financing Documents.

“*Debt Service Accrual Requirement*” means, as of any Monthly Transfer Date, the amount of Debt Service in respect of the Notes and other Secured Obligations payable on the immediately following Scheduled Payment Date, multiplied by a fraction, the numerator of which is the number of scheduled Monthly Transfer Dates that have elapsed since the prior Scheduled Payment Date (including such Monthly Transfer Date) and the denominator of which is six (6).

“*Debt Service Coverage Ratio*” means, as of any date of determination, the ratio of: (a) Free Cash Flow to (b) the sum of scheduled principal, interest (but excluding for the first Calculation Period only, interest expense accruing during such Calculation Period that is pre-funded by the Issuer from the proceeds of the Notes or equity contributions (including in the form of subordinated loans)), Additional Amounts (if any) and fees payable under the Financing Documents, in each case for the most recently ended Calculation Period.

“*Debt Service Coverage Statement*” means a calculation of the Debt Service Coverage Ratio, for the relevant period certified by an Authorized Officer of the Issuer versed and responsible for financial matters of the Issuer together with supporting data in reasonable detail.

“*Decision*” has the meaning set forth in “—Voting and Decision Making.”

“*Decision Period*” means the period of time designed in any Intercreditor Vote Notice delivered by the Intercreditor Agent to the Designated Representatives to make any Decision under the Intercreditor Agreement, subject to the following: (a) any such period of time may be extended by any Designated Representative for a period not to exceed sixty (60) days on a one time basis only for any notice; *provided* that such extension will not be permitted if the Majority Senior Creditors determine that such extension is reasonably likely to adversely affect the rights and remedies of the Senior Secured Parties; (b) if there is no period for giving of notice, passage of time or cure of the event or circumstance that is the subject of such notice (each, a “*Cure Period*”), if the Cure Period has expired, or if the remaining Cure Period is less than thirty (30) days after the date of such notice, the Decision Period will end not earlier than twenty-eight (28) days nor later than forty-two (42) days after the date of such notice; (c) in respect of matters relating to the transfer of monies in the Project Accounts pursuant to the Collateral Accounts Agreement, the Decision Period shall end not earlier than five (5) days after the date of such notice; and (d) in all other cases, the Decision Period will end not earlier than twenty-eight (28) days after the date of such notice nor later than the end of the Cure Period; *provided* that if any Decision Period or Cure Period, as the case may be, would otherwise end on a day that is not a Business Day, such Decision Period or Cure Period, as the case may be, will end on the immediately succeeding day that is a Business Day.

“*Dedicated Contracts*” means (a) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of Central Aconcagua; (b) the toll and transportation agreement, dated October 1, 2018, between Colbún Transmisión and Empresa Eléctrica Industrial S.A. (as succeeded by Colbún) for the injection of electricity of Central Carena, as amended by means of private instrument dated March 26, 2021; (c) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of Central Chacabuco; (d) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Río Tranquilo S.A. (as succeeded by Colbún) for the injection of electricity of Central Hornitos; (e) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of Central Los

Pinos; (f) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of Central Los Quilos; (g) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of Central San Ignacio; (h) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of Central Angostura; (i) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of Central La Mina; (j) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of Central Santa María; (k) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of the Colbún Complex (Central Colbún, Central Machicura, Central Chiburgo, and Central San Clemente) and Central Candelaria; (l) the toll and transportation agreement, dated October 11, 2018, between Colbún Transmisión and Colbún for the injection of electricity of Central Rucúe and Central Quilleco; (m) the toll and transportation agreement, dated April 30, 2009, between Colbún Transmisión and Lafarge Chile S.A. (as succeeded by Melón S.A.), as agreed and reinstated in private instrument dated December 11, 2017; (n) the toll and transportation agreement, dated April 28, 1999, between Colbún Transmisión and Iberoamericana de Energía Ibener S.A. (as succeeded by Duqueco SpA); (o) the toll and transportation agreement, dated January 2, 2003, between Colbún Transmisión and Cartulinas CMPC S.A.; (p) the toll and transportation agreement, dated November 1, 2020, between Colbún Transmisión and Corporación Nacional del Cobre de Chile (“Codelco”); (q) the toll and transportation agreement, dated September 7, 2001, between Colbún Transmisión and Codelco; (r) the toll and transportation agreement, dated September 7, 2001, between Colbún Transmisión and Codelco (2); (s) the toll and transportation agreement, dated September 7, 2001, between Colbún Transmisión and Codelco (3); (t) the toll and transportation agreement, dated March 31, 2009, between Colbún Transmisión and Anglo American Sur S.A.; (u) the toll and transportation agreement, dated December 28, 1998, between Colbún Transmisión and Cartulinas CMPC S.A., as amended by means of private instrument dated June 14, 2021; (v) the toll and transportation agreement, dated July 21, 2015, between Colbún Transmisión and Hidroeléctrica Lleuquereo S.A.; (w) the toll and transportation agreement, dated June 3, 2019, between Colbún Transmisión and Hidroeléctrica La Higuera S.A.; (x) the toll and transportation agreement, dated June 3, 2019, between Colbún Transmisión and Hidroeléctrica La Confluencia S.A.; (y) at all times after its execution and delivery, the toll and transportation agreement between Colbún Transmisión and Hidroeléctrica Río Colorado S.A.; and (z) each other toll and transportation agreement entered into in the future by the Issuer, Colbún Transmisión or any other Restricted Subsidiary, in each case of (a) through (y), as amended, supplemented or otherwise modified from time to time.

“*Default*” means an event, circumstance or condition that, upon notice, lapse of time, the making of a determination or any combination thereof, would constitute an Event of Default.

“*Derivative Transaction*” means: (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement; (b) any and all commodity swaps, commodity options, forward commodity contracts or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (c) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“*Designated Representative*” means, with respect to any Secured Obligations, the Person then entitled to cast the votes under the Intercreditor Agreement for the holders of such Secured Obligations. The Designated Representative for each series of Secured Obligations is as follows: (a) with respect to the Notes, the Indenture Trustee (acting at the written direction of the holders of Notes in accordance with the Indenture), (b) with respect to the Reserve LC Facility Agreement, the Reserve LC Facility Agent, (c) with respect to the Secured Hedge Agreements, the Secured Hedge Bank party thereto and (d) in the case of any series of Subsequent Senior Debt Obligations, the Designated Representative named for such series of Secured Obligations.

“*Discharge of Secured Obligations*” means the occurrence of all of the following:

- (a) termination or expiration of all commitments to extend credit that would constitute Secured Obligations;
- (b) payment in full in cash of the principal of and interest and premium (if any) on all Secured Obligations (other than any undrawn letters of credit or bank guaranties);

- (c) discharge or cash collateralization (at a percentage to be agreed with the relevant Senior Creditors of the aggregate undrawn amount) of all outstanding letters of credit and bank guaranties constituting Secured Obligations; and
- (d) payment in full in cash of all other Secured Obligations that are outstanding and unpaid at the time the termination, expiration, discharge and/or cash collateralization set forth in clauses (a) through (c) above have occurred (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment has been made at such time).

“Discount Rate” has the meaning ascribed to such term under the heading “—Redemption of the Notes—Optional Redemption.”

“Dollar,” “Dollars” and “US\$” means the lawful currency of the United States.

“Dollar Debt Service Reserve Account Requirement” means, on any Monthly Transfer Date, an amount equal to the aggregate amount of scheduled principal and interest payable, or that will become due and payable or otherwise accrue, under the Financing Documents in respect of the Notes on the next succeeding six (6) Monthly Transfer Dates.

“Dollar O&M Reserve Account Requirement” means, as of any Monthly Transfer Date, the aggregate amount of Operating Costs reasonably anticipated to be due and payable by the Issuer pursuant to the O&M Agreement during the succeeding three (3) month period.

“Easements” means the voluntary easements relating to the rights of way and the surface rights required in connection with the Projects and the easements granted by the Electrical Concession comprising the Projects.

“Electrical Concession” means the mechanism contemplated in the Chilean Electricity Law, called *concesiones* (electric concessions) that allows power transmission companies (x) a “right of way” (*servidumbres*) in areas where electric infrastructure is required to be built and (y) to set a compensation value in the event a bilateral agreement cannot be reached with affected landlords in the area.

“Eligible Equity Commitments” means commitments by any shareholder of the Issuer or any affiliate of any such shareholder (in each case other than the Issuer or any Restricted Subsidiary) to contribute (directly or indirectly) equity (*capital*) or to make subordinated loans to the Issuer to the extent such commitments are supported by an Acceptable Letter of Credit.

“Enforcement Action” means (a) the taking of any steps (including directing the Collateral Agents through the Intercreditor Agent) to foreclose, enforce or require the foreclosure or enforcement against any of the Collateral in accordance with any Senior Security Document, (b) the exercise of any right of set-off against any Credit Party in respect of any Secured Obligations or (c) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any trustee, liquidator, receiver, administrator or similar officer) in relation to a Proceeding, or any suspension of payments or moratorium of any Indebtedness of any Credit Party or any analogous procedure or step in any jurisdiction.

“Environmental Laws” means any and all Applicable Laws, in each case as now or hereafter in effect and applicable to the Issuer, the Restricted Subsidiaries and/or the Projects, relating to Environmental or Social Matters.

“Environmental or Social Matter” means any of: (a) the protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes, (b) nuisance, noise, defective premises, health and safety at work, industrial illness, industrial injury due to environmental factors, environmental health problems (including asbestosis or any other illness or injury caused by exposure to asbestos), (c) conservation, preservation or protection of the natural or man-made environment or any living organisms supported by the natural or man-made environment, (d) conservation of archaeological and historical sites, rights-of-way, resettlement, expropriation and indemnification, indigenous groups, traffic, or any other matters whatsoever affecting social conditions and (e) labor, worker rights or human rights.

“Equity Interests” means, with respect to any Person, each of the shares of capital stock in a stock corporation (*sociedad anónima*) or shares company (*sociedad por acciones*) or ownership rights in a limited liability company (*sociedad de responsabilidad limitada*) or partnership (*sociedades colectivas*) (or other ownership or profit interests in) of such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other

ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

“*Escrow Agent*” means Citibank, N.A., as escrow agent under the Escrow Agreement.

“*Escrow Agreement*” means the escrow agreement, dated as of the Issue Date, among the Issuer, the Indenture Trustee and the Escrow Agent.

“*Event of Default*” has the meaning ascribed to such term under the heading “—Events of Default.”

“*Event of Force Majeure*” means, with respect to any Project or Project Decree, any event, condition or circumstance that qualifies as an event of force majeure (*fuera mayor*) or act of God (*caso fortuito*) as defined in or contemplated by any relevant Material Project Document or Applicable Law.

“*Exchange Act*” means the United States Securities Exchange Act of 1934, as amended, or any similar statute then in effect, and all regulations relating thereto.

“*Expropriation Compensation*” means: (a) all value (whether in the form of cash, securities, Property or otherwise) paid or payable by any Governmental Authority in whole or partial settlement of claims, whether or not resulting from judicial proceedings and whether paid or payable within or outside Chile, as compensation for or in respect of an Expropriatory Action and (b) all rights to institute proceedings (whether before a court or judge or by way of arbitration or otherwise) to enforce any claims, execute judgments or awards and collect and receive payments pursuant to the preceding clause (a).

“*Expropriatory Action*” means: any action or series of actions that is taken, authorized or ratified by any Governmental Authority, for the appropriation, requisition, confiscation, expropriation, nationalization or seizure (by intervention, condemnation or other form of taking), partially or totally, whether with or without compensation, of: (i) any portion of the Equity Interests in the Issuer or any Restricted Subsidiary or (ii) ownership or control of all or any portion of the Issuer’s or any Restricted Subsidiary’s Property (including the rights under any Project Decree) for a period in excess of 60 days.

“*Fair Market Value*” means, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party determined in good faith by the Competent Body of the Issuer or Restricted Subsidiary (unless otherwise provided in the Indenture).

“*Fiber Optic Contracts*” agreements for the sale of services, leases or other disposition of capacity or other services relating to or with respect to the communication transmission capacity enabled by the use of fiber optic cables.

“*Financing Documents*” means, collectively:

- (a) the Indenture;
- (b) the Notes issued on the Issue Date;
- (c) the Note Guarantees issued on the Issue Date;
- (d) once executed, any Additional Notes, any Note Guarantees of any Additional Notes and any Additional Note Supplemental Indenture entered into in connection therewith;
- (e) the Senior Security Documents and any other documents evidencing, creating or perfecting Liens on the Collateral in favor of the Senior Secured Parties, to which the Issuer is a party;
- (f) to the extent applicable, and only until its termination in accordance with its terms, the Escrow Agreement;
- (g) the Reserve LC Facility Agreement and any Reserve LC issued thereunder;
- (h) the Intercreditor Agreement; and
- (i) any other document designated from time to time as a “Financing Document” by the Issuer and the Indenture Trustee.

“*Fitch*” means Fitch Ratings, Inc., or any successor thereto.

“*Fixed Debt Service Coverage Ratio*” means 1.20 to 1.0.

“*Fixed Project Revenues*” means, in respect of any Calculation Period, Fixed Regulated Revenues *plus* revenues from Dedicated Contracts prior to the then scheduled expiration date of each such Dedicated Contract, and revenues attributable to clauses (b) through (g) in the definition of “Project Revenues” in respect of the foregoing.

“*Fixed Regulated Revenues*” means, in respect of any Calculation Period, the sum of all cash revenues received by the Issuer and its Restricted Subsidiaries in respect of revenues that are fixed and regulated under their respective Project Decrees.

“*Fixed Tariff Percentage*” means, in respect of any Calculation Period, the ratio of Fixed Project Revenues to Project Revenues.

“*Free Cash Flow*” means, for any Calculation Period, the excess of: (a) Project Revenues for such period over (b) the sum of all Operating Costs for such period.

“*Fundamental Actions*” has the meaning ascribed to such term under the heading “—Intercreditor Agreement—Amendments and Modifications.”

“*Global Note*” has the meaning ascribed to such term under the section “Book-Entry; Settlement and Clearance” in this offering memorandum.

“*Governmental Approval*” means any permit, authorization, registration, consent, approval, waiver, exception, variance, claim, license, exemption, publication, filing, notice to and declaration of or with any Governmental Authority (other than any Easement or Real Estate Right) that is required for: (a) the ownership, development, financing, use, construction, design, engineering, energization, testing, operation and maintenance of any Project and all such other matters as may be necessary in connection with the Projects and (b) (i) the formation of the Issuer and/or the Restricted Subsidiaries and the making by any of them of the payments and transfers at the times and in the currencies contemplated by the Financing Documents, (ii) the compliance by the Issuer and the Restricted Subsidiaries with, and the enforceability of, any of the Transaction Documents and the making of any payments at the times and in the currencies contemplated under the Transaction Documents and (iii) all such other matters as may be necessary in connection with the performance of any Person’s obligations under any Transaction Documents.

“*Governmental Authority*” means the government of the United States, of Chile or any other nation, or of any political subdivision thereof, whether state, regional, or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other Person (including any federal or other association of or with which any such nation may be a member or associated) exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies (such as the European Union or the European Central Bank)), in each case having jurisdiction over the Persons or matters in question.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Indebtedness of any other Person, including, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person: (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness (whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, or to take-or-pay) or (b) entered into for the purpose of assuring in any other manner the holder of such Indebtedness of the payment thereof or to protect such holder against loss in respect thereof (in whole or in part); *provided* that the term “Guarantee” does not include endorsements of instruments for collection or deposit in the ordinary course of business.

“*Hedge Agreement*” means (a) the agreement evidencing the terms of any Derivative Transaction and (b) the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement (any such master agreement, together with any related schedules, an “ISDA Master Agreement”), including any such obligations or liabilities under any ISDA Master Agreement.

“*IFRS*” means generally accepted accounting principles and applicable legal requirements, consistently applied during a relevant period under the International Financial Reporting Standards promulgated by the International Accounting Standards

Board or any successor thereto or other accounting standards generally accepted in Chile, in each case as in effect from time to time.

“*Indebtedness*” means, with respect to any Person at any time, without duplication: (a) all obligations, contingent or otherwise, of such Person for Borrowed Money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all accounts payable and other balance sheet liabilities, contingent or otherwise, recorded in accordance with the Accounting Principles; (d) all obligations of such Person to pay the deferred purchase price of Property or services (other than trade accounts or purchase money obligations incurred in the ordinary course of business and which are due in more than 60 days and are not subject to a *bona fide* dispute), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, to reimburse any Person in respect of amounts paid under a letter of credit, letter of guaranty or similar instrument, (g) all obligations, contingent or otherwise, of such Person under Hedge Agreements or bankers’ acceptances, (h) all Indebtedness of other Persons secured by a Lien on any Property of such Person, whether or not such Indebtedness is assumed by such Person (*provided* that if such Person has not assumed or otherwise become liable in respect of such Indebtedness, such Indebtedness will be deemed to be the lesser of (x) the amount of such Indebtedness of such other Person and (y) an amount equal to the Fair Market Value of the Property to which such Lien relates as determined in good faith by such Person), and (i) all Indebtedness of other Persons of the type described in clauses (a) through (h) above that is Guaranteed by such Person. For purposes of this definition, the amount of the obligations of such Person in respect of any Hedge Agreement at any time will be the maximum aggregate amount (giving effect to any netting agreements) that such Person would be required to pay if such Hedge Agreement were terminated at such time.

“*Indenture Notes*” has the meaning ascribed to such term under the heading “—Additional Notes.”

“*Indenture Trustee*” means Citibank, N.A., in its capacity as trustee under the Indenture, or any successor thereto.

“*Independent Engineer*” means Black & Veatch Management Consulting, LLC, or such successor or replacement appointed by the Issuer to act as independent engineer on behalf of the Indenture Trustee and the holders of the Notes, so long as (a) the Indenture Trustee shall have received a certificate of an Authorized Officer of the Issuer certifying that such successor or replacement being retained to perform the services of the removed or replaced Independent Engineer is properly qualified to perform such services at least to the same degree, extent and quality as the replaced or removed Independent Engineer and the same could not reasonably be expected to adversely affect the rights of the holders of the Notes and (b) the Indenture Trustee has not provided an objection to such successor or replacement within 30 days of receipt from the Issuer of the certificate specified in clause (a).

“*Intercreditor Agent*” means Citibank, N.A., in its capacity as intercreditor agent under the Intercreditor Agreement, or any successor thereto.

“*Intercreditor Agreement*” has the meaning ascribed to such term under the heading “—Intercreditor Agreement.”

“*Intercreditor Vote*” means, at any time, a vote conducted in accordance with the procedures set forth in the Intercreditor Agreement among the Designated Representatives with respect to the particular decision or decisions at issue at such time.

“*Intercreditor Vote Notice*” has the meaning given to the term “Intercreditor Vote Notice” in the Intercreditor Agreement.

“*Interest Rate*” has the meaning ascribed to such term under the heading “—Payments on the Notes—Interest.”

“*Investment*” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs debt of the type referred to in clause (i) of the definition of “Indebtedness” in respect of such Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit or all or a substantial part of the business of, such Person.

“*Issue Date*” has the meaning ascribed to such term under the heading “—Payments on the Notes—Interest.”

“*Issuer CLP Disposition Proceeds Account*” has the meaning ascribed to such term in “Description of Principal Financing Agreements —New York Law Documents—Collateral Accounts Agreement.”

“Issuer CLP Loss Proceeds Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer CLP O&M Payment Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer CLP Performance Guarantee Cash Collateral Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer CLP Revenue Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Construction Costs Payment Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Debt Proceeds Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Debt Service Accrual Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Debt Service Reserve Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Disposition Proceeds Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Distribution Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Loss Proceeds Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Mandatory Capex Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD O&M Payment Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD O&M Reserve Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Prepayment Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Restricted Payment Retention Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Revenue Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuer USD Tariff Readjustment Reserve Account” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“Issuing Banks” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Reserve Letter of Credit Facility.”

“Knowledge” means, with respect to the Issuer, the actual knowledge of any of its Authorized Officers.

“*Lease Agreements*” means as amended, supplemented or otherwise modified from time to time, (a) the Codelco Lease Agreement; (b) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (Aconcagua substation and Aconcagua – Los Maquis, Los Quilos – Aconcagua, Aconcagua – Saladillo transmission lines); (c) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (Angostura substation and Angostura – Mulchén transmission line); (d) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (Toralillo substation and Los Maquis – Esperanza transmission line); (e) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (Chiburgo substation and the Chiburgo – Colbún and San Clemente – Chiburgo transmission lines); (f) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (Los Quilos substation, Los Quilos – Aconcagua and Los Quilos – Los Maquis transmission lines); (g) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (Machicura substation and Machicura – Colbún transmission line); (h) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (Quilleco substation and Rucúe – Charrúa transmission line); (i) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (Rucúe substation and Rucúe – Charrúa transmission line); (j) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (San Clemente substation and San Clemente – Chiburgo transmission line); (k) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (San Ignacio substation and San Ignacio – Talca transmission line); (l) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (Los Pinos substation and Los Pinos – Charrúa transmission line); (m) the lease agreement, dated October 11, 2018, between Colbún and Colbún Transmisión (GIS Santa María substation and the Santa María – Charrúa transmission line); (n) the lease agreement, dated October 11, 2018, between Empresa Eléctrica Industrial S.A. (as succeeded by Colbún) and Colbún Transmisión (Carena substation, Carena – El Raco, Carena – Lo Prado and Lo Prado – Polpaico transmission lines); and (o) each other lease agreement entered into in the future by the Issuer, Colbún Transmisión or any other Restricted Subsidiary solely to the extent any such agreement is entered into as required by the applicable Project Decree, Dedicated Contract or Applicable Law.

“*Legal Defeasance*” has the meaning ascribed to such term under the heading “—Defeasance.”

“*Lien*” means, with respect to any Property: (a) any mortgage, lien, pledge, charge, lease, easement, servitude, security interest, transfer in trust or encumbrance of any kind (including the equivalent of any of the foregoing under the Applicable Laws of Chile) in respect of such Property and (b) the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) relating to such Property.

“*Loss Proceeds*” means insurance proceeds, condemnation awards or other compensation awards, damages and other payments or relief (exclusive, in each case, of the proceeds of general liability insurance and any payments for interruption of operations) with respect to any Casualty Event.

“*Majority Senior Creditors*” means, at any time, Senior Creditors holding an amount of Senior Debt collectively greater than 50% of the Senior Debt Exposure.

“*Make-Whole Premium*” has the meaning ascribed to such term under the heading “—Redemption of the Notes—Optional Redemption.”

“*Mandatory Capex*” has the meaning ascribed to such term in clause (o) under the heading “—Covenants—Negative Covenants.”

“*Mandatory Major Capex Indebtedness*” has the meaning ascribed to such term in clause (a) under the heading “—Covenants—Negative Covenants.”

“*Material Adverse Effect*” means an event or condition that has resulted in a material adverse effect on (a) the business, operations, properties, assets or financial condition of the Issuer or any Restricted Subsidiary (taken as a whole), (b) the ability of the Issuer or any Restricted Subsidiary to perform its material obligations under any Financing Document, (c) the legality, validity, binding effect or enforceability of any Financing Document, (d) the validity or priority of any security interest over any material property purported to be granted to any of the Senior Secured Parties under any of the Financing Documents or (e) the material rights and remedies available to the Indenture Trustee or the Collateral Agents under the Financing Documents.

“*Material Project Documents*” means, collectively, (a) the Project Decrees; (b) each Dedicated Contract; (c) the Projects Development Agreement; (d) the Administrative Service Agreement; (e) the O&M Agreement; (f) each Real Estate Rights Agreement; (g) any other agreement or contract entered into by the Issuer or any Guarantor after the Issue Date designated as Material Project Document by the Issuer, acting reasonably and in good faith, and the Indenture Trustee; and (h) all renewals, extensions, modifications, replacements and amendments of the documents set forth above.

“*Maturity Date*” means September 27, 2051.

“Minimum Majority Senior Creditor Exposure” has the meaning ascribed to such term under the heading “—Intercreditor Agreement—Voting and Decision Making.”

“Minimum Required Senior Creditor Exposure” has the meaning ascribed to such term under the heading “—Intercreditor Agreement—Voting and Decision Making.”

“Modification” means, with respect to any Secured Obligation Document, any amendment, supplement, waiver or other modification to the terms and provisions thereof.

“Monthly Transfer Date” means the 10th day of each month commencing on the first such day following the Issue Date (or, if such day is not a Business Day, the immediately preceding day that is a Business Day), or such other date as may be specified as the applicable “Monthly Transfer Date” by the Indenture Trustee in accordance with the terms of the Collateral Accounts Agreement.

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

“Net Available Amount” means, the aggregate amount of Casualty Proceeds, Expropriation Compensation, Termination Proceeds or Asset Sale Proceeds, as applicable, received by the Issuer or any Restricted Subsidiary, net of the reasonable and documented costs, expenses and Taxes incurred or paid by such Person in connection with the collection and conversion thereof.

“New York Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are not authorized or required to close in New York, New York and with respect to payments or withdrawals from any Offshore Account, a day on which the financial institution at which such Offshore Account is located is open for business.

“Non-Recourse Person” has the meaning ascribed to such term under the heading “—Nature of Recourse.”

“Non-Voting Senior Creditor” has the meaning ascribed to such term under the heading “—Intercreditor Agreement—Voting and Decision Making.”

“Note Depository” means the Depository Trust Company (“DTC”), or any successor thereto, or such other clearing agency registered under the Exchange Act that is designated to act as a note depository for the Notes.

“Note Guarantees” has the meaning ascribed to such term under the heading “—Note Guarantees.”

“Note Guarantee Release Date” has the meaning ascribed to such term under the heading “—Notes Guarantees.”

“Notes Exposure” means the aggregate principal amount of the Notes.

“Notice of Default” has the meaning ascribed to such term under the heading “—Intercreditor Agreement—Defaults and Remedies.”

“O&M Agreement” means (i) that certain operation and maintenance agreement to be entered into between Colbún Transmisión and Celso Redes Chile Limitada for the operation and maintenance of the Projects; and (ii) any operation and maintenance agreement to be entered into by the Issuer or Colbún Transmisión in the future for the operation and maintenance of the Projects.

“O&M Reserve Requirement” means, as of each Monthly Transfer Date, an amount equal to the aggregate amount reasonably anticipated by the Issuer to be due and payable by (a) the Issuer pursuant to the O&M Agreement during the succeeding three (3) month period (on a rolling basis).

“Officer’s Certificate” means, as to any Person, a certificate signed by any of the following of such Person: the Chairman of the Board of Directors or equivalent Competent Body, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer or the Secretary.

“Offshore Accounts” means the Offshore Accounts established and maintained pursuant to the Collateral Accounts Agreement.

“Offshore Accounts Collateral” has the meaning ascribed to such term in “Description of Principal Financing Agreements—New York Law Documents—Collateral Accounts Agreement.”

“*Offshore Collateral Agent*” means Citibank, N.A., in its capacity as Offshore Collateral Agent under the Collateral Accounts Agreement, or any successor thereto.

“*Offshore Depositary*” means Citibank, N.A., in its capacity as offshore account depositary under the Collateral Accounts Agreement, or any successor thereto.

“*Offshore Project Accounts*” means the Issuer USD Debt Service Accrual Account, the Issuer USD O&M Reserve Account, the Issuer USD Loss Proceeds Account, the Issuer USD Debt Service Reserve Account, the Issuer USD Debt Proceeds Account, the Issuer USD Restricted Payment Retention Account, the Issuer USD Disposition Proceeds Account and the Issuer USD Prepayment Account.

“*Ongoing Tariff Review Process*” means the ongoing valuation process applicable to national and zonal transmission facilities for the period comprised by years 2020 to 2023, which as of the Issue Date, is being conducted by the National Energy Commission, pursuant to the provisions of Title III, Chapter IV of the Chilean Electricity Law.

“*Onshore Collateral Agent*” means Banco de Chile, in its capacity as Onshore Collateral Agent under the Chilean Collateral Agency Agreement, or any successor thereto.

“*Onshore Depositary*” means Banco de Chile, in its capacity as onshore account depositary under the Collateral Accounts Agreement, or any successor thereto.

“*Onshore Project Accounts*” means the Issuer CLP Revenue Account, the Issuer CLP Loss Proceeds Account, the Issuer CLP Disposition Proceeds Account, the Issuer CLP O&M Payment Account, the Issuer USD Revenue Account, the Issuer USD O&M Payment Account, the Issuer USD Mandatory Capex Account and the Issuer USD Construction Costs Payment Account.

“*Operating Costs*” means, for any period, the sum, computed without duplication, of all costs and expenses paid or reimbursed by the Issuer or any of its Restricted Subsidiaries during such period in connection with the ownership, operation, maintenance (except maintenance costs described in sub-clause (ii) of the definition of Construction Costs) and administration of the Projects, including, without limiting the generality of the foregoing:

- (a) costs and fees of operating and administering the Projects and of maintaining it in good repair and operating condition, including maintenance capital expenditures in the ordinary course of business (except maintenance costs described in sub-clause (ii) of the definition of Construction Costs) and any amounts due and payable under the Transition Services Agreements;
- (b) costs of insurance;
- (c) taxes and royalties;
- (d) costs of utilities, supplies and other services acquired or used in connection with the operation and maintenance of the Projects;
- (e) costs and fees attendant to obtaining and maintaining in effect any Governmental Approvals relating to the Projects; and
- (f) legal, accounting and other professional fees attendant to any of the foregoing (including any fees, expenses and other amounts payable to the Indenture Trustee, the Collateral Agents, the Rating Agencies or any agent, consultant or advisor engaged in connection with any Secured Obligation Document);

provided that, for the avoidance of doubt, none of the following will constitute an Operating Cost: (1) Debt Service or other amounts payable pursuant to any Financing Document or in connection with any Secured Obligations (except, in each case, to the extent they are paid to an Agent or any agent acting for any Senior Secured Party to pay for fees or charges or reimbursement for expenses or losses pursuant to a Financing Document or other written agreement), (2) Construction Costs, (3) Mandatory Capex, (4) Restricted Payments, and (5) any Tariff Readjustment Payments paid by the Issuer from funds in the Issuer USD Tariff Readjustment Reserve Account.

“*Operator*” means Celeo Redes Chile Limitada, or such replacement operator as may be permitted pursuant to the terms of the Indenture.

“*Opinion of Counsel*” means a written opinion from legal counsel reasonably acceptable to the Indenture Trustee.

“*Organizational Documents*” means, as to any Person, the articles of incorporation, bylaws, partnership agreement, limited liability company agreement, operating agreement or other organizational or governing documents of such Person.

“*Performance Guarantee Instruments*” has the meaning ascribed to such term in clause (a) under the heading “—Covenants—Negative Covenants.”

“*Performance Guarantee Obligations*” has the meaning ascribed to such term in clause (a) under the heading “—Covenants—Negative Covenants.”

“*Permitted Indebtedness*” has the meaning ascribed to such term in clause (a) under the heading “—Covenants—Negative Covenants.”

“*Permitted Investments*” means:

- (a) with respect to CLP-denominated amounts in the Project Accounts, one or more of the following:
 - (i) direct obligations issued or unconditionally guaranteed by the Republic of Chile or issued by an agency thereof and backed by the full faith and credit of the Republic of Chile;
 - (ii) overnight bank deposits, time deposits or financial instruments (including repurchase agreements) with the Chilean Treasury (*Tesorería General de la República de Chile*), the Chilean Central Bank (*Banco Central de Chile*) or a Chilean financial institution that has an international risk classification of at least “BBB+” by S&P, “BBB+” by Fitch or “Baa1” by Moody’s, or a Chilean domestic rating of at least “AA” or equivalent by any of such rating agencies;
 - (iii) certificates of deposit, time deposits or overnight bank deposits issued by any commercial bank organized under the Applicable Law of Chile or any political subdivision thereof, which commercial bank has that has an international risk classification of at least “BBB+” by S&P, “BBB+” by Fitch or “Baa1” by Moody’s, or a Chilean domestic rating of at least “AA” or equivalent by any of such rating agencies and maturing not more than 180 days from the date of acquisition thereof; and
 - (iv) debt obligations issued by, or unconditionally guaranteed by, an issuer that has that has an international risk classification of at least “BBB+” by S&P, “BBB+” by Fitch or “Baa1” by Moody’s, or a Chilean domestic rating of at least “AA” or equivalent by any of such rating agencies and maturing not more than 180 days from the date of acquisition thereof.
- (b) with respect to Dollar-denominated amounts in the Project Accounts, one or more of the following:
 - (i) direct obligations issued or unconditionally guaranteed by the United States or issued by any agency thereof and backed by the full faith and credit of the United States;
 - (ii) time deposits, demand deposits or certificates of deposit, overnight bank deposits, or certificates of deposit with a financial institution with a Credit Rating of at least “BBB+” by S&P, “BBB+” by Fitch or “Baa1” by Moody’s;
 - (iii) any commercial paper rated (on the date of acquisition thereof) “A-1” (or the equivalent) or higher from S&P, “F-1” (or the equivalent) or higher from Fitch or “P-1” (or the equivalent) or higher from Moody’s;
 - (iv) investments in money market funds that have a rating in the highest investment category granted thereby by a recognized credit rating agency at the time of acquisition, including any fund for which the Indenture Trustee or the Offshore Collateral Agent serves as an investment advisor, administrator, shareholder servicing agent, custodian or sub-custodian, notwithstanding that the Offshore Collateral Agent or an affiliate of the Offshore Collateral Agent charges and collects fees and expenses from such funds for services rendered pursuant to the Collateral Accounts Agreement; and

- (v) with respect to the Onshore Project Accounts, overnight bank deposits, time deposits or financial instruments with the Chilean Treasury, the Chilean Central Bank or a Chilean financial institution that has an international risk classification of at least “BBB+” by S&P, “BBB+” by Fitch or “Baa1” by Moody’s, or a Chilean domestic rating of at least “AA” or equivalent by any of such rating agencies.

“*Permitted Liens*” means:

- (a) security interests created in favor of the Senior Secured Parties by or pursuant to the Senior Security Documents or the Indenture;
- (b) Liens securing taxes, assessments and other governmental charges, the payment of which is not yet due or is being contested in good faith by appropriate proceedings or means promptly initiated and diligently conducted;
- (c) Liens incurred in the ordinary course of business, including carriers’, warehousemen’s and mechanics’ liens and other similar liens arising in the ordinary course of business with respect to obligations that are not due or that are being contested in good faith;
- (d) pledges or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance or other similar social security legislation or in connection with deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature;
- (e) defects, easements, rights of way, restrictions, irregularities, encumbrances (other than for borrowed money) and clouds on title and statutory Liens that do not materially impair the value or use of the Property affected and that do not individually or in the aggregate materially impair the validity, perfection or priority of the Liens granted under the Senior Security Documents;
- (f) with respect to any Restricted Subsidiary acquired by or merged into the Issuer or any Property acquired by the Issuer or any Restricted Subsidiary or otherwise incorporated into any Project, pre-existing Liens which are extinguished within 30 days of the date of acquisition of the relevant Property or incorporation of the same into the Project;
- (g) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of business;
- (h) Liens created by or resulting from any litigation or legal proceeding as to which the execution thereof is not proceeding and within 60 days of the creation thereof has been effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings, and as to which if the amount in dispute exceeds the greater of U.S.\$5.0 million and 1.0% of Consolidated Total Assets, such reserves as may be required by the Accounting Principles have been established by the Issuer;
- (i) Liens arising by operation of Applicable Law in favor of customs and revenue authorities to secure payment of custom duties in connection with the importation of goods for the Projects;
- (j) Liens upon tangible personal property acquired after the Issue Date, each of which Lien was created solely for the purpose of securing financial leases or purchase money obligations under clause (a)(vi)(A) under the heading “—Covenants—Negative Covenants” and incurred solely for the purpose of financing the acquisition of such property;
- (k) other Liens with respect to obligations which do not in the aggregate exceed at any time outstanding the greater of U.S.\$5.0 million and 1.0% of Consolidated Total Assets, in each case determined at the time of incurrence of such obligation;
- (l) Liens on any Property of the Issuer or any Restricted Subsidiary that does not constitute Collateral;

- (m) Liens arising as a result of preferential rights, rights of set-off, privileges or priorities of any kind having the effect of security, as well as designations of loss beneficiaries or any similar arrangement under or with respect to any insurance policy, in each case under any Material Project Document; and
- (n) Liens disclosed in Section 3.9(b), Section 3.9(d) and Section 3.9(f)(i) of the Sellers Disclosure Letter.

Notwithstanding any of the exceptions set forth in clauses (a)-(n) above (except for mandatory Liens or encumbrances required by Applicable Law), neither the Issuer nor any Restricted Subsidiary shall create, assume or suffer to exist any Lien or other encumbrance in respect of any (A) Material Project Document of any Restricted Subsidiary or (B) any accounts receivable of the Issuer or any Restricted Subsidiary.

“*Permitted Merger*” means the corporate merger, subject to the laws of Chile, of Colbún Transmisión and the Issuer to occur after the Issue Date and pursuant to which Colbún Transmisión shall merge with and into the Issuer; *provided* that the Issuer shall be the surviving entity, shall assume all the assets, liabilities and obligations of Colbún Transmisión.

“*Permitted Subordinated Debt*” has the meaning ascribed to such term in clause (a) under the heading “—Covenants—Negative Covenants.”

“*Permitted Supplemental Agreements*” has the meaning ascribed to such term under the heading “—Amendments—Amendments Without Consent of the Holders.”

“*Person*” means any natural person, corporation, company, voluntary association, partnership, limited liability company, joint venture, trust, unincorporated organization or Governmental Authority or other entity of whatever nature.

“*Proceeding*” means: (a) any proceeding under the applicable bankruptcy laws or any other insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization, moratorium or similar case or proceeding in connection therewith, relative to the Issuer or any Restricted Subsidiary or to their respective assets, whether conducted in or under the Applicable Laws of Chile (including, without limitation, provisions of the General Electric Services Law and, absent such provisions, in Law No. 20,720 of Chile, on rehabilitation and liquidation of business entities and individual debtors) or otherwise or (b) any liquidation, dissolution or other winding up of the Issuer or any Restricted Subsidiary, whether partial or complete and whether voluntary or involuntary and whether or not involving insolvency, bankruptcy or similar law.

“*Project*” means the development, ownership, operation and maintenance of the Transmission Lines and the Substations.

“*Project Accounts*” means the Onshore Project Accounts and the Offshore Project Accounts.

“*Project Decrees*” means any relevant Supreme Decree issued by the Chilean Ministry of Energy that (a) grants the Issuer, Colbún Transmisión or any other Restricted Subsidiary, the right to build and exploit certain awarded national or zonal transmission facilities pursuant to a public tender carried out by the Coordinator (*Coordinador Eléctrico Nacional*) in accordance with Article 95 and other applicable provisions of the Chilean Electricity Law and/or (b) fixes, for a quadrennial period, the annuity in respect of the investment value and the annuity in respect of the operation, maintenance and administration costs associated to national or zonal transmission facilities owned by the Issuer, Colbún Transmisión or any other Restricted Subsidiary, as applicable.

“*Projects Development Agreement*” means either of the following agreements contemplated to be entered into on or around the Acquisition Effective Date: (a) the “*Contrato de Prestación de Servicios de Gestión, Administración y Gerenciamiento*” attached as Exhibit G to the SPA or (b) the Colbún Construction Agreement.

“*Project Revenues*” means, in respect of any Calculation Period, the sum, computed without duplication, of (i) all cash revenues received by the Issuer and its Restricted Subsidiaries during such period, from (a) Regulated Revenue and Dedicated Contracts, (b) interest income and other income from Permitted Investments, (c) VAT Reimbursements, (d) net amounts received under any hedging agreements, (e) any delay in starting or business interruption insurance (f) any liquidated damages arising from delays and any other amounts relating to Material Project Document claims, and (g) from operations and not excluded per the following proviso and (ii) any permitted transfers from the Issuer USD Tariff Readjustment Reserve Account to the Issuer USD Revenues Account; *provided* that the proceeds of (1) any sale of equity interests in the Issuer, (2) any Indebtedness for borrowed money, (3) the sale of any property pertaining to a Project not in the ordinary course of business, as determined in conformity with cash accounting principles, (4) casualty insurance, (5) any condemnation awards relating to a

Project and (6) enforcement under the Senior Security Documents, in each case will be excluded from the calculation of Project Revenues.

“*Property*” of any Person means all assets, rights, interests and other property, real and personal, tangible and intangible (including licenses and rights to use technology), whether now owned or hereafter acquired, wherever located, of such Person.

“*Purchase Price Adjustment Payment*” means any amount payable by the Issuer to the Sellers pursuant to a purchase price adjustment in respect of the Acquisition as a result of the Ongoing Tariff Review Process pursuant to Section 2.7 of the SPA.

“*Purchase Price Adjustment Reimbursement*” means any amount payable by the Sellers to the Issuer pursuant to a purchase price adjustment in respect of the Acquisition as a result of the Ongoing Tariff Review Process pursuant to Section 2.7 of the SPA; provided however that any such amount payable to the Issuer shall not be considered “Purchase Price Adjustment Reimbursement” if such amount has not been paid to the Issuer and the Issuer is diligently and in good faith disputing the calculation or amount owed to it in respect of such Purchase Price Adjustment Reimbursement in accordance with the SPA.

“*Purchase Price Adjustment Reimbursement Event*” means the occurrence of both (i) the receipt by the Issuer or any of its Affiliates of a Purchase Price Adjustment Reimbursement and (ii) a Purchase Price Adjustment Reimbursement Ratings Downgrade.

“*Purchase Price Adjustment Reimbursement Ratings Downgrade*” means a Ratings Downgrade within 60 days (or 90 days if the rating for the Notes is publicly announced to be in consideration for possible downgrade due to a Purchase Price Adjustment Reimbursement) after the date the Issuer notifies any Rating Agency rating the Notes (a) that the Ongoing Tariff Review Process has concluded, (b) the Issuer will receive a Purchase Price Adjustment Reimbursement and (c) of the amount of such Purchase Price Adjustment Reimbursement as agreed between the Issuer and Colbún in accordance with the SPA; *provided, however*, that such Purchase Price Adjustment Reimbursement Ratings Downgrade will not be considered to be attributable to the Purchase Price Adjustment Reimbursement if, before receipt of such Purchase Price Adjustment Reimbursement, the Issuer has obtained a Ratings Reaffirmation for the Notes stating that such Purchase Price Adjustment Reimbursement will not cause a Purchase Price Adjustment Reimbursement Ratings Downgrade.

“*Purchase Price Adjustment Reimbursement Redemption*” has the meaning ascribed to such term under the heading “—Purchase Price Adjustment Reimbursement Redemption.”

“*Quarterly Date*” means the first day of January, April, July and October of each year.

“*Quarterly Period*” means the period commencing on any Quarterly Date through (but excluding) the next succeeding Quarterly Date.

“*Rating Agency*” means, initially, S&P, Fitch and Moody’s or, if S&P, Fitch and/or Moody’s shall not make a rating on the Indenture Notes publicly available, a nationally recognized statistical rating organization (or organizations, as the case may be), as such term is defined in Section 3(a)(62) of the Exchange Act, selected by the Issuer which shall be substituted for each of S&P, Fitch and/or Moody’s, as the case may be, and their respective successors.

“*Ratings Downgrade*” means the downgrade of the rating of the Notes by one or more rating agencies.

“*Ratings Reaffirmations*” means written confirmation from each Rating Agency then rating the Notes that a proposed action will not result in a withdrawal or reduction of its respective rating of the Notes to below the rating of the Notes immediately before the proposed action; provided that if more than two Rating Agencies are then rating the Notes, such confirmation shall only be required from any two such Rating Agencies.

“*Real Estate Rights*” means all real property, leases, easements, rights of way, usufructs or other real estate rights (including the Real Estate Rights Agreements), in each case, that are required for the then current stage of development, construction, ownership or operation of the Projects.

“*Real Estate Rights Agreements*” collectively, the Lease Agreements and Agreements for Use of Physical Spaces of Third Party Facilities.

“*Record Date*” means, with respect to each Scheduled Payment Date, 5:00 p.m. (New York City time) on the 15th day (or, if such day is not a New York Business Day, on the prior day that is a New York Business Day) of the calendar month in which such Scheduled Payment Date occurs.

“*Redemption Date*” means the date of any redemption of all or a portion of the principal balance of the Notes; *provided* that any Redemption Date must be a New York Business Day.

“*Register*” has the meaning ascribed to such term under the heading “—Registration of Transfer.”

“*Regulated Revenues*” means, in respect of any Calculation Period, all cash revenues received by the Issuer and its Restricted Subsidiaries under Project Decrees.

“*Regulation S*” means Regulation S under the Securities Act, as amended from time to time.

“*Remedies Commencement Date*” has the meaning ascribed to such term under the heading “—Intercreditor Agreement—Defaults and Remedies.”

“*Remedies Direction*” means a written notice and instruction to a Collateral Agent from the Intercreditor Agent (acting at the direction of the Required Senior Creditors) pursuant to this Agreement and in accordance with a Remedies Instruction), and substantially in the form provided for in the Intercreditor Agreement, instructing a Collateral Agent to take the actions specified therein with respect to a Secured Obligation Event of Default that has occurred and is continuing.

“*Remedies Initiation Notice*” has the meaning ascribed to such term under the heading “—Intercreditor Agreement—Defaults and Remedies.”

“*Remedies Instruction*” has the meaning ascribed to such term under the heading “—Intercreditor Agreement—Defaults and Remedies.”

“*Renewed Debt Service Coverage Ratio*” means, 1.40 to 1.0.

“*Renewed Tariff Percentage*” means, in respect of any Calculation Period, one minus the sum of the (i) Fixed Tariff Percentage and (ii) the Resettable Tariff Percentage.

“*Replacement Assets*” means properties or other assets that replace the properties and assets that were the subject of an Asset Sale or other properties or assets that will be used or useful in a Permitted Business.

“*Replacement Dedicated Contract*” means, with respect to any Dedicated Contract, one or more contracts or agreements which: (a) is entered into by the Issuer in substitution or extension of any Dedicated Contract that has been, or would have been, terminated in accordance with its terms or otherwise; (b) has economic and other terms which, taken as a whole, are not materially less favorable to the Issuer as the Dedicated Contract being replaced; and (c) either (i) is with one or more counterparties (or guarantors of such counterparties’ obligations) having substantially similar or better creditworthiness (or is otherwise credit supported so that the credit risk of such counterparty is not materially less favorable to the Issuer than the existing counterparty) and substantially similar or better experience in the industry, in each case, as the counterparty to the Dedicated Contract being replaced or (ii) the Issuer delivers a Ratings Reaffirmation for the Notes.

“*Required Projected Debt Service Coverage Ratio*” means, in respect of any Calculation Period, the sum of:

- (i) the Fixed Tariff Percentage times the Fixed Debt Service Coverage Ratio;
- (ii) the Resettable Tariff Percentage times the Resettable Debt Service Coverage Ratio; and
- (iii) the Renewed Tariff Percentage times the Renewed Debt Service Coverage Ratio.

“*Required Senior Creditors*” means, at any time, (a) with respect to any Modification, instruction or exercise of authority relating to certain fundamental actions set forth in the Intercreditor Agreement, Senior Creditors holding an amount of Senior Debt collectively greater than 66 and 2/3% of the Senior Debt Exposure, unless otherwise requiring the Unanimous Voting Parties as provided in the Intercreditor Agreement, (b) with respect to the election to exercise remedies under the Intercreditor Agreement, Senior Creditors holding an amount of Senior Debt collectively greater than 66 and 2/3% of the Senior Debt Exposure, (c) with respect to (i) to the extent that the instruction to execute and deliver any accession or joinder agreement to any Secured Obligation Document or to execute and delivery any new Senior Security Document, in each case, of any

Restricted Subsidiary, is not provided for pursuant to the Intercreditor Agreement, any instruction or direction to execute and deliver any accession or joinder agreement to any Secured Obligation Document or to execute and delivery any new Senior Security Document, in each case, of any Restricted Subsidiary or (ii) the delivery of notices related to a Secured Obligation Event of Default pursuant to the Collateral Accounts Agreement or certain transfers of monies in the Project Accounts thereunder, Senior Creditors holding an aggregate amount of Senior Debt in respect of any of the Indenture Exposure, Reserve LC Facility Exposure or Subsequent Senior Debt Exposure, greater than 66 and 2/3% of the Indenture Exposure, Reserve LC Facility Exposure or Subsequent Senior Debt Exposure, as applicable, and (d) with respect to each other action to be taken under the Intercreditor Agreement (other than unilateral actions contemplated by the Intercreditor Agreement or as otherwise provided for in the Intercreditor Agreement), the Majority Senior Creditors.

“*Reserve LC*” means a letter of credit issued in respect of the Issuer USD Debt Service Reserve Account or the Issuer USD O&M Reserve Account, as applicable, under the Reserve LC Facility Agreement or otherwise issued by an Acceptable Financing Institution.

“*Reserve LC Facility Agent*” means Citibank, N.A., as the administrative agent under the Reserve LC Facility Agreement.

“*Reserve LC Facility Agreement*” means the senior secured Letter of Credit Facility Agreement, to be dated as of the Release Date, by and among the Issuer, the Reserve LC Facility Agent and the letter of credit issuing banks party thereto from time to time.

“*Reserve LC Facility Exposure*” means, as of any date of determination, the sum of (a) the aggregate unused Commitments (as defined in the Reserve LC Facility Agreement) on such date, (b) the aggregate available amount under all Letters of Credit (as defined in the Reserve LC Facility Agreement) on such date and (b) the aggregate principal amount of all Letter of Credit Disbursements (as defined in the Reserve LC Facility Agreement) on such date (irrespective of whether they have been deemed to be LC Loans (as defined in the Reserve LC Facility Agreement)).

“*Reserve LC Reimbursement Obligation*” means any applicable amount due to the letter of credit issuing banks under the Reserve LC Facility Agreement with respect to a draw on a Reserve LCs.

“*Resettable Debt Service Coverage Ratio*” means, 1.35 to 1.0.

“*Resettable Regulated Revenues*” means, in respect of any Calculation Period, the sum of all cash revenues received by the Issuer and its Restricted Subsidiaries in respect of Regulated Revenues minus the Fixed Regulated Revenues.

“*Resettable Tariff Percentage*” in respect of any Calculation Period, the ratio of Resettable Regulated Revenues to Project Revenues.

“*Restricted Payment*” means:

- (a) any dividend or other distribution (whether in cash, securities or other Property) with respect to the Equity Interests in the Issuer or any Restricted Subsidiary, or any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in the Issuer or any Restricted Subsidiary or any option, warrant or other right to acquire any Equity Interests in the Issuer or any Restricted Subsidiary;
- (b) any payment in respect of or any purchase, retirement or other acquisition by the Issuer or any Restricted Subsidiary of any Indebtedness owed to an Affiliate of the Issuer or such Restricted Subsidiary or any Indebtedness or deposit or similar transaction made to secure any loan or other financial obligation of any Affiliate of the Issuer (including Permitted Subordinated Debt) or payment of fees or interest in respect of any of the foregoing;
- (c) any loan to any Shareholder or Affiliate; or
- (d) any payment (whether in cash, securities or other Property) by the Issuer or any Restricted Subsidiary to any Affiliate of the Issuer or such Restricted Subsidiary with respect to the development, management or operation of any Project (other than fees, costs, expenses or other amounts required to be paid pursuant to the terms of (i) the Material Project Documents or (ii) any agreement entered into by the Issuer or any Restricted Subsidiary with an Affiliate in accordance with the terms and conditions set forth in “—Covenants—Negative Covenants—Transactions with Affiliates”.

“*Restricted Subsidiary*” means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

“*Restricted Subsidiary Accounts*” means, with respect to each Restricted Subsidiary that becomes a party to the Collateral Accounts Agreement pursuant to a joinder agreement, the accounts specified in such joinder agreement.

“*S&P*” means Standard & Poor’s Ratings Services, a division of McGraw-Hill, Inc. or any successor thereto.

“*Scheduled Payment Date*” means March 27 and September 27 of each year, commencing on March 27, 2022; *provided* that if any such date is not a Business Day, then such day will not be a payment date and such Scheduled Payment Date will be the first preceding Business Day.

“*Secured Hedge Agreements*” means (a) the agreement between the Issuer and a Secured Hedge Bank evidencing the terms of any Derivative Transaction entered into by the Issuer and a Secured Hedge Bank in accordance with the Secured Obligation Documents and (b) the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement (any such master agreement, together with any related schedules, an “ISDA Master Agreement”), including any such obligations or liabilities under any ISDA Master Agreement.

“*Secured Hedge Agreement Exposure*” means the termination payments owed to all Secured Hedge Banks under any Secured Hedge Agreement *minus* any amounts received (or to be received) under ordinary course payment netting arrangements set forth in the relevant Secured Hedge Agreement.

“*Secured Hedge Bank*” means, at any time, any Person (other than an Affiliate of the Issuer) that is party to a Derivative Transaction entered into with the Issuer in accordance with the Secured Obligation Documents and that has executed the Intercreditor Agreement or acceded to the Intercreditor Agreement pursuant to an accession agreement.

“*Secured Obligation Document*” means the Intercreditor Agreement, the Indenture, the Senior Security Documents, the Reserve LC Facility Agreement, the Secured Hedge Agreements, and each Subsequent Senior Debt Document, together with each other document or instrument required to be executed and delivered by the aforementioned agreements.

“*Secured Obligation Event of Default*” means an Event of Default (as defined in the Indenture), an Event of Default (as defined in the Reserve LC Facility Agreement) or an “event of default” under any other Secured Obligation Document, including the occurrence of any event (including a termination event) that gives rise to a termination payment under any Secured Hedge Agreement (other than, with respect to any Secured Hedge Agreement, (a) any such “Event of Default” (or equivalent event) with respect to the Secured Hedge Bank party thereto and (b) any event that gives rise to a termination payment under such Secured Hedge Agreement directly as a result of a reduction of the notional amount of such Secured Hedge Agreement required to be made in connection with any payment, prepayment or other reduction of the outstanding principal amount under any Subsequent Senior Debt Document).

“*Secured Obligations*” means, as at any date, the sum, computed without duplication, of the following: (a) the aggregate outstanding principal amount of the Senior Debt, *plus*, all accrued interest (including interest which, but for the filing of a Proceeding with respect to any Credit Party, would have accrued on any Secured Obligation, whether or not a claim is allowed against such Credit Party for such interest in such Proceeding) on such amount, *plus* (b) all other amounts from time to time payable by the Issuer or any Guarantor under the Secured Obligation Documents *plus* accrued interest on such amounts, *plus* (c) any amounts (including, without limitation, insurance, insurance premiums, licensing fees, recording and filing fees and taxes) which any Senior Creditor or Senior Creditor Agent expends as may be permitted pursuant to the Secured Obligation Documents) on behalf of the Issuer or any Guarantor because such Person fails to make any such payment when required under the terms of any Secured Obligation Document, *plus* (d) all amounts required to be paid pursuant to the Secured Obligation Documents under an indemnification, cost reimbursement or similar provision owing to any Senior Creditor or Senior Creditor Agent.

“*Securities Act*” means the United States Securities Act of 1933, as amended.

“*Sellers*” means, collectively, Colbún and Colbún Desarrollo.

“*Sellers Disclosure Letter*” means the letter delivered by the Sellers to the Issuer on March 30, 2021, containing all the information with respect to the Sellers and Colbún Transmisión, that the Sellers deemed necessary for the representations, warranties and covenants referred to in the SPA to be true, complete and accurate.

“*Senior Creditor Agent*” means the Intercreditor Agent, the Collateral Agents, the Account Depositories, the Reserve LC Facility Agent, the Indenture Trustee and each other agent, trustee or other representative of any Senior Creditor duly appointed at any time to act in such capacity in accordance with the Secured Obligation Documents to which they are party.

“*Senior Creditor Vote Amount*” has the meaning given to the term “Senior Creditor Vote Amount” in the Intercreditor Agreement.

“*Senior Creditor Voting Party Percentage*” means, in connection with any proposed Decision or action under the Intercreditor Agreement, the actual percentage, as determined pursuant to the terms of the Intercreditor Agreement, of allotted votes of the Senior Creditors entitled to vote with respect to such decision or action case in favor of such decision or action.

“*Senior Creditors*” means the providers of any Senior Debt.

“*Senior Debt*” means all obligations of the Issuer or any Guarantor of every nature outstanding and owing to a Senior Creditor under the Secured Obligation Documents.

“*Senior Debt Exposure*” means, as of any date of determination, the sum (calculated without duplication) of the following: (a) the Notes Exposure, (b) the Reserve LC Facility Exposure, (c) the Secured Hedge Agreement Exposure and (d) the Subsequent Senior Debt Exposure.

“*Senior Offshore Security Documents*” means the Intercreditor Agreement, the Collateral Accounts Agreement and any other document which the Intercreditor Agent (acting at the written direction of the Required Senior Creditors in accordance with the Intercreditor Agreement) and the Issuer agree, subject to the terms of the Secured Obligation Documents, in writing is to be designated as a “Senior Offshore Security Document.”

“*Senior Onshore Account Pledge*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Senior Onshore Assets Pledge*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Senior Onshore Conditional Assignment*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Senior Onshore Irrevocable Collection Mandate*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Senior Onshore Mortgage over Real Estate*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Senior Onshore Pledge over Subordinated Loans*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Senior Onshore Project Document Pledge*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Senior Onshore Security Documents*” means each of the Chilean Collateral Agency Agreement, the Senior Onshore Share Pledge over the Shares of the Issuer, the Senior Onshore Share Pledge over the Shares of Colbún Transmisión, the Senior Onshore Account Pledge, the Senior Onshore Project Document Pledge, the Senior Onshore Assets Pledge, the Senior Onshore Conditional Assignment, the Senior Onshore Irrevocable Collection Mandate, the Senior Onshore Mortgage over Real Estate, the Subordination Agreement, the Senior Onshore Pledge over Subordinated Loans and any other document which the Intercreditor Agent and the Issuer agree, subject to the terms of the Secured Obligation Documents, in writing is to be designated as a “Senior Onshore Security Document.”

“*Senior Onshore Share Pledge*” means, collectively, the Senior Onshore Share Pledge over the Shares of the Issuer and the Senior Onshore Share Pledge over the Shares of Colbún Transmisión.

“*Senior Onshore Share Pledge over the Shares of the Issuer*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Senior Onshore Share Pledge over the Shares of Colbún Transmisión*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Senior Secured Parties*” means the Senior Creditors, the Senior Creditor Agents and any Designated Representative.

“*Senior Security Documents*” means the Senior Offshore Security Documents and Senior Onshore Security Documents.

“*Shareholder*” means, as of any date of determination, each Person holding shares or other ownership interests of each of the Issuer and each Restricted Subsidiary from time to time.

“*SPA*” means the share purchase agreement, dated March 30, 2021, among the Issuer, Colbún and Colbún Desarrollo, together with all exhibits, annexes, schedules and disclosure letters thereto, as amended by that certain amendment letter signed on April 20, 2021 and as further amended from time to time prior to the Acquisition as disclosed in this offering memorandum.

“*Specified Event of Default*” means an “Event of Default” specified in clause (k) under “—Events of Default” above occurring in respect of the Issuer.

“*Sponsors*” means, collectively, APG and Celeo Redes.

“*Subordination Agreement*” has the meaning ascribed to such term in “Description of Principal Financing Agreements—Chilean Law Documents.”

“*Subsequent Senior Debt Documents*” means, once executed and delivered, any agreement evidencing the incurrence by the Issuer or any Guarantor of Subsequent Senior Debt Obligations, all as the same may from time to time be amended, supplemented or otherwise modified.

“*Subsequent Senior Debt Exposure*” means, as of any date of determination, the sum of the aggregate principal balance of all Indebtedness outstanding under the Subsequent Senior Debt Documents *plus* the aggregate amount of unused commitments under the Subsequent Senior Debt Documents.

“*Subsequent Senior Debt Obligations*” means any Permitted Indebtedness of the Issuer or any Guarantor permitted to be incurred pursuant to the Secured Obligation Documents after the Issue Date that is secured by a Lien on the Collateral on a *pari passu* basis with the other Senior Debt.

“*Subsidiary*” of any Person means any corporation, association, partnership or other business entity of which more than 50% of the Equity Interests is owned or controlled, directly or indirectly, by such Person and/or by any Subsidiary of such Person.

“*Substations*” means, collectively, Los Maquis; Maipo; Candelaria; Puente Negro; Colbún; Mulchén; Esperanza; Totoralillo; Cerro Calera; Los Quilos; Aconcagua; Las Tórtolas; Carena; El Raco; Minero; Armerillo; La Mina; Machicura; San Ignacio; Rucúe; Los Pinos; Quilleco; Hornitos; El Llano; Calera Centro; Chiburgo; San Clemente; and any other substation owned in the future by the Issuer, Colbún Transmisión or any other Restricted Subsidiary.

“*SGX-ST*” has the meaning ascribed to such term under the heading “—Notices; Meetings of Holders; Voting.”

“*Target Note Balance*” means, as of each Scheduled Payment Date commencing on the first Scheduled Payment Date occurring after June 1, 2043, a percentage of the principal amount of issued Notes as set forth for each Scheduled Payment Date in the following table:

Scheduled Payment Dates	% of Principal Amount of Issued Notes	Amount Payable (in U.S.\$)
March 27, 2043	0.000000%	—
September 27, 2043	0.502853%	5,524,434
March 27, 2044	0.566258%	6,221,012
September 27, 2044	0.568570%	6,246,412
March 27, 2045	0.578333%	6,353,670
September 27, 2045	0.573467%	6,300,212
March 27, 2046	0.538206%	5,912,828
September 27, 2046	0.565663%	6,214,476

March 27, 2047	0.699606%	7,685,997
September 27, 2047	0.633494%	6,959,679
March 27, 2048	0.612672%	6,730,925
September 27, 2048	0.634816%	6,974,203
March 27, 2049	0.692238%	7,605,051
September 27, 2049	0.669485%	7,355,083
March 27, 2050	0.707087%	7,768,185
September 27, 2050	0.696468%	7,651,523
March 27, 2051	0.760784%	8,358,110
September 27, 2051	0.000000%	—

“*Tariff Readjustment End Date*” means the date on which the Issuer delivers a notice to the Intercreditor Agent and the Offshore Collateral Agent certifying that the later of the following dates has occurred: (a) the date on which the last Tariff Readjustment Payment is required to be paid or reimbursed by the Issuer pursuant to the final, non-appealable valuation published by the National Energy Commission in respect of the Ongoing Tariff Review Process; and (b) the date on which any party (other than the Issuer) that is entitled to set off payments to the Issuer in accordance with the final, non-appealable valuation published by the National Energy Commission in respect of the Ongoing Tariff Review Process has effected such set off.

“*Tariff Readjustment Payments*” means, during the period commencing on the Tariff Readjustment Trigger Date and ending on the Tariff Readjustment End Date, any payments required to be made by the Issuer to any Person in connection with the final, non-appealable valuation published by the National Energy Commission in respect of the Ongoing Tariff Review Process.

“*Tariff Readjustment Set Off Amounts*” means amounts set off by any Person (other than the Issuer) as a result of, and in accordance with, the final, non-appealable valuation published by the National Energy Commission in respect of the Ongoing Tariff Review Process, and pursuant to the periodicity and/or timetable to be determined by the Coordinator (*Coordinador Eléctrico Nacional*) or the National Energy Commission, as applicable.

“*Tariff Readjustment Trigger Date*” means the date on which the Issuer delivers a notice to the Intercreditor Agent and the Offshore Collateral Agent certifying that the Ongoing Tariff Review Process has ended and the valuation published by the National Energy Commission is final and non-appealable under Chilean law.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments or other similar charges imposed by any Governmental Authority, including any interest, additions to Tax or penalties applicable thereto.

“*Taxing Jurisdiction*” has the meaning ascribed to such term under the heading “—Payments on the Notes—Additional Amounts.”

“*Termination Proceeds*” means all amounts paid by or on behalf of any counterparty under any Dedicated Contract, as a result of the early termination or cancellation of such Dedicated Contract.

“*Third Party Consents*” means each consent to pledge, assignment and agreement as provided for in the Senior Onshore Security Documents, executed by the parties to any Material Project Document for which a consent and agreement is required pursuant to the terms of the Senior Onshore Security Documents.

“*Total Loss*” means all or any substantial part of any Project is destroyed, abandoned or becomes permanently inoperative, or suffers an actual or constructive loss or damage, which actual or constructive loss or damage is not restored and for which insurance proceeds are not applied to the repair and restoration within the time frame required under “Offers to Purchase Notes Under Certain Circumstances.”

“*Transfer Period*” means any period beginning on (and including) a Monthly Transfer Date and ending on (but excluding) the immediately succeeding Monthly Transfer Date.

“*Transaction Documents*” means, collectively, the Financing Documents and the Material Project Documents.

“*Transmission Lines*” means, collectively, Los Maquis – Polpaico; Alto Jahuel – Maipo #1; Alto Jahuel – Maipo #2; Maipo – Candelaria; Candelaria – Puente Negro; Puente Negro – Colbún; Colbún – Ancoa; Esperanza – Las Vegas; Esperanza

– Tap Chagres; Tap Chagres- Tap San Felipe; Tap San Felipe – Tap San Rafael; Tap San Rafael – Tap Totoralillo; Tap Totoralillo – Tap Los Maquis; Esperanza – Calera Centro – Cerro Calera; Los Maquis – Hornitos; Tap Los Maquis – Aconcagua; Los Maquis - Los Quilos – Aconcagua – Saladillo; Polpaico – Las Tortolas – Maitenes; Carena – Lo Prado; Carena – El Raco; Candelaria – Minero; Colbún – Machicura; Colbún – Procart; San Ignacio – Tap San Clemente – Talca; Armerillo – La Mina; Colbún – Chiburgo – San Clemente; Santa María – Charrúa - Quilleco – Rucúe; Los Pinos – Charrúa; Angostura – Mulchén; Loica – Portezuelo, and any other power transmission line owned in the future by the Issuer, Colbún Transmisión or any other Restricted Subsidiary.

“*Transition Services Agreements*” means collectively, each of the: (a) Operation Services Agreement (*contrato de prestación de servicios de operación técnica*); (b) Transition Maintenance Services Agreement (*contrato de prestación de servicios mantenimiento y planificación operacional*); (c) Transition Administration Services Agreement (*contrato de prestación de servicios de apoyo a la administración*); and (d) Telecommunications Services Agreement (*contrato de prestación de servicios de transmisión de datos a través de fibra óptica*), in each case, to be entered into between the Issuer and Colbún on or before the Acquisition Effective Date.

“*Trust Indenture Act*” means the United States Trust Indenture Act of 1939, as amended.

“*Unanimous Voting Parties*” means, at any time and with respect to any Affected Class, Senior Creditors holding 100% of such class of Senior Debt.

“*Unrestricted Account*” means one or more bank accounts established in the name of the Issuer in compliance with Collateral Accounts Agreement, which, unless the Issuer otherwise agrees in writing, shall not be subject to any Lien in favor of any Senior Secured Party and into which the following funds may be deposited: (a) amounts constituting the proceeds of Specified Permitted Indebtedness permitted to be deposited into an Unrestricted Account in accordance with the Secured Obligation Documents, (b) funds permitted to be withdrawn from the Issuer USD Restricted Payment Retention Account in accordance with the Collateral Accounts Agreement after satisfaction of the requirements in clause (l) of “Covenants—Negative Covenants,” (c) Permitted Indebtedness of the type described in clause (a)(vii) of “Covenants—Negative Covenants” and (d) the net cash proceeds received by the Issuer as contributions to the Issuer’s equity capital or Permitted Subordinated Debt after the Release Date that are not required to be deposited into any of the Project Accounts.

“*Unrestricted Subsidiary*” means any Subsidiary of the Issuer that shall have been designated an Unrestricted Subsidiary by the Issuer. On the Issue Date and on the Acquisition Effective Date, the Issuer shall not have any Unrestricted Subsidiaries.

“*U.S. Government Obligations*” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States is pledged and that are not callable or redeemable at the Issuer’s option.

“*USD Debt Service Accrual Requirement*” means, as of any Monthly Transfer Date, the amount of Debt Service due and payable on the immediately following scheduled payment date, multiplied by a fraction, the numerator of which is the number of scheduled Monthly Transfer Dates that have elapsed since the previous scheduled payment date (including such Monthly Transfer Date) and the denominator of which is six (6).

“*VAT*” means the Chilean value-added tax (*Impuesto al Valor Agregado*), which is currently regulated by Chilean Decree Law No. 825 of 1974, as in effect from time to time, including as may be amended, and any successor thereto or replacement thereof.

“*VAT Reimbursement*” means any VAT refunds received or to be received by the Issuer and any Restricted Subsidiary from the taxing authority (including the Chilean Treasury – *Tesorería General de la República*) pursuant to the provisions of article 27 Bis of Chilean Decree Law No. 825 of 1974, as amended.

“*Voting Certificate*” has the meaning assigned to such term in the Intercreditor Agreement.

“*Voting Determination Date*” has the meaning assigned to such term in the Intercreditor Vote Notice.

BOOK-ENTRY; SETTLEMENT AND CLEARANCE

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A (“Rule 144A Notes”). Notes also may be offered and sold in offshore transactions in reliance on Regulation S (“Regulation S Notes”). Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the “Rule 144A Global Notes”). Regulation S Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the “Regulation S Global Notes” and, together with the Rule 144A Global Notes, the “Global Notes”).

The Global Notes will be deposited upon issuance with the Indenture Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “restricted period”), beneficial interests in the Regulation S Global Notes may be transferred to a person that takes delivery through a Rule 144A Global Notes in accordance with the certification requirements described below.

Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See “—Exchanges Between Regulation S Notes and Rule 144A Notes.”

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form except in the limited circumstances described below. See “—Exchange of Global Notes for Certificated Notes.” Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters. DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the “participants”) and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book entry changes in accounts of its participants. The participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain custodial relationship with a participant, either directly or indirectly (collectively, the “indirect participants”). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of participants designated by the Initial Purchasers with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the

participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC or through organizations (including Euroclear and Clearstream) which are participants in such system. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of certain states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional amounts, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Issuer and the Indenture Trustee will treat the persons in whose names the Notes, including the global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Indenture Trustee, the transfer agent, registrar, the paying agent nor any agent of the Issuer, nor the Indenture Trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest) is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be our responsibility or that of DTC or the Indenture Trustee. Neither the Issuer nor the Indenture Trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the Notes, and the Issuer and the Indenture Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the

case may be, by its respective depository; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counter-party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf of delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream. DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute such Notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Issuer nor the Indenture Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for definitive Notes in registered certificated form (“Certificated Notes”) if:

- (1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depository for the Global Notes and DTC fails to appoint a successor depository or (b) has ceased to be a clearing agency registered under the Exchange Act;
- (2) The Issuer, at its option, notifies the Indenture Trustee in writing that it has elected to cause the issuance of the Certificated Notes; or
- (3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

In addition, beneficial interests in a Global Note may be exchanged for certificated Notes upon prior written notice given to the Indenture Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by applicable law.

Exchanges between Regulation S Notes and Rule 144A Notes

Beneficial interests in the Regulation S Global Notes may be exchanged for beneficial interests in the Rule 144A Global Notes only if:

- (1) such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and
- (2) the transferor first delivers to the Indenture Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person:
 - (A) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(B) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Notes may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Notes, whether before or after the expiration of the restricted period, only if the transferor first delivers to the Indenture Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected in DTC by means of an instruction originated by the DTC participant and approved by the Indenture Trustee through the DTC Deposit/ Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Notes or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other Global Note for so long as it remains such an interest. Transfers between Regulation S and Rule 144A Notes will need to be done on a delivery free of payment basis and separate arrangements will need to be made outside of DTC for payment.

TAXATION

Chilean Taxation

The following is a general summary of the material consequences under Chilean tax law, as currently in effect, of an investment in the Notes made by a Foreign Holder (as defined below). It is based on the tax laws of Chile as in effect on the date of this prospectus supplement, as well as regulations, rulings and decisions of Chile available on or before such date and now in effect. All of the foregoing is subject to change. Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another law or international tax treaty. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of Chilean tax law. Chilean tax law may not be applied retroactively against taxpayers who act in good faith relying on such rulings, regulations or interpretations, but Chilean tax authorities may change their rulings, regulations or interpretations prospectively. For purposes of this summary, the term “Foreign Holder” means either (i) in the case of an individual, a person who is not resident or domiciled in Chile (for purposes of Chilean taxation, (a) an individual holder is resident in Chile if he or she has remained in Chile, interruptedly or not, for a period that in total exceed 183 days within any 12 months lapse and (b) an individual is domiciled in Chile if he or she resides in Chile with the actual or presumptive intent of staying in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of one’s family to Chile)); or (ii) in the case of a legal entity, a legal entity that is not organized under the laws of Chile, unless the Notes are assigned to a branch or a permanent establishment of such entity in Chile.

Payments of interest or premium

Under the Chilean Income Tax Law (*Ley de Impuesto a la Renta*) payments of interest or premium made by us, if any, made to a Foreign Holder in respect of the Notes will generally be subject to a Chilean withholding tax currently at the rate of 4%. However, interest, premiums, remuneration for services, financial expenses and any other contractual surcharges paid, credited to an account or made available to entities related to us in respect of loans or liabilities (e.g. the Notes) during the year in which the indebtedness is considered to be excessive, are subject to a single tax of 35% that will be applied to us separately, to the extent paid to entities related to us. The 4% withholding tax already paid can be used as a credit against the applicable 35% single tax. Our indebtedness will be considered to be excessive (“Excessive Indebtedness”) when at the end of the corresponding fiscal year we have a “total annual indebtedness” with entities incorporated, domiciled, residing or established whether in a foreign country or in Chile, either related or not to us, that exceeds three times our tax adjusted equity, as calculated for Chilean tax purposes. Only the short-term debts acquired with non-related parties (*i.e.*, with maturity of less than 90 days, including extensions or renewals) may be excluded from the “total annual indebtedness” calculation. Consequently, interest or premium paid to entities related to us with respect to debt that exceeds this Excessive Indebtedness ratio will be subject to a 35% tax rate applicable to us.

Under the Excessive Indebtedness rules, a lender or creditor, such as a holder of the Notes, will be deemed to be related to the payor or debtor, if: (i) the beneficiary (*i.e.*, lender or creditor) is incorporated, domiciled, resident or established in one of the territories or jurisdictions within the scope of section 41 H of the Chilean Income Tax Law (preferential tax regimes, as defined in the same section 41 H); or (ii) the beneficiary (*i.e.*, lender or creditor) or debtor belongs to the same corporate group, or directly or indirectly, owns or participates in 10% or more of the capital or the profits of the other or if lender and debtor have a common partner or shareholder which, directly or indirectly, owns or participates in 10% or more of the capital or the profits of one or the other, and that beneficiary is incorporated, domiciled, resident or established outside Chile; or (iii) the debt is guaranteed directly or indirectly by a related third-party under the terms of (i) and (ii) above, provided such third-party is established or resident outside Chile and is also the final beneficiary of the interests from the financing; (iv) it refers to securities placed and acquired by independent entities and that are subsequently acquired or transferred to a related entity according to prior numbers (i) to (iii) above; or (v) a party carries out one or more transactions with a third-party who, in turn, carries out, directly or indirectly, with a related party of the first party, one or more transactions similar or identical to those carried out with the first party, whatever the capacity in which said third-party and the parties intervene in

such operations. The debtor will be required to issue a sworn statement in this regard in the form set forth by the Chilean tax authorities.

As described above, we have agreed, subject to specific exceptions and limitations, to pay Additional Amounts to the Foreign Holders of the Notes in respect of the Chilean interest withholding tax in order that any interest or premium the Foreign Holder receives from us, net of the Chilean interest withholding tax, equals the amount which would have been received by such Foreign Holder in the absence of such Chilean interest withholding tax. See “Description of the Notes—Payments on the Notes—Additional Amounts.”

Payments of principal

Under existing Chilean law and regulations, a Foreign Holder will not be subject to any Chilean taxes in respect of payments of principal made by us with respect to the Notes. Any other payment to be made by us (other than interest, premium or principal on the Notes and except for special exceptions granted by Chilean law and tax treaties subscribed by Chile and currently in force) will be subject to up to 35% withholding tax.

Capital gains

Capital gains realized by a Foreign Holder on the sale or other disposition of the Notes will not be subject to Chilean income taxes.

Gift and Inheritance Tax

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

Stamp Tax

As a general rule, the issuance of notes is subject to stamp tax at a rate of 0.066% per month or fraction thereof elapsed between the issuance and the maturity of the notes, calculated over the principal amount of the notes, with a maximum of 0.8% over the principal amount, which will be payable by us. If the stamp tax is not paid when due, the Chilean law imposes inflation adjustments, interests and penalties. Interest payments that are deferred may be subject to stamp tax if such interests are deemed capitalized according to Chilean law. In addition, until such tax (and any penalty) is paid, Chilean courts will not enforce any action based on the Notes.

Certain U.S. Federal Income Tax Considerations

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the Notes. The discussion addresses only U.S. Holders (as defined below) that purchase Notes in the original offering at their initial “issue price” (generally the first price at which a substantial amount of the Notes are sold for money to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers)), hold the Notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), and, use the U.S. dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt organizations, individual retirement accounts and other tax-deferred accounts, dealers or traders in securities or currencies, certain former citizens or long-term residents of the United States, traders who elect to mark their investment to market, persons holding the Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction, investors using the accrual method of accounting for U.S. federal income tax purposes and who are required to recognize income for such purposes no later than when such income is taken into account in an applicable financial statement, and partnerships (or other entities or arrangements treated as pass-through entities for U.S. federal income tax purposes) and partners in such partnerships) are subject to special tax regimes. The discussion does not address any state,

local or foreign taxes, the Medicare tax on net investment income or the federal alternative minimum tax. Prospective investors should note that no rulings have been, or are expected to be, sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

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

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

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

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

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances the Issuer may be required to make payments on a Note that would change the yield of the Note. See “Description of the Notes—Repurchase Upon a Change of Control Ratings Downgrade Event,” “Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption—Special Mandatory Redemption,” and “Description of the Notes—Optional Redemption—Optional Redemption with Make-Whole Premium.” This obligation may implicate the provisions of Treasury regulations relating to contingent payment debt instruments (“CPDIs”). According to the applicable Treasury regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are “remote or incidental” or certain other circumstances apply. The Issuer intends to take the position that the Notes are not CPDIs. This determination, however, is not binding on the IRS and if the IRS were to challenge this determination, a holder may be required to accrue income on the Notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such Notes before the resolution of the contingency. If the Notes are not CPDIs but such contingent payments were required to be made, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and other rules above and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Interest

Stated interest paid to a U.S. Holder, and any Additional Amounts on the Notes (including the amount of tax withheld from payments of interest and Additional Amounts, and without reduction for any amounts so withheld), will be includible in the U.S. Holder’s gross income as ordinary interest income at the time such payment of interest or Additional Amounts (as applicable) are received or accrued in accordance with the U.S. Holder’s regular method of tax accounting for U.S. federal income tax purposes. It is expected, and the remainder of this discussion assumes, that the Notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest on the Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute “passive category” income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the Notes. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes, provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued during the relevant taxable year. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

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

Any gain or loss realized on the sale, exchange or other taxable disposition of a Note generally will be treated as U.S. source gain or loss, as the case may be. As a result, if any gain from the sale, exchange or other taxable disposition of a Note is subject to foreign income tax, U.S. Holders may not be able to credit such tax against their U.S. federal income tax liability under the U.S. foreign tax credit limitations unless such income tax can be credited (subject to applicable limitations) against U.S. federal income tax due on other income that is treated as derived from foreign sources. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the foreign tax credit limitations.

U.S. Backup Withholding and Information Reporting

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

“Specified Foreign Financial Asset” Reporting

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

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

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS

Subject to the following discussion, the Notes may be acquired by an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a “plan” as defined in and subject to Section 4975 of the Code or an entity deemed to hold plan assets of the foregoing (each, a “Benefit Plan Investor”), as well as by governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA), and non-U.S. plans (collectively, with Benefit Plan Investors, “Plans”). Section 406 of ERISA and Section 4975 of the Code prohibit Benefit Plan Investors from engaging in certain transactions with persons that are “parties in interest” under ERISA or “disqualified persons” under the Code with respect to such Benefit Plan Investor. A violation of these “prohibited transaction” rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of such Benefit Plan Investor. In addition, Title I of ERISA requires fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents. Plans that are not subject to the fiduciary and prohibited transaction provisions of ERISA or Section 4975 of the Code, such as governmental plans, church plans and non-U.S. plans, may be subject to similar restrictions under applicable state, local or other law (“Similar Law”).

General Fiduciary Matters

In considering an investment in the Notes with the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Law.

Prohibited Transaction Issues

The acquisition and/or holding of the Notes by or on behalf of a Benefit Plan Investor could be considered to give rise to a prohibited transaction if we are or become, or another party involved with this offering (including the Initial Purchasers) is or becomes, a party in interest or a disqualified person with respect to such Benefit Plan Investor. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of the Notes by a Benefit Plan Investor depending on the type and circumstances of the plan fiduciary making the decision to acquire such Notes and the relationship of the party in interest to the Benefit Plan Investor. Included among these exemptions are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor and non-fiduciary service providers to the Benefit Plan Investor; Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by “in-house asset managers;” PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Notes, and prospective acquirers that are Benefit Plan Investors should consult with their legal advisors regarding the applicability of any such exemption.

Representation

By acquiring a Note (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to represent, warrant and covenant that (A) either (i) it is not acquiring the Note (or interest therein) with the assets of a Plan; or (ii) the acquisition and holding of the Note (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law, and (B) with respect to acquisitions by Benefit Plan Investors, (i) none of the Issuer, the Initial Purchaser, the Collateral Agent, the Indenture Trustee, nor any of their affiliates, has provided, and none of them will provide, any investment advice within the meaning of Section 3(21) of ERISA to it or to any fiduciary or other person investing the assets of the Benefit Plan Investor (“Plan Fiduciary”) in connection with its decision to invest in the Notes, and they are not otherwise acting as fiduciary, as defined in section 3(21) of ERISA or Section

4975(e)(3) of the Code, to the Benefit Plan Investor, or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Law to such investment and whether an exemption would be applicable to the purchase and holding of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement, dated September 9, 2021, we have agreed to sell to J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Santander Investment Securities Inc. and SMBC Nikko Securities America, Inc., as Initial Purchasers, and each of the Initial Purchasers has agreed to purchase from us, severally and not jointly, the principal amount of the Notes set forth opposite its name below.

Initial Purchasers	Principal Amount of the Notes
J.P. Morgan Securities LLC	U.S.\$439,446,000
Citigroup Global Markets Inc.....	U.S.\$219,724,000
Santander Investment Securities Inc.....	U.S.\$219,724,000
SMBC Nikko Securities America, Inc.	U.S.\$219,724,000
Total	U.S.\$1,098,618,000

If an Initial Purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the purchase agreement may be terminated. The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part. The Initial Purchasers may offer to sell notes through certain of their affiliates.

The purchase agreement provides that the obligations of the Initial Purchasers are subject to certain conditions precedent such as the receipt by the Initial Purchasers of officers' certificates and legal opinions. The purchase agreement provides that the Initial Purchasers will purchase all of the Notes if any of them are purchased. Under the purchase agreement, the Issuer has agreed to indemnify the Initial Purchasers and their respective controlling persons jointly and severally against certain liabilities in connection with this offering, including liabilities under the Securities Act, and to contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

The Notes and the Note Guarantee have not been and will not be registered under the Securities Act. The Initial Purchasers have advised us that they propose to resell the Notes (a) to persons who it reasonably believes are QIBs, within the meaning of Rule 144A under the Securities Act, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

In connection with sales outside the United States, the Initial Purchasers have acknowledged and agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (other than "distributors" within the meaning of Regulation S) (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering or the date the Notes were originally issued. The Initial Purchasers will send to each dealer to whom it sells the Notes in reliance on Regulation S during the 40-day distribution compliance period, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the expiration of the 40-day distribution compliance period referred to above, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

The Notes will initially be offered at the price indicated on the cover page of this offering memorandum. After the initial offering of the Notes, the offering price and other selling terms of the Notes may be changed at any time without notice.

Listing of the Notes

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. If any legislation is adopted and is implemented or takes effect in Singapore in a manner that would require the Issuer to publish or produce financial statements according to accounting principles or standards that are different from IFRS,

or that would otherwise impose requirements on the Issuer that the Issuer in its discretion determines are impracticable or unduly burdensome, the Issuer may apply to delist the Notes. The Issuer will use its reasonable best efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system within or outside Singapore, as it may reasonably decide.

No Sale of Similar Securities

We have agreed with the Initial Purchasers that for a period of 90 days after the date of the issuance of the Notes, without first obtaining the prior written consent of the Initial Purchasers, we will not offer, issue, sell, or contract to sell in the domestic or international capital markets any debt securities of the Issuer that are substantially similar to the Notes.

Stabilization Transactions

In connection with this offering memorandum, the Initial Purchasers may, but are not obliged to, engage in over- allotment, stabilizing transactions and covering transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for an Initial Purchaser. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions.

Any of these transactions may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes might be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued by the Initial Purchasers in their sole discretion at any time.

Settlement

We expect that delivery of the Notes will be made against payment therefor on or about September 20, 2021, which will be the seventh business day following the date of this offering memorandum (such settlement being referred to as “T+7”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days. Accordingly, purchasers who wish to trade Notes prior to the second business day before delivery of the Notes hereunder will be required, by virtue of the fact that such Notes initially will settle in T+7, to specify an alternate settlement arrangement at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their delivery hereunder should consult their own advisor.

Transfer Restrictions & Liquidity

The offering of the Notes has not been registered under the Securities Act or qualified for sale under the securities laws of any U.S. state or any jurisdiction outside the United States. Accordingly, the Notes will be subject to significant restrictions on resale and transfer as described under “Transfer Restrictions.” The Notes will constitute a new class of securities with no established trading market. We cannot assure you that a liquid or active public trading market for the Notes will develop, or, if developed, that it will continue to exist.

The Initial Purchasers have advised us that, following the completion of this offering, they currently intend to make a market in the Notes as permitted by applicable laws and regulations. However, the Initial Purchasers are not obligated to do so, and the Initial Purchasers may discontinue any market making activities with respect to the Notes at any time in their sole discretion. Accordingly, no assurance can be given that a liquid trading market will develop for the Notes, that you will be able to sell any of the Notes held by you at a particular time or that the prices that you receive when you sell will be favorable. Each purchaser of the Notes, by its purchase of the Notes, will be deemed to have made certain acknowledgements, representations, warranties and agreements as set forth under “Transfer Restrictions.”

Other Activities & Relationships

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of ours or our affiliates.

In addition, the Initial Purchasers and their affiliates may make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and short positions in such securities and instruments.

Sales Outside the United States

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

The distribution of this offering memorandum in certain jurisdictions may be restricted by law. You must inform yourself about, and observe, any such restrictions. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the securities or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the securities under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We are not, and the Initial Purchasers are not, making an offer of, or invitation to purchase, any of the securities to any person in any jurisdiction in which such offer or solicitation would be unlawful.

This offering memorandum has not been submitted to the review or registration procedures of the SEC under the Securities Act or otherwise any regulatory authority in or outside the United States. The offering of the Notes pursuant to this offering memorandum has not been approved or recommended by any governmental securities regulator.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should

refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Chile

The offer of the Notes is subject to General Rule No. 336 of the CMF. The Notes being offered will not be registered under the Chilean Securities Market Law (*Ley de Mercado de Valores*) in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) both kept by the CMF and, therefore, the Notes are not subject to the oversight of the CMF. As unregistered securities in Chile, we are not required to disclose public information about the Notes in Chile. Accordingly, the Notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding Securities Registry. The Notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with General Rule No. 336 of the CMF. Pursuant to the Chilean Securities Market Law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories or groups thereof. Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law and, as such, subject to registration in Chile. However, pursuant to General Rule No.336 of the CMF, the Notes may be privately offered in Chile to certain "qualified investors" identified as such therein (which in turn are further described in General Rule No. 216, dated June 12, 2008, of the CMF).

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

1. Date of commencement of the offer: September 1, 2021. The offer of the Notes is subject to Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the CMF.
2. The subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*), nor with the Foreign Securities Registry (*Registro de Valores Extranjeros*) both kept by CMF. As a consequence, the Notes are not subject to the oversight of the CMF.
3. Since the Notes are not registered in Chile, the Issuer is not obliged to provide publicly available information about the Notes in Chile.
4. The Notes will not be subject to public offering in Chile unless registered with the relevant Securities Registry kept by the CMF.

European Economic Area

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended or superseded).

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Each person in a Member State of the EEA who receives any communication in respect of, or who acquires any Notes under, the offers to the public contemplated in this offering memorandum, or to whom the Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the issuer that it and any person on whose behalf it acquires Notes is not a “retail investor” (as defined above).

United Kingdom

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

The offering memorandum and the offer of the Notes have been prepared on the basis that any offer of Notes in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation and the Financial Services and Markets Act 2000 (as amended) from the requirement to publish a prospectus for offers of Notes. The expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”).

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Each person in the United Kingdom who receives any communication in respect of, or who acquires any Notes under the offers to the public contemplated in this offering memorandum, or to whom the Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the issuer that it and any person on whose behalf it acquires Notes is not a “retail investor” (as defined above).

Restrictions on Marketing and Sales to Retail Investors

The Notes described in this offering memorandum are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the UK Financial Conduct Authority (the “FCA”) published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the “PI Instrument”). Under the rules set out in the PI Instrument (as amended or replaced from time to time, the “PI Rules”):

- (i) certain contingent write down or convertible securities (including any beneficial interests therein), such as the Notes, must not be sold to retail clients in the UK; and
- (ii) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

The Initial Purchasers and their affiliates may be subject to, and required to comply with, the PI Rules, or, if not subject to the PI Rules, they will comply with them as if they were subject to the PI Rules. By purchasing, or making or accepting an offer to purchase any Notes from the Initial Purchasers, you represent, warrant, agree with and undertake to the Initial Purchasers that:

- (1) you are not a retail client in the UK (as defined in the PI Rules);
- (2) whether or not you are subject to the PI Rules, you will not:
 - a. sell or offer the Notes (or any beneficial interests therein) to retail clients in the UK;
 - b. communicate (including the distribution of this offering memorandum) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK (in each case within the meaning of the PI Rules),

in any such case other than in relation to any sale of or offer to sell the Notes (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in any other circumstances that do not and will not give rise to a contravention of the PI Rules by any person; and

- (3) you will at all times comply with all applicable local laws, regulations and regulatory guidance (whether inside or outside the UK) relating to sales of instruments such as the Notes, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Initial Purchasers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this offering memorandum or incorporated by reference herein.

For the avoidance of doubt, the restrictions described above do not affect the distribution of the Notes in jurisdictions outside of the UK, such as in the United States provided that any distribution into the UK complies with the PI Rules.

Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes, constitutes or will constitute a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Hong Kong

Each Initial Purchaser (i) has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the “SFO”) and any rules made thereunder; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the “CO”) or which do not constitute an offer to the public within the meaning of the CO; and (ii) has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Japan

The Notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the Notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any “resident” of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Singapore

Each Joint Book-runner has acknowledged that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Book-runner has represented, warranted and agreed that this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;
- (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the

offer or sale, or invitation for subscription or purchase, of the Notes, may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;
- (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust will not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Section 309B Notification—The Issuer has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United Arab Emirates

Federal

The Notes have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates other than in compliance with the laws of the United Arab Emirates governing the issue, offering

and sale of securities. Further, this offering memorandum does not constitute a public offer of securities in the United Arab Emirates and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates or the Securities and Commodities Authority.

Dubai International Financial Centre

This offering memorandum is for distribution only to persons who (a) are outside the Dubai International Financial Centre, (b) are persons who meet the Professional Client criteria set out in Rule 2.3.4 of the DFSA Conduct of Business Module or (c) are persons to whom an invitation or inducement in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons” for the purposes of this paragraph). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

This offering memorandum relates to an Exempt Offer in accordance with the Market Rules of the Dubai Financial Services Authority (“DFSA”). This offering memorandum is intended for distribution only to persons of a type specified in the Market Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor

Abu Dhabi Global Market

This offering memorandum is for distribution only to persons who (a) are outside the Abu Dhabi Global Market, or (b) are Authorized Persons or Recognized Bodies (as such terms are defined in the Financial Services and Markets Regulations 2015 (“FSMR”)), or (c) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons” for the purposes of this paragraph). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

This offer document is an Exempt Offer in accordance with the Market Rules of the Abu Dhabi Global Market (“ADGM”) Financial Services Regulatory Authority. This Exempt Offer document is intended for distribution only to Persons of a type specified in the Market Rules. It must not be delivered to, or relied on by, any other Person. The ADGM Financial Services Regulatory Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The ADGM Financial Services Regulatory Authority has not approved this Exempt Offer document nor taken steps to verify the information set out in it, and has no responsibility for it. The Securities to which this Exempt Offer relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Securities offered should conduct their own due diligence on the Securities. If you do not understand the contents of this Exempt Offer document, you should consult an authorized financial advisor.

Colombia

The offering of the Notes will not be authorized by the Financial Superintendence of Colombia (“SFC”) and the Notes have not been and will not be registered in the Colombian National Registry of Securities and the Issuer (*Registro Nacional de Valores y Emisores*) maintained by the SFC or in the Colombian Stock Exchange (*Bolsa de Valores de Colombia*). The Notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws

and regulations. Furthermore, foreign financial entities must abide by the terms of Decree 2555 of 2010 to offer privately the Notes to their Colombian clients.

Peru

The Notes and the information contained in this Offering Memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Issuer or the sellers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this offering memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the (Peruvian capital market regulator (*Superintendencia del Mercado de Valores*, the “SMV”) nor have they been registered with the SMV’s Securities Market Public Registry (*Registro Público del Mercado de Valores*). Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian law and regulations and complies with the provisions on private offerings set forth therein.

Brazil

The Notes (and the related Note Guarantee) have not been, and will not be, registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*). The Notes (and the related Note Guarantee) may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or unauthorized distribution under Brazilian laws and regulations. The Notes (and the related Note Guarantee) are not being offered into Brazil. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil, nor be used in connection with any public offer for subscription or sale of the Notes to the public in Brazil.

Mexico

The Notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV and, therefore, may not be offered or sold publicly in Mexico, except that the Notes may be offered and sold in Mexico to investors that qualify as institutional and qualified investors solely pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*). The information contained in this offering memorandum is our exclusive responsibility and has not been reviewed or authorized by the CNBV.

General Selling Restrictions

The Issuer has taken no action and will not take any action in the future in any jurisdiction that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this offering memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required. The Issuer and the Initial Purchasers require persons into whose hands this offering memorandum comes to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this offering memorandum or any other offering material relating to the Notes, in all cases at their own expense.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the resale of the Notes, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been registered under the Securities Act or any state securities laws, and the Notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the Notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons (“non-U.S. purchasers,” which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act and in reliance upon Regulation S under the Securities Act. As used herein, the terms “United States” and “U.S. person” have the meanings given to them in Regulation S.

Each purchaser of Notes (other than the Initial Purchasers in connection with the initial issuance and sale of the Notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

1. It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (B) a non-U.S. person that is outside the United States (and is not purchasing for the account of a U.S. person) within the meaning of Regulation S, or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above.
2. It acknowledges that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act; that the Notes have not been registered under the Securities Act or any securities regulatory authority of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
3. It will not resell or otherwise transfer any of such Notes within one year (or such shorter period of time as permitted by Rule 144 under the Securities Act or any successor provision thereunder) after the original issuance of the Notes except (A) to the Issuer or any of its affiliates, (B) inside the United States to a QIB in a transaction complying with Rule 144A under the Securities Act, (C) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (E) pursuant to an effective registration statement under the Securities Act, or (F) in accordance with another exemption from the registration requirements of the Securities Act (if available and based upon an opinion of counsel if the Issuer so requests).
4. It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.
5. If it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S Global Note, it acknowledges and agrees that (i) until the expiration of the 40-day “distribution compliance period” within the meaning of Regulation S, any offer, sale, pledge or other transfer thereof will not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a Rule 144A Global Note, and (ii) that it must exchange its beneficial interest in the Regulation S Global Note for a beneficial interest in a Regulation S Global Note or a Rule 144A Global Note in order to receive payments of interest.

6. It acknowledges that prior to any proposed transfer of Notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement) the holder of Notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture.
7. It acknowledges that prior to any proposed transfer of Notes, the holder of such Notes may be required to provide certifications and other documentation relating to the manner of such transfer as provided in the Indenture;
8. It understands that:
 - (i) the following is the form of restrictive legend which will appear on the face of each Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER OR ANY OF ITS AFFILIATES, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN A TRANSACTION COMPLYING WITH RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (5) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE ISSUER SO REQUESTS). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.”

The foregoing legend may be removed from this Note only with the consent of the Issuer;” and

- (i) the following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

“THIS GLOBAL NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, A NON-U.S. PURCHASER ACQUIRING A BENEFICIAL INTEREST IN A REGULATION S GLOBAL NOTE ACKNOWLEDGES AND AGREES (I) THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S) UNTIL THE EXPIRATION OF THE 40-DAY “DISTRIBUTION COMPLIANCE PERIOD” (AS DEFINED IN REGULATION S), EXCEPT PURSUANT TO RULE 144A (“RULE 144A”) TO A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A) (A “QIB”) TAKING DELIVERY THEREOF IN THE FORM OF A BENEFICIAL INTEREST IN A 144A GLOBAL NOTE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DATE ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THIS NOTE.”

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfers of interest in global notes and certificated notes, see “Book-Entry; Settlement and Clearance.”

9. It is relying on the information contained in this offering memorandum in making its investment decision with respect to the Notes. It acknowledges that no representation or warranty is made by the Initial Purchasers as to the accuracy or completeness of such materials. It further acknowledges that neither the Issuer nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to it with respect to us or the offering or sale of any Notes other than the information contained in this offering memorandum. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including any opportunity to ask questions of and request information from us and the Initial Purchasers.
10. It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as holders of the Notes.
11. It acknowledges that the Indenture Trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of transfer certificates and other related information required under the Indenture.
12. It acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Notes is no longer accurate, it will promptly notify the Issuer and the Initial Purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.
13. No assets of a Plan or a non-U.S., governmental or church plan that is subject to Similar Law have been or will be used to acquire the Notes or an interest therein; or (B) its acquisition and holding of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law.
14. With respect to acquisitions by Benefit Plan Investors, (i) none of the Issuer, the Initial Purchaser, the Collateral Agent, the Indenture Trustee, nor any of their affiliates, has provided, and none of them will provide, any investment advice within the meaning of Section 3(21) of ERISA to it or to any fiduciary or other person investing the assets of the Benefit Plan Investor (“Plan Fiduciary”) in connection with its decision to invest in the Notes, and they are not otherwise acting as fiduciary, as defined in section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor, or the Plan Fiduciary in connection with the Benefit Plan Investor’s acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.

LISTING AND GENERAL INFORMATION

Clearing Systems

An application has been made to have the Notes accepted for clearance through Euroclear and Clearstream. In addition, the Notes have been accepted for clearance through DTC. The Committee on Uniform Securities Identification Procedures (“CUSIP”), International Securities Identification Number (“ISIN”) and Common Code numbers for the Regulation S Notes are P0R60QAA1, USP0R60QAA15 and 236776760, respectively. The CUSIP, ISIN and Common Code numbers for the Rule 144A Notes are 01538TAA3, US01538TAA34 and 236776778, respectively.

Listing

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective consolidated subsidiaries and associated companies (if any), the Notes or the Note Guarantee. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. There is currently no public market for the Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Notes which are issued in global certificated form are exchanged for Notes in definitive registered form or definitive registered Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Notes which are issued in global certificated form are exchanged for Notes in definitive registered form or definitive registered Notes, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the certificates in definitive form, including details of the paying agent in Singapore.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of each series of Notes.

No Material Adverse Change

There has been no material adverse change in Colbún Transmisión’s and the Issuer’s financial position and/or prospects since June 30, 2021, which is the date of their latest financial statements included in this offering memorandum.

Litigation

Colbún Transmisión is not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as Colbún Transmisión is aware is any such litigation or arbitration threatened. See “Business Overview—Legal, Administrative and Arbitration Proceedings.”

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon for us by White & Case LLP, New York, New York, as to matters of U.S. federal and New York State law, and by Carey y Cía. Limitada, as to matters of Chilean Law. Certain legal matters will be passed upon for the Initial Purchasers by Shearman & Sterling LLP, as to matters of U.S. federal and New York State law, and by Claro & Cía., as to matters of Chilean Law. White & Case LLP and Shearman & Sterling LLP will rely, as to all matters of Chilean Law, on the opinion of Carey y Cía. Limitada, our Chilean counsel, and Claro & Cía., Chilean counsel to the Initial Purchasers.

INDEPENDENT AUDITORS

The financial statements of Alfa Desarrollo SpA as of June 30, 2021, included in this offering memorandum, have been audited by EY Servicios Profesionales de Auditoria y Asesorías SpA, independent auditors, as stated in their report appearing herein.

The financial statements of Colbún Transmisión S.A. as of June 30, 2021 and for the six-month period then ended and as of December 31, 2020 and for the year then ended, included in this offering memorandum, have been audited by EY Servicios Profesionales de Auditoria y Asesorías SpA, independent auditors, as stated in their respective reports appearing herein.

The financial statements of Colbún Transmisión S.A. as of December 31, 2019 and 2018 and for the years then ended, included in this offering memorandum, have been audited by KPMG Auditores Consultores SpA, independent auditors, as stated in their report appearing herein.

INDEPENDENT ENGINEER

The Independent Engineer Report has been prepared by Black & Veatch Management Consulting, LLC, and the information provided herein based on the Independent Engineer Report relies upon the experience of such firm as an independent international consulting firm that provides technical consulting services covering, among other industries, the energy and utilities sector. Black & Veatch's business address is 11401 Lamar Ave., Overland Park, Kansas 66211.

The Independent Engineer Report summarizes Black & Veatch's analysis and opinions, provides an overview of Colbún Transmisión's transmission portfolio, a review of the portfolio's material agreements and historical performance, construction budget and operating costs, its maintenance plan and an environmental and permit review and assessment, including with respect to the Equator Principles.

Black & Veatch is an independent consultant with respect to the Issuer and Colbún Transmisión, and their respective affiliates and does not own any interest in the assets covered by the Independent Engineer Report.

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Financial Statements
For the period ended June 30, 2021

ALFA DESARROLLO S.P.A.
Thousands of U.S. dollars

This document includes:

- Interim Financial Statements
- Explanatory notes to the Interim Financial Statements

Independent Auditor's Report

To the
Shareholders of
Alfa Desarrollo SpA

We have audited the accompanying interim financial statements of Alfa Desarrollo SpA, which comprise the interim statements of the financial position as of June 30, 2021, and the related statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the period from March 17, 2021 to June 30, 2021 and the related notes to the interim financial statements.

Management's responsibility for the interim financial statements

The Company's management is responsible for the preparation and fair presentation of these interim financial statements in conformity with International Financial Reporting Standards. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit, the interim financial statements referred to above present fairly, in all material respects, the financial position of Alfa Desarrollo SpA as of June 30, 2021, and the results of its operations and its cash flows for the period from March 17, 2021 to June 30, 2021, in conformity with International Financial Reporting Standards.

Santiago, August 24, 2021



Marek Borowski
EY Audit SpA

Alfa Desarrollo S.P.A.
Interim Classified Statements of Financial Position
as of June 30, 2021
(In thousands of U.S. dollars)

	Note	06.30.2021
	N°	ThUS\$
Assets		
Current assets		
Cash and cash equivalents	6	1
Other current financial assets	7	20.020
Total current assets		20.021
Non - current assets		
Other financial non-current assets	7	102
Total non-current assets		102
Total assets		20.123
Liabilities		
Current liabilities		
Other current financial liabilities	8	21.240
Trade payables due to related parties, current	9	102
Total current liabilities		21.342
Total non-current liabilities		-
Total liabilities		21.342
Equity		
Share capital	10	1
Retained earnings (loss)		-
Other reserves	11	(1.220)
Equity attributable to the owners of the Parent		(1.219)
Non-controlling interest		
Total Equity		(1.219)
Total equity and liabilities		20.123

The accompanying notes are an integral part of the interim financial statements

Alfa Desarrollo S.P.A.
Interim Statements of Comprehensive Income
for the period from March 17, 2021 to June 30, 2021
(In thousands of U.S. dollars)

	Note N°	03.17.2021 06.30.2021 ThUS\$
Statement of Comprehensive Income		
Profit (loss)		
Revenue		-
Cost of sales		-
Gross profit		-
Gains arising from de-recognition of financial assets measured at amortized cost		-
Other income per function		-
Distribution expenses		-
Administrative expenses		-
Other expenses by function		-
Other profit (loss)		-
Profit (loss) from continuing operations		-
Finance income		-
Finance expenses		-
Share of profit (losses) of associates and joint ventures accounted for using the equity method		-
Foreign currency translation difference		-
Income (expense) from inflation-adjusted units		-
Profit (loss) before tax		-
Income tax benefit (Expense)		-
Profit (loss) from continuing operations		-
Profit (loss) from discontinued operations		-
Profit (loss) for the period		-
Profit (loss), attributable to		
Profit (loss) attributable to the owners of the parent		-
Profit (loss) attributable to non - controlling interest		-
Profit (loss) for the period		-
Earnings per share		
Basic earnings per share		
Basic earnings (loss) per share on continuing operations		-
Basic earnings (loss) per share on discontinued operations		-
Basic earnings (loss) per share		-
Diluted earnings per share		
Basic diluted earnings (loss) per share on continuing operations		-
Basic diluted earnings (loss) per share on discontinued operations		-
Diluted earnings (loss) per share		-

The accompanying notes are an integral part of the interim financial statements

Alfa Desarrollo S.P.A.
Interim Statements of Comprehensive Income
for the period from March 17, 2021 to June 30, 2021
(In thousands of U.S. dollars)

	03.17.2021 06.30.2021 ThUS\$
Profit (loss) for the period	-
Components of other comprehensive income before taxes	
Other components of other comprehensive income before taxes	-
Income tax related to components of other comprehensive income	-
Total other comprehensive income	-
Total Comprehensive Income	-

The accompanying notes are an integral part of the interim financial statements

Alfa Desarrollo S.P.A.
Statement of Cash Flows
for the period from March 17, 2021 to June 30, 2021
(In thousands of U.S. dollars)

	06.30.2021
	ThUS\$
Cash flow	
Cash flows from (used in) operating activities	
Classes of cash receipts from operating activities	
Cash receipts from sale of goods and rendering of services	-
Proceeds from royalties, fees, commissions and other income from ordinary activities	-
Proceeds from premiums and claims, annuities and other benefits arising on underwritten policies	-
Other cash receipts from operating activities	-
Cash payments by category	-
Payments to suppliers for goods and services	-
Payments to and on behalf of employees	-
Cash payments for premiums and services, annuities and other obligations from policies underwritten	-
Other cash payments used in operating activities	-
Other cash inflows (outflows)	-
Net cash from (used in) operating activities	-
Cash flows from (used in) investing activities	-
Cash flows used to obtain control of subsidiaries or other businesses	-
Loans to related companies	-
Proceeds from the sale of property, plant and equipment	-
Acquisition of property, plant and equipment	-
Interest received - paid	-
Other cash receipts (payments)	-
Net cash from (used in) investing activities	-
Cash flows from (used in) financing activities	-
Cash flows receipts from capital contribution	1
Other cash receipts (payments)	-
Net cash from (used in) financing activities	1
	-
Net increase in cash and cash equivalents,	
before the effect of movements in exchange rate on cash held	1
Effects of movements in exchange rates on cash held	-
Effects of movements in exchange rates on cash held	-
Net increase in cash and cash equivalents	1
Cash and cash equivalents at January 1	-
Cash and cash equivalents at June 30	1

The accompanying notes are an integral part of the interim financial statements

Alfa Desarrollo S.P.A.
Statements of Changes in Equity
for the period from March 17, 2021 to June 30, 2021
(In thousands of U.S. dollars)

	Other Reserves					Equity attributable to the owners of the parent company	Non- controlling interest	Total Equity
	Capital issued	Reserves for cash flow hedges	Reserves for gains and losses on defined benefit plans	Other reserves	Cumulative profit (loss)			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 03-17-2021	-	-	-	-	-	-	-	-
Increase (decrease) for changes in accounting	-	-	-	-	-	-	-	-
Increase (decrease) for correcting errors	-	-	-	-	-	-	-	-
Opening balance re-expressed	-	-	-	-	-	-	-	-
Changes in equity								
Comprehensive income								
Profit (loss)	-	(1,220)	-	(1,220)	-	-	-	-
Other comprehensive income	-	(1,220)	-	(1,220)	-	(1,220)	-	(1,220)
Comprehensive income	-	(1,220)	-	(1,220)	-	(1,220)	-	(1,220)
Equity issue	1	-	-	-	-	1	-	1
Dividends	-	-	-	-	-	-	-	-
Increase (decrease) for other contributions by the owners	-	-	-	-	-	-	-	-
Total changes in equity	1	(1,220)	-	(1,220)	-	(1,219)	-	(1,219)
Closing balance as of 06/30/2021	1	(1,220)	-	(1,220)	-	(1,219)	-	(1,219)

The accompanying notes are an integral part of the interim financial statements

Alfa Desarrollo S.P.A.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
(In thousands of U.S. dollars)

1. General information

Alfa Desarrollo S.P.A. (the "Company") was incorporated via public deed dated March 17, 2021, witnessed by the Notary Public of Santiago Mr. Patricio Raby Benavente. The Company's Taxpayer ID is 77.337.345-0.

The Company is a subsidiary of APG Energy & Infra Investments Chile Expansión S.P.A., which holds 80% of its direct and indirect ownership interest. The other shareholder is Celeo Expansión S.P.A. which holds 20% of its direct and indirect ownership interest.

The registered address of Alfa Desarrollo S.P.A. is located at Apoquindo Ave. 4501, office N°1901, Las Condes, Santiago.

2. Description of business

Company's Investor

The only purpose of the company is to materialize the investment and acquire the assets and liabilities of the company Colbún Transmisión S.A., for which it has a binding offer, pending approval by the Chilean free competition authority. This is why the following accounting policies follow the accounting policies of Colbún Transmisión S.A.

The electricity market

The Chilean power sector has a regulatory framework that has been in operation for almost 4 decades. Such framework allowed developing a highly dynamic industry with significant private equity interest. This sector has been able to comply with the increasing power demand, which has grown at an annual average approximate rate of 2.8% during the last 10 years, slightly lower compared to the GDP during the same period.

Chile has 3 interconnected systems and the subsidiary Colbún Transmisión S.A. operates in the largest one, the National Power System (SEN), which goes from Arica in the north to Isla Grande de Chiloé in the south area of the country. Consumption in such system represents more than 99% of the electric demand in Chile and provides services to more than 98% of the domestic population.

The current regulatory scenario is based on Decree with Force of Law No. 4 issued by the Ministry of Economy, Economic Development and Reconstruction of 2006, which establishes the revised, coordinated and systematized text of the "General Electric Service Law" or "LGSE" (per its acronym in Spanish). The LGSE and complementary regulations determine the technical and security standards by which any electric facility in Chile has to be regulated and, in particular, regulates the generation, transportation (transmission) and distribution activities, electric concessions and easements and the rates applicable to each segment, and the regulating body in charge of coordinating the system's operations in conformity with quality and safety conditions in the facilities and the relations of companies and individuals with the Government.

The LGSE considers, among other aspects, the following:

- Definition of the duties of Transmission Systems.
- Long-term Energy Planning and Transmission Planning processes.
- Pricing and remuneration models for the different segments in the Transmission System.
- Preliminary definition of the layout of transmission lines for certain new works, through a Transmission Line Route Survey Procedure, which is the responsibility of the Ministry of Energy.
- Regulation of the Universal Open Access Regime.
- Regulation of compensations to end users for unauthorized unavailability of supply based on safety and quality standards established previously.
- A new independent National Electrical Coordinator (CEN).

The electricity sector is divided into three clearly different segments: Generation, Transmission and Distribution. The Company is involved in the Transmission segment, both for regulated customers (National System, Zonal Systems and Development Axes) and contracts with customers that are both Generators and Unregulated Customers to provide them with Transmission Services (Dedicated Systems).

The business

The subsidiary Colbún Transmisión S.A. business is the transportation of electric energy. The current legal framework regulating the electrical transportation business in Chile defines the transmission systems and classifies their facilities into four categories: National Transmission Systems, Zonal Transmission Systems, Transmission Systems for Development Axes and Dedicated Transmission Systems. For the first three systems mentioned above, the tariffs set by the Ministry of Energy and a universal open access regime under non-discriminatory conditions are established. For Dedicated Systems transmission facilities access should be granted provided that available transmission technical capacity exists as determined by the Coordinator, notwithstanding the capacity engaged or own projects that have been reliably contemplated at the time of the request for use by the interested third party. In addition, the currently effective regulations establish the criteria and procedures through which the consideration that the owner of the transmission facilities will be entitled to receive is determined.

Regulated Systems

Revenue for existing facilities in the National Transmission System, Zonal Transmission System and the Transmission System for Development Axes relate to the Transmission Section Annual Amount per Tranche (VATT) calculated based on the Investment Value Annual Amount (AVI), plus Operation, Maintenance and Administration (OM&A) Costs for each section in such systems. Likewise, revenue for the use of dedicated transmission facilities by users subject to pricing regulations are composed of a proportional amount of their VATT that can be allocated to such users.

The sections comprising such systems and their related VATT are determined every four years by the National Energy Commission (CNE) based on the Study on the Valuation of Transmission Systems conducted by a consultant selected through an international public tender process.

The payment of the National, Zonal and Dedicated Transmission Systems used by users subject to pricing regulations will be the responsibility of both end regulated and unregulated users. For the payment of Transmission Systems for Development Axes a single charge is established so that collection associated therewith provides a consideration for the proportional amount of facilities for development axes not used by the existing energy generation; and VATT not covered by such charge will be assumed by the generators injecting their production in the related axis.

For the National Transmission System Law No.20.936 established a transition period defined between 2019 and 2034 to gradually replace the previous remuneration and payment with the new system described above. During 2019, generators and final customers entered into an agreement to advance the transitional period; and accordingly, since 2019, the regulated tariffs of the National Transmission segment are paid to the transmitters through the Single

National Transmission Charge. For Zonal Transmission Systems the new remuneration and payment system started being applied from January 1, 2018, also through a Single Zonal Transmission Charge.

Dedicated Systems

Revenue from the use of Dedicated Transmission Systems is obtained from provisions agreed and established in the transportation contracts entered into between the users and the owners of those facilities, and usually, their price is established through the calculation of AVI + OM&A Costs determined through a mutual agreement between the parties.

Notwithstanding the fact that the dedicated facilities are essentially destined to inject the production of energy generation power plants into the system or to supply electric energy to unregulated customers, the authority could possibly declare them as National, Zonal or Development Axes if their operating conditions change and comply with the relevant requirements, which are defined in the law.

System's Expansion

The CEN is in charge of conducting the international public tender processes for expansion projects for either new or extension works. The new works, where operation and performance rights will be awarded to the tenderer presenting the lowest VATT for the project under the public tender process, which must assume, in addition to the construction of the project, its operation when the awarded work is put into service. The tender process for the construction and performance of extension works on existing facilities will be resolved based on the Investment Value (VI) offered and will be paid by the owner of the facility to the related tender company awarded.

Facilities

Colbún Transmisión S.A. has approximately a total of 899 km of transmission lines divided into 335 km of lines in the National segment, 70 km in the Zonal segment and 494 km in the Dedicated segment. In addition, the Company has 27 substations.

Central-North Zone

The Company's transmission systems begin in the North in the Aconcagua river basin for the injection of the power plants owned by its Parent, Colbún S.A. and for the supply for certain Unregulated Customers (Codelco Andina, Anglo American for operations referred to as Los Bronces, Las Tórtolas and Cemento Melón).

Central-South Zone

The main system is the line from Colbún Substation in the Maule Region of Chile to the Maipo Substation in the metropolitan Region, which was developed originally to inject power generation from the Colbún – Machicura Complex directly into the system's central zone and which is now a part of the National System. Additionally, this system is used to connect Codelco's El Teniente Division to the interconnected system through the Candelaria substation.

South Zone

It has dedicated systems for the connection of its Parent Colbún S.A. and third parties to the interconnected system.

The Mulchén substation is part of this area and is classified as part of the National System and a significant number of other generators are connecting to it and a connection for a distribution company is already operating.

3. Basis of presentation

3.1 Accounting principles

These interim financial statements of Alfa Desarrollo S.P.A. as of June 30, 2021, have been prepared in accordance with International Financial Reporting Standards (IFRS).

These interim financial statements have been prepared assuming that the Company will continue as a going concern and approved by the Board of shareholders on August 24, 2021.

The Company complies with all legal conditions to which it is subject, presents normal operating conditions in each area in which its activities are performed, its projections show a profitable operation and has the capacity to access the financial system to finance its operations, which, in the opinion of Management determines its ability to continue as a going concern, as established by the accounting standards under which these interim financial statements are issued.

The following are the Company's significant accounting policies adopted in preparing these interim financial statements. These policies have been applied consistently to all periods presented in these interim financial statements.

a. Basis of preparation and period - These interim financial statements of Alfa Desarrollo S.P.A. comprise the following:

- Statements of financial position as of June 30, 2021
- Statements of comprehensive income for the period from March 17, 2021 to June 30, 2021
- Statements of cash flows for the period from March 17, 2021 to June 30, 2021
- Statements of changes in equity for the period from March 17, 2021 to June 30, 2021

The information contained in these interim financial statements is the responsibility of the Company.

The interim financial statements have been prepared on the historical cost basis.

b. Functional currency and foreign currency translation - The interim financial statements are presented in United States dollars, which is the Company's functional and presentation currency.

Transactions in local and foreign currencies, other than the functional currency, are translated into the functional currency at the exchange rates prevailing at the dates of the transactions.

Gains and losses in foreign currency that result from the settlement of these transactions and from translation at the closing exchange rates for monetary assets and liabilities denominated in currencies other than the functional currency, are recognized in the statement of profit or loss, unless they have to be deferred in equity, as in the case of cash flow hedges and net investment hedges.

c. Basis of translation - Assets and liabilities denominated in Chilean pesos and inflation-adjusted units have been translated into United States dollars at the exchange rates prevailing at the reporting date, as follows:

Exchange rate	06.30.2021
Chilean pesos	727,76
Inflation-adjusted units	0,0245

d. Financial instruments

d.1. Financial assets – All financial assets have been classified as loans and accounts receivable and correspond to balances with third parties and related parties for transactions arising from current commercial and financial operations, which have been performed on an arm's length basis and at market prices. They are measured at amortized cost, which is the value of the consideration received less accumulated amortization (calculated using the effective interest method).

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest income throughout the relevant period. The effective interest rate corresponds to the rate that discounts the estimated future cash flows receivable (including all charges on items paid or received that are part of the effective rate, transaction costs and other premium or discounts) throughout the expected life of the financial asset.

d.2. Impairment of non-derivative financial assets – The Company applies a simplified approach and records expected credit losses on all its debt securities, loans and trade receivables, whether for a 12-month period or for lifetime, as established by IFRS 9.

Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency of payments are considered, among others, indicators that the trade receivable is impaired. Impairment is the difference between the carrying amount of the asset and the real value of estimated future cash flows discounted at the effective interest rate. Losses are recognized in the statement of comprehensive income within an allowance account.

When a receivable is classified as a doubtful account, after all reasonable mechanisms of collection, either judicial or pre-judicial, have been exhausted as per the related legal report; and its related write-off applies, this is recorded against the impaired trade receivables.

When the fair value of an asset is lower than the acquisition cost, if objective evidence exists that the asset is impaired and such impairment is other than temporary, the difference is recorded directly in losses for the period.

Financial assets at fair value through profit or loss are not subject to impairment tests.

d.3. Financial liabilities – All financial liabilities have been classified as other financial liabilities, and correspond mainly to balances with related entities for transactions arising from current commercial and financial operations, which have been performed on an arm's length basis and at market prices. They are initially measured at the amount of cash received, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

e. Property, plant and equipment - Property, plant and equipment held for the transmission of power services or administrative purposes, are presented at cost less subsequent depreciation and impairment losses, if applicable (see note 5.b). Cost includes, in addition to the acquisition price of assets, the following concepts as permitted by IFRS:

- Finance cost of loans intended to finance assets under construction is capitalized during the construction period.
- Personnel expenses directly related to assets under construction.
- Costs of extensions, modernization or improvements representing an increase in the productivity, capacity or efficiency or lengthening of the useful lives of assets, are capitalized as higher cost of the related assets.
- Replacements or renewals of items that increase the useful life of the assets, or their economic capacity, are recorded as an increase in the value of the respective assets, with the consequent accounting derecognition of the replaced or renewed assets.
- Dismantling, removal and restoration costs of property, plant and equipment are recognized based on the legal obligation of each project.

Assets under construction will be transferred to property, plant and equipment in operation after completion of the test period, at which time depreciation commences.

Periodic maintenance, conservation and repair expenses are recorded directly in profit or loss as costs for the period in which they are incurred.

Items of property, plant and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost of different items over their estimated useful life.

f. Leases – The implementation of IFRS 16 implies that, for lessees, most of the leases are recognized in the balance sheet, which significantly changes the companies' financial statements and related ratios. The Company has offices and trucks under lease agreements.

f.1 Lessee - From the lessee's standpoint, in the commencement date of a lease, the Company recognizes an asset representing the right to use the underlying asset during the lease term (right-of-use asset) and a liability representing its obligation to make lease payments (lease liability), except for leases which term is less than 12 months (with no extension option), and leases where the underlying asset amounts to less than US\$5,000. The lessee shall recognize interest expense on the lease liability separately from the amortization expense for the right-of-use asset.

f.1.1 Initial recognition - At the commencement date, a lessee shall measure the right-of-use asset at cost; whereas a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

f.1.2 Classification – All leases are classified as finance leases, and the lessee records a right-of-use asset and lease liability at the commencement date.

f.1.3 Remeasurement - In addition, lessees will be required to remeasure the lease liability if certain events occur (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments). In general, the lessee shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

f.1.4 Depreciation charge - A lessee shall apply the depreciation requirements in IAS 16 Property, plant and equipment in depreciating the right-of-use asset.

f.1.5 Impairment – A lessee shall apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

t.2 Lessor - Lessor accounting in accordance with IFRS 16 is substantially similar to the accounting under IAS 17. Lessors will continue to classify leases as finance or operating leases at the commencement date, based on the substance of the transaction. Leases in which substantially all the risks and rewards incidental to the ownership of the underlying asset are transferred are classified as finance leases. The remaining leases are classified as operating leases.

Operating lease payments are expensed on a straight-line basis over the term of the lease, unless another systematic basis of distribution is more representative.

g. Intangible assets other than goodwill - Correspond to easements acquired for the construction and operation of the transmission lines. They are measured at acquisition cost, less impairment losses, if appropriate.

h. Statement of cash flows - For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents include cash, term deposits in financial institutions, and other highly liquid short-term investments with original maturities of three months or less. Bank overdrafts are classified as current liabilities in the statement of financial position.

Operating activities: are the principal revenue-producing activities usually conducted by the Company and other activities that are not investing or financing activities.

Investing activities: correspond to acquisition, disposal or sale activities by other means of long term assets and other investments not included in cash and cash equivalents.

Financing activities: activities that generate changes in the size and composition of net equity and financial liabilities.

i. Income tax - The Company determines the taxable basis and calculates income tax in accordance with current tax legislation in each period.

Deferred taxes arising from temporary differences and other events generating differences between the accounting and tax basis of assets and liabilities are recorded as deferred taxes in accordance with IAS 12 "Income Taxes."

Current and deferred income taxes are recognized in the statement of comprehensive income or in the statement of other comprehensive income based on where the profit or loss from which they arose is recorded.

Deferred tax assets or liabilities are calculated using the tax rates that are expected to be effective when the assets and liabilities are realized.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which deductions arising from temporary difference can be recovered.

For the statement of financial position, the Company offsets deferred tax assets and liabilities if, and only if, they relate to the income tax corresponding to the same tax administration, only to the extent that the Company is legally entitled to offset current tax assets with current tax liabilities.

j. Revenue from contracts with customers - Revenue from the transmission of power is recognized at the fair value of the amount received or receivable, and represents the amount for services rendered during the normal course of business, less any tax, in accordance with IFRS 15.

The Company recognizes service revenue based on the delivery of the service by transmission. The services are fulfilled over time, and the Company has determined that there is a single performance obligation, given that the client simultaneously receives and consumes the benefits provided by the Company. Accordingly, the Company recognizes revenue on a single time basis.

j.1 Principal versus agent considerations - In contracts for the transmission of energy, the Company is considered as the principal responsible for delivering the goods and services specified, mainly because the Company assumes the credit risks arising from such transactions. In accordance with the current accounting policy, in terms of the existence of a credit risk and the nature of the consideration in the contract, the Company is exposed to significant associated risks and benefits and, accordingly, it accounts for the contracts as a principal.

j.2 Amounts collected on behalf of third-parties - Any tax received by customers and forwarded to government authorities (e.g. VAT, taxes on sales and taxes, etc.) are recorded on a net basis and, therefore, excluded from revenue in the statement of comprehensive income.

j.3 Finance income - Finance income is composed of interest income in funds invested, gains from the sale of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains from hedging instruments that are recognized in comprehensive income. Interest income is recognized as it accrues in profit or loss at the amortized cost using the effective interest method.

k. Classification of balances as current or non-current - Balances in the accompanying statement of financial position are classified on the basis of their maturities – i.e., balances maturing within twelve months or less are classified as current; whereas balances maturing in periods exceeding twelve months are classified as non-current.

l. Dividends – Article No.79 of the Chilean Public Company Act establishes that dividends in closely held shareholder corporations will be determined according to the Company's bylaws. According to the Company bylaws, except otherwise unanimously agreed by the shareholders with voting rights at the related meeting, the Company should distribute annually as a cash dividend at least 30% of the net profit for each period.

At each reporting date, the Company estimates the amount of the obligation with its shareholders, net of provisional dividends that have been approved during the year, which is recognized as "Payables due to related parties", as appropriate, as a debit to equity.

Provisional and final dividends are recorded as decreases in equity when approved by the relevant individuals which, in the first case, generally corresponds to the Company's Board of Directors, and in the second case the responsibility relates to the Shareholders' Ordinary Meeting.

m. Derivatives - The Company entered into derivative instruments to mitigate its exposure to interest rate fluctuation related to the issuance of bonds that is subject to interest rate risk until the date on which the price of the fixed rate coupon is set.

Changes in fair value of these instruments at the reporting date are recognized in the statement of comprehensive income unless these are designated as hedge accounting and meet the conditions established in IAS 39 to apply such criterion. For hedge accounting purposes, the Company continues to apply the criteria established in IAS 39.

Hedges are classified as follows:

- Fair value hedges: correspond to a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment attributable to a particular risk. For this hedge, both the hedge instrument value and the hedged item are recognized in the statement of comprehensive income, offsetting both effects in the same caption.
- Cash flow hedges: corresponds to a hedge of the exposure to the fluctuation in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction. Changes in the fair value of derivatives are recognized, with respect to the effective portion of the hedges, in equity reserve under "Cash flow hedges." Retained earnings or an accumulated deficit in such caption are transferred to the statement of comprehensive income to the extent that the underlying portion has an impact on the statement of comprehensive income for the hedged risk, netting such effect in the same heading in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of comprehensive income.

A hedge is considered to be highly effective when changes in fair value or in cash flows of the underlying asset directly attributable to the hedged risk are offset by the changes in the fair value or cash flows of the hedged instrument with an effectiveness within a range between 80% and 125%.

3.2 New accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2021. Those that may be relevant for the Group are indicated below.

3.2.1. Standards effective from January 1, 2021

Adopted standards		Mandatory application date
IFRS 9 - IAS 39 - IFRS 7 - IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 1, 2021

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16): In August 2020, the IASB issued the second phase of the Interest Rate Benchmark Reform, which comprises the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Through this publication, the IASB completes its work to respond to the effects of the Interbank Offered Rate (IBOR) Reform on financial reporting.

The amendments provide temporary exceptions addressing the effects on financial reporting when an Interbank Offered Rate (IBOR) is replaced with alternative, nearly risk-free interest rates.

These amendments are required and early application is permitted. A hedging relationship must be resumed if such relationship was discontinued solely because of the changes required by the benchmark interest rate reform and, therefore, would not have been discontinued had the second phase of amendments been applied at that date. Although its application is retrospective, an entity is not required to restate prior periods.

3.2.2. Accounting pronouncements effective beginning on January 1, 2022 and thereafter

Adopted Standards		Mandatory application date
IFRS 3	Definition of a business (Amendments to IFRS 3)	January 1, 2022
IAS 16	Property, plant and equipment: Proceeds Before Intended Use	January 1, 2022
IAS 37	Onerous Contracts - Cost of fulfilling a Contract	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 1 and Practice Statement 2	Significant accounting policies	January 1, 2023
IAS 8	Definition of accounting estimate	January 1, 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction (Amendment to IAS 12 Income Taxes)	January 1, 2023
IFRS 10 - IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Mandatory date deferred Indefinitely

Reference to the Conceptual Framework (Amendments to IFRS 3): In May 2020, the IASB issued **Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework**. These amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements (1989 Conceptual Framework) with a reference to the Conceptual Framework for Financial Reporting issued in March 2018, without significantly changing its requirements.

The amendments are effective for annual periods beginning on or after January 1, 2022, and must be applied retrospectively. Early application is permitted if an entity also applies, at the same time or earlier, all the

other amendments included in the Amendments to References to the Conceptual Framework in IFRS Standards issued in March 2018.

The amendments will provide consistency in financial reporting and will avoid the confusion that could result from having more than one version of the Conceptual Framework in use.

Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16): This amendment prohibits entities from deducting from the cost of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity must recognize the proceeds from the sale of such items, and their cost, in profit or loss for the period, in accordance with applicable Standards.

The amendment is effective for periods beginning on or after January 1, 2022. The amendment must be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37): In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, to specify the costs an entity is required to include when assessing whether a contract is onerous or generates losses.

The amendment is effective for periods beginning on or after January 1, 2022. The amendment must be applied retrospectively to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). Early application is permitted and must be disclosed.

The amendments are intended to clarify and help ensuring the consistent application of the standard. Entities which previously applied the incremental cost approach will experience an increase in provisions to reflect the incorporation of costs directly related to contract activities, while entities which previously recognized provisions for contract losses using the guidance in the previous standard, IAS 11 Construction Contracts, will need to exclude the allocation of indirect costs from their provisions.

IFRS 17 Insurance Contracts: Issued in May 2017, this Standard requires that insurance obligations be measured at current compliance values and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

This standard is effective for periods beginning on or after January 1, 2023. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1): In June 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements to classify liabilities as current or non-current.

The amendments are effective for periods beginning on or after January 1, 2023. Entities must carefully consider whether there are any aspects of the amendments suggesting that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

Significant accounting policies (Amendment to IAS 1 Presentation of Financial Statements and Practice Statement 2): The IASB issued amendments to IAS 1 and the Practice Statement 2 in February 2021, for an entity to disclose the IASB's material accounting policies rather than its significant accounting policies. Additional amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. The Council

also developed guides and examples to explain and demonstrate the application of the "four-step materiality process" described in the Practice Statement 2, in order to support the amendment.

Amendments are applied retrospectively. Amendments to IAS 1 are effective for annual periods beginning on January 1, 2023. Early adoption is permitted. Once the entity applies the amendments to IAS 1, it is also allowed to apply the amendments to the IFRS Practice Statement 2.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - definition of an accounting estimate: In February 2021, the IASB issued amendments to IAS 8 which replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in the financial statements subject to the measurement uncertainty." Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in the accounting estimate resulting from the new information or new developments is not the correction of an error.

The amendment is effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12: In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): In September 2014, the IASB issued this amendment that requires that when transferring subsidiaries to an associate or joint venture, the total gain should be recognized when assets transferred meet the definition of "business" under IFRS 3 Business Combinations. This amendment establishes strong pressure on the definition of a "business" for recognition in profit or loss. It also introduces new and unexpected recognition for transactions that partially consider maintenance in assets that are not businesses.

The effective application of this amendment has been deferred indefinitely.

This amendment have no significant effects for the Company.

4. Financial Risk Management

4.1 Risk management policy

The risk management strategy is focused on safeguarding the Company's stability and sustainability principles, eliminating or mitigating the uncertainty variables that affect or may affect it.

A comprehensive risk management policy involves identifying, measuring, analyzing, mitigating, and controlling different risks incurred by the Company and its follow-up and control over time. This process involves both the Company's Senior Management and the areas that take such risks.

The acceptable risk limits, risk measurement metrics, and risk analysis periodicity are policies regulated by the Company's Board of Directors.

4.2 Risk factors

The Company's activities are exposed to different risks, which have been classified as electric business risks, and financial risks.

With respect to the energy transmission infrastructure, Colbún Transmisión S.A. has approximately a total of 899 km of transmission lines divided into 335 km of lines in the Nationwide segment, 70 km in the Zonal segment and 494 km in the Dedicated segment. In addition, the Company has a total of 27 substations. In September 2018, the Company reorganized its assets, consolidating all transmission assets (nationwide, zonal and dedicated systems) in Colbún Transmisión S.A. to place a greater focus on the business' management, reportability and visibility.

4.2.1 Electric business risks

These are strategic risks related to external and internal factors affecting the Company, such as the economic cycle, business nature, and changes to regulations. This category also includes risks arising from project management, equipment failure, and maintenance.

With respect to the electric business risks associated with transmission lines, the main risks relate to changes to regulations, business nature and project management, which are detailed below.

a. Regulatory risks

Regulatory stability is essential for a sector with long-term investment projects, such as the transmission sector.

In this regard, the regulation may have an impact on revenues from Domestic and Zone segments. In accordance with the current legislation, a qualification process of transmission facilities should be performed every 4 years to determine which facilities will be assigned to the Domestic, Zonal and Dedicated segments that supply regulated consumption. Subsequent to the qualification, a valuation process of such facilities is performed, i.e., the updated VI (investment value), based on each segment facility inventory, applying unit prices defined by the National Energy Commission (CNE).

In order to calculate the investment value annuity (AVI), as part of another process regulated by Law, the discount rate, which may vary between 7% and 10% after taxes, and the useful life defined in another ad hoc process, are determined. In addition, the Operation, Maintenance and Management Cost (COMA) is determined, and should cover the remuneration of a model transmission company. Finally, the Annual Transmission Value per Tranche is calculated as the AVI plus COMA.

All these processes comprise observation stages and may be appealed in last instance before the Panel of Experts of the Energy Sector.

During 2020 and so far in 2021, the Company continued developing the valuation processes for the tariff period 2020-2023 of the transmission works classified as nationwide, zonal and dedicated which supply regulated consumption; such valuation is being calculated using a discount rate that was set at 7% after taxes. During 2020, valuation studies were performed by the consultants in charge, who finalized their work with public hearings held in November and December 2020. Subsequently, in April 2021, the CNE issued a preliminary technical report which was made available for observations up to May 18. The Company is currently awaiting the final technical report from the CNE, which should be published by the end of June. Note that this report can be challenged before the Panel of Experts. Colbún Transmisión has been involved in different stages of this process.

In addition, the transmission segment was stabilized on December 26, 2019 through exempt resolution No.815 issued by the National Energy Commission (CNE), corresponding to the transmission one-time charge applicable since January 2020. In this resolution, the transmission charges effective since July 2019 were frozen until the issuance of the new transmission facility valuation decree corresponding to the four-year period 2020-2023, that according to the estimates of the CNE should be issued in July 2022. In accordance with the estimates of the regulator, the impact of the freeze of charges is similar to the one that would have occurred should the new valuation of facilities (and the reduction in the profitability of such facilities) been applied within the terms specified by law. On December 28, 2020, Exempt Resolution No. 491 was published in the Official Gazette, approving the Technical Standard for unavailability of supply and compensations for events or failures in facilities not intended for public distribution services that have caused the unavailability of supply to end users. This standard establishes the standards and characteristics of the compensation payment to be made to customers beginning in 2020, which was outstanding under Article 72-20° of Law No. 20.936. Additionally, on December 31, 2020, the SEC published Circular No. 7266, which establishes a provisional procedure for compensation payments due to supply unavailability arising from events or failures during 2020, while the standards set forth in the Technical Standard are not yet effective; whereas on April 27, 2021, the SEC issued Circular No. 08955 which establishes instructions to apply Article No. 12 of the compensation regulation related to Failure Analysis Studies that should be submitted by the Coordinator at the SEC and the observations of those subject to coordination.

Furthermore, the Regulation of the Transmission Systems and Transmission Planning was published on May 25, 2021 in the Official Gazette, which specifies the regulation regarding open access to transmission facilities, provisions related to the annual transmission process and construction bids established in the expansion plans that the Coordinator should perform. In addition, this regulation includes some specifications on the entry to storage systems within the transmission expansion plans.

b. Nature-related risks

In this regard, the main nature-related risks arise from the occurrence of natural phenomena such as fires, earthquakes, heavy snowfall, and flooding.

All these risks should be mitigated through scheduled and corrective maintenance plans. However, certain natural phenomena may exceed the equipment design conditions, making possible the outage of facilities. In some cases, the transmission assets consider redundant designs to mitigate the risk of failure due to certain events and to avoid the outage of supply or injection of power to transmission customers.

c. Project management risks

Project management risks are inherent to any large-scale civil work such as connection and transmission projects, because they may face construction problems which can delay the completion of the work and imply not meeting the projected deadlines to start operations.

In the case of regulated projects of the Domestic and Zonal segments, in accordance with the current regulation, the execution of new projects is tendered by the CEN and, therefore, the risk of delays implies to defer the remuneration related to the VATT awarded to each work. In this case, the award is less than the VATT and remains fixed for 4 regulatory periods, i.e., 20 years.

Accordingly, expansion projects for existent systems are awarded by the CEN at the lower value of VI, which remains fixed for 4 regulatory periods. The VATT of each regulatory period is calculated using the discount rate effective in each period. In addition, the COMA of these projects is defined by the Chilean Ministry of Energy in each 4-year process in accordance with the cost structures of a model transmission company.

Financial risks

Financial risks relate to the Company's inability to perform transactions or comply with obligations from its operations due to lack of funding, changes in interest rates, exchange rates, bankruptcy of related parties, or other financial variables of the market that may affect in the subsidiary Colbún Transmisión S.A.'s equity.

a. Exchange rate risk

Exchange rate risk relates mainly to fluctuations in currency coming from two sources. The first source of exposure is cash flows related to investment revenue, costs and expenses denominated in foreign currencies other than the functional currency (United States dollars). The second source of exposure relates to the accounting mismatch between assets and liabilities in the Statement of Financial Position denominated in a currency other than the functional currency.

The exposure to cash flows in currencies other than the U.S. dollar is limited, as a significant portion of Alfa Desarrollo S.P.A. sales are denominated directly in or adjusted to the U.S. dollar. In addition, the accounting mismatch exposure is limited because all the Company's accounts are denominated in U.S. dollars, except for a portion of the Company's cash.

b. Credit risk

The Company may be exposed to this risk derived from the possibility that a counterparty fails to comply with its contractual obligations and generates financial or economic losses. However, the counterparties with which the Company has contractual obligations have high solvency levels; accordingly, this risk is limited and a sensitivity test is not applicable.

c. Liquidity risk

Such risk is derived from several fund needs to address investment commitments and business expenses, among others.

The required funds to meet such outflows are obtained from the subsidiary Colbún Transmisión's own revenue with support by the Parent to ensure sufficient funds will be available to support expected needs for a reasonable period. Accordingly, a sensitivity analysis related to this risk is not applicable.

5. Critical accounting policies

Management necessarily makes judgments and estimates that have a significant effect on the amounts recorded in the financial statements. Changes in the assumptions and estimates could have a significant impact on the interim financial statements. The key estimations and judgments used by Management for the preparation of these interim financial statements are detailed below.

a. Calculation of depreciation and amortization, and estimation of the related useful lives

(i) Useful life plant and equipment and intangible assets other than goodwill with finite useful life, are:

They are depreciated and amortized on a straight-line basis over the estimated useful life. The useful lives have been estimated and determined, considering technical aspects, nature of the asset, and condition of the assets. Estimated useful lives as of June 30, 2021, are as follows:

Classes of property, plant and equipment	Useful life (years)	Average remaining useful life (years)
Constructions and infrastructure works	10 - 50	32
Right-of-use over vehicles	3	3

Intangible assets with indefinite useful lives relate to easements. Estimated useful lives as of June 30, 2021, are as follows:

Intangible assets	Useful life (years)	Average remaining useful life (years)
Easements	9	7

(ii) Useful lives of intangible assets other than goodwill (with indefinite useful lives):

The Company analyzed the useful lives of intangible assets, which mainly relate to easements, and concluded there is no foreseeable time limit in which the asset would generate net cash inflows. For these intangible assets, the Company determined that their useful lives are indefinite.

b. Impairment of non-financial assets (tangible and intangible assets other than goodwill, excluding the goodwill)

At the closing date of each year, or at any date as deemed necessary, the value of assets is assessed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the amount of any impairment. For identifiable assets that do not generate cash flows independently, the recoverability of the cash-generating unit (CGU) to which the asset belongs is estimated. For these purposes, the Company determined that all its assets comprise a single CGU.

For CGUs assigned to intangible assets with a finite useful life, the recoverability analysis is conducted systematically at the reporting date, or at any date deemed necessary, except if considered that calculations of a CGU's recoverable amount from the prior period may be used for verifying the amount of the impairment of such unit at the current period.

The recoverable amount is the greater of the market value less cost to sell and value in use, which is the present value of future estimated cash flows. For calculating the recoverable amount of tangible and intangible assets, the Company uses the value in use criterion.

To estimate the value in use, the Company prepares its estimate of future pre-tax cash flows based on the most recent budgets approved by Management. These budgets include the best estimates available on the income and costs of the cash-generating units, using the best available information, such as experience and future expectations.

Such cash flows are discounted to calculate their current amount at a pre-tax rate which considers the capital cost of the business in which it operates. Their calculation considers the current cost of money and risk premiums generally used for business purposes.

In the event the recoverable amount is less than the asset's carrying amount, the related allowance for impairment losses is recognized as "Other gains (losses)" in the statement of comprehensive income.

Impairment losses recognized in an asset in prior years will be reversed if there has been a change in the estimations on their recoverable amount increasing the value of the asset with a credit to profit or loss with the limit of the carrying amount that the asset would have had if the unwinding had not been conducted.

As of June 30, 2021, the Company considers there is no carrying amount impairment of tangible and intangible assets related to the CGU defined by the Company.

6. Cash and cash equivalents

a. Detail

As of June 30, 2021, this caption comprises the following:

Cash and cash equivalents	06.30.2021
	ThUS\$
Cash	1
Total	1

7. Other financial assets

These capitalized amounts correspond to the costs of a derivative instrument in which the company has an option to exercise it if the market conditions warrant it.

This hedging instrument corresponds to a flow derivative for expected transactions.

As of June 30, 2021, this caption comprises the following:

Other financial current and non-current assets	06.30.2021
	ThUS\$
Proyect Kaplan non-current	102
Premium Bond Option current	21.240
Mark to market accounting current	(1.220)
Total	20.122

8. Other current financial liabilities

As of June 30, 2021, this caption comprises the following:

Other current financial liabilities	06.30.2021
	ThUS\$
Financing costs Bond Option	21.240
Total	21.240

9. Trade payables due to related parties, current

As of June 30, 2021, this caption comprises the following:

Trade payables due to related parties	06.30.2021
	ThUS\$
Celeo Redes Chile Ltda.	102
Total	102

10. Disclosures on equity

a. Subscribed, fully-paid capital and number of shares

The Company's share capital is denominated in U.S. dollars, divided into 1.000 ordinary, nominative, same-amount, single-series shares with no par value.

Alfa Desarrollo S.P.A. was incorporated on March 17, 2021, and its initial capital was ThUS\$1, divided into 1,000 ordinary, nominative, same-amount, single-series shares with no par value.

11. Other Reserves

As of June 30, 2021, this caption comprises the following:

Other reserves	06.30.2021
	ThUS\$
Cash flow hedging	(1.220)
Total	(1.220)

12. Environment

As of June 30, 2021 the Company records no expenses related to the environment.

13. Subsequent events

At the Board of Directors' Meeting held on July 22, 2021, the Company's Board of shareholders approved the financial statements for the period ended June 30, 2021, prepared in conformity with International Financial Reporting Standards (IFRS).

Between July 1, 2021 and the date of issuance of these financial statements, no subsequent events have occurred.



Financial Statements
For the period ended June 30, 2021

COLBÚN TRANSMISIÓN S.A.
Thousands of U.S. dollars

This document includes:

- Independent Auditor's Interim Report
- Interim Financial Statements
- Explanatory Notes to the Interim Financial Statements

Independent Auditor's Report

(Translation of a report originally issued in Spanish)

To the
Shareholders and Directors of
Colbún Transmisión S.A.

We have audited the accompanying interim financial statements of Colbún Transmisión S.A., which comprise the interim statements of the financial position as of June 30, 2021, the interim statements of comprehensive income for the periods of six and three months ended June 30, 2021 and 2020; the interim statements of changes in equity and cash flows for the six-month period ended on that dates, and; their corresponding notes to the interim financial statements.

Management's responsibility for the interim financial statements

The Company's management is responsible for the preparation and fair presentation of these interim financial statements in conformity with International Financial Reporting Standards. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these interim financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit, the interim financial statements referred to above present fairly, in all material respects, the financial position of Colbún Transmisión S.A. as of June 30, 2021, and the results of its operations for the six and three months period ended June 30, 2021 and the cash flows for the six-month period ended on that date in accordance with International Financial Reporting Standards.

Other matters

Statement of financial position as of December 31, 2020

On January 26, 2021, we issued an unmodified opinion on the financial statements as of December 31, 2020 of Colbún Transmisión S.A. which includes the statement of financial position as of December 31, 2020, which is presented in the accompanying interim financial statements, in addition to its corresponding notes.

Santiago, August 24, 2021



Marek Borowski
EY Audit SpA

Colbún Transmisión S.A.
Interim Classified Statement of Financial Position
as of June 30, 2021 and December 31, 2020
(In thousands of U.S. dollars)

ASSETS	Note No.	June 30, 2021 ThUS\$	December 31, 2020 ThUS\$
Current assets			
Cash and cash equivalents	7	33,228	12,082
Other non-financial assets, current	8	583	138
Trade and other receivables, current	9	20,862	25,390
Receivables due from related parties, current	10.b	-	1,932
Inventories, current	-	1,042	899
Current tax assets	11	4,813	5,232
Total current assets		60,528	45,673
Non-current assets			
Trade and other receivables, non-current	9	-	1,868
Intangible assets other than goodwill	12	39,413	39,132
Property, plant and equipment	13	354,547	337,487
Right-of-use assets	14	228	167
Total non-current assets		394,188	378,654
ASSETS		454,716	424,327

The accompanying notes are an integral part of the interim financial statements

Colbún Transmisión S.A.
Interim Classified Statement of Financial Position
as of June 30, 2021 and December 31, 2020
(In thousands of U.S. dollars)

LIABILITIES AND EQUITY	Note No.	June 30, 2021 ThUS\$	December 31, 2020 ThUS\$
Current liabilities			
Lease liabilities, current	15	208	99
Trade and other payables	16	21,899	7,472
Payables due to related parties, current	10.b	68,933	-
Other provisions, current	17	1,220	1,220
Other non-financial liabilities, current	19	3,514	5,042
Total current liabilities		95,774	13,833
Non-current liabilities			
Lease liabilities, non-current	15	30	50
Payables due to related parties, non-current	10.b	15,236	15,079
Deferred tax liabilities	18.b	57,821	57,193
Other non-financial liabilities, non-current	19	13,542	14,450
Total non-current liabilities		86,629	86,772
Total liabilities		182,403	100,605
Equity			
Share capital	20	99,235	99,235
Retained earnings	20.b	11,300	62,314
Other reserves	20.c	161,778	162,173
Equity		272,313	323,722
TOTAL LIABILITIES AND EQUITY		454,716	424,327

The accompanying notes are an integral part of the interim financial statements

Colbún Transmisión S.A.
Interim Statements of Comprehensive Income, by Nature
for the periods ended June 30, 2021 and 2020
(In thousands of U.S. dollars)

STATEMENTS OF COMPREHENSIVE INCOME BY NATURE	Note No.	January - June		April - June	
		2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Revenue	6 and 21	26,464	44,024	7,195	21,343
Raw materials and consumables used	22	(5,614)	(6,804)	(3,080)	(2,674)
Depreciation and amortization expense	23	(5,580)	(5,440)	(2,814)	(2,743)
Other expenses, by nature	-	(383)	(382)	(168)	(191)
Other gains (losses)	25	231	(69)	310	(108)
Profit from operations		15,118	31,329	1,443	15,627
Finance income	-	4	88	2	27
Finance costs	-	(176)	(17)	(88)	(6)
Foreign currency translation differences	24	21	(1,148)	(124)	792
Profit before income taxes	-	14,967	30,252	1,233	16,440
Income tax expense	18.a	(4,061)	(8,182)	301	(4,453)
Profit from continuing operations	-	10,906	22,070	1,534	11,987
PROFIT		10,906	22,070	1,534	11,987

STATEMENTS OF OTHER COMPREHENSIVE INCOME	Note No.	January - June		April - June	
		2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Profit		10,906	22,070	1,534	11,987
Components of other comprehensive income, before taxes					
Other components of other comprehensive income, before taxes	-	-	-	-	-
Income tax related to components of other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		10,906	22,070	1,534	11,987

The accompanying notes are an integral part of the interim financial statements

Colbún Transmisión S.A.
Statement of Cash Flows
for the periods ended June 30, 2021 and 2020
(In thousands of U.S. dollars)

STATEMENTS OF CASH FLOWS - DIRECT METHOD		Note	June 30, 2021	June 30, 2020
		No.	ThUS\$	ThUS\$
Cash flows from (used in) operating activities				
Cash receipts from operating activities				
Cash receipts from sale of goods and rendering of services	-		57,452	36,850
Other cash receipts from operating activities	-		-	66
Classes of cash payments from operating activities				
Cash payments to suppliers for goods and services	-		(10,765)	(9,029)
Other cash payments for operating activities	-		(4,736)	(4,294)
Cash flows from operations	-		41,951	23,593
Interest received	-		2	89
Income taxes paid	-		(3,677)	(13,253)
Other cash payments	-		-	(13)
Net cash from operating activities	-		38,276	10,416
Cash flows from (used in) investing activities				
Acquisition of property, plant and equipment	-		(25,207)	(6,202)
Proceeds from the sale of property, plant and equipment	-		-	-
Net cash used in investing activities	-		(25,207)	(6,202)
Cash flows from (used in) financing activities				
Proceeds from borrowings	-		8,568	(8,825)
Loans from related parties	-		8,568	-
Repayment of related party financing	-		-	(8,825)
Payment of lease liabilities	-		(79)	(88)
Interests paid	-		-	(5)
Net cash from (used in) financing activities	-		8,489	(8,918)
Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held	-		21,558	(4,704)
Effects of movements in exchange rates on cash and cash equivalents				
Effects of movements in exchange rates on cash and cash equivalents	-		(412)	(2,026)
Net increase (decrease) in cash and cash equivalents	-		21,146	(6,730)
Cash and cash equivalents as of January 1	-		12,082	22,288
Cash and cash equivalents as of June 30	7		33,228	15,558

The accompanying notes are an integral part of the interim financial statements

Colbún Transmisión S.A.
Statement of Changes in Equity
for the periods ended June 30, 2021 and 2020
(In thousands of U.S. dollars)

STATEMENTS OF CHANGES IN EQUITY	Note	Share capital	Other reserves	Retained earnings (losses)	Equity
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity as previously reported		99,235	162,173	62,314	323,722
Increase (decrease) in equity due to correction of errors		-	-	-	-
Restated equity		-	-	-	-
Changes in equity					
Comprehensive income					
Profit				10,906	10,906
Other comprehensive income (loss)				-	-
Dividends		-	-	(62,315)	(62,315)
Increase (decrease) from other changes		-	(395)	395	-
Decrease in equity		-	(395)	(51,014)	(51,409)
Equity as of 06.30.2021	20	99,235	161,778	11,300	272,313

STATEMENTS OF CHANGES IN EQUITY	Note	Share capital	Other reserves	Retained earnings (losses)	Equity
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity as previously reported		99,235	164,328	32,192	295,755
Increase (decrease) in equity due to correction of errors		-	-	-	-
Restated equity		-	-	-	-
Changes in equity					
Comprehensive income					
Profit				22,070	22,070
Other comprehensive income (loss)				-	-
Dividends		-	-	-	-
Increase (decrease) from other changes		-	(394)	394	-
Increase (decrease) in equity		-	(394)	22,464	22,070
Equity as of 06.30.2020	20	99,235	163,934	54,656	317,825

The accompanying notes are an integral part of the interim financial statements

COLBÚN TRANSMISIÓN S.A.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
(In thousands of U.S. dollars)

1. General information

Colbún Transmisión S.A. (the "Company") was incorporated via public deed dated June 28, 2012, witnessed by the Notary Public of Santiago Mr. Raúl Undurraga Laso. The Company's Taxpayer ID is 76.218.856-2.

The Company is registered with the Special Record of Reporting Entities under number 264 from December 4, 2012 and is accordingly subject to the oversight of the Chilean Financial Market Commission.

Colbún Transmisión S.A. is an electric energy transmission company that is a subsidiary of Colbún S.A., incorporated as a result of the process of reorganization of electric transmission assets of the latter and its subsidiaries to comply with the provisions established in Decree with Force of Law No.4 issued by the Ministry of Economy, Economic Development and Reconstruction, which establishes the revised, coordinated and systematized text of the Decree with Force of Law No.1 issued by Mining of 1982, the General Electric Service Law on the ownership and operation of facilities of the trunk transmission system.

The Company is a subsidiary of Colbún S.A., which holds 100% of its direct and indirect ownership interest.

The registered address of Colbún Transmisión S.A. is located at Avenida Apoquindo 4775 piso 11, Las Condes, Santiago.

2. Description of business

Company's line of business

The Company's line of business is the transportation of energy through domestic, zonal and dedicated transmission systems or other classifications of transmission facilities defined by the Transmission Law, acting on its own or on behalf of third parties; the sale of the transportation capacity available and transformation of electricity in the Domestic Electric System (SEN); the administration or operation of electric transmission facilities owned or of third parties; the management of the connection of third parties to its transmission facilities; the provision of services in activities related to its line of business, either in Chile or abroad; the performance of any other activity related to the electric energy transmission industry; and, in general, the performance of all types of acts and entering into all types of contracts and conventions, directly or indirectly related to the line of business, which it can perform directly or through other companies.

The electricity market

The Chilean power sector has a regulatory framework that has been in operation for almost 4 decades. Such framework allowed developing a highly dynamic industry with significant private equity interest. This sector has been able to comply with the increasing power demand, which has grown at an annual average approximate rate of 2.8% during the last 10 years, slightly lower compared to the GDP during the same period.

Chile has 3 interconnected systems and Colbún Transmisión S.A. operates in the largest one, the National Power System (SEN), which goes from Arica in the north to Isla Grande de Chiloé in the south area of the country. Consumption in such system represents more than 99% of the electric demand in Chile and provides services to more than 98% of the domestic population.

The current regulatory scenario is based on Decree with Force of Law No. 4 issued by the Ministry of Economy, Economic Development and Reconstruction of 2006, which establishes the revised, coordinated and systematized text of the "General Electric Service Law" or "LGSE" (per its acronym in Spanish). The LGSE and its complementary regulations determine the technical and security standards by which any electric facility in Chile has to be regulated and, in particular, regulates the generation, transportation (transmission) and distribution activities, electric concessions and easements and the rates applicable to each segment, and the regulating body in charge of coordinating the system's operations in conformity with quality and safety conditions in the facilities and the relations of companies and individuals with the Government.

The LGSE considers, among other aspects, the following:

- Definition of the duties of Transmission Systems.
- Long-term Energy Planning and Transmission Planning processes.
- Pricing and remuneration models for the different segments in the Transmission System.
- Preliminary definition of the layout of transmission lines for certain new works, through a Transmission Line Route Survey Procedure, which is the responsibility of the Ministry of Energy.
- Regulation of the Universal Open Access Regime.
- Regulation of compensations to end users for unauthorized unavailability of supply based on safety and quality standards established previously.
- A new independent National Electrical Coordinator (CEN).

The electricity sector is divided into three clearly different segments: Generation, Transmission and Distribution. The Company is involved in the Transmission segment, both for regulated customers (National System, Zonal Systems and Development Axes) and contracts with customers that are both Generators and Unregulated Customers to provide them with Transmission Services (Dedicated Systems).

The business

Colbún Transmisión S.A.'s business is the transportation of electric energy. The current framework regulating the electrical transportation business in Chile defines the transmission systems and classifies their facilities in four categories: Domestic Nationwide Transmission Systems, Zonal Transmission Systems, Transmission Systems for Development Axes and Dedicated Transmission Systems. For the first three mentioned above, rates are established by the Ministry of Energy and establish a universal open access regime under non-discriminatory conditions. For Dedicated Systems transmission facilities access should be granted provided that available transmission technical capacity exists as determined by the Coordinator, with no prejudice of the capacity engaged or own projects that have been feasibly contemplated at the time of the request for use by the interested third party. In addition, the currently effective regulations establish the criteria and procedures through which the consideration that the owner of the transmission facilities will be entitled to receive is determined.

Regulated Systems

Revenue for existing facilities in the Domestic Nationwide, Transmission System, Zonal Transmission System and the Transmission System for Development Axes relate to the Transmission Section Annual Amount per Tranche (VATT) calculated based on the Investment Value Annual Amount (AVI), plus Operation, Maintenance and Administration (OM&A) Costs for each section in such systems. Likewise, revenue for the use of dedicated transmission facilities by users subject to pricing regulations are composed of a proportional amount of their VATT that can be allocated to such users.

The sections comprising such systems and their related VATT are determined every four years by the National Energy Commission (CNE) based on the Studies on the Valuation of Transmission Systems conducted by a consultant selected through an international public tender process.

The payment of the National, Zonal and Dedicated Transmission Systems used by users subject to pricing regulations will be the responsibility of both end regulated and unregulated users. For the payment of Transmission Systems for Development Axes a single charge is established so that collection associated therewith provides a consideration for the proportional amount of facilities for development axes not used by the existing energy generation; and VATT not covered by such charge will be assumed by the generators injecting their production in the related axis.

For the National Transmission System Law No.20.936 established a transition period defined between 2019 and 2034 to gradually replace the previous remuneration and payment with the new system described above. During 2019, generators and final customers entered into an agreement to advance the transitional period; and accordingly, since 2019, the regulated tariffs of the National Transmission segment are paid to the transmitters through the Single National Transmission Charge. For Zonal Transmission Systems the new remuneration and payment system started being applied from January 1, 2018, also through a Single Zonal Transmission Charge.

Dedicated Systems

Revenue from the use of Dedicated Transmission Systems is obtained from provisions agreed and established in the transportation contracts entered into between the users and the owners of those facilities, and usually, their price is established through the calculation of AVI + OM&A Costs determined through a mutual agreement between the parties.

Notwithstanding the fact that the dedicated facilities are essentially destined to inject the production of energy generation power plants into the system or to supply electric energy to unregulated customers, the authority could possibly declare them as National, Zonal or Development Axes if their operating conditions change and comply with the relevant requirements, which are defined in the law.

System's Expansion

The CEN is in charge of conducting the international public tender processes for expansion projects for either new or extension works. The new works, where operation and performance rights will be awarded to the tenderer presenting the lowest VATT for the project under the public tender process, which must assume, in addition to the construction of the project, its operation when the awarded work is put into service. The tender process for the construction and performance of extension works on existing facilities will be resolved based on the Investment Value (VI) offered and will be paid by the owner of the facility to the related tender company awarded.

Facilities

Colbún Transmisión S.A. has approximately a total of 899 km of transmission lines divided into 335 km of lines in the National segment, 70 km in the Zonal segment and 494 km in the Dedicated segment. In addition, the Company has 27 substations.

Central-North Zone

The Company's transmission systems begin in the North in the Aconcagua river basin for the injection of the power plants owned by its Parent, Colbún S.A. and for the supply for certain Unregulated Customers (Codelco Andina, Anglo American for operations referred to as Los Bronces, Las Tórtolas and Cemento Melón).

Central-South Zone

The main system is the line from Colbún Substation in the Maule Region of Chile to the Maipo Substation in the metropolitan Region, which was developed originally to inject power generation from the Colbún – Machicura Complex directly into the system's central zone and which is now a part of the National System. Additionally, this system is used to connect Codelco's El Teniente Division to the interconnected system through the Candelaria substation.

South Zone

It has dedicated systems for the connection of its Parent Colbún S.A. and third parties to the interconnected system.

The Mulchén substation is part of this area and is classified as part of the National System and a significant number of other generators are connecting to it and a connection for a distribution company is already operating.

3. Basis of presentation

3.1 Accounting principles

These Interim Financial Statements of Colbún Transmisión S.A. as of June 30, 2021, have been prepared in accordance with International Financial Standards (IFRS).

These Interim Financial Statements have been prepared assuming that the Company will continue as a going concern and approved by the Board of Directors at the Extraordinary Meeting held on August 24, 2021.

The Company complies with all legal conditions to which is subject, presents normal operating conditions in each area in which its activities are performed, its projections show profitable operations, and has the capacity to access the financial system to finance its operations, which, in Management's view determines its ability to continue as a going concern, as established by the accounting standards under which these interim financial statements are issued.

The following are the Company's significant accounting policies adopted in preparing these interim financial statements. These policies have been applied consistently to all periods presented in these interim financial statements.

a. Basis of preparation and period - These interim financial statements of Colbún Transmisión S.A. comprise the following:

- Statements of Financial Position as of June 30, 2021 and December 31, 2020.
- Statements of comprehensive income for the six-month periods ended June 30, 2021 and 2020.
- Statements of cash flows for the six-month periods ended June 30, 2021 and 2020.
- Statements of changes in equity for the six-month periods ended June 30, 2021 and 2020.

The information contained in these Interim Financial Statements is the responsibility of the Company.

The interim financial statements have been prepared on the historical cost basis.

b. Functional currency and foreign currency translation - The interim financial statements are presented in United States dollars, which is the Company's functional and presentation currency.

Transactions in local and foreign currencies, other than the functional currency, are translated into the functional currency at the exchange rates prevailing at the dates of the transactions.

Gains and losses in foreign currency that result from the settlement of these transactions and from translation at the closing exchange rates for monetary assets and liabilities denominated in currencies other than the functional currency, are recognized in the statement of profit or loss, unless they have to be deferred in equity, as in the case of cash flow hedges and net investment hedges.

c. Basis of translation - Assets and liabilities denominated in Chilean peso and inflation-adjusted units have been translated into United States dollars at the exchange rates at the reporting date, as follows:

Exchange rate	06.30.2021	06.30.2020	12.31.2020
Chilean peso	727.76	821.23	710.95
Inflation-adjusted units	0.0245	0.0286	0.0245

d. Financial instruments

d.1. Financial assets – All financial assets have been classified as loans and receivables, and correspond to balances with third parties and related entities for transactions arising from current commercial and financial operations, which have been performed on an arm's length basis and at market prices. They are measured at amortized cost, which is the value of the consideration received less accumulated amortization (calculated using the effective interest method).

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest income throughout the relevant period. The effective interest rate corresponds to the rate that discounts the estimated future cash flows receivable (including all charges on items paid or received that are part of the effective rate, transaction costs and other premium or discounts) throughout the expected life of the financial asset.

d.2. Impairment of non-derivative financial assets – The Company applies a simplified approach and records expected credit losses on all its debt securities, loans and trade receivables, whether for a 12-month period or for lifetime, as established by IFRS 9.

Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency of payments, are considered indicators that the trade receivable is impaired. Impairment is the difference between the carrying amount of the asset and the real value of estimated future cash flows discounted at the effective interest rate. Losses are recognized in the statement of comprehensive income within an allowance account.

When a receivable is classified as a doubtful account, after all reasonable mechanisms of collection, either judicial or pre-judicial, have been exhausted as per the related legal report and its related write-off applies, this is recorded against the allowance account recorded for impaired receivables.

When the fair value of an asset is lower than the acquisition cost, if objective evidence exists that the asset is impaired and such impairment is other than temporary, the difference is recorded directly in losses for the period.

Financial assets at fair value through profit or loss are not subject to impairment tests.

d.3. Financial liabilities – All financial liabilities have been classified as other financial liabilities, and correspond mainly to balances with related entities for transactions arising from current commercial and financial operations, which have been performed on an arm's length basis and at market prices. They are initially measured at the amount of cash received, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

e. Property, plant and equipment - Property, plant and equipment held for the transmission of power services or administrative purposes, are presented at cost less subsequent depreciation and impairment losses, if applicable (see note 5.b). Cost includes, in addition to the acquisition price of assets, the following concepts as permitted by IFRS:

- Finance cost of loans intended to finance assets under construction is capitalized during the construction period.
- Personnel expenses directly related to assets under construction.
- Costs of extensions, modernization or improvements representing an increase in the productivity, capacity or efficiency or lengthening of the useful lives of assets, are capitalized as higher cost of the related assets.
- Replacements or renewals of items that increase the useful life of the assets, or their economic capacity, are recorded as an increase in the value of the respective assets, with the consequent accounting derecognition of the replaced or renewed assets.
- Dismantling, removal and restoration costs of property, plant and equipment are recognized based on the legal obligation of each project.

Assets under construction will be transferred to property, plant and equipment in operation after completion of the test period, at which time depreciation commences.

Periodic maintenance, conservation and repair expenses are recorded directly in profit or loss as costs for the period in which they are incurred.

Items of property, plant and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost of different items over their estimated useful life.

f. Leases – The implementation of IFRS 16 implies that, for lessees, most of the leases are recognized in the balance sheet, which significantly changes the companies' financial statements and related ratios. The Company has offices and trucks under lease agreements.

f.1 Lessee - From the lessee's standpoint, in the commencement date of a lease, the Company recognizes an asset representing the right to use the underlying asset during the lease term (right-of-use asset) and a liability representing its obligation to make lease payments (lease liability), except leases which term is less than 12 months (with no renewal), and leases where the underlying asset amounts to less than US\$5,000. The lessee shall recognize interest expense on the lease liability separately from the amortization expense for the right-of-use asset.

f.1.1 Initial recognition - At the commencement date, a lessee shall measure the right-of-use asset at cost; whereas a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

f.1.2 Classification – All leases are classified as finance lease, as the lessee records a right-of-use asset and a lease liability at the commencement date.

f.1.3 Remeasurement - In addition, lessees will be required to remeasure the lease liability if certain events occur (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments). In general, the lessee shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

f.1.4 Depreciation charge - A lessee shall apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

f.1.5 Impairment – A lessee shall apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

f.2 Lessor - Lessor accounting in accordance with IFRS 16 is substantially similar to the accounting under IAS 17. Lessors will continue to classify leases as finance or operating leases at the commencement date, based on the substance of the transaction. Leases in which substantially all the risks and rewards incidental to the ownership of the underlying asset are transferred are classified as finance leases. The remaining leases are classified as operating leases.

Operating lease payments are expensed on a straight-line basis over the term of the lease unless another systematic basis of distribution is more representative.

g. Intangible assets other than goodwill - Correspond to easements acquired for the construction and operation of the transmission lines. They are measured at acquisition cost, less impairment losses, if appropriate.

h. Statement of cash flows - For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents include cash, term deposits in financial institutions, and other highly liquid short-term investments with original maturities of three months or less. Bank overdrafts are classified as current liabilities in the statement of financial position.

Operating activities: are the principal revenue-producing activities usually conducted by the Company and other activities that are not investing or financing activities.

Investing activities: correspond to acquisition, disposal or sale activities by other means of long term assets and other investments not included in cash and cash equivalents.

Financing activities: activities that generate changes in the size and composition of net equity and financial liabilities.

i. Income tax - The Company determines the taxable basis and calculates income tax in accordance with current tax legislation in each period.

Deferred taxes arising from temporary differences and other events generating differences between the accounting and tax basis of assets and liabilities are recorded as deferred taxes in accordance with IAS 12 "Income Taxes."

Current and deferred income taxes are recognized in the statement of comprehensive income or in the statement of other comprehensive income based on where the profit or loss from which they arose is recorded.

Deferred tax assets or liabilities are calculated using the tax rates that are expected to be effective when the assets and liabilities are realized.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized to recover temporary difference deductions.

For the statement of financial position, the Company offsets deferred tax assets and liabilities if, and only if, they relate to the income tax corresponding to the same tax administration, only to the extent that the Company is legally entitled to offset current tax assets with current tax liabilities.

j. Revenue from contracts with customers - Revenue from the transmission of power is recognized at the fair value of the amount received or receivable, and represents the amount for services rendered during the normal course of business, less any related discount or tax, in accordance with IFRS 15.

j.1 Principal versus agent considerations - In contracts for the transmission of energy, the Company is considered as the principal responsible for delivering the goods and services specified, mainly because the Company assumes the credit risks arising from such transactions. In accordance with the current accounting policy, in terms of the existence of a credit risk and the nature of the consideration in the contract, the Company is exposed to significant associated risks and benefits and, accordingly, it accounts for the contracts as a principal.

j.2 Amounts collected on behalf of third-parties - Any tax received by customers and forwarded to government authorities (e.g. VAT, taxes on sales and taxes, etc.) are recorded on a net basis and, therefore, excluded from revenue in the statement of comprehensive income.

j.3 Finance income - Finance income is composed of interest income in funds invested, gains from the sale of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains from hedging instruments that are recognized in comprehensive income. Interest income is recognized as it accrues in profit or loss at the amortized cost using the effective interest method.

k. Classification of balances as current or non-current - Balances in the accompanying statement of financial position are classified on the basis of their maturities – i.e., balances maturing within twelve months or less are classified as current; whereas balances maturing in periods exceeding twelve months are classified as non-current.

l. Dividends – Article No.79 of the Chilean Public Company Act establishes that dividends in closely held shareholder corporations will be determined according to the Company's bylaws. According to the Company bylaws, except otherwise unanimously agreed by the shareholders with voting rights at the related meeting, the Company should distribute annually as a cash dividend at least 30% of the net profit for each period.

At each reporting date, the Company estimates the amount of the obligation with its shareholders, net of provisional dividends that have been approved during the year, which is recognized as "Payables due to related parties", as appropriate, as a debit to equity.

Provisional and final dividends are recorded as decreases in equity when approved by the relevant individuals which, in the first case, generally corresponds to the Company's Board of Directors, and in the second case the responsibility relates to the Shareholders' Ordinary Meeting.

m. Reclassification - For comparative purposes, the Company reclassified the items related to provisions for national and zonal tariff adjustments from the caption in current assets "Trade and other receivables, current" to the caption in current liabilities "Trade and other payables" of ThCh\$6,600 for the period December 2020.

3.2 New accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2021. Those that may be relevant for the Group are indicated below.

3.2.1. Standards effective from January 1, 2021

Adopted standards		Mandatory application date
IFRS 9 - IAS 39 - IFRS 7 - IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 1, 2021
IFRS 16	COVID-19-Related Rent Concessions beyond June 30, 2021	April 1, 2021

IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform - Phase 2: In August 2020, the IASB issued the second phase of the Interest Rate Benchmark Reform, which comprises the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Through this publication, the IASB completes its work to respond to the effects of the Interbank Offered Rate (IBOR) Reform on financial reporting.

The amendments provide temporary exceptions addressing the effects on financial reporting when an Interbank Offered Rate (IBOR) is replaced with alternative, nearly risk-free interest rates.

These amendments are required and early application is permitted. A hedging relationship must be resumed if such relationship was discontinued solely because of the changes required by the benchmark interest rate reform and, therefore, would not have been discontinued had the second phase of amendments been applied at that date. Although its application is retrospective, an entity is not required to restate prior periods.

This standard is effective beginning on January 1, 2021.

IFRS 16 COVID-19-Related Rent Concessions, subsequent to June 30, 2021: In May 2020, the IASB issued an amendment to IFRS 16 Leases to provide a relief to lessees from applying the guide included in IFRS 16 related to lease modifications for rent concessions occurring as a direct consequence of the COVID-19 pandemic. This amendment is not applicable for lessors.

As a practical expedient, a lessee can choose not to assess whether the COVID-19-related rent concession granted by a lessor is a lease modification. A lessee making this election will recognize the changes in lease payments from COVID-19-related rent concessions in the same manner as it would recognize the change under IFRS 16 as if such change were not a lease modification.

In March 2021, the IASB issued an amendment to IFRS 16 Leases to extend the availability of the practical expedient that considers the assessment of Covid-19-related rent concessions, for one additional year.

2021 practical expedient is applied to rent concessions where the lease concession corresponds only to payments originally due before June 30, 2022, as long as all the conditions established for the application of the practical expedient are met. The amendment will be applied to annual periods beginning on April 1, 2021.

A lessee will apply the practical expedient retroactively, recognizing the accumulated effect of the initial application of the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as applicable) at the beginning of the reporting period in which the lessee first applies the amendment. The lessee is not required to disclose the information required by the paragraph 28 (f) of IAS 8.

In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the practical expedient consistently to eligible contracts with similar characteristics and circumstances, regardless of whether the contract becomes eligible for the practical expedient as a result of the application of the amendment of 2020 or 2021.

This standard is effective beginning on April 1, 2021.

3.2.2. Accounting pronouncements effective beginning on January 1, 2022 and thereafter

Standards issued by the IASB yet to be adopted		Mandatory application date
IFRS 3	Referencia al Marco Conceptual	January 1, 2022
IAS 16	Property, plant and equipment: Proceeds Before Intended Use	January 1, 2022
IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 1	Disclosure of Accounting Policies	January 1, 2023
IAS 8	Definition of Accounting Estimates	January 1, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IFRS 10 - IAS 28	Consolidated Financial Statements – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Mandatory date deferred indefinitely

Reference to the Conceptual Framework (Amendments to IFRS 3): In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework: These amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements (1989 Conceptual Framework) with a reference to the Conceptual Framework for Financial Reporting issued in March 2018, without significantly changing its requirements.

The amendments are effective for annual periods beginning on or after January 1, 2022, and must be applied retrospectively. Early application is permitted if an entity also applies, at the same time or earlier, all the other amendments included in the Amendments to References to the Conceptual Framework in IFRS Standards issued in March 2018.

The amendments will provide consistency in financial reporting and will avoid the confusion that could result from having more than one version of the Conceptual Framework in use.

Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16): This amendment prohibits entities from deducting from the cost of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity must recognize the proceeds from the sale of such items, and their cost, in profit or loss for the period, in accordance with applicable Standards.

The amendment is effective for periods beginning on or after January 1, 2022. The amendment must be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37): In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, to specify the costs an entity is required to include when assessing whether a contract is onerous or generates losses.

The amendment is effective for periods beginning on or after January 1, 2022. The amendment must be applied retrospectively to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). Early application is permitted and must be disclosed.

The amendments are intended to clarify and help ensuring the consistent application of the standard. Entities which previously applied the incremental cost approach will experience an increase in provisions to reflect the incorporation of costs directly related to contract activities, while entities which previously recognized provisions for contract losses using the guidance in the previous standard, IAS 11 Construction Contracts, will need to exclude the allocation of indirect costs from their provisions.

IFRS 17 Insurance Contracts: Issued in May 2017, this Standard requires that insurance obligations be measured at current compliance values and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

This standard is effective for periods beginning on or after January 1, 2023. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1): In June 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements to classify liabilities as current or non-current.

The amendments are effective for periods beginning on or after January 1, 2023. Entities must carefully consider whether there are any aspects of the amendments suggesting that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements): In February 2021, the IASB issued amendments to IAS 1 and to the IFRS Practice Statement 2 Making Materiality Judgements, which provide guidance and examples to help entities apply materiality judgements for the disclosure of accounting policies.

The amendments are intended to assist entities in providing disclosures of accounting policies that are more useful for:

- Replacing the requirement for entities to disclose their "significant" accounting policies" with a requirement to disclose their "material" accounting policies.
- Including the approach on how the entities apply the concept of materiality in the decision-making process on the disclosure of accounting policies.

When assessing the materiality of the information on accounting policies, entities should consider both the size of the transactions and other events or conditions and their nature.

This amendment is effective for periods beginning on or after January 1, 2023.

Changes in Accounting Estimates and Errors - Definition of an Accounting Estimate (Amendments to IAS 8 Accounting Policies): In February 2021, the IASB issued amendments to IAS 8, which introduces a new definition of "accounting estimates." The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. In addition, they clarify how entities use the measurement techniques and inputs to account for estimates.

The modified standard clarifies that the effects on an accounting estimate, as a result of a change in an input or a measurement technique, are changes in accounting estimates as long as these are not the result of the correction of errors from prior periods. This definition specified that changes in accounting estimates may result from new information or developments. Accordingly, such changes are not correction of errors.

This amendment is effective for periods beginning on or after January 1, 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12 Income Taxes): The amendment establishes that the main change in the deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12) is an exemption to the initial recognition of the exemption in IAS 12.15 (b) and IAS 12.24. Consequently, the initial recognition of the exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

This amendment is effective for periods beginning on or after January 1, 2023.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address a inconsistency acknowledged between the requirements of IFRS 10 and IAS 28 (2011) in the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The amendments, issued in September 2014, establish that when the transaction involves a business (whether the business is housed in a subsidiary or not) the full gain or loss generated is recognized. A partial gain or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are housed in a subsidiary. The date of mandatory application of these amendments is yet to be determined because the IASB is waiting for the results of its research project on equity accounting. These amendments must be applied retrospectively and early adoption is permitted, which must be disclosed.

This amendment has no significant effects for the Company.

4. Financial Risk Management

4.1 Risk management policy

The risk management strategy is focused on safeguarding the Company's stability and sustainability principles, eliminating or mitigating the uncertainty variables that affect or may affect it.

A comprehensive risk management policy involves identifying, measuring, analyzing, mitigating, and controlling different risks incurred by the Company and its follow-up and control over time. This process involves both the Company's Senior Management and the areas that take such risks.

The acceptable risk limits, risk measurement metrics, and risk analysis periodicity are policies regulated by the Company's Board of Directors.

4.2 Risk factors

The Company's activities are exposed to different risks, which have been classified as electric business risks, and financial risks.

With respect to the energy transmission infrastructure, Colbún Transmisión S.A. has approximately a total of 899 km of transmission lines divided into 335 km of lines in the Nationwide segment, 70 km in the Zonal segment and 494 km in the Dedicated segment. In addition, the Company has 27 substations. In September 2018, the Company performed an asset reorganization, consolidating all transmission assets (national, zonal and dedicated) in Colbún Transmisión S.A.; to provide greater focus on management, reportability and visibility to this business.

4.2.1 Electric business risk

These are strategic risks related to external and internal factors affecting the Company, such as the economic cycle, business nature, and changes to regulations. This category also includes risks arising from project management, equipment failure, and maintenance.

With respect to the electric business risks associated with transmission lines, the main risks relate to changes to regulations, business nature and project management, which are detailed below.

a. Regulatory risks

Regulatory stability is essential for a sector with long-term investment projects, such as the transmission sector.

In this sense, regulation may affect revenues from the National and Zonal segments. In accordance with the current regulations, a qualification process of transmission facilities should be performed every 4 years to determine which facilities will be assigned to the National, Zonal and Dedicated segments that supply regulated consumption. Subsequent to the qualification, a valuation process of such facilities is performed, i.e., the updated VI (investment value), based on each segment facility inventory, applying unit prices defined by the National Energy Commission (CNE).

In order to calculate the investment value annuity (AVI), as part of another process regulated by Law, the discount rate, which may vary between 7% and 10% after taxes, and the useful life defined in another ad hoc process, are determined. In addition, the Operation, Maintenance and Management Cost (COMA) is determined that the remuneration of a model transmission company should cover. Finally, the Annual Transmission Value per Tranche is calculated as the sum of the AVI plus the COMA.

All these processes comprise observation stages and may be appealed in last instance before the Panel of Experts of the Energy Sector.

During 2020 and so far in 2021, the Company continued developing the valuation processes for the tariff period 2020-2023 of the transmission works classified as nationwide, zonal and dedicated which supply regulated consumption; such valuation is being calculated using a discount rate that was set at 7% after taxes. During 2020, valuation studies were performed by the consultants in charge, who finalized their work with public hearings held in November and December 2020. Subsequently, in April 2021, the CNE issued a preliminary technical report which was made available for observations up to May 18. Colbún Transmisión S.A. has been involved in the different stages of this process.

On August 2, the CNE published the final technical report, which was received on August 3 by the companies, regarding which discrepancies can be submitted to the Experts' Panel until August 17.

In addition, the transmission segment was stabilized on December 26, 2019 through exempt resolution No.815 issued by the National Energy Commission (CNE), corresponding to the transmission one-time charge applicable since January 2020. In this resolution, the transmission charges effective since July 2019 were frozen until the issuance of the new transmission facility valuation decree corresponding to the four-year period 2020-2023, that according to the estimates of the CNE should be issued in July 2022. In accordance with the estimates of the regulator, the impact of the freeze of charges is similar to the one that would have occurred should the new valuation of facilities (and the reduction in the profitability of such facilities) been applied within the terms specified by law.

On December 28, 2020, Exempt Resolution No. 491 was published in the Official Gazette, approving the Technical Standard for unavailability of supply and compensations for events or failures in facilities that are not destined for the distribution public service, and that have resulted in unavailability of the supply for end users. This standard establishes the standards and characteristics of the compensation payment to be made to customers beginning in 2020, which was outstanding under Article 72-20° of Law No. 20.936. Additionally, on December 31, 2020, the SEC published Circular No. 7266, which establishes a provisional procedure for compensation payments due to supply unavailability arising from events or failures during 2020, while the standards set forth in the Technical Standard are not yet effective; whereas on April 27, 2021, the SEC issued Circular No. 08955 which establishes instructions to apply Article No. 12 of the compensation regulation related to Failure Analysis Studies that should be submitted by the Coordinator at the SEC and the observations of those subject to coordination.

Furthermore, the Regulation of the Transmission Systems and Transmission Planning was published on May 25, 2021 in the Official Gazette, which specifies the regulation regarding open access to transmission facilities, provisions related to the annual transmission process and construction bids established in the expansion plans that the Coordinator should perform. In addition, this regulation includes some specifications on the entry to storage systems within the transmission expansion plans.

b. Nature-related risks

In this regard, the main nature-related risks arise from the occurrence of natural phenomena such as fires, earthquakes, heavy snowfall, and flooding.

All these risks must be mitigated through scheduled and corrective maintenance plans. However, certain natural phenomena may exceed the equipment design conditions, making possible the outage of facilities. In some cases, the transmission assets consider redundant designs to mitigate the risk of failure due to certain events and to avoid the outage of supply or injection of power to transmission customers.

c. Project management risks

Project management risks are inherent to any large-scale civil work such as connection and transmission projects, because they may face construction problems which can delay the completion of the work and imply not meeting the projected deadlines to start operations.

In the case of regulated projects of the Domestic and Zonal segments, in accordance with the current regulation, the execution of new projects is tendered by the CEN and, therefore, the risk of delays implies to defer the remuneration related to the VATT awarded to each work. In this case, the award is less than the VATT and remains fixed for 4 regulatory periods, i.e., 20 years.

Accordingly, expansion projects for existent systems are awarded by the CEN at the lower value of VI, which remains fixed for 4 regulatory periods. The VATT of each regulatory period is calculated using the discount rate effective in each period. In addition, the COMA of these projects is defined by the Chilean Ministry of Energy in each 4-year process in accordance with the cost structures of a model transmission company.

Financial risks

Financial risks relate to the Company's inability to perform transactions or comply with obligations from its operations due to lack of funding, changes in interest rates, exchange rates, bankruptcy of related parties, or other financial variables of the market that may affect Colbún Transmisión S.A.'s equity.

a. Currency risk

Exchange rate risk relates mainly to fluctuations in currency coming from two sources. The first source of exposure is cash flows related to investment revenues, costs and expenses denominated in foreign currencies other than the functional currency (United States dollars). The second source of exposure relates to the accounting mismatch between assets and liabilities in the Statement of Financial Position denominated in a currency other than the functional currency.

The exposure to cash flows in currencies other than the U.S. dollar is limited, as a significant portion of Colbún Transmisión's sales are denominated directly in or adjusted to the U.S. dollar. In addition, the accounting mismatch exposure is limited because all the Company's accounts are denominated in U.S. dollars, except for a portion of the Company's cash.

b. Credit risk

The Company may be exposed to this risk derived from the possibility that a counterparty fails to comply with its contractual obligations and generates financial or economic losses. However, the counterparties with which the Company has contractual obligations have high solvency levels; accordingly, this risk is limited and a sensitivity test is not applicable.

c. Liquidity risk

Such risk is derived from several fund needs to address investment commitments and business expenses, among others.

The required funds to meet such outflows are obtained from Colbún Transmisión's own revenue with support by the Parent to ensure sufficient funds will be available to support expected needs for a reasonable period. Accordingly, a sensitivity analysis related to this risk is not applicable.

5. Critical accounting policies

Management necessarily makes judgments and estimates that have a significant effect on the amounts recorded in the financial statements. Changes in the assumptions and estimates could have a significant impact on the interim financial statements. The key estimations and judgments used by Management for the preparation of these interim financial statements are detailed below.

a. Calculation of depreciation and amortization, and estimation of the related useful lives

(i) Useful lives of property, plant and equipment and intangible assets other than goodwill (with finite useful life):

Are depreciated and amortized on a straight-line basis on the estimated useful life. Useful lives have been estimated and determined considering technical aspects, the nature of the asset and the conditions of the assets. As of June 30, 2021, estimated useful lives of property, plant and equipment are detailed as follows:

Classes of property, plant and equipment	Useful life (years)	Average remaining useful life (years)
Constructions and infrastructure works	10 - 50	32
Right-of-use assets	3	2

Intangible assets with indefinite useful lives correspond to easements. Estimated useful lives as of June 30, 2021, are detailed as follows:

Intangible assets	Useful life (years)	Average remaining useful life (years)
Easements	9	7

(ii) Useful lives of intangible assets other than goodwill (with indefinite useful lives):

The Company analyzed the useful lives of intangible assets, which mainly relate to easements, and concluded there is no foreseeable time limit in which the asset would generate net cash inflows. For these intangible assets, the Company determined that their useful lives are indefinite.

b. Impairment of non-financial assets (tangible and intangible assets other than goodwill, excluding goodwill)

At the closing date of each year, or at any date as deemed necessary, the value of assets is assessed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the amount of any impairment. For identifiable assets that do not generate cash flows independently, the recoverability of the cash-generating unit (CGU) to which the asset belongs is estimated. For these purposes, the Company determined that all its assets comprise a single CGU.

For CGUs assigned to intangible assets with a finite useful life, the recoverability analysis is conducted systematically at the reporting date, or at any date deemed necessary, except if considered that calculations of a CGU's recoverable amount from the prior period may be used for verifying the amount of the impairment of such unit at the current period.

The recoverable amount is the greater of the market value less cost to sell and value in use, which is the present value of future estimated cash flows. For calculating the recoverable amount of tangible and intangible assets, the Company uses the value in use criterion.

To estimate the value in use, the Company prepares its estimate of future pre-tax cash flows based on the most recent budgets approved by Management. These budgets include the best estimates available on the income and costs of the cash-generating units, using the best available information, such as experience and future expectations.

Such cash flows are discounted to calculate their current amount at a pre-tax rate which considers the capital cost of the business in which it operates. Their calculation considers the current cost of money and risk premiums generally used for business purposes.

In the event the recoverable amount is less than the asset's carrying amount, the related impairment is recognized as "Other Gains (losses)" in the Statement of Comprehensive Income.

Impairment losses recognized in an asset in prior years will be reversed if there has been a change in the estimations on their recoverable amount increasing the value of the asset with a credit to profit or loss with the limit of the carrying amount that the asset would have had if the unwinding had not been conducted.

As of June 30, 2021, the Company considers there is no carrying amount impairment of tangible and intangible assets related to the CGU defined by the Company.

6. Segment reporting

Within the power business, Colbún Transmisión S.A. defines one single segment: power transmission, which is a service rendered domestically mainly to power generation companies, power suppliers, and industrial companies. Accordingly, the information required under IFRS 8 (paragraph 23) is fully aligned with the Company's statement of financial position and the statement of comprehensive income.

Information on products and services

Services	January - June		April - June	
	2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Sales from tolls	26,464	44,024	7,195	21,343
Total sales	26,464	44,024	7,195	21,343

Information on sales to main customers

Main customers	January - June				April - June			
	2021		2020		2021		2020	
	ThUS\$	%	ThUS\$	%	ThUS\$	%	ThUS\$	%
Colbún S.A.	16,924	64%	11,890	27%	8,553	119%	3,623	17%
Corporación Nacional del Cobre Chile	5,069	19%	5,858	13%	2,675	37%	2,373	11%
Anglo American S.A.	2,114	8%	1,548	4%	1,015	14%	1,086	5%
Other	2,357	9%	24,728	56%	(5,048)	-70%	14,261	67%
Total sales	26,464	100	44,024	100	7,195	100	21,343	100

7. Cash and cash equivalents

a. Detail

As of June 30, 2021 and December 31, 2020, this caption is detailed as follows:

Cash and cash equivalents	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Cash in banks	113	32
Other liquid instruments	33,115	12,050
Total	33,228	12,082

Other liquid instruments relate to fixed income mutual fund deposits in U.S. dollars and Chilean pesos, with very low risk, which are recognized at the deposit value at the reporting date.

8. Other non-financial assets, current

As of June 30, 2021 and December 31, 2020, this caption comprises the following:

Other non-financial assets	Current	
	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Advance payments to suppliers	386	38
Other advance payments	197	100
Total	583	138

9. Trade and other receivables, current

As of June 30, 2021 and December 31, 2020, this caption is detailed as follows:

Caption	Current		Non-current	
	06.30.2021 ThUS\$	12.31.2020 ThUS\$	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Trade receivables	20,417	25,289	-	1,868
Other receivables	445	101	-	-
Total	20,862	25,390	-	1,868

The average payment period is 30 days.

Considering debtors' solvency, current regulations, and in accordance with the doubtful accounts policy stated in the Company's accounting policies (see Note 3.1.d.2), the Company believes that there is no objective evidence of impairment of trade and other receivables which may require recording a provision for the period ended June 30, 2021.

The fair values of trade and other receivables related to the same commercial amounts.

As of June 30, 2021 and December 31, 2020, the detail of trade receivables is as follows:

a) Aging of the portfolio of trade receivables: for past due but not impaired balances receivable.

Invoiced	Balance as of 06.30.2021					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	855	3	-	-	6	864
Other trade receivables	1,009	63	18	61	184	1,335
Subtotal	1,864	66	18	61	190	2,199

Invoices to be issued	Balance as of 06.30.2021					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	5,102	-	-	-	-	5,102
Other trade receivables	13,116	-	-	-	-	13,116
Subtotal	18,218	-	-	-	-	18,218
Total trade receivables	20,082	66	18	61	190	20,417
No. of customers (unaudited)	130	9	22	11	126	

Invoiced	Balance as of 12.31.2020					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Deudores comerciales libres	103	-	-	-	6	109
Otros deudores comerciales	1,776	166	-	-	541	2,483
Deudores varios Otros	1,879	166	-	-	547	2,592

Invoices to be issued	Balance as of 12.31.2020					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	10,463	-	-	-	-	10,463
Other trade receivables	12,234	-	-	-	-	12,234
Subtotal	22,697	-	-	-	-	22,697
Total trade receivables	24,576	166	-	-	547	25,289
No. of customers (unaudited)	117	36	-	-	256	

b) Customers in legal collection

There are no trade and other receivables in legal collection.

10. Related party disclosures

Transactions between the Company and its related parties, are part of the Company's customary transactions associated with its line of business and conditions. The relationship between the Company and its Parent is detailed in Note 1.

a. Controlling interests

As of June 30, 2021 and December 31, 2020, the distribution of ownership interest is as follows:

Shareholder	06.30.2021		12.31.2020	
	No. of shares	Ownership	No. of shares	Ownership %
Colbún S.A.	49,617,413	100.00	49,617,413	100.00
Colbún Desarrollo SpA	1	0.00	1	0.00
Total	49,617,414	100.00	49,617,414	100.00

b. Balances and transactions with related parties

b.1. Receivables due from related parties

Taxpayer ID No.	Company	Country	Relationship	Currency	Current		Non-current	
					06.30.2021 ThUS\$	12.31.2020 ThUS\$	06.30.2021 ThUS\$	12.31.2020 ThUS\$
96.505.760-9	Colbún S.A.	Chile	Parent	Ch\$	-	1,932	-	-
Total					-	1,932	-	-

b.2. Payables due to related parties

Taxpayer ID No.	Company	Country	Relationship	Currency	Current		Non-current	
					06.30.2021 ThUS\$	12.31.2020 ThUS\$	06.30.2021 ThUS\$	12.31.2020 ThUS\$
96.505.760-9	Colbún S.A.	Chile	Parent	Ch\$	68,933	-	15,236	15,079
Total					68,933	-	15,236	15,079

b.3. Significant transactions and their effect on profit or loss

Taxpayer ID No.	Company	Country	Relationship	Currency	Transaction	January - June				April - June			
						2021		2020		2021		2020	
						Amount ThUS\$	(Debit) credit to profit or loss ThUS\$	Amount ThUS\$	(Debit) credit to profit or loss ThUS\$	Amount ThUS\$	(Debit) credit to profit or loss ThUS\$	Amount ThUS\$	(Debit) credit to profit or loss ThUS\$
96.505.760-9	Colbún S.A.	Chile	Controlador	UF	Services received	1,942	(1,632)	1,729	(1,453)	23	(19)	1	(1)
				UF	Leases	179	(150)	160	(135)	-	-	-	-
				Ch\$	Leases collected	158	133	83	69	96	81	56	46
				Ch\$	Right-of-way easement	-	-	-	-	-	-	199	167
				US\$	Sale of tolls	17,865	15,012	16,322	13,716	10,638	8,939	6,329	5,318
				US\$	Purchase of tolls	193	(162)	144	(121)	125	(105)	144	(121)
				US\$	Business current account payment received	14,508	-	-	-	14,508	-	-	-
				US\$	Dividend declared ⁽¹⁾	62,315	-	-	-	62,315	-	-	-

(1) At the shareholders' meeting, the shareholders approved the payment of an additional and provisional dividend of ThUS\$62,315.

All transactions are performed under the market terms and conditions.

c. Key management personnel and senior management

Members of senior management and other individuals that are considered members of the Company's Management, as well as the shareholders or natural persons or legal entities they represent have entered into no unusual and/or significant transactions as of June 30, 2021.

The Company is managed by a Board of Directors composed of 3 members: Hernán Rodríguez Wilson, Thomas Keller Lippold and Juan Eduardo Vásquez.

d. Compensation and other benefits

d.1. Board of Directors' remuneration

As per the Company's bylaws, directors receive no remuneration for the performance of their duties.

d.2. Senior Management members who are not Directors

Name	Position
Luis Le-Fort Pizarro	General Manager

In accordance with the Company's bylaws, senior executives do not receive compensation.

d.3. Receivables and payables and other transactions

There are no receivables from or payables to between the Company and its Directors and Management.

d.4 Other transactions

There are no other transactions between the Company and its Directors and Management.

d.5 Guarantees pledged by the Company in favor of its Directors

As of June 30, 2021 and December 31, 2020, the Company records no such transactions.

d.6 Incentive plans for senior executives and managers

The Company's senior executives do not receive compensation.

d.7 Indemnities paid to Senior Executives and Managers

The Company's senior executives do not receive indemnities.

d.8 Guarantee clauses: Company's Board of Directors and Management

The Company has not agreed any guarantee clauses with its Directors and Management.

d.9 Incentive plans associated with share quote.

The Company does not conduct this type of transaction.

11. Current taxes

As of June 30, 2021 and December 31, 2020, this caption comprises the following:

Current tax assets	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Recoverable taxes for the year	4,275	4,488
Recoverable taxes for prior years	538	744
Total	4,813	5,232

12. Intangible assets other than goodwill

a. Detail by classes of intangible assets

As of June 30, 2021 and December 31, 2020, the detail is as follows:

Intangible assets, net	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Easements	39,413	39,132
Total	39,413	39,132
Intangible assets, gross	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Easements	39,582	39,270
Total	39,582	39,270
Accumulated amortization	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Easements	(169)	(138)
Total	(169)	(138)

b. Changes in intangible assets during the year

As of June 30, 2021 and December 31, 2020, this caption comprises the following:

Movements as of 2021	Easements ThUS\$	Intangible assets, net ThUS\$
Opening balance as of 01.01.2021	39,132	39,132
Additions	312	312
Disposals	-	-
Increases (decreases) due to other changes	-	-
Amortization expense (See Note 23) 1	(31)	(31)
Closing balance as of 06.30.2021	39,413	39,413
Movements as of 2020	Easements ThUS\$	Intangible assets, net ThUS\$
Opening balance as of 01.01.2020	40,049	40,049
Additions	434	434
Disposals	(1,280)	(1,280)
Transfers	(10)	(10)
Amortization expense	(61)	(61)
Closing balance as of 12.31.2020	39,132	39,132

⁽¹⁾ As of June 30, 2021 and December 31, 2020, amortization expense relates to existing easements for Transmission Lines (Alto Jahuel-Candelaria 220 KV and Candelaria-Minero 220 KV) between the Company and CODELCO.

The Company has no intangible assets impaired or pledged as collateral to secure compliance with its debt obligations.

13. Property, plant and equipment

a. Detail of property, plant and equipment

As of June 30, 2021 and December 31, 2020, the caption property, plant and equipment is detailed as follows:

Classes of property, plant and equipment, net	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Land	2,638	2,638
Constructions and infrastructure works	262,077	267,467
Assets under construction	89,832	67,382
Total	354,547	337,487
Classes of property, plant and equipment, gross	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Land	2,638	2,638
Constructions and infrastructure works	324,289	324,289
Assets under construction	89,832	67,382
Total	416,759	394,309
Classes of accumulated depreciation and impairment of property, plant and equipment	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Constructions and infrastructure works	(62,212)	(56,822)
Total	(62,212)	(56,822)

b. Changes in property, plant and equipment

As of June 30, 2021 and December 31, 2020, the caption property, plant and equipment is composed of the following:

Changes for 2021	Land ThUS\$	Constructions and infrastructure works ThUS\$	Assets under construction ThUS\$	Property, plant and equipment, net ThUS\$
Opening balance as of 01.01.2021	2,638	267,467	67,382	337,487
Additions	-	-	22,450	22,450
Disposals	-	-	-	-
Accumulated depreciation, disposals	-	-	-	-
Transfers	-	-	-	-
Depreciation expenses (see Note 23)	-	(5,390)	-	(5,390)
Total changes	-	(5,390)	22,450	17,060
Closing balance as of 06.30.2021	2,638	262,077	89,832	354,547

Changes for 2020	Land ThUS\$	Constructions and infrastructure works ThUS\$	Assets under construction ThUS\$	Property, plant and equipment, net ThUS\$
Opening balance as of 01.01.2020	2,638	271,287	65,269	339,194
Additions	-	-	12,040	12,040
Disposals	-	-	(2,970)	(2,970)
Accumulated depreciation, disposals	-	-	-	-
Transfers	-	6,957	(6,957)	-
Depreciation expenses	-	(10,777)	-	(10,777)
Total changes	-	(3,820)	2,113	(1,707)
Closing balance as of 12.31.2020	2,638	267,467	67,382	337,487

c. Other disclosures

i) The Company has no property, plant and equipment pledged as collateral to secure compliance with its debt obligations.

ii) Colbún Transmisión S.A. has entered into insurance policies to cover the possible risks to which the different items of property, plant and equipment (substations) may be exposed, as well as possible claims that might be presented because of the performance of their business activities. Such policies sufficiently cover the risks to which they are exposed.

14. Right-of-use assets

a. Detail of right-of-use assets

As of June 30, 2021 and December 31, 2020, right-of-use assets recognized are detailed as follows:

Right-of-use assets, net	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Right-of-use assets - facilities	81	113
Right-of-use assets - vehicles	147	54
Total	228	167
Right-of-use assets, gross	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Right-of-use assets - facilities	159	159
Right-of-use assets - vehicles	599	378
Total	758	537
Accumulated depreciation of right-of-use assets	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Right-of-use assets - facilities	(78)	(46)
Right-of-use assets - vehicles	(452)	(324)
Total	(530)	(370)

b. Changes in right-of-use assets

As of June 30, 2021 and December 31, 2020, net changes in right-of-use assets are detailed as follows:

Changes for 2021	Right-of-use assets - facilities ThUS\$	Right-of-use assets - vehicles ThUS\$	Right-of-use assets, net ThUS\$
Opening balance as of 01.01.2021	113	54	167
Additions	-	220	220
Depreciation expense (see Note 23)	(32)	(127)	(159)
Total changes	(32)	93	61
Closing balance as of 06.30.2021	81	147	228
Changes for 2020	Right-of-use assets - facilities ThUS\$	Right-of-use assets - vehicles ThUS\$	Right-of-use assets, net ThUS\$
Opening balance as of 01.01.2020	-	378	378
Additions	159	-	159
Depreciation expense	(46)	(324)	(370)
Total changes	113	(324)	(211)
Closing balance as of 12.31.2020	113	54	167

15. Lease liabilities

As of June 30, 2021 and December 31, 2020, this caption comprises the following:

Lease liabilities	Current		Non-current	
	06.30.2021 ThUS\$	12.31.2020 ThUS\$	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Lease liabilities	208	99	30	50
Total	208	99	30	50

a. Lease liabilities

Lease liabilities

As of 06.30.2021				
Debtor's ID number	76218856-2	76218856-2	76218856-2	
Debtor's name	Colbun Transmisión S.A.	Colbun Transmisión S.A.	Colbun Transmisión S.A.	
Debtor's country	Chile	Chile	Chile	
Creditor's ID number	96565580-8	7065425-3	88723500-7	
Creditor's name	Cia. De Leasing Tattersall S.A.	Jorge Rocco Pizarro	Constructora Costa Brava Ltda.	
Creditor's country	Chile	Chile	Chile	
Currency or inflation-adjusted unit	UF	UF	UF	
Amortization frequency	Monthly	Monthly	Monthly	
Interest type	Fixed	Fixed	Fixed	
Basis	-	-	-	
Effective rate	0.00%	1.70%	0.00%	
Nominal rate	0.00%	1.70%	0.00%	

Nominal amounts	ThUS\$			Total ThUS\$
Up to 90 days	60	10	10	80
90 days to 1 year	93	29	6	128
1-3 years	-	30	-	30
1-2 years	-	30	-	30
2-3 years	-	-	-	-
3-5 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Over 5 years	-	-	-	-
Subtotal nominal amounts	153	69	16	238

Carrying amounts	ThUS\$			Total ThUS\$
Up to 90 days	60	10	10	80
90 days to 1 year	93	29	6	128
Current lease liabilities	153	39	16	208
1-3 years	-	30	-	30
1-2 years	-	30	-	30
2-3 years	-	-	-	-
3-5 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Over 5 years	-	-	-	-
Non-current lease liabilities	-	30	-	30
Total lease liabilities	153	69	16	238

As of 12.31.2020			
Debtor's ID number	76218856-2	76218856-2	76218856-2
Debtor's name	Colbún Transmisión S.A.	Colbún Transmisión S.A.	Colbún Transmisión S.A.
Debtor's country	Chile	Chile	Chile
Creditor's ID number	96565580-8	7065425-3	88723500-7
Creditor's name	Cia. De Leasing Tattersall S.A.	Jorge Rocco Pizarro	Constructora Costa Brava Ltda.
Creditor's country	Chile	Chile	Chile
Currency or inflation-adjusted unit	UF	UF	UF
Amortization frequency	Monthly	Monthly	Monthly
Interest type	Fixed	Fixed	Fixed
Basis	-	-	-
Effective rate	5.00%	1.70%	0.00%
Nominal rate	5.00%	1.70%	0.00%

Nominal amounts	ThUS\$			Total
Up to 90 days	36	10	6	52
90 days to 1 year	-	29	18	47
1-3 years	-	50	-	50
1-2 years	-	40	-	40
2-3 years	-	10	-	10
3-5 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Over 5 years	-	-	-	-
Subtotal nominal amounts	36	89	24	149

Carrying amounts	ThUS\$			Total
Up to 90 days	36	10	6	52
90 days to 1 year	-	29	18	47
Current lease liabilities	36	39	24	99
1-3 years	-	50	-	50
1-2 years	-	40	-	40
2-3 years	-	10	-	10
3-5 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Over 5 years	-	-	-	-
Non-current lease liabilities	-	50	-	50
Total lease liabilities	36	89	24	149

16. Trade and other payables

As of June 30, 2021 and December 31, 2020, trade and other payables are composed of the following:

	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Trade payables	1,999	872
Other payables (1)	19,900	6,600
Total	21,899	7,472

As of June 30, 2021, the main providers or creditors, including their related representation percentages are detailed as follows:

Main trade payables	
Inversiones Santa Amalia S.A.	7.01%
Ing. y Construcción Sigdo Koppers S.A.	6.99%
Serv. Integrales de Mantenimientos Técnicos S.A.	3.88%
Empresa Eléctrica Capullo S.A.	3.80%
VAI PS Ingeniería y Servicios Ltda.	3.13%
Transelec S.A.	3.12%
Bioenergías Forestales SpA	2.69%
Enel Transmisión Chile S.A.	2.52%
Enel Generación Chile S.A.	2.46%
Other	64.40%
	100.00

Aging of trade receivables portfolio:

Concept	Balances as of 06.30.2021	
	Current ThUS\$	Total ThUS\$
Goods	666	666
Services	1,295	1,295
Other	38	38
Subtotal	1,999	1,999

Concept	Balances as of 12.31.2020	
	Current ThUS\$	Total ThUS\$
Goods	57	57
Services	675	675
Other	140	140
Subtotal	872	872

For accounts payable to suppliers, the average payment period is 15 days; as a result of this, the fair value does not differ significantly from the related carrying amount.

17. Other provisions

a. Description of provisions

As of June 30, 2021 and December 31, 2020, this caption comprises the following:

Provisions	06.30.2021 ThUS\$	12.31.2020 ThUS\$
For legal proceedings	1,220	1,220
Total	1,220	1,220

b. Changes in provisions for the period

Changes in provisions	For legal proceedings ⁽¹⁾ ThUS\$	Total ThUS\$
Opening balance as of 01.01.2021	1,220	1,220
New provisions, other provisions	-	-
Increase in existing provisions, other provisions	-	-
Provision used, other provisions	-	-
Closing balance as of 06.30.2021	1,220	1,220

Changes in provisions	For legal proceedings ⁽¹⁾ ThUS\$	Total ThUS\$
Opening balance as of 01.01.2020	-	-
New provisions, other provisions	1,220	1,220
Increase in existing provisions, other provisions	-	-
Provision used, other provisions	-	-
Closing balance as of 12.31.2020	1,220	1,220

(1) Provision recorded for lawsuits in accordance with IAS 37

18. Income taxes

a. Income tax (benefit) expense

Income tax benefit (expense)	January - June		April - June	
	2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Income tax benefit (expense)				
Current taxes	(4,065)	(8,441)	(452)	(4,623)
Adjustments to prior period current tax	632	-	632	-
Total current tax expense, net	(3,433)	(8,441)	180	(4,623)
Deferred income tax (expense) benefit				
Deferred tax benefit (expense) arising from temporary differences	(628)	259	121	170
Total deferred tax benefit (expense), net	(628)	259	121	170
Income tax benefit (expense)	(4,061)	(8,182)	301	(4,453)

a.1 Reconciliation of current taxes

As of June 30, 2021 and December 31, 2020, the reconciliation of current taxes to income tax is as follows:

As of June 30, 2021	Current taxes (profit or loss) ThUS\$	Monthly provisional income tax payments ThUS\$	Other taxes ThUS\$	Tax assets ThUS\$	Tax liabilities ThUS\$
Colbún Transmisión S.A.	(4,065)	8,339	539	4,813	-
Total	(4,065)	8,339	539	4,813	-

As of December 31, 2020	Current taxes (profit or loss) ThUS\$	Monthly provisional income tax payments ThUS\$	Other taxes ThUS\$	Tax assets ThUS\$	Tax liabilities ThUS\$
Colbún Transmisión S.A.	(15,926)	20,414	-	4,488	-
Total	(15,926)	20,414	-	4,488	-

As of June 30, 2021, Colbún Transmisión S.A. generated taxable income and, accordingly, it recognized a recoverable tax for the year amounting to ThUS\$4,813, generated by the Income tax provision, net of monthly provisional income tax payments (PPM).

a.2 Reconciliation of tax expense to effective rate calculation

Income tax benefit (expense)	January - June				April - June			
	2021		2020		2021		2020	
	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %
Profit before income taxes	14,967		30,252		1,233		16,440	
Tax benefit using the legal rate	(4,041)	27.0	(8,168)	27.0	(333)	27.0	(4,439)	27.0
Other differences	(20)	0.1%	(14)	0.0%	634	51.4%	(14)	-0.1%
Subtotal adjustments to tax expense using the legal rate	(20)	0.1%	(14)	0.0%	634	51.4%	(14)	-0.1%
Income tax expense	(4,061)	27.1	(8,182)	27.0	301	-24.4	(4,453)	27.1

As of June 30, 2021 and 2020, the tax was calculated using the tax rate of 27% (Law No.20.780).

In accordance with the International Financial Reporting Standards (IFRS), the Company recognizes its financial operations at its functional currency, which is the U.S. dollar.

b. Deferred taxes

At each reporting period, deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Deferred taxes - unearned revenue	4,002	4,190
Deferred taxes - contingencies	329	329
Deferred tax assets	4,331	4,519

Deferred tax liabilities	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Deferred taxes - depreciation	(61,293)	(60,839)
Deferred taxes - intangible assets	(863)	(871)
Deferred taxes - right-of-use	4	(2)
Deferred tax liabilities	(62,152)	(61,712)
Total deferred tax assets and liabilities, net	(57,821)	(57,193)

Movements of deferred taxes for the period are as follows:

Changes in deferred taxes	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Deferred taxes as of January 1	(57,193)	(58,106)
Property, plant and equipment	(454)	538
Contingencies	-	329
Intangible assets	8	83
Finance costs	-	2
Right-of-use	6	(2)
Unearned revenue	(188)	(37)
Closing balance	(57,821)	(57,193)

The net position of deferred taxes is as follows:

Net deferred tax position by company		
Company	Net position	
	Liabilities	
	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Colbún Transmisión S.A.	(57,821)	(57,193)
Subtotal	(57,821)	(57,193)
Net deferred taxes		

19. Other non-financial liabilities

As of June 30, 2021 and December 31, 2020, other non-financial liabilities, non-current, are detailed as follows:

	Current		Non-current	
	06.30.2021 ThUS\$	12.31.2020 ThUS\$	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Withholdings	2,235	3,972	-	-
Unearned revenue (1)	1,279	1,070	13,542	14,450
Total	3,514	5,042	13,542	14,450

(1) As of June 30, 2021, non-current balance includes ThUS\$7,879 corresponding to the recognition of the lease agreement entered into between the Company and Anglo American (expiration of the contract in 2030) and a dedicated transmission line contract entered into with Duquenco SpA of ThUS\$5,663 (expiration of the contract in 2028). As of December 31, 2020, non-current balance includes ThUS\$8,294 and ThUS\$6,156, respectively.

20. Disclosures on equity

a. Subscribed and paid-in capital and number of shares

The Company's capital is expressed in United States dollars, divided into 49,617,414 ordinary, nominative, same-amount, single-series shares with no par value.

Colbun Transmisión S.A. was incorporated on June 28, 2012, and its initial capital was ThUS\$2, divided into 1,000 ordinary, nominative, same-amount, single-series shares with no par value.

At Extraordinary Shareholders' Meeting held on August 17, 2012, the shareholders agreed to increase share capital from ThUS\$2, divided into 1,000 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$3,429, divided into 1,714,659 shares with the same characteristics, by way of the issuance of 1,713,659 shares, equivalent to ThUS\$3,427, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

At Extraordinary Shareholders' Meeting held on November 16, 2012, the shareholders agreed to increase the share capital from ThUS\$3,429, divided in 1,714,659 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$19,534, divided in 9,766,868 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

At Extraordinary Shareholders' Meeting held on April 29, 2013, the shareholders agreed to increase share capital from ThUS\$19,534, divided into 9,766,868 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$20,503, divided into 10,251,684 shares with the same characteristics, by way of the issuance of 484,816 shares, equivalent to US\$969,632, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

At Extraordinary Shareholders' Meeting held on February 1, 2017, the shareholders agreed to increase share capital from ThUS\$20,503, divided into 10,251,684 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$28,891, divided into 14,445,596 shares with the same characteristics, by way of the issuance of 4,193,912 shares, equivalent to US\$8,387,823, which should be issued, subscribed and fully paid within 1 year from the date of the meeting.

At Extraordinary Shareholders' Meeting held on October 1, 2018, the shareholders agreed to increase share capital from ThUS\$28,891, divided into 14,445,596 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$99,235, divided into 49,617,414 shares with the same characteristics, by way of the issuance of 35,171,818 shares, equivalent to US\$70,343,632, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

As of June 30, 2021 and December 31, 2020, this caption comprises the following:

No. of shares as of 06.30.2021

Series	No. of shares subscribed	No. of shares fully paid	No. of shares with voting rights
Single	49,617,414	49,617,414	49,617,414

Capital (Amount in US\$)

Series	Subscribed capital ThUS\$	Paid-in capital ThUS\$
Single	99,235	99,235

No. of shares as of 12.31.2020

Series	No. of shares subscribed	No. of shares fully paid	No. of shares with voting rights
Single	49,617,414	49,617,414	49,617,414

Capital (Amount in US\$)

Series	Subscribed capital ThUS\$	Paid-in capital ThUS\$
Single	99,235	99,235

a.1 Reconciliation of shares

At the reporting date, the reconciliation of the number of outstanding shares, is detailed as follows:

Shares	06.30.2021	12.31.2020
No. of shares as of January 1	49,617,414	49,617,414
Changes in number of shares		
Increase (decrease) in number of shares	-	-
No. of shares at June 30	49,617,414	49,617,414

b. Retained earnings (accumulated deficit)

As of June 30, 2021 and December 31, 2020, changes in reserves for retained earnings (accumulated deficit) are detailed as follows:

Retained earnings	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Opening balance	62,314	32,192
Realized retained earnings	10,906	41,907
Profit or loss for the year	(62,315)	(12,572)
Realized retained earnings	395	787
Total retained earnings	11,300	62,314

c. Other reserves

Other reserves comprises the following:

Other reserves ⁽¹⁾	06.30.2021 ThUS\$	12.31.2020 ThUS\$
First adoption reserve ⁽¹⁾	54,590	54,590
Revaluation of property, plant and equipment ⁽²⁾	19,666	20,061
Reserve for contributions of property, plant and equipment ⁽³⁾	87,522	87,522
Total other reserves	161,778	162,173

^(*) The value of reserves is presented net of deferred taxes as determined by IAS 12.

⁽¹⁾ Effect of first adoption: Reserves generated by the first-time adoption of International Financial Reporting Standards (IFRS 1), which may be performed in accordance with Circular No.1.945 of September 29, 2009 issued by the Chilean Financial Market Commission (CMF).

⁽²⁾ Revaluation of property, plant and equipment: Relates to reserves arising from the first application of IFRS 1, which were transferred from the asset contribution made through a corporate reorganization, which may be performed in accordance with Circular No.1.945 of September 29, 2009 issued by CMF.

⁽³⁾ Reserves generated by asset contributions not made for distribution through company reorganization.

d. Capital management

Capital management falls under the financing and investing policies of the Company, which establish, among other matters, that investments shall have appropriate financing according to the related project in conformity with the Financing Policy. Total investments for each year will not exceed 100% of the Company's equity, and should be aligned with its financial capacity.

e. Dividends

At the Shareholders' Meeting held on April 29, 2021, the shareholders approved the distribution of a final dividend of ThUS\$29,335, or US\$0.59122 per share, and a provisional dividend with a debit to retained earnings from prior years of ThUS\$32,980, or US\$0.66468 per share.

e.1 Compulsory minimum dividend

As of June 30, 2021 and 2020, and December 31, 2020, the calculation of the compulsory minimum dividend is as follows:

Calculation of net profit for distribution (cash flows)	06.30.2021 ThUS\$	06.30.2020 ThUS\$	12.31.2020 ThUS\$
Profit as per financial statements	10,906	22,070	41,907
Compulsory minimum dividend	-	-	12,571

21. Revenue

As of June 30, 2021 and 2020, revenue is detailed as follows:

Revenue	January - June		April - June	
	2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Toll charges	26,464	44,024	7,195	21,343
Total	26,464	44,024	7,195	21,343

22. Raw materials and consumables used

As of June 30, 2021 and 2020, this caption comprises the following:

Raw materials and consumables used	January - June		April - June	
	2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Operating costs	(2,439)	(1,256)	(1,993)	(277)
Other services	(3,175)	(5,548)	(1,087)	(2,397)
Total	(5,614)	(6,804)	(3,080)	(2,674)

23. Depreciation and amortization expense

As of June 30, 2021 and 2020, depreciation and amortization are composed of the following:

Depreciation and amortization expenses	January - June		April - June	
	2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Depreciation of property, plant and equipment (See Note 13.b)	(5,390)	(5,312)	(2,695)	(2,671)
Depreciation of right-of-use assets (see Note 14.b)	(159)	(97)	(103)	(56)
Amortization of intangible assets (see Note 12.b)	(31)	(31)	(16)	(16)
Total	(5,580)	(5,440)	(2,814)	(2,743)

24. Foreign currency translation differences

Items related to net foreign currency translation differences with an effect on profit or loss are detailed as follows:

Foreign currency translation differences	Currency	January - June		April - June	
		2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Cash and cash equivalents	Ch\$	(111)	(1,455)	79	473
Trade and other receivables	Ch\$	400	244	88	399
Current tax assets	Ch\$	(18)	84	(60)	36
Foreign currency translation difference - assets		271	(1,127)	107	908
Trade and other payables	Ch\$	(250)	(21)	(231)	(116)
Foreign currency translation difference - liabilities		(250)	(21)	(231)	(116)
Total foreign currency translation difference		21	(1,148)	(124)	792

25. Other gains (losses)

As of June 30, 2021 and 2020, other gains (losses) are detailed as follows:

Other income derived from other than operating activities	January - June		April - June	
	2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Other income	399	45	399	-
Total other income	399	45	399	-
Other expenses derived from other than operating activities	January - June		April - June	
	2021 ThUS\$	2020 ThUS\$	2021 ThUS\$	2020 ThUS\$
Write-offs and fines	(74)	-	-	-
Other	(94)	(114)	(89)	(108)
Total other expenses	(168)	(114)	(89)	(108)
Total other gains (losses)	231	(69)	310	(108)

26. Guarantees with third parties and contingent assets and liabilities

a. Guarantees granted to third parties

Pledged assets			Outstanding amount	
Type of collateral	Currency	Carrying amount	06.30.2021	12.31.2020
			ThUS\$	ThUS\$
Performance bond	US\$	-	-	1,670
Total			-	1,670

b. Sureties obtained from third-parties

Current guarantees denominated in U.S. dollars as of June 30, 2021

Depositor	Relationship	Total ThUS\$
Ingeniería Agrosonda SpA	Supplier	2,837
Cía. General de Electricidad S.A.	Supplier	797
Pine SpA	Supplier	176
Total		3,810

Current guarantees denominated in Chilean pesos as of June 30, 2021

Depositor	Relationship	Total ThUS\$
Ingher Ltda. Soc. Comercial e Ingeniería y Gestión Industrial	Supplier	5
Máximo E. Sanhueza Manríquez	Supplier	2
Total		7

c. Contingencies

As of June 30, 2021 and December 31, 2020, the Company records no lawsuits or contingencies.

27. Foreign currency

The detail of assets and liabilities in foreign currency subject to fluctuations in currency exchange rates is as follows:

Assets	Foreign currency	Functional currency	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Total current assets				
Cash and cash equivalents	Ch\$	US\$	15,469	11,822
Other non-financial assets, current	Ch\$	US\$	583	138
Trade and other receivables, current	Ch\$	US\$	20,862	25,390
Receivables due from related parties, current	Ch\$	US\$	-	1,932
Current tax assets	Ch\$	US\$	4,813	5,232
Total current assets			41,727	44,514
Non-current assets				
Trade and other receivables, non-current	Ch\$	US\$	-	1,868
Right-of-use assets	UF	US\$	228	167
Total non-current assets			228	2,035
Total assets			41,955	46,549
Liabilities	Foreign currency	Functional currency	06.30.2021 ThUS\$	12.31.2020 ThUS\$
Total current liabilities				
Lease liabilities, current	UF	US\$	208	99
Trade and other payables	Ch\$	US\$	21,899	7,472
Current tax liabilities	Ch\$	US\$	-	-
Other non-financial liabilities, current	Ch\$	US\$	3,514	5,042
Total current liabilities			25,621	12,613
Non-current liabilities				
Lease liabilities, non-current	UF	US\$	30	50
Other non-financial liabilities, non-current	Ch\$	US\$	13,542	14,450
Total non-current liabilities			13,572	14,500
Total liabilities			39,193	27,113

28. Environment

As of June 30, 2021 and December 31, 2020, the Company records no expenses related to the environment.

29. Subsequent events

At the Board of Directors' Meeting held on August 24, 2021, the Company's Board of Directors approved the financial statements for the period ended June 30, 2021, prepared in conformity with International Financial Reporting Standards (IFRS).

Between July 1, 2021 and the date of issuance of these financial statements, no other subsequent events have occurred.

* * * * *



Financial Statements
for the years ended December 31, 2020 and 2019

COLBÚN TRANSMISIÓN S.A.
Thousands of U.S. dollars

This document includes:

- Independent Auditors' Report
- Financial Statements
- Explanatory notes to the Financial Statements

Independent Auditor's Report

(Translation of the report originally issued in Spanish)

To the
Shareholders and Board of Directors
Colbún Transmisión S.A.

We have audited the accompanying financial statements of Colbún Transmisión S.A., which comprise the statements of financial position as of December 31, 2020, and the corresponding statements of comprehensive income, changes in equity and cash flows for the year then ended, and corresponding notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Generally Accepted Auditing Standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Colbún Transmisión S.A. as at 31 December 2020, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report of Other Auditors on the Financial Statements as of December 31, 2019

The financial statements of Colbún Transmisión S.A. as of December 31, 2019 were audited by other auditors, who expressed an unqualified opinion on them in their report dated January 28, 2020.

Santiago, January 26, 2021



Marek Borowski
EY Audit SpA

Colbún Transmisión S.A.
Classified Statements of Financial Position
as of December 31, 2020 and 2019
(In thousands of U.S. dollars)

ASSETS	Note No.	December 31, 2020 ThUS\$	December 31, 2019 ThUS\$
Current assets			
Cash and cash equivalents	7	12,082	22,288
Other non-financial assets, current	8	138	92
Trade and other receivables, current	9	18,790	12,027
Receivables due from related parties, current	10.a	1,932	-
Inventories, current	-	899	562
Current tax assets	11.a	5,232	214
Total current assets		39,073	35,183
Non-current assets			
Trade and other receivables, non-current	9	1,868	-
Intangible assets other than goodwill	12	39,132	40,049
Property, plant and equipment	13	337,487	339,194
Right-of-use assets	14	167	216
Total non-current assets		378,654	379,459
ASSETS		417,727	414,642

LIABILITIES AND EQUITY	Note No.	December 31, 2020 ThUS\$	December 31, 2019 ThUS\$
Current liabilities			
Lease liabilities, current	15	99	177
Trade and other payables	16	872	1,416
Payables due to related parties, current	10.b	-	37,890
Other provisions, current	17	1,220	-
Current tax liabilities	11.b	-	2,863
Other non-financial liabilities, current	19	5,042	3,883
Total current liabilities		7,233	46,229
Non-current liabilities			
Lease liabilities, non-current	15	50	30
Payables due to related parties, non-current	10.b	15,079	-
Deferred tax liabilities	18.b	57,193	58,106
Other non-financial liabilities, non-current	19	14,450	14,522
Total non-current liabilities		86,772	72,658
Total liabilities		94,005	118,887
Equity			
Share capital	20	99,235	99,235
Retained earnings	20.b	62,314	32,192
Other reserves	20.c	162,173	164,328
Equity		323,722	295,755
TOTAL LIABILITIES AND EQUITY		417,727	414,642

The accompanying notes are an integral part of these financial statements

Colbún Transmisión S.A.
Statements of Comprehensive Income, by Nature
for the years ended December 31, 2020 and 2019
(In thousands of U.S. dollars)

STATEMENTS OF COMPREHENSIVE INCOME BY NATURE	Note No.	January - December	
		2020 ThUS\$	2019 ThUS\$
Revenue	6 and 21	80,218	83,424
Raw materials and consumables used	22	(12,283)	(10,202)
Depreciation and amortization expense	23	(11,047)	(11,057)
Other expenses, by nature	-	(1,006)	(959)
Other gains (losses)	25	(879)	(382)
Profit from operations		55,003	60,824
Finance income	-	94	27
Finance costs	-	(110)	(20)
Foreign currency translation differences	24	2,439	(858)
Profit before income taxes	-	57,426	59,973
Income tax expense	18.a	(15,519)	(16,338)
Profit from continuing operations	-	41,907	43,635
PROFIT		41,907	43,635
Statements of other comprehensive income	Note No.	January - December	
		2020 ThUS\$	2019 ThUS\$
Profit		41,907	43,635
Components of other comprehensive income, before taxes			
Other components of other comprehensive income, before taxes	-	-	-
Income tax related to components of other comprehensive income	-	-	-
Total other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME		41,907	43,635

The accompanying notes are an integral part of these financial statements

Colbún Transmisión S.A.
Statement of Cash Flows
for the years ended December 31, 2020 and 2019
(In thousands of U.S. dollars)

STATEMENTS OF CASH FLOWS - DIRECT METHOD		Note No.	December 31, 2020 ThUS\$	December 31, 2019 ThUS\$
Cash flows from (used in) operating activities				
Cash receipts from operating activities				
Cash receipts from sale of goods and rendering of services	-		86,744	98,819
Other cash receipts from operating activities	-		68	26
Classes of cash payments from operating activities				
Cash payments to suppliers for goods and services	-		(16,539)	(13,882)
Other cash payments for operating activities	-		(8,071)	(1,042)
Cash flows from operations	-		62,202	83,921
Interest received	-		94	27
Income taxes paid	-		(22,825)	(16,343)
Other cash payments	-		(124)	(408)
Net cash from operating activities	-		39,347	67,197
Cash flows from (used in) investing activities				
Acquisition of property, plant and equipment	-		(14,626)	(27,253)
Proceeds from the sale of property, plant and equipment	-		2,632	-
Net cash used in investing activities	-		(11,994)	(27,253)
Cash flows from (used in) financing activities				
Proceeds from borrowings	-		(22,977)	(20,998)
Loans from related parties	-		15,000	-
Payment of loans from related parties	-		(37,977)	(20,998)
Payment of lease liabilities	-		(222)	(85)
Dividends paid	-		(13,091)	-
Net cash used in financing activities	-		(36,290)	(21,083)
Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held	-		(8,937)	18,861
Effects of movements in exchange rates on cash and cash equivalents				
Effects of movements in exchange rates on cash and cash equivalents	-		(1,269)	3,377
Net increase (decrease) in cash and cash equivalents	-		(10,206)	22,238
Cash and cash equivalents as of January 1	-		22,288	50
Cash and cash equivalents as of December 31	7		12,082	22,288

The accompanying notes are an integral part of these financial statements

Colbún Transmisión S.A.
Statements of Changes in Equity
for the years ended December 31, 2020 and 2019
(In thousands of U.S. dollars)

STATEMENTS OF CHANGES IN EQUITY	Note	Share capital ThUS\$	Other reserves ThUS\$	Retained earnings (losses) ThUS\$	Equity ThUS\$
Equity as previously reported		99,235	164,328	32,192	295,755
Increase (decrease) in equity due to correction of errors		-	-	-	-
Restated equity		-	-	-	-
Changes in equity					
Comprehensive income					
Profit				41,907	41,907
Other comprehensive income (loss)				-	-
Dividends		-	-	(12,572)	(12,572)
Increase (decrease) from other changes		-	(2,155)	787	(1,368)
Increase (decrease) in equity		-	(2,155)	30,122	27,967
Equity as of 12.31.2020	20	99,235	162,173	62,314	323,722

STATEMENTS OF CHANGES IN EQUITY	Note	Share capital ThUS\$	Other reserves ThUS\$	Retained earnings (losses) ThUS\$	Equity ThUS\$
Equity as previously reported		99,235	165,116	858	265,209
Increase (decrease) in equity due to correction of errors		-	-	-	-
Restated equity		-	-	-	-
Changes in equity					
Comprehensive income					
Profit				43,635	43,635
Other comprehensive income (loss)				-	-
Dividends		-	-	(13,090)	(13,090)
Increase (decrease) from other changes		-	(788)	789	1
Increase (decrease) in equity		-	(788)	31,334	30,546
Equity as of 12.31.2019	20	99,235	164,328	32,192	295,755

The accompanying notes are an integral part of these financial statements

COLBÚN TRANSMISIÓN S.A.**NOTES TO THE FINANCIAL STATEMENTS**
(In thousands of U.S. dollars)**1. General information**

Colbún Transmisión S.A. (the "Company") was incorporated via public deed dated June 28, 2012, witnessed by the Notary Public of Santiago Mr. Raúl Undurraga Laso. The Company's Taxpayer ID is 76.218.856-2.

The Company is registered with the Special Record of Reporting Entities under number 264 from December 4, 2012 and is accordingly subject to the oversight of the Chilean Financial Market Commission.

Colbún Transmisión S.A. is an electric energy transmission company that is a subsidiary of Colbún S.A., incorporated as a result of the process of reorganization of electric transmission assets of the latter and its subsidiaries to comply with the provisions established in Decree with Force of Law No.4 issued by the Ministry of Economy, Economic Development and Reconstruction, which establishes the revised, coordinated and systematized text of the Decree with Force of Law No.1 issued by Mining of 1982, the General Electric Service Law on the ownership and operation of facilities of the trunk transmission system.

The Company is a subsidiary of Colbún S.A., which holds 100% of its direct and indirect ownership interest.

The registered address of Colbún Transmisión S.A. is located at Avenida Apoquindo 4775 piso 11, Las Condes, Santiago.

2. Description of business**Company's line of business**

The Company's line of business is the transportation of energy through domestic, zonal and dedicated transmission systems or other classifications of transmission facilities defined by the recent Transmission Law, acting on its own or on behalf of third parties; the sale of the transportation capacity available and transformation of electricity in the Domestic Electric System (SEN); the administration or operation of electric transmission facilities owned or of third parties; the management of the connection of third parties to its transmission facilities; the provision of services in activities related to its line of business, either in Chile or abroad; the performance of any other activity related to the electric energy transmission industry; and, in general, the performance of all types of acts and entering into all types of contracts and conventions, directly or indirectly related to the line of business, which it can perform directly or through other companies.

The electricity market

The Chilean power sector has a regulatory framework that has been in operation for almost 4 decades. Such framework allowed developing a highly dynamic industry with significant private equity interest. This sector has been able to comply with the increasing power demand, which has grown at an annual average approximate rate of 2.8% during the last 10 years, slightly lower compared to the GDP during the same period.

Chile has 3 interconnected systems and Colbún Transmisión S.A. operates in the largest one, the National Power System (SEN), which goes from Arica in the north to Isla Grande de Chiloé in the south area of the country. Consumption in such system represents more than 99% of the electric demand in Chile and provides services to more than 98% of the domestic population.

The current regulatory scenario is based on Decree with Force of Law No. 4 issued by the Ministry of Economy, Economic Development and Reconstruction of 2006, which establishes the revised, coordinated and systematized text of the "General Electric Service Law" or "LGSE" (per its acronym in Spanish). The LGSE and complementary regulations determine the technical and security standards by which any electric facility in Chile has to be regulated and, in particular, regulates the generation, transportation (transmission) and distribution activities, electric concessions and easements and the rates applicable to each segment, and the regulating body in charge of

coordinating the system's operations in conformity with quality and safety conditions in the facilities and the relations of companies and individuals with the Government.

The LGSE considers, among other aspects, the following:

- Definition of the duties of Transmission Systems.
- Long-term Energy Planning and Transmission Planning processes.
- Pricing and remuneration models for the different segments in the Transmission System.
- Preliminary definition of the layout of transmission lines for certain new works, through a Transmission Line Route Survey Procedure, which is the responsibility of the Ministry of Energy.
- Regulation of the Universal Open Access Regime.
- Regulation of compensations to end users for unauthorized unavailability of supply based on safety and quality standards established previously.
- A new independent National Electrical Coordinator (CEN).

The electricity sector is divided into three clearly different segments: Generation, Transmission and Distribution. The Company is involved in the Transmission segment, both for regulated customers (National System, Zonal Systems and Development Axes) and contracts with customers that are both Generators and Unregulated Customers to provide them with Transmission Services (Dedicated Systems).

The business

Colbún Transmisión S.A.'s business is the transportation of electric energy. The current legal framework regulating the electrical transportation business in Chile defines the transmission systems and classifies their facilities into four categories: National Transmission Systems, Zonal Transmission Systems, Transmission Systems for Development Axes and Dedicated Transmission Systems. For the first three systems mentioned above, the tariffs set by the Ministry of Energy and a universal open access regime under non-discriminatory conditions are established. For Dedicated Systems transmission facilities access should be granted provided that available transmission technical capacity exists as determined by the Coordinator, notwithstanding the capacity engaged or own projects that have been reliably contemplated at the time of the request for use by the interested third party. In addition, the currently effective regulations establish the criteria and procedures through which the consideration that the owner of the transmission facilities will be entitled to receive is determined.

Regulated Systems

Revenue for existing facilities in the National Transmission System, Zonal Transmission System and the Transmission System for Development Axes relate to the Transmission Section Annual Amount per Tranche (VATT) calculated based on the Investment Value Annual Amount (AVI), plus Operation, Maintenance and Administration (OM&A) Costs for each section in such systems. Likewise, revenue for the use of dedicated transmission facilities by users subject to pricing regulations are composed of a proportional amount of their VATT that can be allocated to such users.

The sections comprising such systems and their related VATT are determined every four years by the National Energy Commission (CNE) based on the Studies on the Valuation of Transmission Systems conducted by a consultant selected through an international public tender process.

The payment of the National, Zonal and Dedicated Transmission Systems used by users subject to pricing regulations will be the responsibility of both end regulated and unregulated users. For the payment of Transmission Systems for Development Axes a single charge is established so that collection associated therewith provides a consideration for the proportional amount of facilities for development axes not used by the existing energy generation; and VATT not covered by such charge will be assumed by the generators injecting their production in the related axis.

For the National Transmission System Law No.20.936 established a transition period defined between 2019 and 2034 to gradually replace the previous remuneration and payment with the new system described above. During

2019, generators and final customers entered into an agreement to advance the transitional period; and accordingly, since 2019, the regulated tariffs of the National Transmission segment are paid to the transmitters through the Single National Transmission Charge. For Zonal Transmission Systems the new remuneration and payment system started being applied from January 1, 2018, also through a Single Zonal Transmission Charge.

Dedicated Systems

Revenue from the use of Dedicated Transmission Systems is obtained from provisions agreed and established in the transportation contracts entered into between the users and the owners of those facilities, and usually, their price is established through the calculation of AVI + OM&A Costs determined through a mutual agreement between the parties.

Notwithstanding the fact that the dedicated facilities are essentially destined to inject the production of energy generation power plants into the system or to supply electric energy to unregulated customers, the authority could possibly declare them as National, Zonal or Development Axes if their operating conditions change and comply with the relevant requirements, which are defined in the law.

System's Expansion

The CEN is in charge of conducting the international public tender processes for expansion projects for either new or extension works. The tender process for the construction and performance of extension works on existing facilities will be resolved based on the Investment Value (VI) offered and will be paid by the owner of the facility to the related tender company awarded, unlike the case of new works, where operation and performance rights will be awarded to the tenderer presenting the lowest VATT for the project under the public tender process, which must assume, in addition to the construction of the project, its operation when the awarded work is put into service.

Facilities

Colbún Transmisión S.A. has approximately a total of 899 km of transmission lines divided into 335 km of lines in the National segment, 70 km in the Zonal segment and 494 km in the Dedicated segment. In addition, the Company has 27 substations.

Central-North Zone

The Company's transmission systems begin in the North in the Aconcagua river basin for the injection of the power plants owned by its Parent, Colbún S.A. and for the supply for certain Unregulated Customers (Codelco Andina, Anglo American for operations referred to as Los Bronces, Las Tórtolas and Cemento Melón).

Central-South Zone

The main system is the line from Colbún Substation in the Maule Region of Chile to the Maipo Substation in the metropolitan Region, which was developed originally to inject power generation from the Colbún – Machicura Complex directly into the system's central zone and which is now a part of the National System. Additionally, this system is used to connect Codelco's El Teniente Division to the interconnected system through the Candelaria substation.

South Zone

It has dedicated systems for the connection of its Parent Colbún S.A. and third parties to the interconnected system.

The Mulchén substation is part of this area and is classified as part of the National System and a significant number of other generators are connecting to it and a connection for a distribution company is already operating

3. Basis of presentation

3.1 Accounting principles

These financial statements of Colbún Transmisión S.A. as of December 31, 2020 and 2019, have been prepared in accordance with International Financial Standards (IFRS).

These financial statements have been prepared assuming that the Company will continue as a going concern and approved by the Board of Directors on January 26, 2021.

The Company complies with all legal conditions to which it is subject, presents normal operating conditions in each area in which its activities are performed, its projections show a profitable operation and has the capacity to access the financial system to finance its operations, which, in the opinion of Management determines its ability to continue as a going concern, as established by the accounting standards under which these financial statements are issued.

The following are the Company's significant accounting policies adopted in preparing these financial statements. These policies have been applied consistently to all years presented in these financial statements.

a. Basis of preparation and period - These financial statements of Colbún Transmisión S.A. comprise the following:

- Statements of financial position as of December 31, 2020 and 2019
- Statements of comprehensive income for the years ended December 31, 2020 and 2019
- Statements of cash flows for the years ended December 31, 2020 and 2019
- Statements of changes in equity for the years ended December 31, 2020 and 2019

The information contained in these financial statements is the responsibility of the Company.

The financial statements have been prepared on the historical cost basis.

b. Functional currency and foreign currency translation - The Financial Statements are presented in United States dollars, which is the Company's functional and presentation currency.

Transactions in local and foreign currencies, other than the functional currency, are translated into the functional currency at the exchange rates prevailing at the dates of the transactions.

Gains and losses in foreign currency that result from the settlement of these transactions and from translation at the closing exchange rates for monetary assets and liabilities denominated in currencies other than the functional currency, are recognized in the statement of profit or loss, unless they have to be deferred in equity, as in the case of cash flow hedges and net investment hedges.

c. Basis of translation - Assets and liabilities denominated in Chilean pesos and inflation-adjusted units have been translated into United States dollars at the exchange rates prevailing at the reporting date, as follows:

Exchange rate	12.31.2020	12.31.2019
Chilean peso	710.95	748.74
Inflation-adjusted units	0.0245	0.0264

d. Financial instruments

d.1. Financial assets – All financial assets have been classified as loans and accounts receivable, and correspond to balances with third parties and related parties for transactions arising from current commercial and financial operations, which have been performed on an arm's length basis and at market prices. They are measured at amortized cost, which is the value of the consideration received less accumulated amortization (calculated using the effective interest method).

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest income throughout the relevant period. The effective interest rate corresponds to the rate that discounts the estimated future cash flows receivable (including all charges on items paid or received that are part of the effective rate, transaction costs and other premium or discounts) throughout the expected life of the financial asset.

d.2. Impairment of non-derivative financial assets – The Company applies a simplified approach and records expected credit losses on all its debt securities, loans and trade receivables, whether for a 12-month period or for lifetime, as established by IFRS 9.

Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency of payments. Impairment is the difference between the carrying amount of the asset and the real value of estimated future cash flows discounted at the effective interest rate. Losses are recognized in the statement of comprehensive income within an allowance account.

When a receivable is classified as a doubtful account, after all reasonable mechanisms of collection, either judicial or pre-judicial, have been exhausted as per the related legal report and its related write-off applies, this is recorded against the allowance account recorded for impaired receivables.

When the fair value of an asset is lower than the acquisition cost, if objective evidence exists that the asset is impaired and such impairment is other than temporary, the difference is recorded directly in losses for the year.

Financial assets at fair value through profit or loss are not subject to impairment tests.

d.3. Financial liabilities – All financial liabilities have been classified as other financial liabilities, and correspond mainly to balances with related entities for transactions arising from current commercial and financial operations, which have been performed on an arm's length basis and at market prices. They are initially measured at the amount of cash received, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

e. Property, plant and equipment - Property, plant and equipment held for the transmission of power services or administrative purposes, are presented at cost less subsequent depreciation and impairment losses, if applicable (see note 5.b). Cost includes, in addition to the acquisition price of assets, the following concepts as permitted by IFRS:

- Finance cost of loans intended to finance assets under construction is capitalized during the construction period.
- Personnel expenses directly related to assets under construction.
- Costs of extensions, modernization or improvements representing an increase in the productivity, capacity or efficiency or lengthening of the useful lives of assets, are capitalized as higher cost of the related assets.
- Replacements or renewals of items that increase the useful life of the assets, or their economic capacity, are recorded as an increase in the value of the respective assets, with the consequent accounting derecognition of the replaced or renewed assets.
- Dismantling, removal and restoration costs of property, plant and equipment are recognized based on the legal obligation of each project.

Assets under construction will be transferred to property, plant and equipment in operation after completion of the test period, at which time depreciation commences.

Periodic maintenance, conservation and repair expenses are recorded directly in profit or loss as costs for the period in which they are incurred.

Items of property, plant and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost of different items over their estimated useful life.

f. Leases – The implementation of IFRS 16 implies that, for lessees, most of the leases are recognized in the balance sheet, which significantly changes the companies' financial statements and related ratios. The Company has offices and trucks under lease agreements.

f.1 Lessee - From the lessee's standpoint, in the commencement date of a lease, the Company recognizes an asset representing the right to use the underlying asset during the lease term (right-of-use asset) and a liability representing its obligation to make lease payments (lease liability), except for leases which term is less than 12 months (with no extension option), and leases where the underlying asset amounts to less than US\$5,000. The lessee shall recognize interest expense on the lease liability separately from the amortization expense for the right-of-use asset.

f.1.1 Initial recognition - At the commencement date, a lessee shall measure the right-of-use asset at cost; whereas a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

f.1.2 Classification – All leases are classified as finance leases, and the lessee records a right-of-use asset and lease liability at the commencement date.

f.1.3 Remeasurement - In addition, lessees will be required to remeasure the lease liability if certain events occur (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments). In general, the lessee shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

f.1.4 Depreciation charge - A lessee shall apply the depreciation requirements in IAS 16 Property, plant and equipment in depreciating the right-of-use asset.

f.1.5 Impairment – A lessee shall apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

t.2 Lessor - Lessor accounting in accordance with IFRS 16 is substantially similar to the accounting under IAS 17. Lessors will continue to classify leases as finance or operating leases at the commencement date, based on the substance of the transaction. Leases in which substantially all the risks and rewards incidental to the ownership of the underlying asset are transferred are classified as finance leases. The remaining leases are classified as operating leases.

Operating lease payments are expensed on a straight-line basis over the term of the lease, unless another systematic basis of distribution is more representative.

g. Intangible assets other than goodwill - Correspond to easements acquired for the construction and operation of the transmission lines. They are measured at acquisition cost, less impairment losses, if appropriate.

h. Statement of cash flows - For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents include cash, term deposits in financial institutions, and other highly liquid short-term investments with original maturities of three months or less. Bank overdrafts are classified as current liabilities in the statement of financial position.

Operating activities: are the principal revenue-producing activities usually conducted by the Company and other activities that are not investing or financing activities.

Investing activities: correspond to acquisition, disposal or sale activities by other means of long term assets and other investments not included in cash and cash equivalents.

Financing activities: activities that generate changes in the size and composition of net equity and financial liabilities.

i. Income tax - The Company determines the taxable basis and calculates income tax in accordance with current tax legislation in each year.

Deferred taxes arising from temporary differences and other events generating differences between the accounting and tax basis of assets and liabilities are recorded as deferred taxes in accordance with IAS 12 "Income Taxes."

Current and deferred income taxes are recognized in the statement of comprehensive income or in the statement of other comprehensive income based on where the profit or loss from which they arose is recorded.

Deferred tax assets or liabilities are calculated using the tax rates that are expected to be effective when the assets and liabilities are realized.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which deductions arising from temporary difference can be recovered.

For the statement of financial position, the Company offsets deferred tax assets and liabilities if, and only if, they relate to the income tax corresponding to the same tax administration, only to the extent that the Company is legally entitled to offset current tax assets with current tax liabilities.

j. Revenue from contracts with customers - Revenue from the transmission of power is recognized at the fair value of the amount received or receivable, and represents the amount for services rendered during the normal course of business, less any related discount or tax, in accordance with IFRS 15.

j.1 Principal versus agent considerations - In contracts for the transmission of energy, the Company is considered as the principal responsible for delivering the goods and services specified, mainly because the Company assumes the credit risks arising from such transactions. In accordance with the current accounting policy, in terms of the existence of a credit risk and the nature of the consideration in the contract, the Company is exposed to significant associated risks and benefits and, accordingly, it accounts for the contracts as a principal.

j.2 Amounts collected on behalf of third-parties - Any tax received by customers and forwarded to government authorities (e.g. VAT, taxes on sales and taxes, etc.) are recorded on a net basis and, therefore, excluded from revenue in the statement of comprehensive income.

j.3 Finance income - Finance income is composed of interest income in funds invested, gains from the sale of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains from hedging instruments that are recognized in comprehensive income. Interest income is recognized as it accrues in profit or loss at the amortized cost using the effective interest method.

k. Classification of balances as current or non-current - Balances in the accompanying statement of financial position are classified on the basis of their maturities – i.e., balances maturing within twelve months or less are classified as current; whereas balances maturing in periods exceeding twelve months are classified as non-current.

l. Dividends – Article No.79 of the Chilean Public Company Act establishes that dividends in closely held shareholder corporations will be determined according to the Company's bylaws. According to the Company bylaws, except otherwise unanimously agreed by the shareholders with voting rights at the related meeting, the Company should distribute annually as a cash dividend at least 30% of the net profit for each year.

At each reporting date, the Company estimates the amount of the obligation with its shareholders, net of provisional dividends that have been approved during the year, which is recognized as "Payables due to related parties", as appropriate, as a debit to equity.

Provisional and final dividends are recorded as decreases in equity when approved by the relevant individuals which, in the first case, generally corresponds to the Company's Board of Directors, and in the second case the responsibility relates to the Shareholders' Ordinary Meeting.

m. Reclassification - For comparative purposes and at the time of the change in the taxonomy established by the Financial Market Commission, the Company reclassified the items of right-of-use assets from "Property, plant and equipment" to the new caption "Right-of-use assets" for ThUS\$216, the items related to lease liabilities from "Other financial liabilities, current" to the new caption "Current lease liabilities" for ThUS\$177 and "Other non-financial liabilities, non-current" to the new caption "Non-current lease liabilities" for ThUS\$30 for 2019.

3.2 New accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2020. Those that may be relevant for the Group are indicated below.

3.2.1. Standards effective from January 1, 2020

Adopted standards		Mandatory application date
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 3	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
IAS 1 - IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 9 - IAS 39 IFRS 7	Interest Rate Benchmark Reform	January 1, 2020
IFRS 16	COVID-19-Related Rent Concessions	June 1, 2020

Amendments to references in the Conceptual Framework for Financial Reporting: In March 2018, the International Accounting Standards Board (the Board) issued in the (revised) Conceptual Framework for Financial Reporting. The Conceptual Framework is mainly used as a tool for the Board to develop standards and help the IFRS Interpretations Committee to interpret them. It does not override the requirements contained in individual IFRS.

The main changes to principles in the conceptual framework has implications on how and when assets and liabilities are recognized and derecognized in the financial statements.

Certain concepts in the revised Conceptual Framework are completely new, such as the "practical ability" approach to liabilities. Main changes include:

New "bundle of rights" approach to assets: A physical object can be 'sliced and diced' from an accounting perspective. For example, in certain circumstances, an entity would recognize as an asset the right to use an aircraft, rather than an aircraft itself. The challenge will be determining to what extent an asset can be split into different rights and the impact on recognition and derecognition.

New "practical ability" approach for recognizing liabilities: The prior recognition thresholds are gone; a liability will be recognized if a Company has no practical ability to avoid it. This could lead to the recognition of certain liabilities in the balance sheet prior than currently required. However, if there is uncertainty over existence and measurement or a low probability of outflows, then this may result in no or delayed recognition in some cases.

The challenge will be determining which future actions/ costs a company has no 'practical ability' to avoid.

New control-based approach to derecognition: A company derecognizes an asset when it loses control over all or part of it, i.e. the approach is no longer on the transfer of risks and rewards.

The challenge will be determining what to do if the entity retains some rights after the transfer.

This standard is effective beginning on January 1, 2020.

Definition of a Business (Amendments to IFRS 3): In October 2018, the International Accounting Standards Board issued narrow-scope amendments to IFRS 3 Business Combinations to improve the definition of a business and help companies determine whether an acquisition performed is a business or a group of assets.

The amendments include a choice to use a concentration test. This is a simplified assessment that results in the acquisition of an asset if all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test fails, then the assessment focuses on the existence of a substantive process.

The amendments clarify the definition of a business in order to help entities determine if a transaction should be accounted for as a business combination or the acquisition of an asset. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at least, an input and a substantive process that together significantly contribute to the ability to create outputs;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets acquired is not a business.

This standard is effective beginning on January 1, 2020.

Definition of Material (Amendments to IAS 1 and IAS 8): In October 2018, the International Accounting Standards Board amended its definition of material. Now this definition is aligned through the International Financial Reporting Standards and the Conceptual Framework. This new definition states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board incorporated the concept of "shadowing" to the definition, along with the existing references to "omit" and "misstate" information. In addition, the Board increased the threshold from "could influence" to "could reasonably be expected to influence."

The Board also eliminated the definition of omissions and errors under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

This standard is effective beginning on January 1, 2020.

IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform: In September 2019, the International Accounting Standards Board issued amendments to the IFRS 9, IAS 39 and IFRS 7 to address uncertainties related to the ongoing reform of interbank offering rates (IBOR).

The amendments address aspects that affect financial reporting in the period prior to the IBOR Reform and are applicable to hedging transactions directly affected by uncertainties with respect to the IBOR Reform. As part of the main modifications, the entities affected by the IBOR Reform will consider the following:

- they will assume that the interest rate benchmark on which the hedged cash flows are based is unchanged as a result of the IBOR Reform in assessing whether future cash flows are highly probable. In addition, for discontinued hedges, the same assumption is applied to determine whether the hedged cash flows are expected to occur.
- they will assess whether the economic relationship between the hedged item and hedging instrument exists based on the assumptions that the interest rate benchmark on which the hedged item and hedging instrument are based is not modified as a result of the IBOR Reform.
- they will not interrupt a hedging transaction during the uncertainty period that arises from the IBOR Reform solely because the actual hedging results are outside the range of 80-125 percent.
- they will apply the identifiable separately criterion only at the beginning of the hedging relationship. A similar exception is also provided for hedged components where the redesignation occurs frequently, i.e. macro-hedges.

This standard is effective beginning on January 1, 2020.

IFRS 16 COVID-19-Related Rent Concessions: In May 2020, the IASB issued an amendment to IFRS 16 Leases to provide a relief to lessees from applying the guide included in IFRS 16 related to lease modifications for rent concessions occurring as a direct consequence of the COVID-19 pandemic. This amendment is not applicable for lessors.

As a practical expedient, a lessee can choose not to assess whether the COVID-19-related rent concession granted by a lessor is a lease modification. A lessee making this election will recognize the changes in lease payments from COVID-19-related rent concessions in the same manner as it would recognize the change under IFRS 16 as if such change were not a lease modification.

A lessee will apply the practical expedient retroactively, recognizing the accumulated effect of the initial application of the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as applicable) at the beginning of the reporting period in which the lessee first applies the amendment.

A lessee shall apply this amendment for annual periods beginning on or after January 1, 2020. Early application is permitted, including in financial statements not authorized for issue as of May 28, 2020.

This amendment is effective beginning on July 1, 2020.

3.2.2. Accounting pronouncements effective beginning on January 1, 2021 and thereafter

Adopted standards		Mandatory application date
IFRS 17	Insurance Contracts	January 1, 2023
IFRS 9 - IAS 39 IFRS 7 - IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 1, 2021
IFRS 3	References to the Conceptual Framework	January 1, 2022
IAS 16	Property, plant and equipment: Proceeds Before Intended Use	January 1, 2022
IAS 37	Onerous Contract - Cost of Fulfilling a Contract	January 1, 2022
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS 10 - IAS 8	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IAS 10 and IAS 28)	Mandatory date deferred indefinitely

IFRS 17 Insurance Contracts: Issued on May 2017, this Standard requires that insurance obligations be measured at current compliance values and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

This standard is effective for periods beginning on or after January 1, 2021. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16): In August 2020, the IASB issued the second phase of the Interest Rate Benchmark Reform, which comprises the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Through this publication, the IASB completes its work to respond to the effects of the Interbank Offered Rate (IBOR) Reform on financial reporting.

The amendments provide temporary exceptions addressing the effects on financial reporting when an Interbank Offered Rate (IBOR) is replaced with alternative, nearly risk-free interest rates.

These amendments are required and early application is permitted. A hedging relationship must be resumed if such relationship was discontinued solely because of the changes required by the benchmark interest rate reform and, therefore, would not have been discontinued had the second phase of amendments been applied at that date. Although its application is retrospective, an entity is not required to restate prior periods.

Reference to the Conceptual Framework (Amendments to IFRS 3): In May 2020, the IASB issued **Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework:** These amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements (1989 Conceptual Framework) with a reference to the Conceptual Framework for Financial Reporting issued in March 2018, without significantly changing its requirements.

The amendments are effective for annual periods beginning on or after January 1, 2022, and must be applied retrospectively. Early application is permitted if an entity also applies, at the same time or earlier, all the other amendments included in the Amendments to References to the Conceptual Framework in IFRS Standards issued in March 2018.

The amendments will provide consistency in financial reporting and will avoid the confusion that could result from having more than one version of the Conceptual Framework in use.

Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16): This amendment prohibits entities from deducting from the cost of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity must recognize the proceeds from the sale of such items, and their cost, in profit or loss for the period, in accordance with applicable Standards.

The amendment is effective for periods beginning on or after January 1, 2022. The amendment must be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37): In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, to specify the costs an entity is required to include when assessing whether a contract is onerous or generates losses.

The amendment is effective for periods beginning on or after January 1, 2022. The amendment must be applied retrospectively to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). Early application is permitted and must be disclosed.

The amendments are intended to clarify and help ensuring the consistent application of the standard. Entities which previously applied the incremental cost approach will experience an increase in provisions to reflect the incorporation of costs directly related to contract activities, while entities which previously recognized provisions for contract losses using the guidance in the previous standard, IAS 11 Construction Contracts, will need to exclude the allocation of indirect costs from their provisions.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1): In June 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements to classify liabilities as current or non-current.

The amendments are effective for periods beginning on or after January 1, 2023. Entities must carefully consider whether there are any aspects of the amendments suggesting that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): In September 2014, the IASB issued this amendment that requires that when transferring subsidiaries to an associate or joint venture, the total gain should be recognized when assets transferred meet the definition of “business” under IFRS 3 Business Combinations. This amendment establishes strong pressure on the definition of a “business” for recognition in profit or loss. It also introduces new and unexpected recognition for transactions that partially consider maintenance in assets that are not businesses.

The effective application of this amendment has been deferred indefinitely.

This amendment have no significant effects for the Company.

4. Financial Risk Management

4.1 Risk management policy

The risk management strategy is focused on safeguarding the Company's stability and sustainability principles, eliminating or mitigating the uncertainty variables that affect or may affect it.

A comprehensive risk management policy involves identifying, measuring, analyzing, mitigating, and controlling different risks incurred by the Company and its follow-up and control over time. This process involves both the Company's Senior Management and the areas that take such risks.

The acceptable risk limits, risk measurement metrics, and risk analysis periodicity are policies regulated by the Company's Board of Directors.

4.2 Risk factors

The Company's activities are exposed to different risks, which have been classified as electric business risks, and financial risks.

With respect to the energy transmission infrastructure, Colbún Transmisión S.A. has approximately a total of 899 km of transmission lines divided into 335 km of lines in the Nationwide segment, 70 km in the Zonal segment and 494 km in the Dedicated segment. In addition, the Company has a total of 27 substations. In September 2018, the Company reorganized its assets, consolidating all transmission assets (nationwide, zonal and dedicated systems) in Colbún Transmisión S.A. to place a greater focus on the business' management, reportability and visibility.

4.2.1 Electric business risks

These are strategic risks related to external and internal factors affecting the Company, such as the economic cycle, business nature, and changes to regulations. This category also includes risks arising from project management, equipment failure, and maintenance.

With respect to the electric business risks associated with transmission lines, the main risks relate to changes to regulations, business nature and project management, which are detailed below.

a. Regulatory risks

Regulatory stability is essential for a sector with long-term investment projects, such as the transmission sector.

In this regard, the regulation may have an impact on revenues from Domestic and Zone segments. In accordance with the current legislation, a qualification process of transmission facilities should be performed every 4 years to determine which facilities will be assigned to the Domestic, Zonal and Dedicated segments that supply regulated consumption. Subsequent to the qualification, a valuation process of such facilities is performed, i.e., the updated VI (investment value), based on each segment facility inventory, applying unit prices defined by the National Energy Commission (CNE).

In order to calculate the investment value annuity (AVI), as part of another process regulated by Law, the discount rate, which may vary between 7% and 10% after taxes, and the useful life defined in another ad hoc process, are determined. In addition, the Operation, Maintenance and Management Cost (COMA) is determined, and should cover the remuneration of a model transmission company. Finally, the Annual Transmission Value per Tranche is calculated as the AVI plus COMA.

All these processes comprise observation stages and may be appealed in last instance before the Panel of Experts of the Energy Sector.

During 2020, the Company continued developing the valuation processes for the tariff period 2020-2023 of the transmission works classified as nationwide, zonal and dedicated which supply regulated consumption; such valuation is being calculated using a discount rate that was set at 7% after taxes. During 2020, valuation studies were developed by the consultants in charge, who finalized their work with public hearings held in November and December 2020. Note that this tariff process is followed by the Technical Report to be developed by the CNE, which will be submitted to the Panel of Experts in the event of discrepancies, and then the final report and corresponding decree will be issued.

To mitigate this risk, it is necessary to be closely involved in the different stages of each process and to maintain an appropriate data base for each facility. In this respect, Colbún Transmisión has been involved in every stage of these processes.

In addition, the transmission segment was stabilized on December 26, 2019 through exempt resolution No.815 issued by the National Energy Commission (CNE), corresponding to the transmission one-time charge applicable

since January 2020. In this resolution, the transmission charges effective since July 2019 were frozen until the issuance of the new transmission facility valuation decree corresponding to the four-year period 2020-2023, that according to the estimates of the CNE should be issued in July 2022. In accordance with the estimates of the regulator, the impact of the freeze of charges is similar to the one that would have occurred should the new valuation of facilities (and the reduction in the profitability of such facilities) been applied within the terms specified by law.

On December 28, 2020, Exempt Resolution No. 491 was published in the Official Gazette, approving the Technical Standard for unavailability of supply and compensations for events or failures in facilities not intended for public distribution services that have caused the unavailability of supply to end users. This standard establishes the standards and characteristics of the compensation payment to be made to customers beginning in 2020, which was outstanding under Article 72-20° of Law No. 20.936. Additionally, on December 31, 2020, SEC Circular No. 7266 was published, which establishes a provisional procedure for compensation payments due to supply unavailability arising from events or failures for 2020, while the standards set forth in the Technical Standard are not yet effective.

b. Nature-related risks

In this regard, the main nature-related risks arise from the occurrence of natural phenomena such as fires, earthquakes, heavy snowfall, and flooding.

All these risks should be mitigated through scheduled and corrective maintenance plans. However, certain natural phenomena may exceed the equipment design conditions, making possible the outage of facilities. In some cases, the transmission assets consider redundant designs to mitigate the risk of failure due to certain events and to avoid the outage of supply or injection of power to transmission clients.

c. Project management risks

Project management risks are inherent to any large-scale civil work such as connection and transmission projects, because they may face construction problems which can delay the completion of the work and imply not meeting the projected deadlines to start operations.

In the case of regulated projects of the Domestic and Zonal segments, in accordance with the current regulation, the execution of new projects is tendered by the CEN and, therefore, the risk of delays implies to defer the remuneration related to the VATT awarded to each work. In this case, the award is less than the VATT and remains fixed for 4 regulatory periods, i.e., 20 years.

Accordingly, expansion projects for existent systems are awarded by the CEN at the lower value of VI, which remains fixed for 4 regulatory periods. The VATT of each regulatory period is calculated using the discount rate effective in each period. In addition, the COMA of these projects is defined by the Chilean Ministry of Energy in each 4-year process in accordance with the cost structures of a model transmission company.

Financial risks

Financial risks relate to the Company's inability to perform transactions or comply with obligations from its operations due to lack of funding, changes in interest rates, exchange rates, bankruptcy of related parties, or other financial variables of the market that may affect Colbún Transmisión S.A.'s equity.

a. Exchange rate risk

Exchange rate risk relates mainly to fluctuations in currency coming from two sources. The first source of exposure is cash flows related to investment revenue, costs and expenses denominated in foreign currencies other than the functional currency (United States dollars). The second source of exposure relates to the accounting mismatch between assets and liabilities in the Statement of Financial Position denominated in a currency other than the functional currency.

The exposure to cash flows in currencies other than the U.S. dollar is limited, as a significant portion of Colbún Transmisión's sales are denominated directly in or adjusted to the U.S. dollar. In addition, the accounting mismatch exposure is limited because all the Company's accounts are denominated in U.S. dollars, except for a portion of the Company's cash.

b. Credit risk

The Company may be exposed to this risk derived from the possibility that a counterparty fails to comply with its contractual obligations and generates financial or economic losses. However, the counterparties with which the Company has contractual obligations have high solvency levels; accordingly, this risk is limited and a sensitivity test is not applicable.

c. Liquidity risk

Such risk is derived from several fund needs to address investment commitments and business expenses, among others.

The required funds to meet such outflows are obtained from Colbún Transmisión's own revenue with support by the Parent to ensure sufficient funds will be available to support expected needs for a reasonable period. Accordingly, a sensitivity analysis related to this risk is not applicable.

5. Critical accounting policies

Management necessarily makes judgments and estimates that have a significant effect on the amounts recorded in the financial statements. Changes in the assumptions and estimates could have a significant impact on the financial statements. The key estimates and judgments used by Management for the preparation of these financial statements are detailed below.

a. Calculation of depreciation and amortization, and estimation of the related useful lives

Both property plant and equipment and intangible assets with finite useful lives are depreciated and amortized on a straight-line basis over the estimated useful lives of the assets. Useful lives have been estimated and determined considering technical aspects, the nature of the asset and the conditions of the assets. Estimated useful lives as of December 31, 2020 are as follows:

Classes of property, plant and equipment	Useful life (years)	Average remaining useful life (years)
Constructions and infrastructure works	10 - 50	32
Right-of-use over vehicles	3	3

Intangible assets with indefinite useful lives relate to easements. Estimated useful lives as of December 31, 2020 are as follows:

Intangible assets	Useful life (years)	Average remaining useful life (years)
Easements	9	7

(i) Useful lives of intangible assets other than goodwill (with indefinite useful lives):

The Company analyzed the useful lives of intangible assets, which mainly relate to easements, and concluded there is no foreseeable time limit in which the asset would generate net cash inflows. For these intangible assets, the Company determined that their useful lives are indefinite.

b. Impairment of non-financial assets (tangible and intangible assets other than goodwill, excluding goodwill)

At the closing date of each year, or at any date as deemed necessary, the value of assets is assessed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the amount of any impairment. For identifiable assets that do not generate cash flows independently, the recoverability of the cash-generating unit (CGU) to which the asset belongs is estimated. For these purposes, the Company determined that all its assets comprise a single CGU.

For CGUs assigned to intangible assets with a finite useful life, the recoverability analysis is conducted systematically at the reporting date, or at any date deemed necessary, except if considered that calculations of a CGU's recoverable amount from the prior period may be used for verifying the amount of the impairment of such unit at the current period.

The recoverable amount is the greater of the market value less cost to sell and value in use, which is the present value of future estimated cash flows. For calculating the recoverable amount of tangible and intangible assets, the Company uses the value in use criterion.

To estimate the value in use, the Company prepares its estimate of future pre-tax cash flows based on the most recent budgets approved by Management. These budgets include the best estimates available on the income and costs of the cash-generating units, using the best available information, such as experience and future expectations.

Such cash flows are discounted to calculate their current amount at a pre-tax rate which considers the capital cost of the business in which it operates. Their calculation considers the current cost of money and risk premiums generally used for business purposes.

In the event the recoverable amount is less than the asset's carrying amount, the related allowance for impairment losses is recognized as "Other gains (losses)" in the statement of comprehensive income.

Impairment losses recognized in an asset in prior years will be reversed if there has been a change in the estimations on their recoverable amount increasing the value of the asset with a credit to profit or loss with the limit of the carrying amount that the asset would have had if the unwinding had not been conducted.

As of December 31, 2020, the Company considers there is no carrying amount impairment of tangible and intangible assets related to the CGU defined by the Company.

6. Segment reporting

Within the power business, Colbún Transmisión S.A. defines one single segment: power transmission, which is a service rendered domestically mainly to power generation companies, power suppliers, and industrial companies. Accordingly, the information required under IFRS 8 (paragraph 23) is fully aligned with the Company's statement of financial position and the statement of comprehensive income.

Information on products and services

Services	January - December	
	2020 ThUS\$	2019 ThUS\$
Sales from tolls	80,218	83,424
Total sales	80,218	83,424

Information on sales to main customers

Main customers	January - December			
	2020		2019	
	ThUS\$	%	ThUS\$	%
Colbún S.A.	28,818	36%	35,816	43%
Corporación Nacional del Cobre Chile	8,793	11%	15,731	19%
Anglo American S.A.	3,281	4%	4,687	6%
Other	39,326	49%	27,190	33%
Total sales	80,218	100	83,424	100

7. Cash and cash equivalents

a. Detail

As of December 31, 2020 and 2019, the detail of this caption is as follows:

Cash and cash equivalents	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Cash in banks	32	215
Other liquid instruments	12,050	22,073
Total	12,082	22,288

Other liquid instruments relate to fixed income mutual fund deposits in U.S. dollars and Chilean pesos, with very low risk, which are recognized at the deposit value at the reporting date.

8. Other non-financial assets, current

As of December 31, 2020 and 2019, this caption comprises the following:

Other non-financial assets	Current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Advanced payments to suppliers	138	92
Total	138	92

9. Trade and other receivables, current

As of December 31, 2020 and 2019, the detail of this caption is as follows:

Caption	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Trade receivables	18,689	12,004	1,868	-
Other receivables	101	23	-	-
Total	18,790	12,027	1,868	-

The average payment period is 30 days.

Considering debtors' solvency, current regulations, and in accordance with the doubtful accounts policy stated in the Company's accounting policies (see Note 3.1.d.2), the Company believes that there is no objective evidence of impairment of trade and other receivables which may require recording a provision for the period ended December 31, 2020.

The fair values of trade and other receivables related to the same commercial amounts.

As of December 31, 2020 and 2019, the analysis of trade receivables is as follows:

a) Aging of the portfolio of trade receivables for past due but not impaired balances receivable.

Invoiced	Balance as of 12.31.2020					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	103	-	-	-	6	109
Other trade receivables	1,776	166	-	-	541	2,483
Subtotal	1,879	166	-	-	547	2,592

Invoices to be issued	Balance as of 12.31.2020					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	10,463	-	-	-	-	10,463
Other trade receivables	5,634	-	-	-	-	5,634
Subtotal	16,097	-	-	-	-	16,097
Total trade receivables	17,976	166	-	-	547	18,689
No. of customers (unaudited)	117	36			256	

Invoiced	Balance as of 12.31.2019					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	1,362	379	143	676	1,616	4,176
Other trade receivables	2,434	171	36	11	830	3,482
Subtotal	3,796	550	179	687	2,446	7,658

Invoices to be issued	Balance as of 12.31.2019					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	113	-	-	-	-	113
Other trade receivables	4,233	-	-	-	-	4,233
Subtotal	4,346	-	-	-	-	4,346
Total trade receivables	8,142	550	179	687	2,446	12,004
No. of customers (unaudited)	224	63	11	50	218	

b) Customers in legal collection

There are no trade and other receivables in legal collection.

10. Related party disclosures

Operations between the Company and its related parties, are part of the Company's customary transactions associated with its line of business and conditions. The relationship between the Company and its Parent is detailed in Note 1.

a. Controlling interests

As of December 31, 2020 and 2019, the distribution of ownership interest is as follows:

Shareholder	12.31.2020		12.31.2019	
	No. of shares	Ownership	No. of shares	Ownership %
Colbún S.A.	49,617,413	100.00	49,617,413	100.00
Colbún Desarrollo SpA	1	0.00	1	0.00
Total	49,617,414	100.00	49,617,414	100.00

b. Balances and transactions with related parties

b.1. Receivables due from related parties

Taxpayer ID No.	Company	Country	Relationship	Currency	Current	
					12.31.2020 ThUS\$	12.31.2019 ThUS\$
96.505.760-9	Colbún S.A.	Chile	Parent	Ch\$	1,932	-
Total					1,932	-

b.2. Payables due to related parties

Taxpayer ID No.	Company	Country	Relationship	Currency	Current		Non-current	
					12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
96.505.760-9	Colbún S.A.	Chile	Parent	Ch\$	-	37,890	15,079	-
Total					-	37,890	15,079	-

b.3. Significant transactions and their effect on profit or loss

Taxpayer ID No.	Company	Country	Relationship	Currency	Transaction	January - December			
						2020		2019	
						Amount ThUS\$	(Debit) credit to profit or loss ThUS\$	Amount ThUS\$	(Debit) credit to profit or loss ThUS\$
96.505.760-9	Colbún S.A.	Chile	Parent	US\$	Services received	8,229	(6,915)	9,586	(8,056)
				UF	Leases	160	(135)	2,799	(2,352)
				UF	Leases collected	199	167	345	290
				Ch\$	Transit easements	-	-	932	783
				US\$	Sale of assets	2,632	-	166	-
				US\$	Dividend paid	13,091	-	-	-
				US\$	Dividend provided	12,572	-	13,091	-
				US\$	Commercial current account	10,773	-	20,998	-
				US\$	Loan received	15,000	-	-	-
				US\$	Interest on loan received	79	(79)	-	-
				US\$	Sale of tolls	34,293	28,818	41,335	34,735
				US\$	Purchase of tolls	204	(172)	218	(183)

All transactions are performed under the market terms and conditions.

b.3. Significant transactions and their effect on profit or loss
c. Key management personnel and senior management

Members of senior management and other individuals that are considered members of the Company's Management, as well as the shareholders or natural persons or legal entities they represent have entered into no unusual and/or significant transactions as of December 31, 2020.

The Company is managed by the Board of Directors which is composed of 3 members: Hernán Rodríguez Wilson, Thomas Keller Lippold and Juan Eduardo Vásquez.

d. Compensation and other benefits
d.1. Board of Directors' remuneration

As per the Company's bylaws, Directors receive no remuneration for the performance of their duties.

d.2. Senior Management members who are not Directors

Name	Position
Luis Le-Fort Pizarro	General Manager

As per the Company's bylaws, senior executive officers receive no remuneration.

d.3. Receivables and payables and other transactions

There are no receivables and payables between the Company and its Directors and Managers.

d.4 Other transactions

There are no other transactions conducted between the Company and its Directors and Managers

d.5 Guarantees pledged by the Company in favor of its Directors

As of December 31, 2020 and 2019, the Company records no such transactions.

d.6 Incentive plans for Senior Executives and Managers

Management's senior executive officers receive no remuneration.

d.7 Indemnities paid to Senior Executives and Managers

Management's senior executive officers receive no indemnities.

d.8 Guarantee clauses: Company's Board of Directors and Management

The Company has no guarantee clauses agreed with Directors and Management.

d.9 Consideration plans associated with shares' quote.

The Company has no such transactions.

11. Current taxes

As of December 31, 2020 and 2019, this caption comprises the following:

a. Current tax assets

Current tax assets	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Recoverable taxes for the year	4,488	-
Recoverable taxes for prior years	744	214
Total	5,232	214

b. Current tax liabilities

Current tax liabilities	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Taxes payable for the year	-	2,863
Total	-	2,863

12. Intangible assets other than goodwill

a. Detail by classes of intangible assets

The detail, as of December 31, 2020 and 2019, is as follows:

Intangible assets, net	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Easements	39,132	40,049
Total	39,132	40,049
Intangible assets, gross	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Easements	39,270	40,126
Total	39,270	40,126
Accumulated amortization	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Easements	(138)	(77)
Total	(138)	(77)

b. Changes in intangible assets during the year

As of December 31, 2020 and 2019, this caption comprises the following:

Movements as of 2020	Easements ThUS\$	Intangible assets, net ThUS\$
Opening balance as of 01.01.2020	40,049	40,049
Additions	434	434
Disposals	(1,280)	(1,280)
Decreases due to other changes	(10)	(10)
Amortization expense (See Note 22)	(61)	(61)
Closing balance as of 12.31.2020	39,132	39,132

Movements as of 2019	Easements ThUS\$	Intangible assets, net ThUS\$
Opening balance as of 01.01.2019	40,111	40,111
Additions	-	-
Transfers	-	-
Amortization expense	(62)	(62)
Closing balance as of 12.31.2019	40,049	40,049

The Company has no intangible assets impaired or pledged as collateral to secure compliance with its debt obligations.

13. Property, plant and equipment

a. Detail of property, plant and equipment

As of December 31, 2020 and 2019, the caption property, plant and equipment is detailed as follows:

Classes of property, plant and equipment, net	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Land	2,638	2,638
Constructions and infrastructure works	267,467	271,287
Assets under construction	67,382	65,269
Total	337,487	339,194
Classes of property, plant and equipment, gross	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Land	2,638	2,638
Constructions and infrastructure works	324,289	317,332
Assets under construction	67,382	65,269
Total	394,309	385,239
Classes of accumulated depreciation and impairment of property, plant and equipment	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Constructions and infrastructure works	(56,822)	(46,045)
Total	(56,822)	(46,045)

b. Changes in property, plant and equipment

As of December 31, 2020 and 2019, changes in property, plant and equipment are as follows:

Changes for 2020	Land ThUS\$	Constructions and infrastructure works ThUS\$	Assets under construction ThUS\$	Property, plant and equipment, net ThUS\$
Opening balance as of 01.01.2020	2,638	271,287	65,269	339,194
Additions	-	-	12,040	12,040
Disposals	-	-	(2,970)	(2,970)
Accumulated depreciation, disposals	-	-	-	-
Transport	-	6,957	(6,957)	-
Depreciation expenses (see Note 22)	-	(10,777)	-	(10,777)
Total changes	-	(3,820)	2,113	(1,707)
Closing balance as of 12.31.2020	2,638	267,467	67,382	337,487

Changes for 2019	Land ThUS\$	Constructions and infrastructure works ThUS\$	Assets under construction ThUS\$	Property, plant and equipment, net ThUS\$
Opening balance as of 01.01.2019	2,638	270,360	55,064	328,062
Additions	-	20	22,105	22,125
Disposals	-	(161)	-	(161)
Accumulated depreciation, disposals	-	1	-	1
Transport	-	11,900	(11,900)	-
Depreciation expenses (see Note 22)	-	(10,833)	-	(10,833)
Total changes	-	927	10,205	11,132
Closing balance as of 12.31.2019	2,638	271,287	65,269	339,194

c. Other disclosures

i) The Company has no property, plant and equipment pledged as collateral to secure compliance with its debt obligations.

ii) Colbún Transmisión S.A. has entered into insurance policies to cover the possible risks to which the different items of property, plant and equipment (substations) may be exposed, as well as possible claims that might be presented because of the performance of their business activities. Such policies sufficiently cover the risks to which they are exposed.

14. Right-of-use assets

a. Detail of right-of-use assets

As of December 31, 2020 and 2019, right-of-use assets are detailed as follows:

Right-of-use assets, net	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Right-of-use assets - facilities	113	-
Right-of-use assets - vehicles	54	216
Total	167	216
Right-of-use assets, gross	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Right-of-use assets - facilities	159	-
Right-of-use assets - vehicles	378	378
Total	537	378
Accumulated depreciation of right-of-use assets	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Right-of-use assets - facilities	(46)	-
Right-of-use assets - vehicles	(324)	(162)
Total	(370)	(162)

b. Changes in right-of-use assets

As of December 31, 2020 and 2019, net changes in right-of-use assets are detailed as follows:

Changes for 2020	Right-of-use assets - facilities ThUS\$	Right-of-use assets - vehicles ThUS\$	Right-of-use assets, net ThUS\$
Opening balance as of 01.01.2020	-	216	216
Additions	159	-	159
Depreciation expense (see Note 22)	(46)	(162)	(208)
Total changes	113	(162)	(49)
Closing balance as of 12.31.2020	113	54	167

Changes for 2019	Right-of-use assets - facilities ThUS\$	Right-of-use assets - vehicles ThUS\$	Right-of-use assets, net ThUS\$
Opening balance as of 01.01.2019	-	-	-
Additions	-	378	378
Depreciation expense (see Note 22)	-	(162)	(162)
Total changes	-	216	216
Closing balance as of 12.31.2019	-	216	216

15. Lease liabilities

As of December 31, 2020 and 2019, this caption comprises the following:

	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Lease liabilities	99	177	50	30
Total	99	177	50	30

a. Finance lease liabilities

Finance lease liabilities

As of 12.31.2020				
Debtor's ID number	76218856-2	76218856-2	76218856-2	
Debtor's name	Colbún Transmisión S.A	Colbún Transmisión S.A	Colbún Transmisión S.A	
Debtor's country	Chile	Chile	Chile	
Creditor's ID number	96565580-8	7065425-3	88723500-7	
Creditor's name	Cia. De Leasing Tattersall S.A.	Jorge Rocco Pizarro	Constructora Costa Brava Ltda.	
Creditor's country	Chile	Chile	Chile	
Currency or inflation-adjusted unit	UF	UF	UF	
Amortization frequency	Monthly	Monthly	Monthly	
Interest type	Fixed	Fixed	Fixed	
Basis	-	-	-	
Effective rate	5.00%	1.70%	0.00%	
Nominal rate	5.00%	1.70%	0.00%	
Nominal amounts	ThUS\$			Total ThUS\$
Up to 90 days	36	10	6	52
90 days to 1 year	-	29	18	47
1-3 years	-	50	-	50
1-2 years	-	40	-	40
2-3 years	-	10	-	10
3-5 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Over 5 years	-	-	-	-
Subtotal nominal amounts	36	89	24	149
Carrying amounts	ThUS\$			Total ThUS\$
Up to 90 days	36	10	6	52
90 days to 1 year	-	29	18	47
Current lease liabilities	36	39	24	99
1-3 years	-	50	-	50
1-2 years	-	40	-	40
2-3 years	-	10	-	10
3-5 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Over 5 years	-	-	-	-
Non-current lease liabilities	-	50	-	50
Total lease liabilities	36	89	24	149

As of 12.31.2019	
Debtor's ID number	76218856-2
Debtor's name	Colbún Transmisión S.A.
Debtor's country	Chile
Creditor's ID number	96565580-8
Creditor's name	Cia. De Leasing Tattersall S.A.
Creditor's country	Chile
Currency or inflation-adjusted unit	UF
Amortization frequency	Monthly
Interest type	Fixed
Basis	-
Effective rate	5.00%
Nominal rate	5.00%

Nominal amounts	ThUS\$	Total ThUS\$
Up to 90 days	43	43
90 days to 1 year	134	134
1-3 years	30	30
1-2 years	30	30
2-3 years	-	-
3-5 years	-	-
3-4 years	-	-
4-5 years	-	-
Over 5 years	-	-
Subtotal nominal amounts	207	207
Carrying amounts	ThUS\$	Total ThUS\$
Up to 90 days	43	43
90 days to 1 year	134	134
Current lease liabilities	177	177
1-3 years	30	30
1-2 years	30	30
2-3 years	-	-
3-5 years	-	-
3-4 years	-	-
4-5 years	-	-
Over 5 years	-	-
Non-current lease liabilities	30	30
Total lease liabilities	207	207

16. Trade and other payables

As of December 31, 2020 and 2019, trade and other payables are composed of the following:

	Current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Trade payables	872	1,416
Total	872	1,416

For accounts payable to suppliers, the average payment period is 15 days; as a result of this, the fair value does not differ significantly from the related carrying amount.

17. Other provisions

a. Description of provisions

As of December 31, 2020 and 2019, this caption comprises the following:

Provisions	12.31.2020 ThUS\$	12.31.2019 ThUS\$
For legal proceedings	1,220	-
Deferred tax assets	1,220	-

b. Changes in provisions for the period

Changes in provisions	For legal proceedings ⁽¹⁾ ThUS\$	Total ThUS\$
Opening balance as of 01.01.2020	-	-
New provisions, other provisions	1,220	1,220
Increase in existing provisions, other provisions	-	-
Provision used, other provisions	-	-
Closing balance as of 12.31.2020	1,220	1,220

⁽¹⁾ Provision recorded for lawsuits in accordance with IAS 37

18. Income taxes

a. Income tax benefit (expense)

Income tax benefit (expense)	January - December	
	2020 ThUS\$	2019 ThUS\$
Income tax (expense) benefit		
Current income taxes	(15,926)	(20,777)
Total income tax expense, net	(15,926)	(20,777)
Deferred income tax (expense) benefit		
Deferred income tax benefit arising from temporary differences	407	4,439
Total deferred income tax benefit, net	407	4,439
Income tax benefit (expense)	(15,519)	(16,338)

a.1 Reconciliation of current taxes

As of and December 31, 2020 and 2019, the reconciliation of current taxes to income tax is as follows:

As of December 31, 2020	Current taxes (profit or loss) ThUS\$	Monthly provisional income tax payments ThUS\$	Other taxes ThUS\$	Tax assets ThUS\$	Tax liabilities ThUS\$
Colbún Transmisión S.A.	(15,926)	20,414	-	4,488	-
Total	(15,926)	20,414	-	4,488	-
As of December 31, 2019	Current taxes (profit or loss) ThUS\$	Monthly provisional income tax payments ThUS\$	Other taxes ThUS\$	Tax assets ThUS\$	Tax liabilities ThUS\$
Colbún Transmisión S.A.	(20,777)	17,876	38	-	(2,863)
Total	(20,777)	17,876	38	-	(2,863)

As of December 31, 2020, Colbún Transmisión S.A. generated taxable income and, accordingly, it recognized a recoverable tax for the year amounting to ThUS\$4,488, generated by the Income tax provision, net of monthly provisional income tax payments (PPM).

a.2 Reconciliation of tax expense and calculation of effective rate

Income tax benefit (expense)	January - December			
	2020		2019	
	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %
Profit before income taxes	57,426		59,973	
Tax benefit using the legal rate	(15,505)	27.0	(16,193)	27.0
Other differences	(14)	0.0%	(145)	-0.2%
Subtotal adjustments to tax expense using the legal rate	(14)	0.0%	(145)	-0.2%
Income tax expense	(15,519)	27.0	(16,338)	27.2

As of December 31, 2020 and 2019, the tax was calculated using the tax rate of 27% (Law No.20.780).

In accordance with the International Financial Reporting Standards (IFRS), the Company recognizes its tax and financial operations at its functional currency, which is the U.S. dollar.

b. Deferred tax

At each reporting period, deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Deferred taxes - unearned revenue	4,190	4,227
Deferred taxes - contingencies	329	-
Deferred tax assets	4,519	4,227
Deferred tax liabilities	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Deferred taxes - Depreciation	(60,839)	(61,377)
Deferred taxes - Intangible assets	(871)	(954)
Deferred taxes - Right of use	(2)	-
Deferred taxes - Finance costs	-	(2)
Deferred tax liabilities	(61,712)	(62,333)
Total deferred tax assets and liabilities, net	(57,193)	(58,106)

Changes in deferred taxes for the period are detailed as follows:

Changes in deferred taxes	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Deferred taxes as of January 1	(58,106)	(62,546)
Property, plant and equipment	538	302
Contingencies	329	-
Intangible assets	83	17
Finance costs	2	(2)
Right of use	(2)	-
Unearned revenue	(37)	4,123
Closing balance	(57,193)	(58,106)

The net position of deferred taxes is as follows:

Net deferred tax position by company		
Company	Net position	
	Liabilities	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Colbún Transmisión S.A.	(57,193)	(58,106)
Subtotal	(57,193)	(58,106)
Net deferred taxes		

19. Other non-financial liabilities

As of December 31, 2020 and 2019, other non-financial liabilities, non-current, are detailed as follows:

	Current		Non-current	
	12.31.2020 ThUS\$	12.31.2019 ThUS\$	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Withholdings	3,972	2,750	-	-
Unearned revenue (1)	1,070	1,133	14,450	14,522
Total	5,042	3,883	14,450	14,522

(1) Non-current balance includes ThUS\$8,294 corresponding to the recognition of the lease agreement entered into between the Company and Anglo American (expiration of the contract in 2030) and a dedicated transmission line contract entered into with Duqueco SpA of ThUS\$6,156 (expiration of the contract in 2028).

20. Disclosures on equity

a. Subscribed, fully-paid capital and number of shares

The Company's share capital is denominated in U.S. dollars, divided into 49,617,414 ordinary, nominative, same-amount, single-series shares with no par value.

Colbun Transmisión S.A. was incorporated on June 28, 2012, and its initial capital was ThUS\$2, divided into 1,000 ordinary, nominative, same-amount, single-series shares with no par value.

At Extraordinary Shareholders' Meeting held on August 17, 2012, the shareholders agreed to increase share capital from ThUS\$2, divided into 1,000 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$3,429, divided into 1,714,659 shares with the same characteristics, by way of the issuance of 1,713,659 shares, equivalent to ThUS\$3,427, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

At Extraordinary Shareholders' Meeting held on November 16, 2012, the shareholders agreed to increase share capital from ThUS\$3,429, divided into 1,714,659 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$19,534, divided into 9,766,868 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

At Extraordinary Shareholders' Meeting held on April 29, 2013, the shareholders agreed to increase share capital from ThUS\$19,534, divided into 9,766,868 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$20,503, divided into 10,251,684 shares with the same characteristics, by way of the issuance of 484,816 shares, equivalent to US\$969,632, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

At Extraordinary Shareholders' Meeting held on February 1, 2017, the shareholders agreed to increase share capital from ThUS\$20,503, divided into 10,251,684 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$28,891, divided into 14,445,596 shares with the same characteristics, by way of the issuance of 4,193,912 shares, equivalent to US\$8,387,823, which should be issued, subscribed and fully paid within 1 year from the date of the meeting.

At Extraordinary Shareholders' Meeting held on October 1, 2018, the shareholders agreed to increase share capital from ThUS\$28,891, divided into 14,445,596 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$99,235, divided into 49,617,414 shares with the same characteristics, by way of the issuance of 35,171,818 shares, equivalent to US\$70,343,632, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

As of December 31, 2020 and 2019, the detail of subscribed and paid-in capital, and number of shares, is as follows:

No. of shares as of December 31, 2020

Series	No. of shares subscribed	No. of shares fully paid	No. of shares with voting rights
Single	49,617,414	49,617,414	49,617,414

Capital (Amount in US\$)

Series	Subscribed capital ThUS\$	Paid-in capital ThUS\$
Single	99,235	99,235

No. of shares as of December 31, 2019

Series	No. of shares subscribed	No. of shares fully paid	No. of shares with voting rights
Single	49,617,414	49,617,414	49,617,414

Capital (Amount in US\$)

Series	Subscribed capital ThUS\$	Paid-in capital ThUS\$
Single	99,235	99,235

a.1 Reconciliation of shares

At the reporting date, the reconciliation of the number of outstanding shares, is detailed as follows:

Shares	12.31.2020	12.31.2019
No. of shares as of January 1	49,617,414	49,617,414
Changes in number of shares		
Increase (decrease) in number of shares	-	-
No. of shares at December 30	49,617,414	49,617,414

b. Retained earnings (accumulated deficit)

As of December 31, 2020 and 2019, changes in reserves for retained earnings are detailed as follows:

Retained earnings	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Opening balance	32,192	858
Profit or loss for the year	41,907	43,635
Dividends	(12,572)	(13,090)
Realized retained earnings	787	789
Total retained earnings	62,314	32,192

c. Other reserves

This caption comprises the following:

Other reserves ⁽¹⁾	12.31.2020 ThUS\$	12.31.2019 ThUS\$
First adoption reserve ⁽¹⁾	54,590	54,590
Revaluation of property, plant and equipment ⁽²⁾	20,061	20,850
Reserve for contributions of property, plant and equipment ⁽³⁾	87,522	88,888
Total other reserves	162,173	164,328

^(*) The value of reserves is presented net of deferred taxes as determined by IAS 12.

⁽¹⁾ Effect of first adoption: Reserves generated by the first-time adoption of International Financial Reporting Standards (IFRS 1), which may be performed in accordance with Circular No.1.945 of September 29, 2009 issued by the Chilean Financial Market Commission (CMF).

⁽²⁾ Revaluation of property, plant and equipment: Relates to reserves arising from the first application of IFRS 1, which were transferred from the asset contribution made through a corporate reorganization, which may be performed in accordance with Circular No.1.945 of September 29, 2009 issued by CMF.

⁽³⁾ Reserves generated from asset contributions not made for distribution through corporate reorganization.

d. Capital management

Capital management falls under the financing and investing policies of the Company, which establish, among other matters, that investments shall have appropriate financing according to the related project in conformity with the Financing Policy. Total investments for each year will not exceed 100% of the Company's equity, and should be aligned with its financial capacity.

e. Dividends

e.1 Compulsory minimum dividend

As of December 31, 2020 and 2019, the calculation of the compulsory minimum dividend is as follows:

Calculation of net profit for distribution (cash flows)	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Profit as per financial statements	41,907	43,635
Compulsory minimum dividend	12,572	13,090

e.2 Dividends payable

At the Shareholders' Meeting held on April 30, 2020, the shareholders agreed to distribute a final dividend of ThUS\$13,090 with a debit to profit or loss for 2019, equivalent to 30% of profit or loss for the year.

21. Revenue

As of December 31, 2020 and 2019, revenue is detailed as follows:

Revenue	January - December	
	2020 ThUS\$	2019 ThUS\$
Toll charges	80,218	83,424
Total	80,218	83,424

22. Raw materials and consumables used

As of December 31, 2020 and 2019, raw materials and consumables used comprise the following:

Raw materials and consumables used	January - December	
	2020 ThUS\$	2019 ThUS\$
Operating costs	(1,843)	(2,100)
Other services	(10,440)	(8,102)
Total	(12,283)	(10,202)

23. Depreciation and amortization expense

As of December 31, 2020 and 2019, depreciation and amortization are composed of the following:

Depreciation and amortization expenses	January - December	
	2020 ThUS\$	2019 ThUS\$
Depreciation (see Note 13.b)	(10,777)	(10,995)
Depreciation of right-of-use assets (see Note 14.b)	(208)	-
Amortization of intangible assets (see Note 12.b)	(62)	(62)
Total	(11,047)	(11,057)

24. Foreign currency translation differences

Items related to net foreign currency translation differences with an effect on profit or loss are detailed as follows:

Foreign currency translation differences	Currency	January - December	
		2020 ThUS\$	2019 ThUS\$
Cash and cash equivalents	Ch\$	(571)	(429)
Trade and other receivables	Ch\$	3,163	(481)
Current tax assets	Ch\$	(17)	(80)
Foreign currency translation difference - assets		2,575	(990)
Trade and other payables	Ch\$	(136)	132
Foreign currency translation difference - liabilities		(136)	132
Total foreign currency translation difference		2,439	(858)

25. Other gains (losses)

As of December 31, 2020 and 2019, other gains (losses) are detailed as follows:

Other income derived from other than operating activities	January - December	
	2020 ThUS\$	2019 ThUS\$
Other income	2,921	471
Total other income	2,921	471
Other expenses derived from other than operating activities	January - December	
	2020 ThUS\$	2019 ThUS\$
Provision for contingencies	(1,220)	-
Disposals of property, plant and equipment	(2,377)	-
Other	(203)	(853)
Total other expenses	(3,800)	(853)
Total other gains (losses)	(879)	(382)

26. Guarantees with third parties and contingent assets and liabilities

a. Guarantees granted to third parties

Pledged assets			Outstanding amount	
Type of collateral	Currency	Carrying amount	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Performance bond	UF	140	5	5
Total			5	5

b. Sureties obtained from third-parties

Current guarantees denominated in U.S. dollars as of December 31, 2020

Depositor	Relationship	Total ThUS\$
Ingeniería Agrosonda SpA	Supplier	4,196
Consortio Isotron Sacyr S.A.	Supplier	1,059
Cía. General de Electricidad S.A.	Supplier	797
Pine SpA	Supplier	176
Rhona S.A.	Supplier	12
Total		6,240

Current guarantees denominated in Chilean pesos as of December 31, 2020

Depositor	Relationship	Total ThUS\$
Siemens S.A.	Supplier	373
Máximo E. Sanhueza Manríquez	Supplier	2
Total		375

c. Contingencies

As of December 31, 2020 and 2019, the Company records no lawsuits or contingencies.

27. Foreign currency

The detail of assets and liabilities in foreign currency subject to fluctuations in currency exchange rates is as follows:

Assets	Foreign currency	Currency	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Total current assets				
Cash and cash equivalents	Ch\$	US\$	11,822	22,288
Other non-financial assets, current	Ch\$	US\$	138	92
Trade and other receivables, current	Ch\$	US\$	18,790	12,027
Current tax assets	Ch\$	US\$	5,232	214
Total current assets			37,914	34,621
Non-current assets				
Trade and other receivables, non-current	Ch\$	US\$	1,868	-
Right-of-use assets	UF	US\$	167	216
Total non-current assets			2,035	216
Total assets			39,949	34,837
Liabilities	Foreign currency	Currency	12.31.2020 ThUS\$	12.31.2019 ThUS\$
Total current liabilities				
Lease liabilities, current	UF	US\$	99	177
Trade and other payables	Ch\$	US\$	872	1,416
Current tax liabilities	Ch\$	US\$	-	2,863
Other non-financial liabilities, current	Ch\$	US\$	5,042	3,883
Total current liabilities			6,013	8,339
Non-current liabilities				
Lease liabilities, non-current	UF	US\$	50	30
Other non-financial liabilities, non-current	Ch\$	US\$	14,450	14,522
Total non-current liabilities			14,500	14,552
Total liabilities			20,513	22,891

28. Environment

As of December 31, 2020 and 2019, the Company records no expenses related to the environment.

29. Subsequent events

At the Board of Directors' Meeting held on January 26, 2021, the Company's Board of Directors approved the financial statements as of December 31, 2020, prepared in conformity with International Financial Reporting Standards (IFRS).

Between January 1, 2021 and the date of issuance of these financial statements, no other subsequent events have occurred.

* * * * *



Financial Statements
for the years ended December 31, 2019 and 2018

COLBÚN TRANSMISIÓN S.A.
Thousands of U.S. dollars

This report contains the following:

- Independent Auditor's Report
- Financial Statements
- Explanatory notes to the Financial Statements



Independent Auditor's Report

The Shareholders and Directors
Colbún Transmisión S.A.:

We have audited the accompanying financial statements of Colbún Transmisión S.A., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Auditing Standards Generally Accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colbún Transmisión S.A. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'Patricio Guevara R.', written over a faint, light blue rectangular stamp.

Patricio Guevara R.

KPMG Ltda.

Santiago, January 28, 2020

Colbún Transmisión S.A.
Classified Statements of Financial Position
as of December 31, 2019 and 2018
(In thousands of U.S. dollars)

ASSETS	Note No.	December 31, 2019 ThUS\$	December 31, 2018 ThUS\$
Current assets			
Cash and cash equivalents	7	22,288	50
Other non-financial assets, current	8	92	25
Trade and other receivables, current	9	12,027	13,940
Receivables due from related parties, current	10.b	-	7
Inventories, current	-	562	531
Current tax assets	11	214	1,022
Total current assets		35,183	15,575
Non-current assets			
Intangible assets other than goodwill	12	40,049	40,111
Property, plant and equipment	13	339,410	328,062
Total non-current assets		379,459	368,173
ASSETS		414,642	383,748

LIABILITIES AND EQUITY	Note No.	December 31, 2019 ThUS\$	December 31, 2018 ThUS\$
Current liabilities			
Other financial liabilities, current	-	177	-
Trade and other payables	14	1,416	3,294
Payables due to related parties, current	10.b	37,890	45,203
Current tax liabilities	16	2,863	-
Other non-financial liabilities, current	17	3,883	1,027
Total current liabilities		46,229	49,524
Non-current liabilities			
Other financial liabilities, non-current	-	30	-
Deferred tax liabilities	15.b	58,106	62,546
Other non-financial liabilities, non-current	17	14,522	6,469
Total non-current liabilities		72,658	69,015
TOTAL LIABILITIES		118,887	118,539
Equity			
Share capital	18	99,235	99,235
Retained earnings	18.b	32,192	858
Other reserves	18.c	164,328	165,116
Equity		295,755	265,209
TOTAL LIABILITIES AND EQUITY		414,642	383,748

See accompanying notes to the financial statements.

Colbún Transmisión S.A.
Statements of Comprehensive Income, by Nature
for the years ended December 31, 2019 and 2018
(In thousands of U.S. dollars)

STATEMENTS OF COMPREHENSIVE INCOME BY NATURE	Note No.	January - December	
		2019 ThUS\$	2018 ThUS\$
Revenue	6 and 19	83,424	40,060
Raw materials and consumables used	20	(10,202)	(9,789)
Depreciation and amortization expense	21	(11,057)	(8,411)
Other expenses, by nature	-	(959)	(527)
Other gains (losses)	23	(382)	9
Profit from operations		60,824	21,342
Finance income	-	27	-
Finance costs	-	(20)	(2)
Foreign currency translation differences	22	(858)	(91)
Profit before income taxes	-	59,973	21,249
Income tax expense	15.a	(16,338)	(5,740)
Profit from continuing operations	-	43,635	15,509
NET PROFIT		43,635	15,509
STATEMENTS OF OTHER COMPREHENSIVE INCOME	Note No.	January - December	
		2019 ThUS\$	2018 ThUS\$
Net profit for the period		43,635	15,509
Components of other comprehensive income, before taxes			
Other components of other comprehensive income, before taxes	-	-	-
Income tax related to components of other comprehensive income	-	-	-
Total other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME		43,635	15,509

See accompanying notes to the financial statements.

Colbún Transmisión S.A.
Statements of Cash Flows
for the years ended December 31, 2019 and 2018
(In thousands of U.S. dollars)

STATEMENTS OF CASH FLOWS - DIRECT METHOD	Note No.	December 31, 2019 ThUS\$	December 31, 2018 ThUS\$
Cash flows from (used in) operating activities			
Cash receipts from operating activities			
Cash receipts from sale of goods and rendering of services	-	98,819	42,114
Other cash receipts from operating activities	-	26	129
Classes of cash payments from operating activities			
Cash payments to suppliers for goods and services	-	(13,882)	(1,528)
Other cash payments for operating activities	-	(1,042)	(695)
Cash flows from (used in) operating activities	-	83,921	40,020
Interest received	-	27	-
Income taxes paid	-	(16,343)	(7,907)
Other cash payments	-	(408)	(2)
Net cash from operating activities	-	67,197	32,111
Cash flows from (used in) investing activities			
Acquisition of property, plant and equipment	-	(27,253)	(33,541)
Net cash used in investing activities	-	(27,253)	(33,541)
Cash flows from (used in) financing activities			
Proceeds from borrowings	-	(20,998)	19,159
Loans from related parties	-	-	19,159
Payment of loans from related parties	-	(20,998)	-
Payment of lease liabilities	-	(85)	-
Dividends paid	-	-	(18,500)
Net cash (used in) from financing activities	-	(21,083)	659
Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held	-	18,861	(771)
Effects of movements in exchange rates on cash and cash equivalents			
Effects of movements in exchange rates on cash and cash equivalents	-	3,377	189
Net increase (decrease) in cash and cash equivalents	-	22,238	(582)
Cash and cash equivalents as of January 1	-	50	632
Cash and cash equivalents as of December 31	7	22,288	50

See accompanying notes to the financial statements.

Colbún Transmisión S.A.
Statements of Changes in Equity
for the years ended December 31, 2019 and 2018
(In thousands of U.S. dollars)

Statements of Changes in Equity	Note	Share capital	Other reserves	Retained earnings	Equity
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity as previously reported		99,235	165,116	858	265,209
Increase (decrease) in equity due to correction of errors		-	-	-	-
Restated equity		99,235	165,116	858	265,209
Changes in equity					
Comprehensive income					
Profit (loss)				43,635	43,635
Other comprehensive income				-	-
Share issue		-	-	-	-
Dividends		-	-	(13,090)	(13,090)
Increases due to other contributions from owners			-	-	-
Increase (decrease) from other changes		-	(788)	789	1
Increase (decrease) in equity		-	(788)	31,334	30,546
Equity as of 12.31.2019	17	99,235	164,328	32,192	295,755

Statements of Changes in Equity	Note	Share capital	Other reserves	Retained earnings	Equity
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity as previously reported		28,891	57,396	726	87,013
Increase (decrease) in equity due to correction of errors		-	-	-	-
Restated equity		28,891	57,396	726	87,013
Changes in equity					
Comprehensive income					
Profit (loss)				15,509	15,509
Other comprehensive income				-	-
Share issue		70,344	-		70,344
Dividends		-	-	(18,500)	(18,500)
Increase (decrease) from other changes		-	107,720	3,123	110,843
Increase (decrease) in equity		70,344	107,720	132	178,196
Equity as of 12.31.2018	17	99,235	165,116	858	265,209

See accompanying notes to the financial statements.

COLBÚN TRANSMISIÓN S.A.
NOTES TO THE FINANCIAL STATEMENTS
(In thousands of U.S. dollars)

1. General information

Colbún Transmisión S.A. (the "Company") was incorporated via public deed dated June 28, 2012, witnessed by the Notary Public of Santiago Mr. Raúl Undurraga Laso. The Company's Taxpayer ID is 76.218.856-2.

The Company is registered with the Special Record of Reporting Entities under number 264 from December 4, 2012 and is accordingly subject to the oversight of the Chilean Financial Market Commission.

Colbún Transmisión S.A. is an electric energy transmission company that is a subsidiary of Colbún S.A., incorporated as a result of the process of reorganization of electric transmission assets of the latter and its subsidiaries to comply with the provisions established in Decree with Force of Law No.4 issued by the Ministry of Economy, Economic Development and Reconstruction, which establishes the revised, coordinated and systematized text of the Decree with Force of Law No.1 related to Mining issued in 1982, the General Electric Service Law on the ownership and operation of facilities of the trunk transmission system.

The Company is a subsidiary of Colbún S.A., which holds 100% of its direct and indirect ownership interest.

The registered address of Colbún Transmisión S.A. is located at Avenida Apoquindo 4775 piso 11, Las Condes, Santiago.

2. Description of business

Company's line of business

The Company's line of business is the transportation of energy through domestic, zonal and dedicated transmission systems or other classifications of transmission facilities defined by the recent Transmission Law, acting on its own or on behalf of third parties; the sale of the transportation capacity available and transformation of electricity in the Domestic Electric System (SEN); the administration or operation of electric transmission facilities owned or of third parties; the management of the connection of third parties to its transmission facilities; the provision of services in activities related to its line of business, either in Chile or abroad; the performance of any other activity related to the electric energy transmission industry; and; in general, the performance of all types of acts and entering into all types of contracts and conventions, directly or indirectly related to the line of business, which it can perform directly or through other companies.

The Electricity Market

The Chilean power sector has a regulatory framework that has been in operation for almost 4 decades. Such framework allowed developing a highly dynamic industry with significant private equity interest. This sector has been able to comply with the increasing power demand, which has grown at an annual average rate of approximately 2.8% during the last 10 years, slightly lower compared to the GDP during the same period.

Chile has 3 interconnected systems and Colbún Transmisión S.A. operates in the largest one, the National Power System (SEN), which goes from Arica in the north to Isla Grande de Chiloé in the south area of the country. Consumption in such system represents more than 99% of the electric demand in Chile and provides services to more than 98% of the domestic population

The current regulatory scenario is based on Decree with Force of Law No. 4 issued by the Ministry of Economy, Economic Development and Reconstruction of 2006, which establishes the revised, coordinated and systematized text of the "General Electric Service Law" or "LGSE" (per its acronym in Spanish). The LGSE and complementary regulations determine the technical and security standards by which any electric facility in Chile has to be regulated and, in particular, it regulates the generation, transportation (transmission) and distribution activities, electric concessions and easements and the rates applicable to each segment, and the regulating body in charge of coordinating the system's operations in conformity with quality and safety conditions in the facilities and the relationships of companies and individuals with the Government.

The LGSE considers, among other aspects, the following:

- Definition of the duties of Transmission Systems.
- Long-term Energy Planning and Transmission Planning processes.
- Pricing and remuneration models for the different segments in the Transmission System.
- Preliminary definition of the layout of transmission lines for certain new works, through a Transmission Line Route Survey Procedure, which is the responsibility of the Ministry of Energy.
- Regulation of the Universal Open Access Regime.
- Regulation of compensations to end users for unauthorized unavailability of supply based on safety and quality standards established previously.
- A new independent National Electrical Coordinator (CEN).

The electricity sector is divided into three clearly different segments: Generation, Transmission and Distribution. The Company is a player in the Transmission segment, both for regulated customers (National System, Zonal Systems and Development Axes) and contracts with customers that are both Generators and Unregulated Customers to provide them with Transmission Services (Dedicated Systems).

The business

Colbún Transmisión S.A.'s business is the transportation of electric energy. The current framework regulating the electrical transportation business in Chile defines the transmission systems and classifies their facilities in four categories: Domestic Nationwide Transmission Systems, Zonal Transmission Systems, Transmission Systems for Development Axes and Dedicated Transmission Systems. For the first three systems mentioned above, rates are determined by the Ministry of Energy establishing a universal regime that provides open access under non-discriminatory conditions. For Dedicated Systems transmission facilities access should be granted provided that available transmission technical capacity exists as determined by the Coordinator, without taking into account the capacity engaged or own projects that have been feasibly contemplated at the time of the request for use by the interested third party. In addition, the currently effective regulations establish the criteria and procedures through which the consideration that the owner of the transmission facilities will be entitled to receive.

Regulated Systems

Revenue for existing facilities in the Domestic Nationwide, Transmission System, Zonal Transmission System and the Transmission System for Development Axes relate to the Transmission Section Annual Amount per Tranche (VATT) calculated based on the Investment Value Annual Amount (AVI), plus Operation, Maintenance and Administration (OM&A) Costs for each section in such systems. Likewise, revenue for the use of dedicated transmission facilities by users subject to pricing regulations are composed of a proportional amount of their VATT that can be allocated to such users.

The sections comprising such systems and their related VATT are determined every four years by the National Energy Commission (CNE) based on the Studies on the Valuation of Transmission Systems conducted by a consultant selected through an international public tender process.

The payment of the Nationwide, Zonal and Dedicated Transmission Systems used by users subject to pricing regulations will be the responsibility of both end regulated and unregulated users. For the payment of Transmission Systems for Development Axes a single charge is established so that collection associated therewith provides a consideration for the proportional amount of facilities for development axes not used or the existing energy generation; and VATT not covered by such charge, will be assumed by the generators injecting their production in the related axis.

For the Nationwide Transmission System Law No.20.936 established a transition period defined between 2019 and 2034 to gradually replace the previous remuneration and payment regime with the new system described above. During 2019, generators and final customers entered into an agreement to advance the transitional period; and accordingly, since 2019, the regulated tariffs of the National Transmission segment are paid to the transmitters through the Single National Transmission Charge. For Zonal Transmission Systems the new remuneration and payment system started being applied from January 1, 2018, also through a Single Zonal Transmission Charge.

Dedicated Systems

Revenue for the use of Dedicated Transmission Systems are obtained from the provisions agreed and established in the transportation contracts entered into between the users and the owners of those facilities, and usually, their price is established through the calculation of AVI + OM&A Costs determined through a mutual agreement between the parties.

Notwithstanding the fact that the dedicated facilities are essentially destined to inject the production of energy generation power plants to the system or for the supply of electric energy to unregulated customers, the authority could possibly declare them as Nationwide, Zonal or Development Axes if their operating conditions change and comply with the relevant requirements, which are defined in the law.

System Expansion

The CEN is in charge of conducting the international public tender processes for expansion projects for either new or extension works. The tender process for the construction and performance of extension works on existing facilities will be resolved based on the Investment Value (VI) offered and will be paid by the owner of the facility to the related tender company awarded, unlike the case of new works, where operation and performance rights will be awarded to the tenderer presenting the lowest VATT for the project under the public tender process, which must assume, in addition to the construction of the project, its operation when the awarded work is put into service.

Facilities

Colbún Transmisión S.A. has approximately a total of 937 km of transmission lines divided into 335 km of lines in the Nationwide segment, 70 km in the Zonal segment and 532 km in the Dedicated segment. In addition, the Company has 27 substations.

Central-North Zone

The Company's transmission systems begin in the North in the Aconcagua river basin for the injection of the power plants owned by its Parent, Colbún S.A. and for the supply for certain Unregulated Customers (Codelco Andina, Anglo American for operations referred to as Los Bronces and Chagres, and Cemento Melón).

Central-South Zone

The main system is the line from Colbún Substation in the Maule Region of Chile to the Maipo Substation in the metropolitan Region, which was developed originally to inject power generation from the Colbún – Machicura Complex directly into the system's central zone and which is now a part of the National System. Additionally, this system is used to connect Codelco's El Teniente Division to the interconnected system.

South Zone

It has dedicated systems for the connection of its Parent Colbún S.A. and third parties to the interconnected system.

The Mulchén substation is part of this area and is classified as part of the National System and a significant number of other generators are connecting to it and a connection for a distribution company is already operating

3. Basis of presentation

3.1 Accounting policies

These Financial Statements of Colbún Transmisión S.A. as of December 31, 2019 and 2018, have been prepared in accordance with International Financial Standards (IFRS).

These Financial Statements have been prepared assuming that the company will continue as a going concern and approved by the Board of Directors on January 28, 2020.

The Company complies with all legal conditions to which is subject, presents normal operating conditions in each area in which its activities are performed, its projections show a profitable operation and has the capacity to access the financial system to finance its operations, which, in the opinion of Management determines its ability to continue as a going concern, as established by the accounting standards under which these financial statements are issued.

The following are the Company's significant accounting policies adopted in preparing these financial statements. These policies have been applied consistently to all years presented in these financial statements.

a. Basis of preparation and period covered - These financial statements of Colbún Transmisión S.A. comprise the Statements of Financial Position as of December 31, 2019 and 2018, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the years ended December 31, 2019 and 2018.

The information contained in these Financial Statements is the responsibility of the Company.

The financial statements have been prepared on the historical cost basis.

b. Functional currency and foreign currency translation - The Financial Statements are presented in United States dollars, which is the Company's functional and presentation currency.

Transactions in local and foreign currencies, other than the functional currency, are translated into the functional currency at the exchange rates at the dates of the transactions.

Profits and losses in foreign currency that result from the settlement of these transactions and from translation at the closing exchange rates for monetary assets and liabilities denominated in currencies other than the functional currency, are recognized in the statement of profit or loss, unless they have to be deferred in equity, as in the case of cash flow hedges and net investment hedges.

c. Basis of translation - Assets and liabilities denominated in Chilean peso and inflation-adjusted units have been translated into United States dollars at the exchange rates at the reporting date, as follows:

Exchange rate	12.31.2019	12.31.2018
Chilean peso	748.74	694.77
Inflation-adjusted units	0.0264	0.0252

d. Financial instruments

d.1. Financial assets – All financial assets have been classified as loans and receivables and correspond to balances with third parties and related entities for transactions arising from current commercial and financial operations, which have been performed on an arm's length basis and at market prices. They are measured at amortized cost, which is the value of the consideration received less accumulated amortization (calculated using the effective interest method).

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest income throughout the relevant period. The effective interest rate corresponds to the rate that discounts the estimated future cash flows receivable (including all charges on items paid or received that are part of the effective rate, transaction costs and other premium or discounts) throughout the expected life of the financial asset.

d.2. Impairment of non-derivative financial assets – The Company applies a simplified approach and records expected credit losses on all its debt securities, loans and trade receivables, whether for a 12-month period or for lifetime, as established by IFRS 9.

Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency of payments, are considered indicators that the trade receivable is impaired. Impairment is the difference between the carrying amount of the asset and the real value of estimated future cash flows discounted at the effective interest rate. Losses are recognized in the statement of comprehensive income within an allowance account.

When a receivable is classified as a doubtful account, after all reasonable mechanisms of collection, either judicial or pre-judicial, have been exhausted as per the related legal report and its related write-off applies, this is recorded against the allowance account recorded for impaired receivables.

When the fair value of an asset is lower than the acquisition cost, if objective evidence exists that the asset is impaired and such impairment is not temporal, the difference is recorded directly in losses for the year.

Financial assets at fair value through profit or loss are not subject to impairment tests.

d.3. Financial liabilities – All financial liabilities have been classified as other financial liabilities and correspond mainly to balances with related entities for transactions arising from current commercial and financial operations, which have been performed on an arm's length basis and at market prices. They are initially measured at the amount of cash received, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

e. Property, plant and equipment - Property, plant and equipment held for the transmission of power services or administrative purposes, are presented at cost less subsequent depreciation and impairment losses, if applicable (see note 5.b). Cost includes, in addition to the acquisition price of assets, the following concepts as permitted by IFRS:

- Finance cost of loans intended to finance assets under construction is capitalized during the construction period.
- Personnel expenses directly related to assets under construction.
- Costs of extensions, modernization or improvements representing an increase in the productivity, capacity or efficiency or lengthening of the useful lives of assets, are capitalized as higher cost of the related assets.
- Replacements or renewals of items that increase the useful life of the assets, or their economic capacity, are recorded as an increase in the value of the respective assets, with the consequent accounting derecognition of the replaced or renewed assets.
- Dismantling, removal and restoration costs of property, plant and equipment are recognized based on the legal obligation of each project.

Assets under construction will be transferred to property, plant and equipment in operation after completion of the test period, at which time depreciation commences.

Periodic maintenance, conservation and repair expenses are recorded directly in profit or loss as costs for the period in which they are incurred.

Items of property, plant and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost of different items over their estimated useful life.

f. Intangible assets other than goodwill - Correspond to easements acquired for the construction and operation of the transmission lines. They are measured at acquisition cost, less impairment losses, if appropriate.

g. Statement of cash flows - For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents include cash, term deposits in credit institutions, and other highly liquid short-term investments with original maturities of three months or less. Bank overdrafts are classified as current liabilities in the statement of financial position.

Operating activities: are the principal revenue-producing activities usually conducted by the Company and other activities that are not investing or financing activities.

Investing activities: Correspond to acquisition, disposal or sale activities by other means of long term assets and other investments not included in cash and cash equivalents.

Financing activities: activities that generate changes in the size and composition of net equity and financial liabilities.

h. Income tax - The Company determines the taxable basis and calculates income tax in accordance with current tax legislation in each year.

Deferred taxes arising from temporary differences and other events generating differences between the accounting and tax basis of assets and liabilities are recorded as deferred taxes in accordance with IAS 12 "Income Taxes."

Current and deferred income taxes are recognized in the statement of comprehensive income or in the statement of other comprehensive income based on where the profit or loss from which they arose are recorded.

Deferred tax assets or liabilities are calculated using the tax rates that are expected to be in force when the assets and liabilities are realized.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized to recover temporary difference deductions.

For the statement of financial position, the Company offsets deferred tax assets and liabilities if, and only if, they relate to the income tax which corresponds to that same tax administration, only to the extent that the Company is legally entitled to offset current tax assets with current tax liabilities.

i. Revenue from contracts with customers - Revenue from the transmission of power is recognized at the fair value of the amount received or receivable, and represents the amount for services rendered during the normal course of business, less any related tax, in accordance with IFRS 15. The Company recognizes service revenue based on the delivery of transmission services. Services are satisfied over time and the Company has determined there is a single performance obligation because the customer simultaneously receives and consumes the services provided by the Company. Consequently, the Company recognizes revenue on a single temporary basis.

i.1 Principal versus agent considerations - In contracts for the transmission of energy, the Company is considered as the principal responsible for delivering the goods and services specified, mainly because the Company assumes the credit risks arising from such transactions. In accordance with the current accounting policy, in terms of the existence of a credit risk and the nature of the consideration in the contract, the Company is exposed to significant associated risks and benefits and, accordingly, it accounts for the contracts as a principal.

i.2 Amounts collected on behalf of third-parties - Any tax received by customers and forwarded to government authorities (e.g. VAT, taxes on sales and taxes, etc.) are recorded on a net basis and, therefore, excluded from revenue in the statement of comprehensive income.

i.3 Finance income - Finance income is composed of interest income in funds invested, gains from the sale of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains from hedging instruments that are recognized in comprehensive income. Interest income is recognized as it accrues in profit or loss at the amortized cost using the effective interest method.

j. Classification of balances as current or non-current - Balances in the accompanying statement of financial position are classified on the basis of their maturities – i.e., balances maturing within twelve months or less are classified as current; whereas balances maturing in periods exceeding twelve months are classified as non-current.

k. Dividends – Article No.79 of the Chilean Public Company Act establishes that closely held shareholder corporations' dividends will be determined according to the Company's bylaws. According to the Company bylaws, except otherwise unanimously agreed by the shareholders with voting rights at the related meeting, the Company should distribute annually as a cash dividend at least 30% of the net profit for each year.

At each reporting date, the Company estimates the amount of the obligation with its shareholders, net of provisional dividends that have been approved during the year, which is recognized as "Payables due to related parties", as appropriate, as a debit to equity.

Provisional and final dividends are recorded as decreases in equity when approved by the relevant individuals which, in the first case, generally corresponds to the Company's Board of Directors, and in the second case the responsibility relates to the Shareholders' Ordinary Meeting.

3.2 New accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2019. Those that may be relevant for the Group are indicated below.

3.2.1. Standards effective from January 1, 2019

Adopted standards		Mandatory application date
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28	Long-term Interests in Associates and Joint Ventures	January 1, 2019
IFRS 9	Prepayment features with negative compensation	January 1, 2019
IAS 19	Plan Amendment, Curtailment and Settlement (Amendments to IAS 19, Employee Benefits)	January 1, 2019
IFRS 3 - 11 IAS 12 - 23	Annual improvements to IFRS Cycle 2015-2017. Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	January 1, 2019

IFRS 16, Leases: Issued in January 2016, this Standard requires lessee operating companies to bring all leases on-balance sheet from January 1, 2019. Companies recording operating leases will be more asset-rich but also more heavily indebted. The larger the operating lease portfolio, the greater the impact on key reporting metrics. This standard is effective for annual periods beginning on or after January 1, 2019.

The Company implemented IFRS 16 Leases from January 1, 2019, and discloses the impacts on the Interim Consolidated Financial Statements of Colbún S.A. as of and for the three-month period ended March 31, 2019. Comparative information included in these financial statements has not been restated to reflect the requirements of the new standard. The impact recognized in Colbún Transmisión as of January 1, 2019 amounted to ThUS\$378.

IFRIC 23: Uncertainty over Income Tax Treatments: This Interpretation, issued in June 2017, provides guidance on determining taxable profits (losses), taxable bases, unused tax losses, unused tax credits, and tax rates when there is an uncertainty with respect to the treatments for income tax under IAS 12.

Specifically, it considers:

- Whether tax treatments should be considered collectively.
- Assumptions for the tax authority's inspection.
- The determination of the tax profit (loss), taxable bases, unused tax losses, unused tax credits and tax rates.
- The effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

This interpretation had no effects for the Company.

IAS 28: Long-term Interests in Associates and Joint Ventures: This amendment considers:

- A clarification that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that forms part of the net investment in the associate or joint venture but to which the equity method of accounting is not applied.
- Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests.

This amendment is effective for annual periods beginning on or after January 1, 2019.

This amendment had no effects for the Company.

Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation: This amendment will allow classification and measurement at amortized cost or, depending on the business model, at fair value through other comprehensive income, of certain prepaid financial assets for an amount lower than the outstanding amount of the principal and interests. This amendment is effective for annual periods beginning on or after January 1, 2019.

This amendment has not had any significant impact on the Company.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19): In February 2018, the IASB has completed the changes made to IAS 19, related to Plan Amendment, Curtailment or Settlement.

The amendments clarify the following:

- For a plan amendment, curtailment or settlement of a Defined Benefit Plan, the Company now uses updated actuarial assumptions to determine the current cost of service and net interest for the period; and
- The effect of the asset ceiling is not considered when calculating the gain or loss from any settlement of the plan and is treated separately in Other Comprehensive Income (OCI).

The amendments apply for plan amendments, curtailments or settlements occurred on or after January 1, 2019 or at the date in which these amendments are applied for the first time.

This amendment has not had any significant impact on the Company.

2015-2017 Annual Improvements Cycle: IFRS 3, IFRS 11, IAS 12 and IAS 23

IFRS 3, Business Combinations, and IFRS 11, Joint Arrangements: It clarifies the accounting for increases in interest in a joint operation which meets the definition of a business.

- If one party maintains (or obtains) joint control, the interest previously held will not be remeasured.
- If one party obtains control, the transaction is considered a business combination achieved in stages and the acquirer remeasures interest previously held at fair value.

In addition to clarify when an interest previously held in a joint operation is remeasured, amendments also provide guidance on what is previously-held interest. This is the total interest previously held in the joint operation.

IAS 12, Income Taxes: It clarifies that the entire effect of income tax from dividends (including payments of financial instruments classified as equity) are consistently recognized in a manner consistent with the transactions generating profit for distribution (either through Profit or Loss, Other Comprehensive Income or Equity).

Even though the amendments provide for some clarifications, they do not intent to address the underlying question (i.e., how to determine if a payment represents a profit distribution). Accordingly, challenges may remain in determining whether recognizing income tax on certain instruments in Profit or Loss or Equity.

IAS 23, Borrowing Costs: It clarifies that the pool of general borrowings used for calculating the costs from eligible borrowings, excludes solely those borrowings which specifically finance qualifying assets which are still under development or construction. Borrowings that were intended particularly for financing qualifying assets which are now ready for use or sale (or any non-qualifying asset) are included in such general pool.

Because the costs from the retrospective application may exceed the benefits, the amendments are applied prospectively to the borrowing costs incurred in, or from, the date the entity adopts such amendments.

Depending on the entity's current policy, the proposed amendments may result in including other borrowings in the borrowings general pool.

If this results in the capitalization of more or less borrowings during the period, will depend on the following:

- If the weighted average cost of any loan included in the pool, as a result of the amendments, is higher or lower than the cost at which it would be included using the entity's current approach; and
- The relative amounts of qualifying assets under development and general borrowings in force during the period.

The amendments are effective for annual periods beginning on or after January 1, 2019.

The application of these amendments and pronouncements effective from January 1, 2019 has not had any significant effects for Colbún Transmisión.

3.2.2. Accounting pronouncements effective starting from January 1, 2020 and thereafter

Standards issued by the IASB yet to be adopted		Mandatory application date
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 3	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
IAS 1 - IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021
IFRS 10 - IAS 8	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Mandatory date deferred indefinitely

Amendments to references in the Conceptual Framework for Financial Reporting: In March 2018, the International Accounting Standards Board (the Board) issued the Conceptual Framework for Financial Reporting (revised). The Conceptual Framework is mainly a tool for the Board to develop standards and help the IFRS Interpretations Committee to interpret them. It does not override the requirements contained in individual IFRS.

The main amendments to the principles in the conceptual framework have implications on how and when assets and liabilities are recognized and derecognized in the financial statements.

Certain concepts in the revised Conceptual Framework are completely new, such as the 'practical ability' approach for recognizing liabilities. The main changes include:

New 'bundles of rights' approach to assets: A physical object can be 'sliced and diced' from an accounting perspective. For example, in certain circumstances, an entity would recognize as asset the right to use an aircraft, rather than an aircraft itself. The challenge will be determining to what extent an asset can be split into different rights and the impact on recognition and derecognition.

New 'practical ability' approach for recognizing liabilities: The old recognition thresholds are gone – a liability will be recognized if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present.

However, if there is uncertainty over existence and measurement or a low probability of outflows, then this may result in no or delayed recognition in some cases.

The challenge will be determining which future actions/ costs a company has no 'practical ability' to avoid.

New control-based approach to derecognition: A company will take an asset off balance sheet when it loses control over all or part of it – i.e. the focus is no longer on the transfer of risks and rewards.

The challenge will be determining what to do if the entity retains some rights after the transfer.

This amendment is effective for annual periods beginning on or after January 1, 2020.

Definition of a Business (Amendments to IFRS 3): In October 2018, the International Accounting Standards Board issued narrow-scope amendments to IFRS 3 Business Combinations to improve the definition of a business and help companies determine whether an acquisition performed is a business or a group of assets.

The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an acquisition of an asset. The amendments:

- (a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- (b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- (c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;

(d) narrow the definitions of a business and outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and

(e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and businesses is not a business.

The amendment is effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

Definition of Material (Amendments to IAS 1 and IAS 8): In October 2018, the International Accounting Standards Board amended its definition of "material". Now it is aligned through the International Financial Reporting Standards and the Conceptual Framework. The new definition establishes that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has promoted the incorporation of "obscuring information" in the definition, in addition to the existing references of "omitting" and "misstating." Additionally, the Board expanded the threshold of "could influence" to "could reasonably be expected to influence."

The Board also eliminated the definition of omissions and misstatements under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment is effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

IFRS 17, Insurance Contracts: Issued in May 2017, this Standard requires that insurance liabilities be measured at a current compliance value and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

This standard is effective for annual periods beginning on or after January 1, 2021. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): In September 2014, the IASB issued this amendment that requires that when transferring subsidiaries to an associate or joint venture, the total gain should be recognized when assets transferred meet the definition of "business" under IFRS 3 Business Combinations. This amendment establishes a strong pressure on the definition of "business" for recognition in profit or loss. Also, it introduces new and unforeseen recognition for transactions that partially consider maintenance in assets that are not businesses.

The effective application date has been deferred indefinitely.

Management estimates that the adoption of Standards, Amendments and Interpretations that may be applied to the Company, will have no significant impact on the Company's financial statements in the first application period.

3.3 Responsibility for the information and estimates made

The information contained in the accompanying Financial Statements is responsibility of the Company's Board of Directors which expressly indicates that it has fully implemented the principles and criteria contained in IFRS, as issued by the IASB.

The preparation of the financial statements requires the use of judgments, estimates and assumptions that affect assets and liabilities at the reporting date, and income and expense amounts during the reporting period. Such

estimates are based on Management's best knowledge of the reported amounts, events or actions.

In the preparation of these financial statements, the following estimates have been used:

- The useful lives of property, plant and equipment and intangible assets.
- Residual values of the asset
- Impairment test
- Determination of income tax debit
- Measurement of allowance for expected credit losses for trade receivables and contract assets.

Although such estimates have been made considering the best information available at the reporting date, it is possible that future events require changes (increases or decreases) in such estimates for subsequent periods; these would be applied prospectively when such changes are acknowledged, recognizing the effects of changes in estimates in the subsequent financial statements, in conformity with IAS 8.

4. Financial Risk Management

4.1 Risk management policy

The risk management strategy is focused on safeguarding the Company's stability and sustainability principles, eliminating or mitigating the uncertainty variables that affect or may affect it.

A comprehensive risk management policy involves identifying, measuring, analyzing, mitigating, and controlling different risks incurred by the Company and their follow-up and control over time. This process involves both the Company's Senior Management and the areas that take such risks.

The acceptable risk limits, risk measurement metrics, and risk analysis periodicity are policies regulated by the Company's Board of Directors.

4.2 Risk factors

The Company's activities are exposed to different risks, which have been classified as electric business risks, and financial risks.

4.2.1 Electric business risks

These are strategic risks related to external and internal factors affecting the Company, such as the economic cycle, business nature, and changes to regulations. This category also includes risks arising from project management, equipment failure, and maintenance.

With respect to the electric business risks associated with transmission lines, the main risks relate to changes to regulations, business nature and project management, which are detailed below.

a. Regulatory risks

Regulatory stability is essential for a sector with long-term investment projects, such as the transmission sector.

In this regard, the regulation may have an impact on revenues from Domestic and Zonal segments. In accordance with the current legislation, a qualification process of transmission facilities should be performed every 4 years to determine which facilities will be assigned to the Domestic, Zonal and Dedicated segments that supply regulated consumption. Subsequent to the qualification, a valuation process of such facilities is performed, i.e., the updated VI (investment value), based on each segment facility inventory, applying unit prices defined by the National Energy Commission (CNE).

In order to calculate the investment value annuity (AVI), as part of another process regulated by Law, the discount rate, which may vary between 7% and 10% after taxes, and the useful life defined in another ad hoc process, are determined. In addition, the Operation, Maintenance and Management Cost (COMA) is determined, and should cover the remuneration of a model transmission company. Finally, the Annual Transmission Value per Tranche is calculated as the AVI plus COMA.

All these processes comprise observation stages and may be appealed in last instance before the Panel of Experts of the Electricity Sector.

To mitigate this risk, it is necessary to be closely involved in the different stages of each process and to maintain an appropriate data base for each facility.

Lastly, the transmission segment was stabilized on December 26, 2019 through exempt resolution No.815 issued by the National Energy Commission (CNE), corresponding to the transmission one-time charge applicable since January 2020. In this resolution, the transmission charges effective since July 2019 were frozen until the issuance of the new transmission facility valuation decree corresponding to the four-year period 2020-2023, that according to the estimates of the CNE should be issued in July 2022. In accordance with the estimates of the regulator, the freeze of charges has a similar impact should the new valuation of facilities (and the reduction in the profitability of such facilities) be applied within the terms specified by law.

b. Nature-related risks

In this regard, the main nature-related risks arise from the occurrence of natural phenomena such as fires, earthquakes, heavy snowfall, and flooding.

All these risks should be mitigated through scheduled and corrective maintenance plans. However, certain natural phenomena may exceed the equipment design conditions, making possible the outage of facilities. In some cases, the transmission assets consider redundant designs to mitigate the risk of failure due to certain events and to avoid the outage of supply or injection of power to transmission clients.

c. Project management risks

Project management risks are inherent to any large-scale civil work such as connection and transmission projects, because they may face construction problems which can delay the completion of the work and imply not meeting the projected deadlines to start operations.

In the case of regulated projects of the Domestic and Zonal segments, in accordance with the current regulation, the execution of new projects is tendered by the CEN and, therefore, the risk of delays implies to defer the remuneration related to the VATT awarded to each work. In this case, the award is less than the VATT and remains fixed for 4 regulatory periods, i.e., 20 years.

Accordingly, expansion projects for existent systems are awarded by the CEN at the lower value of VI, which remains fixed for 4 regulatory periods. The VATT of each regulatory period is calculated using the discount rate effective in each period. In addition, the COMA of these projects is defined by the Chilean Ministry of Energy in each 4-year process in accordance with the cost structures of a model transmission company.

Financial risks

Financial risks relate to the Company's inability to perform transactions or comply with obligations from its operations due to lack of funding, changes in interest rates, exchange rates, bankruptcy of related parties, or other financial variables of the market that may affect Colbún Transmisión S.A.'s equity.

a. Exchange rate risk

Exchange rate risk relates mainly to fluctuations in currency arising from two sources. The first source of exposure is cash flows related to investment revenues, costs and expenses denominated in currencies other than the functional currency (United States dollars). The second source of exposure relates to the accounting mismatch between assets and liabilities in the Statement of Financial Position denominated in a currency other than the functional currency.

The exposure to cash flows in currencies other than the U.S. dollar is limited, as practically all Colbún Transmisión's sales are denominated directly in or adjusted to the U.S. dollar. In addition, the accounting mismatch exposure is limited because all the Company's accounts are denominated in U.S. dollars, except for a minor portion of the Company's cash.

b. Credit risk

The Company may be exposed to this risk derived from the possibility that a counterparty fails to comply with its contractual obligations thus generating financial or economic losses. However, the counterparties with which the Company has contractual obligations have high solvency levels; accordingly, this risk is limited and a sensitivity test is not applicable.

c. Liquidity risk

Such risk is derived from several fund needs to address investment commitments and business expenses, among others.

The required funds to meet such outflows are obtained from Colbún Transmisión's own revenue with support by the Parent to ensure sufficient funds will be available to support expected needs for a reasonable period. Accordingly, a sensitivity analysis related to this risk is not applicable.

5. Critical accounting policies

Management necessarily makes judgments and estimates that have a significant effect on the amounts recorded in the financial statements. Changes in the assumptions and estimates could have a significant impact on the financial statements. The key estimates and judgments used by Management for the preparation of these financial statements are detailed below.

a. Calculation of depreciation and amortization, and estimate of the related useful lives

Both property plant and equipment and intangible assets with finite useful lives are depreciated and amortized on a straight-line basis over the estimated useful lives of the assets. Useful lives have been estimated and determined considering technical aspects, the nature and the condition of the assets. Estimated useful lives as of December 31, 2019 are as follows:

Classes of property, plant and equipment	Useful life (years)	Average remaining useful life (years)
Constructions and infrastructure works	30 - 50	30
Right-of-use vehicles	3	3

Intangible assets with indefinite useful lives relate to easements. Estimated useful lives as of December 31, 2019 are as follows:

Intangible assets	Useful life (years)
Easements	9

(i) Useful lives of intangible assets other than goodwill (with indefinite useful lives):

The Company analyzed the useful lives of intangible assets, which mainly relate to easements, and concluded there is no foreseeable time limit in which the asset would generate net cash inflows. For these intangible assets, the Company determined that their useful lives are indefinite.

b. Impairment of non-financial assets (tangible and intangible assets)

At the closing date of each year or at any date as deemed necessary, the Company analyzes the value of the asset to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the amount of impairment. For identifiable assets that do not generate cash flows independently, the recoverability of the cash-generating unit (CGU) to which the asset belongs is estimated. For these purposes, the Company determined that all its assets comprise a single CGU.

For CGUs to which intangible assets with an indefinite useful life have been assigned, the recoverability analysis is conducted systematically at the reporting date, or at any date deemed necessary, except if it is considered that the most recent calculations of a CGU's recoverable amount from the prior period may be used for verifying the amount of the impairment of such unit in the current period.

The recoverable amount is the higher of the market value less cost to sell and value in use, which is the present value of future estimated cash flows. For calculating the recoverable amount of tangible or intangible assets, the Company uses the value in use criterion.

To estimate the value in use, the Company prepares its estimate of future pre-tax cash flows based on the most recent budgets approved by Management. These budgets include the best estimates available on the income and costs of the cash-generating units, using the best available information, such as experience and future expectations.

Such cash flows are discounted to calculate their current amount at a pre-tax rate which considers the capital cost of the business in which it operates. Their calculation considers the current cost of capital and risk premiums generally used for business purposes.

In the event the recoverable amount is lower than the asset's carrying amount, the related impairment loss is recognized as "Other Gains (losses)" in the Statement of Comprehensive Income.

Impairment losses recognized for an asset in prior years will be reversed if there has been a change in the estimate of its recoverable amount increasing the value of the asset as a credit to profit or loss for a maximum equivalent to the carrying amount that the asset would have had if no unwinding had been conducted.

As of December 31, 2019, the Company considers there is no impairment of the carrying amount of tangible and intangible assets related to the CGU defined by the Company.

6. Segment reporting

Within the power business, Colbún Transmisión S.A. defines a single segment: power transmission, this service is rendered domestically mainly to power generation companies, power suppliers, and industrial companies. Accordingly, the information required under IFRS 8 (paragraph 23) is fully aligned with the Company's statement of financial position and the statement of comprehensive income.

Information on products and services

Services	January - December	
	2019 ThUS\$	2018 ThUS\$
Sales from tolls	83,424	40,060
Total sales	83,424	40,060

Information on sales to main customers

Main customers	January - December			
	2019		2018	
	ThUS\$	%	ThUS\$	%
Colbún S.A.	35,816	43%	16,612	41%
Corporación Nacional del Cobre Chile	15,731	19%	3,835	10%
Anglo American S.A.	4,687	6%	421	1%
Other	27,190	33%	19,192	48%
Total sales	83,424	100%	40,060	100%

7. Cash and cash equivalents

a. Detail

As of December 31, 2019 and 2018, this caption is composed of the following:

Cash and cash equivalents	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Cash in banks	22,288	50
Total	22,288	50

Cash and cash equivalents are available and can be used freely.

8. Other current non-financial assets

As of December 31, 2019 and 2018, this caption comprises the following:

Other non-financial assets	Current	
	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Advance payments to suppliers	92	25
Total	92	25

9. Trade and other receivables, current

As of December 31, 2019 and 2018, this caption is composed of the following:

Caption	Current	
	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Trade receivables	12,004	4,563
Other receivables ⁽¹⁾	23	9,377
Total	12,027	13,940

⁽¹⁾As of December 31, 2018, the current balance includes recoverable taxes (Fiscal credit remaining) of ThUS\$9,377.

The average collection period is 30 days.

Considering debtors' solvency, current regulations, and in accordance with the doubtful accounts policy stated in the Company's accounting policies (see Note 3.1.d.2), the Company believes that there is no objective evidence of impairment of trade and other receivables which may require recording a provision for the period ended December 31, 2019.

The fair values of trade and other receivables relate to the same commercial amounts.

As of December 31, 2019 and 2018, the analysis of trade receivables is as follows:

a) Classification of the portfolio of trade receivables based on aging, past due but not impaired portfolio.

Invoiced	Balance as of 12.31.2019					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	1,133	-	-		133	1,266
Trade receivables, unregulated	1,362	379	143	676	1,616	4,176
Other trade receivables	1,301	171	36	11	697	2,216
Subtotal	3,796	550	179	687	2,446	7,658

Invoices to be issued	Balance as of 12.31.2019					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	113	-	-	-	-	113
Other trade receivables	4,233	-	-	-	-	4,233
Subtotal	4,346	-	-	-	-	4,346
Total trade receivables	8,142	550	179	687	2,446	12,004
No. of customers (unaudited)	224	63	11	50	218	

Invoiced	Balance as of 12.31.2018					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	369	-	-	-	-	369
Other trade receivables	278	177	23	5	220	703
Other trade receivables	647	177	23	5	220	1,072

Invoices to be issued	Balance as of 12.31.2018					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, unregulated	1,540	-	-	-	-	1,540
Other trade receivables	1,951	-	-	-	-	1,951
Subtotal	3,491	-	-	-	-	3,491
Total trade receivables	4,138	177	23	5	220	4,563
No. of customers (unaudited)	377	87	66	17	159	

b) Customers in legal collection

There are no trade and other receivables in legal collection.

10. Related party disclosures

Operations between the Company and its related parties are part of the Company's customary transactions associated with its line of business and conditions. The relationship between the Company and its Parent is detailed in Note 1.

a. Controlling interests

As of December 31, 2019 and 2018 the distribution of ownership interest is as follows:

Controlling Group	12.31.2019		12.31.2018	
	No. of shares	Ownership %	No. of shares	Ownership %
Colbún S.A.	49,617,413	100.00	47,517,695	95.77
Empresa Eléctrica Industrial S.A. ⁽¹⁾	-	0.00	2,073,262	4.18
Río Tranquilo S.A. ⁽¹⁾	-	0.00	26,457	0.05
Colbún Desarrollo SpA	1	0.00	-	0.00
Total	49,617,414	100.00	49,617,414	100.00

⁽¹⁾ On January 3, 2019, the Chilean Financial Market Commission (CMF for its Spanish acronym) was notified of a corporate reorganization process that Colbún S.A. (Parent of Colbún Transmisión S.A.) carried out in relation to certain subsidiaries, in compliance with the provisions of number 1 of article 4 of Decree Law No. 3,538 per its current text contained in Law No. 21.000.

Indeed, on December 22, 2018, Colbún S.A. became the owner of one hundred percent of the shares of its subsidiary Empresa Eléctrica Industrial S.A. ("EEI") and, after an uninterrupted period exceeding 10 days, EEI was dissolved and merged into Colbún S.A., pursuant to Article 103 No. 2 of the Public Company Act.

The dissolution of EEI implied that Colbún S.A. became the sole shareholder of the subsidiary Río Tranquilo S.A., which was dissolved once an uninterrupted period of more than 10 days had elapsed.

b. Balances and transactions with related parties

b.1. Receivables due from related parties

Tax ID No.	Company	Country	Relationship	Currency	Current	
					12.31.2019 ThUS\$	12.31.2018 ThUS\$
76.293.900-2	Río Tranquilo S.A.	Chile	Shareholder	Ch\$	-	7
Total					-	7

b.2. Payables due to related parties

Tax ID No.	Company	Country	Relationship	Currency	Current	
					12.31.2019 ThUS\$	12.31.2018 ThUS\$
96.505.760-9	Colbún S.A.	Chile	Parent	Ch\$	37,890	44,416
96.854.000-9	Empresa Electrica Industrial S.A.	Chile	Shareholder	Ch\$	-	787
Total					37,890	45,203

b.3. Significant transactions and their effect on profit or loss

Tax ID No.	Company	Country	Relationship	Currency	Transaction	January - December			
						2019		2018	
						Amount ThUS\$	Effect on profit or loss (debit) credit ThUS\$	Amount ThUS\$	Effect on profit or loss (debit) credit ThUS\$
96.505.760-9	Colbún S.A.	Chile	Parent	UF	Services received	9,586	(8,056)	2,354	(1,978)
				UF	Leases	2,799	(2,352)	2,520	(2,118)
				Ch\$	Leases collected	345	290	-	-
				Ch\$	Transit easements	932	783	-	-
				US\$	Toll sales	41,335	34,735	14,431	12,127
				US\$	Toll purchases	218	(183)	5,631	(4,732)
				US\$	Dividends	13,091	-	18,500	-
				US\$	Loans	-	-	19,159	-
				US\$	Payment of loans	(20,998)	-	-	-
96.854.000-9	Empresa Electrica Industrial S.A.	Chile	Common business group	US\$	Contribution of assets ⁽¹⁾	166	-	66,144	-
				US\$	Contribution of assets ⁽¹⁾	-	-	4,147	-
76.293.900-2	Río Tranquilo S.A.	Chile	Common business group	US\$	Contribution of assets ⁽¹⁾	-	-	53	-

All transactions were performed under market terms and conditions.

c. Management and senior management

Members of senior management and other individuals that are considered members of the Company's Management, as well as the shareholders or natural persons or legal entities they represent have entered into no unusual and/or significant transactions as of December 31, 2019.

The Company is managed by the Board of Directors which is composed of 3 members: Hernán Rodríguez Wilson, Thomas Keller Lippold and Juan Eduardo Vásquez.

d. Compensation and other benefits

d.1. Board of Directors' remuneration

As per the Company's bylaws, Directors receive no remuneration for the performance of their duties.

d.2. Senior Management members who are not Directors

Senior Management members

Name	Position
Luis Le-Fort Pizarro	General Manager

As per the Company's bylaws, senior executive officers receive no remuneration.

d.3. Receivables and payables and other transactions

There are no receivables and payables between the Company and its Directors and Managers.

d.4 Other transactions

There are no other transactions conducted between the Company and its Directors and Managers.

d.5 Guarantees pledged by the Company in favor of its Directors

As of December 31, 2019 and 2018, the Company records no such transactions.

d.6 Incentive plans for Senior Executives and Managers

Management's senior executive officers receive no remuneration.

d.7 Indemnities paid to Senior Executives and Managers

Management's senior executive officers receive no indemnities.

d.8 Guarantee clauses: Company's Board of Directors and Management

The Company has no guarantee clauses agreed with Directors and Management.

d.9 Compensation plans linked to the share price.

The Company has no such operations.

11. Current tax assets

As of December 31, 2019 and 2018, tax receivables comprise the following:

Current tax assets	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Recoverable taxes for the year	-	1,022
Recoverable taxes for prior years	214	-
Total	214	1,022

12. Intangible assets other than goodwill

a. Detail by classes of intangible assets

The detail, as of December 31, 2019 and 2018, is as follows:

Intangible assets, net	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Easements	40,049	40,111
Total	40,049	40,111
Intangible assets, gross	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Easements	40,126	40,126
Total	40,126	40,126
Accumulated amortization	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Easements	(77)	(15)
Total	(77)	(15)

b. Movements in intangible assets during the year

As of December 31, 2019 and 2018, this caption comprises the following:

Movements as of 2019	Easements ThUS\$	Intangible assets, net ThUS\$
Opening balance as of 01.01.2019	40,111	40,111
Additions	-	-
Amortization expenses (see Note 20)	(62)	(62)
Closing balance as of 12.31.2019	40,049	40,049
Movements as of 2018	Easements ThUS\$	Intangible assets, net ThUS\$
Opening balance as of 01.01.2018	14,368	14,368
Additions	25,758	25,758
Amortization expenses	(15)	(15)
Closing balance as of 12.31.2018	40,111	40,111

The Company has no intangible assets impaired or pledged as collateral to secure compliance with its debt obligations.

13. Property, plant and equipment

a. Detail of property, plant and equipment

As of December 31, 2019 and 2018, the caption property, plant and equipment is detailed as follows:

Property, plant and equipment, net	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Land	2,638	2,638
Constructions and infrastructure works	271,287	270,360
Assets under construction	65,269	55,064
Right-of-use assets	216	-
Total	339,410	328,062
Property, plant and equipment, gross	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Land	2,638	2,638
Constructions and infrastructure works	317,332	305,573
Assets under construction	65,269	55,064
Right-of-use assets	378	-
Total	385,617	363,275
Accumulated depreciation and impairment of property, plant and equipment	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Constructions and infrastructure works	(46,045)	(35,213)
Right-of-use assets	(162)	-
Total	(46,207)	(35,213)

b. Movements in property, plant and equipment

As of December 31, 2019 and 2018, movements in property, plant and equipment are as follows:

Movements as of 2019	Land ThUS\$	Constructions and infrastructure works ThUS\$	Assets under construction ThUS\$	Right-of-use assets ThUS\$	Property, plant and equipment, net ThUS\$
Opening balance as of 01.01.2019	2,638	270,360	55,064	-	328,062
Additions	-	20	22,105	378	22,503
Disposals	-	(161)	-	-	(161)
Accumulated depreciation, disposals	-	1	-	-	1
Transport	-	11,900	(11,900)	-	-
Depreciation expenses (see Note 20)	-	(10,833)	-	(162)	(10,995)
Total movements	-	927	10,205	216	11,348
Closing balance as of 12.31.2019	2,638	271,287	65,269	216	339,410
Movements as of 2018	Land ThUS\$	Constructions and infrastructure works ThUS\$	Assets under construction ThUS\$	Right-of-use assets ThUS\$	Property, plant and equipment, net ThUS\$
Opening balance as of 01.01.2018	1,975	93,014	12,271	-	107,260
Additions	663	184,335	44,200	-	229,198
Transport	-	1,407	(1,407)	-	-
Depreciation expenses (see Note 20)	-	(8,396)	-	-	(8,396)
Total movements	663	177,346	42,793	-	220,802
Closing balance as of 12.31.2018	2,638	270,360	55,064	-	328,062

c. Other disclosures

i) The Company has no property, plant and equipment pledged as collateral to secure compliance with its debt obligations.

ii) Colbun Transmisión S.A. has entered into insurance policies to cover the possible risks to which the different items of property, plant and equipment (substations) may be exposed, as well as possible claims that might be filed because of the performance of their business activities. Such policies sufficiently cover the risks to which it is exposed.

14. Trade and other payables

As of December 31, 2019 and 2018, trade and other payables are composed of the following:

	Current	
	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Trade payables	1,417	3,294
Total	1,417	3,294

For 2019 and 2018, the average payment period is 30 days for accounts payable to suppliers; as a result of this, the fair value does not differ significantly from the related carrying amount.

15. Income tax expense

a. Income tax benefit (expense)

Income tax benefit (expense)	January - December	
	2019 ThUS\$	2018 ThUS\$
Income tax (expense) benefit		
Current income taxes	(20,777)	(7,224)
Total income tax expense, net	(20,777)	(7,224)
Deferred income tax (expense) benefit		
Deferred income tax benefit arising from temporary differences	4,439	1,484
Total deferred income tax benefit, net	4,439	1,484
Income tax benefit (expense)	(16,338)	(5,740)

a.1 Reconciliation of current taxes

As of and December 31, 2019 and 2018, the reconciliation of current taxes to income tax is as follows:

As of December 31, 2019	Current taxes (profit or loss) ThUS\$	Monthly provisional income tax payments ThUS\$	Other taxes ThUS\$	Tax assets ThUS\$	Tax liabilities ThUS\$
Colbún Transmisión S.A.	(20,777)	17,876	38	-	(2,863)
Total	(20,777)	17,876	38	-	(2,863)

As of December 31, 2018	Current taxes (profit or loss) ThUS\$	Monthly provisional income tax payments ThUS\$	Other taxes ThUS\$	Tax assets ThUS\$	Tax liabilities ThUS\$
Colbún Transmisión S.A.	(7,224)	8,246	-	1,022	-
Total	(7,224)	8,246	-	1,022	-

As of December 31, 2019, Colbún Transmisión S.A. generated taxable income and, accordingly, it recognized a provision for income tax net of monthly provisional income tax payments and tax credits amounting to ThUS\$2,863.

a.2 Reconciliation of tax expense and calculation of effective rate

Income tax benefit (expense)	January - December			
	2019		2018	
	Amount MUS\$	Rate %	Amount MUS\$	Rate %
Profit before income taxes	59,973		21,249	
Tax benefit using the legal rate	(16,193)	27.0%	(5,737)	27.0%
Other differences	(145)	0.2%	(3)	0.0%
Subtotal adjustments to tax expense using the legal rate	(145)	0.2%	(3)	0.0%
Income tax expense	(16,338)	27.2%	(5,740)	27.0%

In accordance with the International Financial Reporting Standards (IFRS), the Company recognizes its operations at its functional currency, which is the U.S. dollar.

b. Deferred taxes

At each reporting date, deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Deferred taxes related to unearned revenue	4,227	104
Deferred tax assets	4,227	104
Deferred tax liabilities	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Deferred taxes related to depreciation	61,377	61,679
Deferred taxes related to finance costs	2	-
Deferred taxes related to intangible assets	954	971
Deferred tax liabilities	62,333	62,650
Total deferred tax assets and liabilities, net	(58,106)	(62,546)

The net position of deferred taxes is as follows:

Net deferred tax position by company				
Company	Net position			
	Assets		Liabilities	
	12.31.2019 ThUS\$	12.31.2018 ThUS\$	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Colbún Transmisión S.A.	-	-	(58,106)	(62,546)
Subtotal	-	-	(58,106)	(62,546)
Net deferred taxes			(58,106)	(62,546)

Movements in deferred taxes for the period are detailed as follows:

Changes in deferred taxes	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Deferred taxes as of January 1	(62,546)	(23,033)
Property, plant and equipment	302	(38,613)
Intangible assets	17	(1,003)
Unearned revenue	4,123	-
Finance costs	(2)	103
Closing balance	(58,106)	(62,546)

16. Current tax liabilities

As of December 31, 2019 and 2018, current liability accounts are detailed as follows:

Other non-financial liabilities	Current	
	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Taxes payable for the period	2,863	-
Total	2,863	-

17. Other non-financial liabilities, non-current

As of December 31, 2019 and 2018, other non-financial liabilities, non-current, are detailed as follows:

	Current		Non-current	
	12.31.2019 ThUS\$	12.31.2018 ThUS\$	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Withholdings	2,750	643	-	-
Unearned revenue	1,133	384	14,522	6,469
Total	3,883	1,027	14,522	6,469

The balance corresponds to the recognition of the lease agreement entered into between the Company and Anglo American (expiration of the contract in 2030) and a dedicated transmission line toll contract entered into with Duquenco SpA (expiration of the contract in 2028).

18. Disclosures on equity

a. Subscribed, fully-paid capital and number of shares

The Company's share capital is denominated in U.S. dollars and it is divided into 49,617,414 ordinary, nominative, same-amount, single-series shares with no par value.

Colbun Transmisión S.A. was incorporated on June 28, 2012, and its initial capital was ThUS\$2, divided into 1,000 ordinary, nominative, same-amount, single-series shares with no par value.

At Extraordinary Shareholders' Meeting held on August 17, 2012, the shareholders agreed to increase share capital from ThUS\$2, divided into 1,000 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$3,429, divided into 1,714,659 shares with the same characteristics, by way of the issuance of 1,713,659 shares, equivalent to ThUS\$3,427, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

At Extraordinary Shareholders' Meeting held on November 16, 2012, the shareholders agreed to increase share capital from ThUS\$3,429, divided into 1,714,659 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$19,534, divided into 9,766,868 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

At Extraordinary Shareholders' Meeting held on April 29, 2013, the shareholders agreed to increase share capital from ThUS\$19,534, divided into 9,766,868 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$20,503, divided into 10,251,684 shares with the same characteristics, by way of the issuance of 484,816 shares, equivalent to US\$969,632, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

At Extraordinary Shareholders' Meeting held on February 1, 2017, the shareholders agreed to increase share capital from ThUS\$20,503, divided in 10,251,684 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$28,891, divided in 14,445,596 shares with the same characteristics, by way of the issuance of 4,193,912 shares, equivalent to US\$8,387,823, which should be issued, subscribed and fully paid within 1 year from the date of the meeting.

At Extraordinary Shareholders' Meeting held on October 1, 2018, the shareholders agreed to increase share capital from ThUS\$28,891, divided into 14,445,596 ordinary, nominative, same-amount, single-series shares with no par value, fully subscribed and paid, to ThUS\$99,235, divided into 49,617,414 shares with the same characteristics, by way of the issuance of 35,171,818 shares, equivalent to US\$70,343,632, which should be issued, subscribed and fully paid within 3 years from the date of the meeting.

As of December 31, 2019 and 2018, this caption comprises the following:

No. of shares as of December 31, 2019			
Series	No. of shares subscribed	No. of shares fully paid	No. of shares with voting rights
Single	49,617,414	49,617,414	49,617,414
Capital (Amount in US\$)			
Series	Subscribed capital ThUS\$	Paid-in capital ThUS\$	
Single	99,235	99,235	

No. of shares as of December 31, 2018			
Series	No. of shares subscribed	No. of shares fully paid	No. of shares with voting rights
Single	49,617,414	49,617,414	49,617,414
Capital (Amount in US\$)			
Series	Subscribed capital ThUS\$	Paid-in capital ThUS\$	
Single	99,235	99,235	

a.1 Reconciliation of shares

The reconciliation of the number of outstanding shares as of December 31, 2019 and 2018, is detailed as follows:

Shares	12.31.2019	12.31.2018
No. of shares as of January 1	49,617,414	14,445,596
Changes in number of shares		
Increase (decrease) in number of shares	-	35,171,818
No. of shares at December 31	49,617,414	49,617,414

b. Retained earnings (accumulated losses)

As of December 31, 2019 and 2018, changes in reserves for retained earnings are detailed as follows:

Retained earnings	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Opening balance	858	726
Profit or loss for the year	43,635	15,509
Dividends	(13,090)	(18,500)
Realized retained earnings	789	3,123
Total retained earnings	32,192	858

c. Other reserves

This caption comprises the following:

Other reserves ^(*)	12.31.2019 ThCh\$	12.31.2018 ThCh\$
First adoption reserve ⁽¹⁾	54,590	54,590
Revaluation of property, plant and equipment ⁽²⁾	20,850	21,638
Reserve for contributions of property, plant and equipment ⁽³⁾	88,888	88,888
Total other reserves	164,328	165,116

^(*) The value of reserves is presented net of deferred taxes as determined by IAS 12.

⁽¹⁾ Effect of first adoption: Reserves generated by the first-time adoption of International Financial Reporting Standards (IFRS 1), which may be performed in accordance with Circular No.1.945 of September 29, 2009 issued by the Chilean Financial Market Commission (CMF).

⁽²⁾ Revaluation of property, plant and equipment: Relates to reserves arising from the first application of IFRS 1, which were transferred from the asset contribution made through a corporate reorganization, which may be performed in accordance with Circular No.1.945 of September 29, 2009 issued by CMF.

⁽³⁾ Reserves generated from asset contributions not made for distribution through corporate reorganization.

d. Capital management

Capital management falls under the financing and investing policies of the Company, which establish, among other matters, that investments shall have appropriate financing according to the related project in conformity with the Financing Policy. Total investments for each year will not exceed 100% of the Company's equity, and should be aligned with its financial capacity.

e. Dividends

e.1 Compulsory minimum dividend

As of December 31, 2019 and 2018, the calculation of the compulsory minimum dividend is as follows:

Calculation of net profit for distribution (cash flows)	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Profit as per financial statements	43,634	15,509
Compulsory minimum dividend	13,090	4,653

e.2 Dividends paid

At Extraordinary Board of Directors' Meeting held on December 1, 2018, the directors agreed to distribute a provisional dividend of US\$0.372853 per share as a debit to profits for 2018, payable in cash equivalent to ThUS\$18,500. This dividend was fully paid on December 20, 2018.

19. Revenue

As of December 31, 2019 and 2018, revenue is detailed as follows:

Revenue	January - December	
	2019 ThCh\$	2018 ThCh\$
Toll charges	83,424	40,060
Total	83,424	40,060

20. Raw materials and consumables used

As of December 31, 2019 and 2018, this caption comprises the following:

Raw materials and consumables used	January - December	
	2019 ThCh\$	2018 ThCh\$
Operating costs	(2,100)	(6,976)
Other services	(8,102)	(2,813)
Total	(10,202)	(9,789)

21. Depreciation and amortization expenses

As of December 31, 2019 and 2018, depreciation and amortization are composed of the following:

Depreciation and amortization expenses	January - December	
	2019 ThCh\$	2018 ThCh\$
Depreciation (see Note 13.b)	(10,995)	(8,396)
Amortization of intangible assets (see Note 12.b)	(62)	(15)
Total	(11,057)	(8,411)

22. Foreign currency translation differences

Items related to net foreign currency translation differences with an effect on profit or loss are detailed as follows:

Foreign currency translation differences	Currency	January - December	
		2019 ThCh\$	2018 ThCh\$
Cash and cash equivalents	Ch\$	(429)	200
Trade and other receivables	Ch\$	(481)	(76)
Current tax assets	Ch\$	(80)	(589)
Other non-financial assets, non-current	Ch\$	-	60
Foreign currency translation difference - assets		(990)	(405)
Trade and other payables	Ch\$	132	314
Foreign currency translation difference - liabilities		132	314
Total foreign currency translation difference		(858)	(91)

23. Other gains (losses)

As of December 31, 2019 and 2018, other gains (losses) are detailed as follows:

Other income derived from other than operating activities	January - December	
	2019 ThCh\$	2018 ThCh\$
Other income	471	26
Total other income	471	26
Other expenses derived from other than operating activities	January - December	
	2019 ThCh\$	2018 ThCh\$
Other	(853)	(17)
Total other expenses	(853)	(17)
Total other gains (losses)	(382)	9

24. Guarantees with third parties and contingent assets and liabilities

a. Guarantees granted to third parties

Assets committed			Outstanding balance	
Guarantee	Currency	Carrying amount	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Performance bond	UF	140	5	-
Total			5	-

b. Guarantees received from third-parties

Current guarantees denominated in U.S. dollars as of December 31, 2019

Depositor	Relationship	Total ThUS\$
Ingeniería Agrosonda SpA	Suppliers	4,079
Consorcio Isotron Sacyr S.A.	Suppliers	3,178
Abengoa Chile S.A.	Suppliers	593
Siemens S.A.	Suppliers	441
Soc. Com. e Ing. y Gestión Industrial Ingher Ltda.	Suppliers	366
TSEA Energía S.A.	Suppliers	181
Pine SpA	Suppliers	176
Rhona S.A.	Suppliers	12
Total		9,026

Current guarantees denominated in Chilean pesos as of December 31, 2019

Depositor	Relationship	Total ThUS\$
HL Ingeniería SpA	Suppliers	10
Máximo E. Sanhueza Manríquez	Suppliers	2
Total		24

Current guarantees denominated in UF as of December 31, 2019

Depositor	Relationship	Total ThUS\$
INGESAT Ingeniería y Serv. en Alta Tensión S.A.	Suppliers	18
Rafael Angel Pulgar EIRL	Suppliers	14
Director Regional de Vialidad Metropolitana	Suppliers	5
Total		37

c. Contingencies

As of December 31, 2019 and 2018, the Company records no lawsuits or contingencies.

25. Foreign currency

The detail of assets and liabilities in foreign currency subject to fluctuations in exchange rates is as follows:

Assets	Foreign currency	Currency	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Total current assets				
Cash and cash equivalents	Ch\$	US\$	22,288	50
Other non-financial assets, current	Ch\$	US\$	92	25
Trade and other receivables, current	Ch\$	US\$	12,027	13,940
Receivables due from related parties, current	Ch\$	US\$	-	7
Current tax assets	Ch\$	US\$	214	1,022
Total current assets			34,621	15,044
Total assets			34,621	15,044
Liabilities	Foreign currency	Currency	12.31.2019 ThUS\$	12.31.2018 ThUS\$
Total current liabilities				
Trade and other payables	Ch\$	US\$	1,416	3,294
Current tax liabilities	Ch\$	US\$	2,863	-
Other non-financial liabilities, current	Ch\$	US\$	3,883	1,027
Total current liabilities			8,162	4,321
Total liabilities			8,162	4,321

26. Environment

As of December 31, 2019 and 2018, the Company records no expenses related to the environment.

27. Subsequent events

At the Board of Directors' Meeting held on January 28, 2020, the Company's Board of Directors approved the financial statements as of December 31, 2019, prepared in conformity with International Financial Reporting Standards (IFRS).

Between January 1, 2020 and the date of issuance of these financial statements, there have been no other subsequent events.

* * * * *

APPENDIX A—INDEPENDENT ENGINEER REPORT

TECHNICAL AND ENVIRONMENTAL DUE DILIGENCE REPORT

Project Kaplan Hat-Trick Team

B&V PROJECT NO. 407270

PREPARED FOR

Celeo Redes Chile Limitada

30 AUGUST 2021



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1.0 Executive Summary

1.1 INTRODUCTION

Black & Veatch Management Consulting, LLC (“Black & Veatch”) was retained by Celeo Redes Chile Limitada (“Celeo Redes”) to provide technical and environmental due diligence services to support the potential acquisition of up to a 100 percent ownership stake in Colbún Transmisión S.A. (“Colbún Tx”), a portfolio of operating electric transmission assets in Chile and associated expansion and new projects (collectively the “Portfolio”), owned by Colbún S.A. (“Colbún”). The operating Portfolio consists of 899 km of national, zonal and dedicated transmission lines and 27 substations, distributed along 5 regions in Chile.

Figure 1-1 provides an overview of the Portfolio.

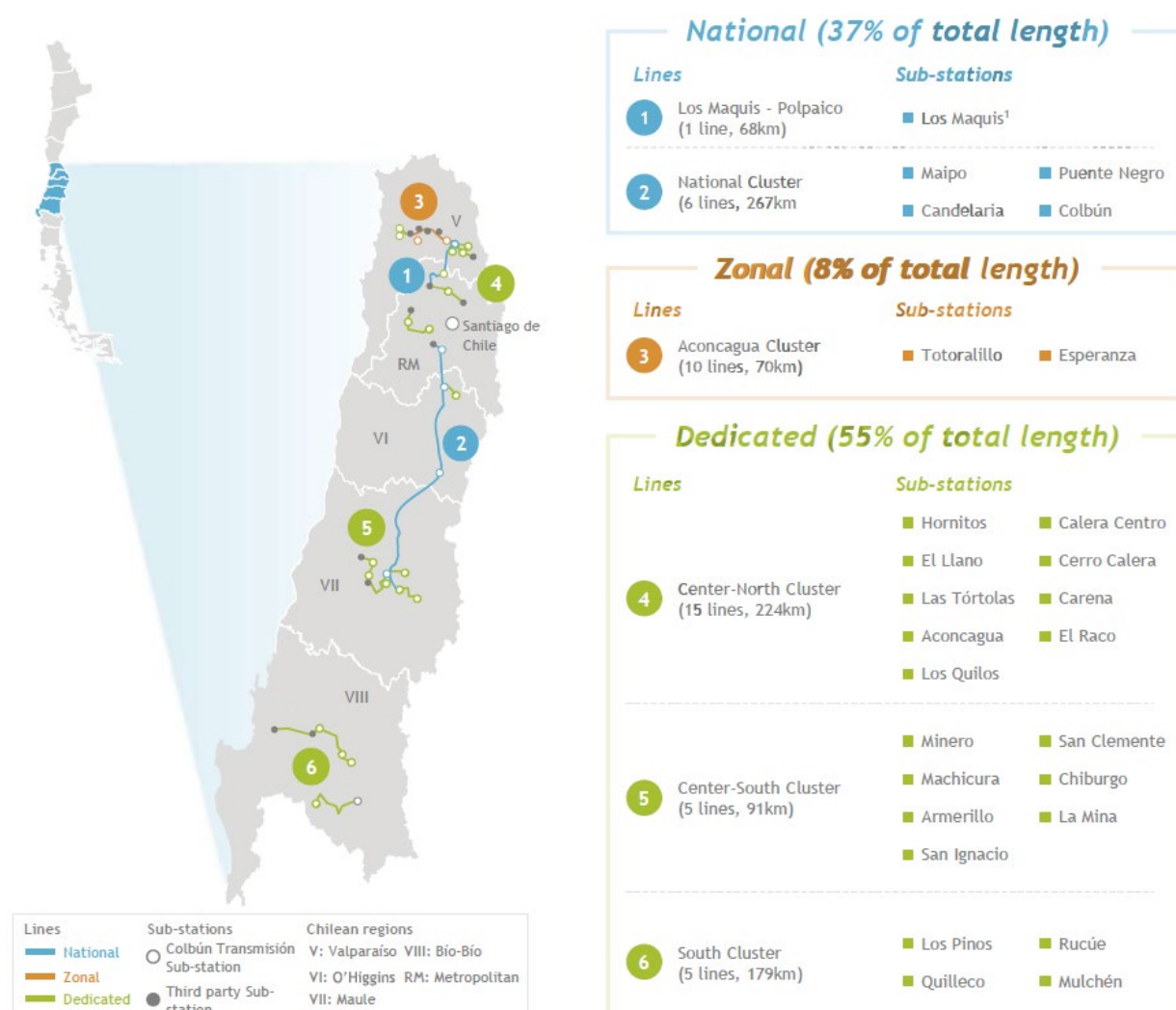


Figure 1-1 Portfolio Overview (Source: Investment Opportunity Teaser)

The regulated assets of the Portfolio were planned by the Ministry of Energy of the Government of Chile and awarded under a Decree as a result of a competitive tender and bid process that would allow for a regulated revenue profile with total tariff values (“VATT”) calculated considering a real annual return (“AVI”) over the asset replacement value of investments (“VI”), inclusive of operation and maintenance costs (“COMA”), and from January 2020 onwards inclusive of an adjustment for corporate income tax expense effect (“AEIR”). The VATT tariff values established in the Decrees are the values offered by the awarded company for the fixed tariff period (typically of 20 years) and adjusted annually for inflation in accordance to the Decrees indexation formulae, which consider the Chilean Consumer Price Index (“IPC”), the US Consumer Price Index (“CPI”) and the US Dollar to Chilean Peso exchange rate.

After the fixed tariff period, the assets enter into a resettable tariff period, where the Chilean National Commission of Energy (“CNE”) calculates every four years the applicable tariffs for each project. The tariffs from regulated assets are collected from regulated end-users by electricity distribution companies and from non-regulated users by generation companies, and subsequently transferred by these to Colbún Tx. The regulated projects are high-voltage transmission assets that are part of the Chilean National Electric System (“SEN”) grid and be categorized as national projects part of National Transmission System (“STN”), or as zonal projects part of the Zonal Transmission System (“STZ”). Colbún Tx owns 335 km of national transmission lines, representing 37 percent of the total operating Portfolio length, and 205 MVA of aggregated power transformation capacity. Similarly, Colbún Tx owns 70 km of zonal transmission lines, representing 8 percent of the total operating Portfolio length, and 30 MVA of aggregated power transformation capacity.

The non-regulated or dedicated projects also consist of high-voltage transmission assets part of the SEN grid, and normally governed by private tariff structures set by long-term commercial agreements with a diverse set of free clients, including mining and industrial companies, and generation plants. These dedicated transmission lines help connect power generation facilities or non-regulated users to the Chilean grid, providing key capacity, energy, and ancillary services supporting the national electric system. Colbún Tx owns 494 km of national transmission lines, representing 55 percent of the total operating Portfolio length, and 761 MVA of aggregated power transformation capacity.

As Chile continues to grow and demand for electric energy increases, there are continued requirements for expanding existing electric transmission infrastructure and adding new infrastructure projects. Colbún Tx has taken part of expansion tenders to grow its asset base through expansion projects. Colbún Tx has a number of expansion projects underway, while others are anticipated to be awarded/pursued in future years.

Colbún Tx utilizes a mix of self-personnel and contractors for O&M activities. Colbún Tx O&M strategy focuses on three main areas: maintenance & planning, real-time operations, and back office support. In addition to in-house personnel, Colbún Tx uses a number of agreements with contractors to support and define the requirements for transmission services, O&M activities, real estate, and joint development partnerships.

1.2 SCOPE OF WORK

The purpose of this technical and environmental due diligence Report (“Report”) is to document the findings of the following scope of services:

- Review the design of the Portfolio and the expected performance according to engineering and industry standards.

- Review and comment on relevant project information.
- Perform a site visit to observe the condition of the Portfolio assets during the week of November 30, 2020 through December 4, 2020 (“Site Visit”).
- Review and comment on the appropriateness of the relevant material contracts for the Portfolio, as well as comment on the experience and qualifications of the proposed contractors to provide such services.
- Review and comment on the historical operational performance of the Portfolio
- Review and comment on the reasonableness of the construction budget, operating costs and technical assumptions included in the financial model.
- Review and comment on the Portfolio’s operation and maintenance plan, contracts, and strategy.
- Perform an environmental and permitting review of the assess, including Equator Principles assessments, and comment on any material deviations.

The conclusions and findings that resulted from this due diligence effort are summarized in this Report.

1.3 APPROACH AND METHODOLOGY

The Black & Veatch team, comprised of professionals in project management, contract review, financial analysis, transmission line and substation project technical specialists, and supporting engineers, gathered available data from the electronic data room to assess the Portfolio. Data requests for additional or updated documentation were submitted when necessary in Black & Veatch’s judgment.

1.4 ASSUMPTIONS

During the assessment of the Portfolio, Black & Veatch used and relied upon certain information provided by Colbún Tx, its representatives, and others. Black & Veatch believes the information provided is true and correct and reasonable for the purposes of this Report. In preparing this Report, the opinions presented herein, and pro forma input assumptions, Black & Veatch has made certain assumptions with respect to conditions that may exist, or events that may occur in the future. Black & Veatch believes that the use of this information and these assumptions is reasonable for purposes of this Report. However, some events may occur, or circumstances may change that cannot be foreseen or controlled by Black & Veatch, and that may render these assumptions incorrect. To the extent the actual future conditions differ from those assumed herein or provided to Black & Veatch by others, the actual results will differ from those that have been forecast.

Throughout this Report, Black & Veatch has stated assumptions and reported information provided by others, all of which were relied upon in the development of the conclusions of this Report. Following is a summary of the principal considerations and assumptions made by Black & Veatch in developing the opinions expressed herein:

- The assets will be operated and maintained in accordance with good industry practices, with required renewals and replacements made in a timely manner, and the equipment will not be operated in a manner to cause it to exceed equipment manufacturer’s ratings or recommendations.

- All licenses, permits, approvals, and permit modifications (if necessary) will be obtained and/or renewed on a timely basis.
- The Portfolio will be designed, constructed, operated, and maintained in accordance with the requirements of the decrees, major construction contracts, interconnection agreements, and applicable industry standards.
- Celeo Redes will continue to manage the Colbún Tx expansion projects' execution plan and schedule respectively and mitigate potential schedule delay and cost overrun risks as outlined in this Report.
- During the construction period of the expansion projects, there will be no adverse events such as transportation and labor difficulties, unusually adverse weather conditions, the discovery of hazardous materials or waste not previously known, or other abnormal events that are prejudicial to normal construction or installation.
- All contracts, agreements, rules, and regulations will be fully enforceable in accordance with their respective terms and that all parties will comply with the provisions of their respective agreements.

In discussing the Portfolio, unless noted otherwise, Black & Veatch considers the equipment, systems and interconnections discussed to be those typically found in electric transmission facilities of similar type. Black & Veatch has provided recommendations for consideration where appropriate based upon previous experience and observations of similar facilities. When necessary, Black & Veatch identifies those areas it considers having design or potential operational issues that may impact the reliable operation of the Portfolio. Pending receipt of additional information not previously reviewed, Black & Veatch considers any significant issues that may have previously occurred as having been addressed and resolved in a satisfactory manner by Colbún or Colbún Tx unless noted otherwise.

1.5 CONCLUSIONS

Based on information gathered and observed during the question and answer process, kick-off meeting, observations made during the Site Visit, discussions with Colbún and Colbún Tx personnel, as well as a desktop review of key documents in the data room, Black & Veatch has reached the following conclusions:

1.5.1 Operating Projects Conclusions

- The general design characteristics of the Portfolio assets appear consistent with industry practices and the broader Chilean electric power system. The technical requirements are generally consistent with global industry standards (e.g. ASCE, IEEE, etc.) and consider local code requirements for natural risk factors.
- Based on the site visit, the Portfolio assets appear to be in good condition, with equipment appropriately maintained and physical spaces orderly and clear of debris.

1.5.2 Expansion Projects Conclusions

- Colbún Tx has successfully grown through expansion projects (both completed and in-progress) related to its operating infrastructure holdings.
- As part of its growth strategy, Colbún Tx is pursuing or has been awarded additional expansion projects that align with Colbún Tx's infrastructure holdings and technical strengths.

1.5.3 Operations, Maintenance, and Compliance Conclusions

- Black & Veatch considers Colbún Tx's maintenance strategy to be adequate and consistent with industry standards.
- Black & Veatch considers the maintenance scope covered under the maintenance contracts with qualified contractors to be adequate to ensure the correct operations of the lines.
- Based on visual observations, review of available documentation and interviews with the plant management, Black & Veatch in general considers the assets to be in a very good operating condition, consistent with the available documents provided to Black & Veatch for review. The O&M personnel onsite found to be well trained, with long experience in the company and proficient in conducting their respective O&M activities.
- Provided that the Portfolio continues to be appropriately operated and maintained, Black & Veatch believes that the Portfolio should be capable of continue to achieve similar levels of availability which are generally in compliance with the Technical Norm requirements.
- Based on the age distribution of Colbún generation units associated with Colbún Tx dedicated assets, and Black & Veatch's site visit observations, Black & Veatch does not foresee any of the Colbún Tx dedicated assets to become stranded in the near future as the result of anticipated retirement of the associated generation units.
- Given the age profile of the Colbún Tx transmission lines and the typical useful life of key equipment and structures, it is expected that, with continuous maintenance investments as denoted in the Financial Model maintenance CapEx forecasts, the useful life of the assets will extend beyond 50 years from the 2021 company transaction date.

1.5.4 Contracts and Key Agreements Summary

- Colbún Tx uses a number of contracts to support and define the requirements for transmission services, O&M activities, real estate, and joint development partnerships.
- The key agreements appear consistent with similar agreements with which Black & Veatch is familiar, with reasonable terms and fees.

1.5.5 Environmental and Permitting

- Colbún Tx appears to be complying with permit conditions for its operating projects as set forth under RCA requirements.
- Based on the information provided to Black & Veatch, Colbún Tx's portfolio projects have generally demonstrated compliance, and are expected to be in compliance, with the EPs intended for the development and financing of the Portfolio. Compliance with the requirements of the environmental review under Chile's RCA process, supplemented by PAS permitting as applicable, largely ensures that projects subject to RCA approval essentially fulfills the requirements of the EPs that must be met by the developer.
- Overall, based on information reviewed at the time of this report, Black & Veatch would expect the Portfolio to be classified as a Category B project because it has relatively moderate and localized impacts for each project that largely have already been addressed through impact avoidance and permit condition compliance (RCA and PAS), including implementation of mitigation measures.

1.5.6 Financial Model

- In general, the forecasted revenues in the Financial Model appear to be below its historical basis and following the latest CNE's published report, escalating year over due to different indexation schemes and with the revenue profile experiencing certain variations in specific years.
- Overall, the Portfolio's revenue appears to be modeled consistently with the remuneration amounts and formulas shown their respective Decrees and dedicated contracts, and consistent with CNE's methodology for the approximation of the Portfolio's investment value.
- The projected Opex is within the range of average transmission Opex costs.
- Black & Veatch considers reasonable the base case in the Financial Model to not forecast incremental expansion CapEx beyond the amounts associated with the identified mandated expansions.
- The forecasted maintenance CapEx profile considers the replacements of key components at defined intervals, as signaled by the end of the respective equipment' useful life. The useful life estimates were obtained from the most recent transmission valuation study from the CNE. Black & Veatch considers the maintenance CapEx estimation methodology and forecasted values to be reasonable.

2.0 Operating Projects Overview

The Colbún Tx operating Portfolio consists of 899 km of national, zonal and dedicated transmission lines and 27 substations, distributed along 5 regions in Chile. A summary of the Portfolio assets is shown in Table 2-1 and Table 2-2.

Table 2-1 Colbún Tx Transmission Line List Summary

TYPE	PROJECT	VOLTAGE (KV)	LENGTH (KM)	COD YEAR
National Lines				
T-Line	Los Maquis-Polpaico	220	67.8	2004
T-Line	A. Jahuel - Maipo #1	220	0.4	1997
T-Line	A.Jahuel - Maipo #2	220	0.4	2009
T-Line	Maipo – Candelaria	220	48.7	1997
T-Line	Candelaria – Puente Negro	220	89.6	2018
T-Line	Puente Negro – Colbún	220	127.6	2018
T-Line	Colbún-Ancoa	220	0.3	2013
Zonal Lines				
T-Line	Esperanza – Las Vegas	110	1	1993
T-Line	Esperanza-Tap Chagres	110	8.4	1993
T-Line	Tap Chagres - Tap San Felipe	66	20.5	1993
T-Line	Tap San Felipe - Tap San Rafael	110	14.9	1993
T-Line	Tap San Rafael - Tap Tortalillo	110	12.4	1993
T-Line	Tap Tortalillo - Tap Los Maquis	110	9.2	1993
T-Line	Los Maquis - Tap Los Maquis	110	0.3	1993
T-Line	Tortalillo - Tap Tortalillo	110	0.8	1993
T-Line	San Rafael - Tap San Rafael	110	2.2	1993
T-Line	Tap Chagres - Chagres	110	0.4	1993
Dedicated Lines				
T-Line	Esperanza - Calera Centro - Cerro Calera	66	26.5	1983/1987
T-Line	Los Maquis- Hornitos	220	21.1	2007
T-Line	Tap Los Maquis – Aconcagua	110	12.0	1993
T-Line	Los Maquis - Los Quilos - Aconcagua - Saladillo	110	20.2	1978/1993/2004
T-Line	Polpaico - Las Tórtolas - Maitenes	220	62.8	2000
T-Line	Carena - Lo Prado	44	10.7	1950
T-Line	Carena - El Raco (CMPC)	44	42.5	1950*
T-Line	Candelaria – Minero	220	17.0	2002
T-Line	Colbún – Machicura	220	7.7	1985

TYPE	PROJECT	VOLTAGE (KV)	LENGTH (KM)	COD YEAR
T-Line	Colbún – Procart (Planta Maule)	220	34.2	1997
T-Line	San Ignacio – Tap San Clemente -Talca	66	24.7	1996
T-Line	Armerillo - La Mina	66	24.8	2017
T-Line	Colbún – Chiburgo –San Clemente	66	10.9	2010
T-Line	Santa María – Charrúa – Quilleco - Rucúe	220	136.4	1998/1998/2010
T-Line	Los Pinos - Charrúa	220	0.7	2008
T-Line	Angostura – Mulchén	220	41.6	2013
T-Line	Candelaria – Candelaria Plant	220	0.1	2005
T-Line	Rucue – Rucue Plant	--	0.1	1998*
T-Line	Quilleco – Quilleco Plant	--	0.1	2007*
T-Line	Machicura – Machicura Plant	--	0.1	1985*
T-Line	Colbún – Colbún Plant	--	0.1	1985*
T-Line	Aconcagua – Aconcagua Plant	--	0.1	1993*

*Refers to the COD of the generation facility serving the associated dedicated line.

Table 2-2 Colbún Tx Substation List Summary

TYPE	PROJECT	VOLTAGE (KV)	RATING (MVA)	COD YEAR
National Substations				
Substation	Los Maquis	220	120	2004
Substation	Colbún	220	25	1997
Substation	Maipo	220	60	1997
Substation	Mulchén	220	--	2013
Substation	Candelaria	220	--	2002
Substation	Puente Negro	220	--	2018
Zonal Substations				
Substation	Esperanza	110	30	1983
Substation	Totalalillo	110	--	2002
Dedicated Substations				
Substation	Cerro Calera	110	30	1984
Substation	Los Quilos	110	40	1989
Substation	Aconcagua	110	40	1993
Substation	Las Tortolas	220	80	2011
Substation	Carena	44	--	1950
Substation	El Raco	44	--	1950
Substation	Minero	220	501	2002

TYPE	PROJECT	VOLTAGE (KV)	RATING (MVA)	COD YEAR
Substation	Armerillo	220	70	2018
Substation	La Mina	66	--	2018
Substation	Machicura	220	--	1985
Substation	San Ignacio	66	--	1996
Substation	Rucue	220	--	1998
Substation	Los Pinos	220	--	2009
Substation	Quilleco	220	--	2007
Substation	Hornitos	220	--	2008
Substation	El Llano	220	--	2007
Substation	Calera Centro	60	--	1982
Substation	Chiburgo	66	--	2007
Substation	San Clemente	66	--	2010

The operating regulated (National and Zonal) Portfolio has a reference VI of \$159,165 thousand USD, including lines, substations and easements, and annual associated VATT payments (AVI+COMA+AEIR) of \$16,721 thousand USD (excluding mandatory expansions already in operations at the time of this Report). The Operating Projects VI is detailed in Table 2-3.

Table 2-3 Colbún Tx Operating Projects VI

COMPONENT	NATIONAL	ZONAL	TOTAL OPERATING PROJECTS
Line VI (\$1,000 USD)	\$130,413	\$12,088	\$142,501
Substation VI (\$1,000 USD)	\$11,454	\$5,210	\$16,664
Total VI	\$141,867	\$17,298	\$159,165
Line AVI (\$1,000 USD)	\$9,640	\$914	\$10,554
Substation AVI (\$1,000 USD)	\$1,025	\$432	\$1,457
Subtotal AVI	\$10,665	\$1,347	\$12,012
Line COMA (\$1,000 USD)	\$1,950	\$533	\$2,483
Substation COMA (\$1,000 USD)	\$207	\$244	\$452
Subtotal COMA	\$2,157	\$777	\$2,934
Line AEIR (\$1,000 USD)	\$1,456	\$147	\$1,603
Substation AEIR (\$1,000 USD)	\$116	\$56	\$172
Subtotal AEIR	\$1,573	\$203	\$1,776
Total VATT	\$14,395	\$2,326	\$16,721

Additional description of Portfolio and their design basis is provided in the following subsections.

2.1 NATIONAL PROJECTS

2.1.1 Transmission Line Design

Figure 2-1 provides an overview of the national projects' transmission lines, which account for 335 km of line length in aggregate or 37 percent of the total operating Portfolio length.

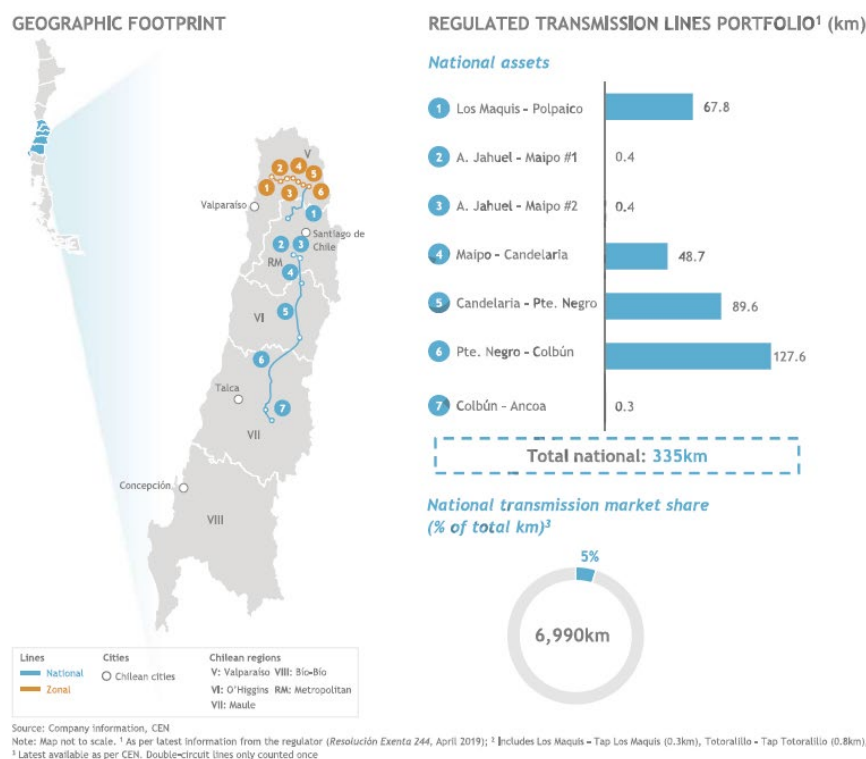


Figure 2-1 National Projects, Transmission Lines Overview (Source: CIM)

A summary of the general characteristics of the national transmission line portion of the Portfolio is shown in Table 2-4.

Table 2-4 Colbún Tx National Transmission Line Design Characteristics

LINE	LENGTH (KM)	VOLTAGE (KV)	CONDUCTOR TYPE	CONDUCTORS PER PHASE
Los Maquis – Polpaico	67.8	220	AAAC Flint	1
A. Jahuel - Maipo #1	0.4	220	ASC Anemone	2
A.Jahuel - Maipo #2	0.4	220	ASC Anemone	2
Maipo – Candelaria	48.7	220	ASC Anemone	2
Candelaria – Puente Negro	89.6	220	ASC Anemone	2
Puente Negro – Colbún	127.6	220	ASC Anemone	2
Colbún-Ancoa	0.3	220	CABLE 2XS(FL)2Y 1X2000RMS/210 127/220(245) kV	1

The seven national transmission lines owned by Colbún cover 335 km in length and extend from the Valparaíso area to Talca in the center of Chile. The Los Maquis – Polpaico transmission line (220 kV) is the northern-most segment and has a length of 67.8 km. The rest of the national transmission lines connect to form part of the national cluster with a length of 267 km total.

The first two lines forming part of the cluster are the double circuit transmission lines Alto Jahuel – Maipo (220 kV) have a total length of 0.8 km, each circuit with a length of 0.4 km. Each double circuit line utilizes one phase of ASC Anemone conductor, with two conductors per phase. The transmission lines have a thermal per-circuit transfer capacity of 680 MVA at 25° C conductor temperature. The transmission lines use a galvanized steel cable guard and are supported by 5 tower structures each consisting of 5 anchorage (PMH) type towers for line #1 and 3 anchorage (T1, T2, T3) and 2 SE type towers for line #2.

The double circuit transmission line Maipo – Candelaria (220 kV) has a length of 48.7 km and is located between Santiago and the O'Higgins region. Each circuit of the line utilizes one phase of ASC Anemone conductor, with two conductors per phase. The transmission line has a thermal transfer capacity of 680 MVA at 25° C conductor temperature. The transmission lines use a galvanized steel cable guard for both circuits. The line is supported by 125 tower structures consisting of five different design types: 72 are suspension type (2V0, 2V7, 24A0M), 51 are anchorage type (24A50, 24A35) and 2 are capping type (24A50).

The double circuit transmission line Candelaria – Puente Negro (220 kV) line has a length of 89.6 km and utilizes one phase of ASC Anemone conductors, with two conductors per phase. The transmission lines use a galvanized steel cable guard for both circuits. The line is supported by 125 tower structures consisting of five different design types: 72 are suspension type (2V0, 2V7, 24A0M), 51 are anchorage type (24A50, 24A35) and 2 are capping type (24A50).

The longest national transmission line forming part of the cluster owned by Colbún Tx is the double circuit Puente Negro – Colbún line (220 kV) with a length of 127.6 km. Each circuit of the line utilizes one phase of ASC Anemone conductors, with two conductors per phase. The transmission line uses galvanized steel cable guard and is supported by 362 tower structures consisting of five different design types: 317 are suspension type (2V0, 2V7, 24A0M), 44 are anchorage type (24A50, 24A35) and 2 are capping type (24A50).

The last line of the national cluster is the single circuit transmission line Colbún – Ancoa with a voltage of 220 kV and a length of 0.3 km which is used to connect the Colbún substation to the Ancoa substation.

Overall, Black & Veatch believes that the design of the transmission line appears to conform to the minimum technical requirements of the Decrees and the Bidding Documents, as well as to the generally accepted practices for the design of this type of project in the region.

2.1.2 Substation Design

Figure 2-2 provides an overview of the national projects' substation, which account for 205 MVA of aggregated power transformation capacity.

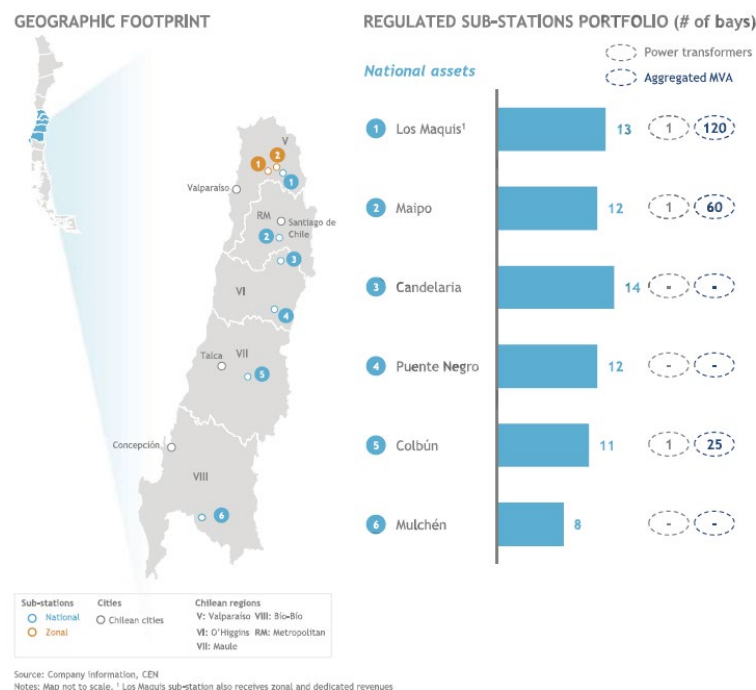


Figure 2-2 National Projects, Substations Overview (Source: CIM)

A summary of the general characteristics of the national substation design characteristics of the Portfolio is shown in Table 2-5.

Table 2-5 Colbún Tx National Substation Design Characteristics

SUBSTATION	LOCATION	VOLTAGE (KV)	CAPACITY (MVA)	# OF BAYS
Los Maquis	North	220	120	13
Colbún	South	220	25	11
Maipo	Center	220	60	12
Mulchén	South	220	--	8
Candelaria	Center	220	--	14
Puente Negro	Center	220	--	12

The six national substations owned by Colbún Tx are located all throughout the company's geographic footprint. The Los Maquis substation is located in the Valparaíso region within Colbún Tx's North Zone. The Maipo, Candelaria and Puente Negro substations are located between Santiago and Talca within Colbún Tx's Center Zone. The Colbún and Mulchén substations are located in the Maule region and the Bio-Bio region, respectively, within the South Zone. Additional descriptions of the substations are provided below.

The Los Maquis Substation has 13 bays (9 at 220 kV and 4 at 110 kV), and contains the following major components:

- 429 MVA, 220 kV busbar (HAWTHORN)
- Two 254.3 MVA, 110 kV busbars (COREOPSIS)

- 20 switches
- 7 breakers (3 siemens, 4 ABB)
- 8 lightning rods (7siemens and 1 ABB)
- 2 coupling capacitors (ABB)
- 2-line traps
- One three phase transformer (220/110/12 kV, 75/95/120 MVA)

The Colbún Substation has 11 bays (9 at 220 kV with switch, 1 at 220 kV without switch, and 1 at 66 kV with switch), and contains the following major components:

- 710 MVA, 220 kV busbar (ANEMONE)
- 37.6 MVA, 66 kV busbar
- 16 switches (15 HAPAM, 1 SPIG S.A.)
- 10 breakers (8 ABB, 2 SIEMENS)
- One three phase transformer (230/66/13.8 kV, 18/25 MVA)

The Maipo Substation has 12 bays (11 at 220 kV with switch and 1 at 110 kV without switch), and contains the following major components:

- 710 MVA, 220 kV busbar (ANEMONE)
- 178 MVA, 110 kV busbar (ANEMONE)
- 1 breaker (ABB)
- 9 switches (8 HAPAM, 1 ESELEC)
- One three phase transformer (220/110/66 kV, 42/60 MVA)

The Mulchen Substation has 8 bays (220 kV with switch), and contains the following major components:

- Three 594 MVA, 220 kV busbars (FLINT)
- 6 lightning rods (ABB)
- 7 breakers (ABB)
- 20 switches (HAPAN)

The Candelaria Substation has 14 bays (220 kV with switch), and contains the following major components:

- 1371 MVA, 220 kV busbar
- 1 lightning rod (Siemens)
- 11 breakers (Siemens)
- 26 switches

The Puente Negro Substation has 12 bays (220 kV with switch), and contains the following major components:

- 16 switches
- 6 breakers
- 12 lightning rods

Overall, Black & Veatch believes that the substations have been constructed in conformity with the minimum technical requirements set by the Decree and the Bidding Documents, as well as to the generally accepted practices for the design of this type of project in the region.

2.2 ZONAL PROJECTS

2.2.1 Transmission Line Design

Figure 2-3 provides an overview of the national projects' transmission lines, which account for 70 km of line length in aggregate or 8 percent of the total operating Portfolio length.

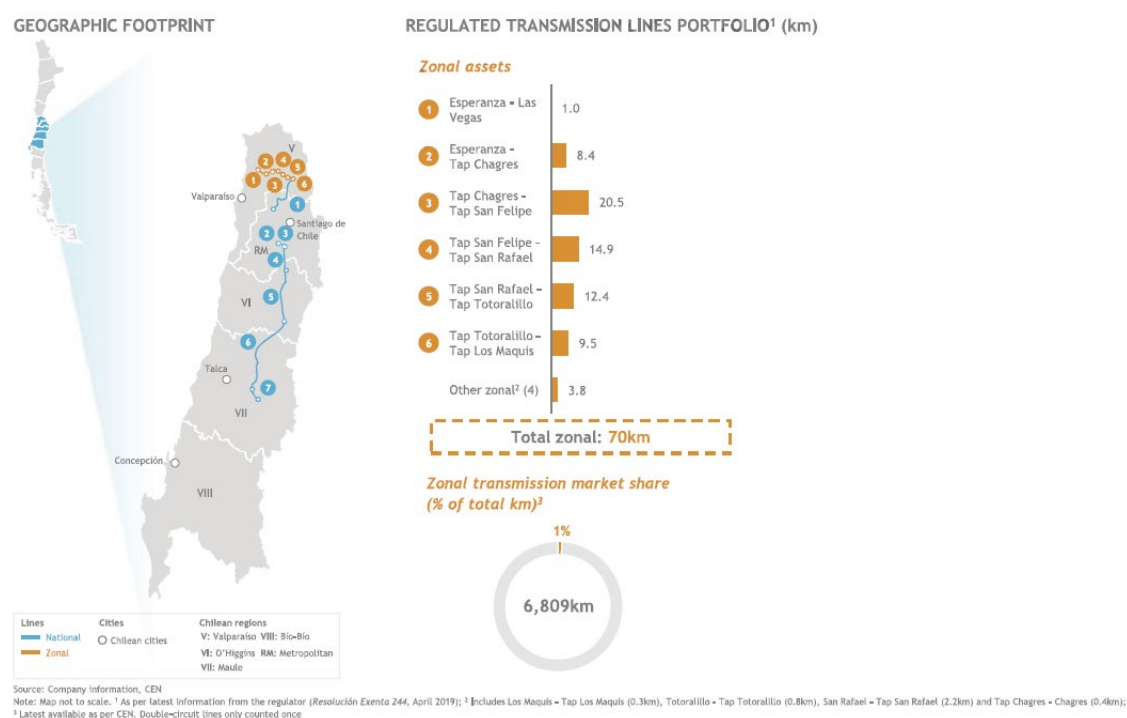


Figure 2-3 Zonal Projects, Transmission Lines Overview (Source: CIM)

A summary of the general characteristics of the zonal transmission line portion of the Portfolio is shown in Table 2-6.

Table 2-6 Colbún Tx Zonal Transmission Line Design Characteristics

LINE	LENGTH (KM)	VOLTAGE (KV)	CONDUCTOR TYPE	CONDUCTORS PER PHASE
Esperanza - Las Vegas	1	110	AAAC BUTTE	1
Esperanza-Tap Chagres	8.4	110	AAAC BUTTE	1
Tap Chagres - Tap San Felipe	20.5	66	AAAC BUTTE	1
Tap San Felipe - Tap San Rafael	14.9	110	AAAC BUTTE	1

LINE	LENGTH (KM)	VOLTAGE (KV)	CONDUCTOR TYPE	CONDUCTORS PER PHASE
Tap San Rafael - Tap Tortalillo	12.4	110	AAAC BUTTE	1
Tap Tortalillo - Tap Los Maquis	9.2	110	AAAC BUTTE	1
Los Maquis - Tap Los Maquis	0.3	110	AAAC BUTTE	1
Tortalillo - Tap Tortalillo	0.8	110	AAAC BUTTE	1
San Rafael - Tap San Rafael	2.2	110	ANAHEIM	1
Tap Chagres - Chagres	0.4	110	AAAC BUTTE	1

The ten zonal transmission lines owned by Colbún Tx cover 70 km in length and are all located in the north region around Valparaíso, Chile. The single circuit transmission line Esperanza – Las Vegas (110 kV) starts the zonal cluster and has a length of 1 km. The transmission line uses one phase of AAAC Butte conductor, with one conductor per phase. The line uses a galvanized steel cable guard and is supported by 4 tower structures consisting of 2 design types: 2 capping type (QA-70) and 2 framework type (ML).

The single circuit transmission line Esperanza – Tap Chagres (110 kV) has a length of 8.4 km. This transmission line also uses one phase of AAAC Butte conductor, with one conductor per phase. The line uses a galvanized steel cable guard and is supported by 28 tower structures consisting of 4 design types: 9 anchorage type (A40, C,QA-70), 17 suspension type(A1.1) and 1 framework.

The single circuit transmission line Tap Chagres – Tap San Felipe (66 kV) has a length of 20.5 km and the single circuit transmission line Tap San Felipe – Tap San Rafael (110 kV) has a length of 14.9 km. Both transmission lines use one phase of AAAC Butte conductor, with one conductor per phase. The transmission line Tap San Felipe – Tap San Rafael is supported by 44 towers structures consisting of 7 design types: 12 anchorage type (MB, A40, AU10, C) and 32 suspension type (SU1, A1.1, SG).

Following down the cluster is the single circuit transmission line Tap San Rafael - Tap Tortalillo (110 kV) with a length of 12.4 km and single circuit transmission line Tap Tortalillo – Tap Los Maquis (110 kV) with a length of 9.2 km. These segments are both part of the Tap San Rafael – Tap Los Maquis line with a total length of 21.6 km. Both line segments use one phase of AAAC Butte conductor, with one conductor per phase.

The remaining four lines have a total length of 3.8 km, all with a voltage of 110 kV.

Overall, Black & Veatch believes that the design of the transmission line appears to conform to the minimum technical requirements of the Decrees and the Bidding Documents, as well as to the generally accepted practices for the design of this type of project in the region.

2.2.2 Substation Design

Figure 2-4 provides an overview of the national projects' substation, which account for 30 MVA of aggregated power transformation capacity.

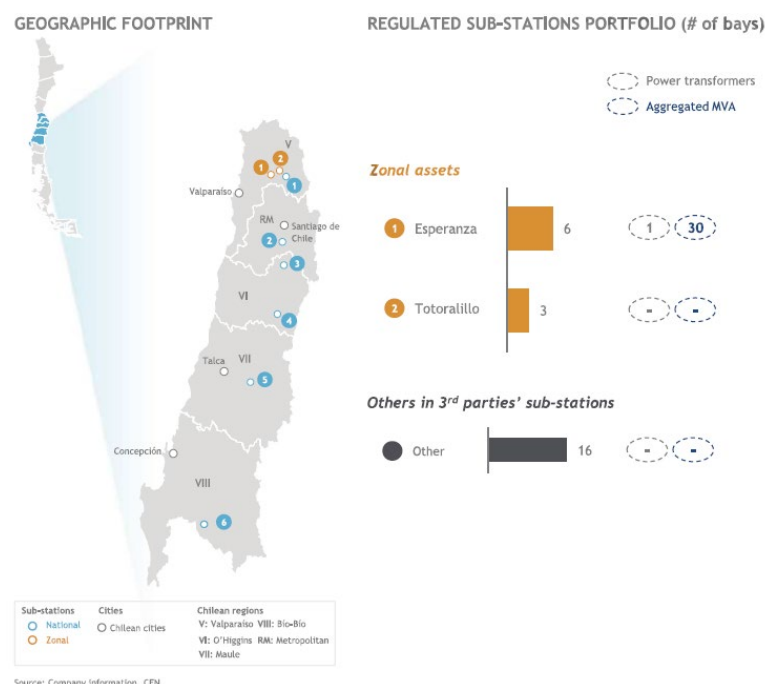


Figure 2-4 Zonal Projects, Substations Overview (Source: CIM)

A summary of the general characteristics of the zonal substation design characteristics of the Project is shown in Table 2-7.

Table 2-7 Colbún Tx Zonal Substation Design Characteristics

SUBSTATION	LOCATION	VOLTAGE (KV)	CAPACITY (MVA)	# OF BAYS
Esperanza	North	110	30	6
Totalalillo	North	110	--	3

To interconnect some of the zonal transmission lines, Colbún Tx owns 2 zonal substations located in the Valparaíso region with only one being a transformer substation. Both substations have a simple bar transformation. The Esperanza transformer substation has 6 bays and the Ttotalalillo substation has 3 bays. Additional descriptions of the substations are provided below.

The Esperanza Substation has 6 bays (3 are 110 kV with switch, 1 is 110 kV without switch, and 2 are 66kV with switch), and contain the following major components:

- 67.44 MVA, 66 kV busbar (CAIRO)
- 112.4 MVA, 110 kV busbar (CAIRO)
- 5 switches (4-ABB and 1-MERLIN GERIN)
- 1 disconnector (BROWN BOVERI)
- One three phase transformer (110/66/12 kV, 18/24/30 MVA)

The Ttotalalillo Substation has 3 bays (110 kV with switch) and contain the following major components:

- 112.4 MVA, 110 kV busbar (CAIRO)
- 3 switches (ALSTOM)
- 4 disconnectors (AREVA)
- 3 lightning rods (ABB)

Overall, Black & Veatch believes that the substations have been constructed in conformity with the minimum technical requirements set by the Decree and the Bidding Documents, as well as to the generally accepted practices for the design of this type of project in the region.

2.3 DEDICATED PROJECTS

2.3.1 Transmission Line Design

Figure 2-3 provides an overview of the Portfolio dedicated transmission lines, which account for 494 km of line length in aggregate.

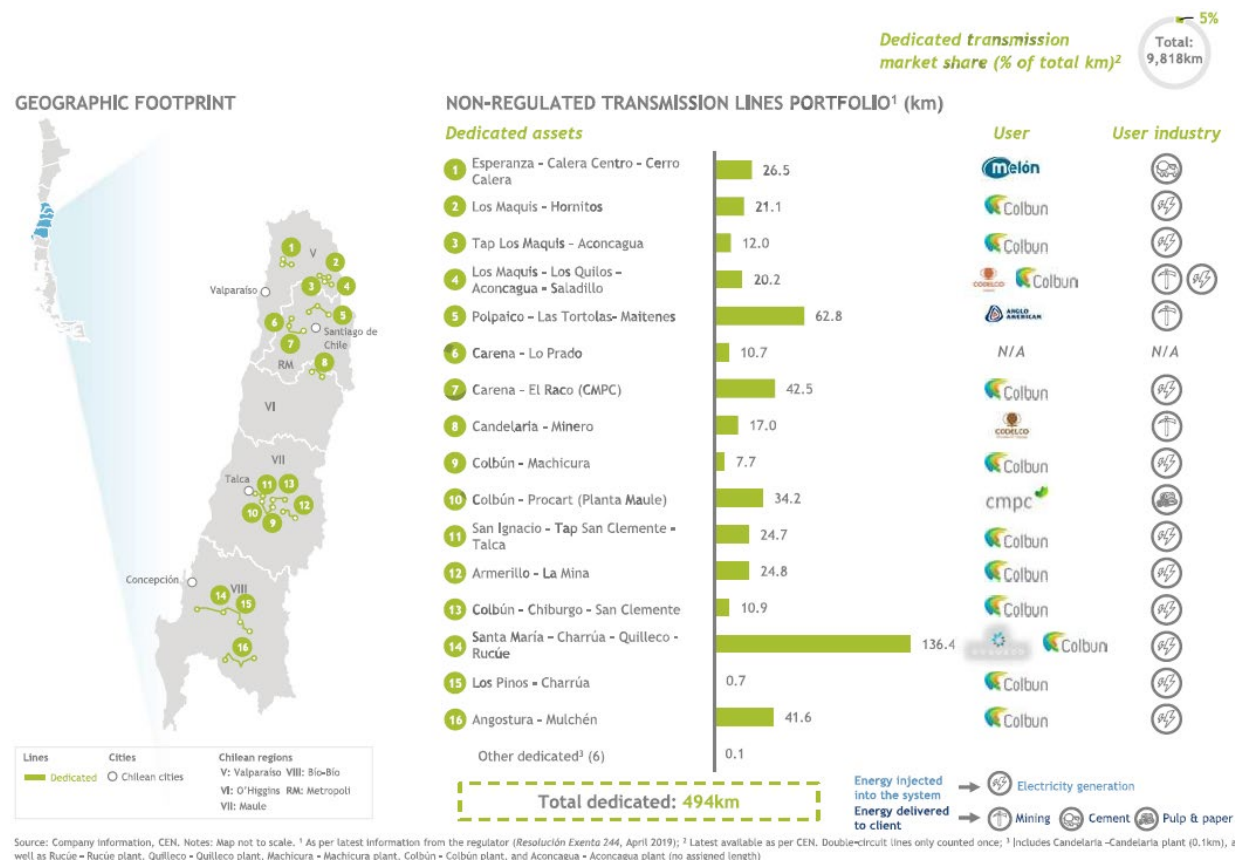


Figure 2-3 Dedicated Projects, Transmission Lines Overview (Source: CIM)

A summary of the general characteristics of the dedicated transmission line portion of the Project is shown in Table 2-8.

Table 2-8 Colbún Tx Dedicated Transmission Line Design Characteristics

LINE	LENGTH (KM)	VOLTAGE (KV)	CONDUCTOR TYPE	CONDUCTORS PER PHASE
Esperanza - Calera Centro - Cerro Calera	26.5	66	AAAC BUTTE/ IBBIS	1
Los Maquis- Hornitos	21.1	220	AAAC FLINT	1
Tap Los Maquis – Aconcagua	12.0	110	AAAC CAIRO	1
Los Maquis - Los Quilos - Aconcagua - Saladillo	20.2	66/110	AAAC BUTTE/ AAAC CAIRO	1
Polpaico - Las Tórtolas - Maitenes	62.8	220	--	2
Carena - Lo Prado	10.7	44	Cu 1/0 AWG	1
Carena - El Raco (CMPC)	42.5	44	ACSR 4/0 AWG	1
Candelaria – Minero	17.0	220	AAAC GREELEY	1
Colbún – Machicura	7.7	220	ACSR GROSBEAK	1
Colbún – Procart (Planta Maule)	34.2	220	ACSR DUCK	1
San Ignacio – Tap San Clemente -Talca	24.7	66	ACSR FLINT	1
Armerillo - La Mina	24.8	66	AAAC	1
Colbún – Chiburgo –San Clemente	10.9	66	AAAC ALLIANCE	1
Santa María – Charrúa – Quilleco - Rucúe	136.4	220	AAAC TASSET/ AAAC TAPER	2
Los Pinos - Charrúa	0.7	220	AAAC TAPER	1
Angostura – Mulchén	41.6	220	AAAC FLINT	2
Candelaria – Candelaria Plant	0.1	220	AAAC GREELEY	1
Rucue – Rucue Plant	0.1	--	--	--
Quilleco – Quilleco Plant	0.1	--	--	--
Machicura – Machicura Plant	0.1	--	--	--
Colbún – Colbún Plant	0.1	--	--	--
Aconcagua – Aconcagua Plant	0.1	--	--	--

Colbún Tx owns 25 dedicated transmission lines that cover 494 km in length and are located all throughout the company's geographic footprint. There are a few lines that involve clusters with multiple line sections. There are other lines that simply connect a power generation facility to its substation at a very short total distance.

The Esperanza – Calera Centro – Cerro Calera transmission line has a length of 26.5 km and is composed of two-line sections. The first section is the double circuit transmission line Esperanza – Calera Centro (66 kV) which started operating after the second section. The transmission line uses one phase of AAAC Butte conductor, with one conductor per phase. The second section is the single

circuit transmission line Calera Centro – Cerro Calera (66 kV). The transmission line uses one phase of IBBIS conductor, with one conductor per phase.

The cluster located to the northeast of Valparaíso has three main segments. The single circuit transmission line Los Maquis – Hornitos (220 kV) has a length of 21.1 km. The transmission line uses one phase of AAAC FLINT conductor, with one conductor per phase. The next line is the single circuit transmission line Tap Los Maquis – Aconcagua (110 kV) has a length of 12 km and began operations in 1983. The transmission line uses one phase of AAAC CAIRO conductor, with one conductor per phase. The last segment of the cluster Los Maquis - Los Quilos - Aconcagua – Saladillo is divided into 3-line sections and has a total length of 20.2 km. The single circuit transmission line Los Quilos – Los Maquis (110 kV) and the single circuit transmission line Los Quilos – Aconcagua (110 kV). The last segment is the double circuit transmission line Aconcagua – Saladillo (66kV).

The next cluster, which is located north of Santiago, is the Polpaico - Las Tórtolas – Maitenes cluster, with two-line segments and a length of 62.8 km. The first segment is the single circuit transmission line Polpaico – Las Tortolas with a voltage of 220 kV and the second segment is the single circuit transmission line Las Tortolas – Maitenes with a voltage of 220 kV.

Colbún Tx owns two transmission lines leaving the Carena substation located in the Santiago region. The first one is the double circuit transmission line Carena – Lo Prado (44 kV) with a length of 10.7 km. The transmission line uses one phase of Cu 1/0 AWG conductor, with one conductor per phase. Both circuits have been operating since 1950. The second line leaving from the Carena substation is the single circuit transmission line Carena – El Raco (44 kV) with a length of 42.5 km. This line has one segment that started operations in 1937, two segments that started operations in 1938 and the last segment that was added in 2010, with a total of 4 segments. The transmission line uses one phase of ACSR 4/0 AWG conductor, with one conductor per phase.

Colbún Tx's only dedicated line located in the O'Higgins region is the double circuit transmission line Candelaria – Minero (220 kV) has a length of 17 km. The transmission line uses one phase of AAAC Greely conductor, with one conductor per phase and has a capacity of 325 MVA. The line is supported by 101 towers structures consisting of 3 design types: 30 anchorage type (22AD 2T, 22ADR 2T), 69 suspension type (22SD 2T), and 2 framework type (22ADR 2T).

The next dedicated line cluster is located in the Maule region near the city of Talca. The line at the beginning of the cluster is the single circuit transmission line Colbún – Machicura (220 kV) has a length of 7.7 km. This line has a vertical arrangement on double-circuit towers shared with the Colbún - Procart line. The transmission line has a thermal per-circuit transfer capacity of 194 MVA at 25° C conductor temperature. It is supported by 26 towers structures consisting of 3 design types: 8 anchorage type (22CD.1), 16 suspension type (22AD.1), and 2 framework type (ML). The single circuit transmission line Colbún – Procart (220 kV) has a length of 34.2 km. This transmission line uses one phase of ACSR DUCK conductor, with one conductor per phase and has a capacity of 324 MVA. The line is supported by 75 towers structures consisting of 4 design types: 25 anchorage type (22A15T, 22A30T, 22AFLT), and 50 suspension type (22S2T).

Next in the cluster is the line San Ignacio – Tap San Clemente – Talca, which has 24.7 km in length. The first circuit is the transmission line San Ignacio – Tap San Clemente (66kV) and the second circuit is the transmission line Tap San Clemente – Talca (66 kV). The transmission lines use one phase of ACSR FLINT conductor, with one conductor per phase and has a thermal transfer capacity

of 53 MVA at 25° C conductor temperature. The lines are supported by 110 towers structures consisting of 5 design types: 21 anchorage type (CD, C) and 89 suspension type (A, B, T).

The last two dedicated transmission lines of the Maule region cluster include the single circuit transmission line Armerillo – La Mina which has a length of 24.8 km. The transmission line uses one phase of AAAC conductor, with one conductor per phase. The single circuit transmission line Colbún – Chiburgo – San Clemente (66 kV) has a length of 10.9 km and uses a one phase AAAC conductor.

The longest dedicated line owned by Colbún Tx is located in the Bio-Bio region near the city of Concepcion with the rest of the lines in the southern cluster. The double circuit transmission line Santa María – Charrúa – Quilleco – Rucúe (220 kV) has a length of 136.4 km and is divided into two main segments. The first segment is the transmission line Santa Maria – Charrua with a capacity of 871 MVA and a length of 74.7 km. The segment uses one phase of AAAC conductor, with two conductor per phase. The line segment is supported by 208 towers structures consisting of 5 design types: 30 anchorage type (22AD30, 22AD70R20, 22SD2, 22ED) and 178 suspension type (22AD30, 22SD, 22SD2, 22ED). The second segment is the transmission line Charrúa – Quilleco - Rucúe with a capacity of 350 MVA and a length of 61.7 km. The segment uses one phase of AAAC conductor, with one conductor per phase. The line segment is supported by 154 towers structures consisting of 4 design types: 40 anchorage type (22CD.1, 22DD.2, PORTAL) and 114 suspension type (22AD.1).

The last two lines of the southern cluster consist of the single circuit transmission line Los Pinos – Charrua (220 kV) has a length of 0.7 km and a capacity of 310 MVA, which uses one phase of AAAC conductor, with one conductor per phase and It is supported by 2 tower structures, one on each end and by the double circuit Angostura – Mulchen line (220 kV) that has a length of 41.6 km and uses one phase of AAAC 740 MCM Flint conductor, with two conductors per phase.

Overall, Black & Veatch believes that the design of the transmission lines appears to conform to the generally accepted practices for the design of this type of project in the region.

2.3.2 Substation Design

Figure 2-5 provides an overview of the national projects' substation, which account for 761 MVA of aggregated power transformation capacity.

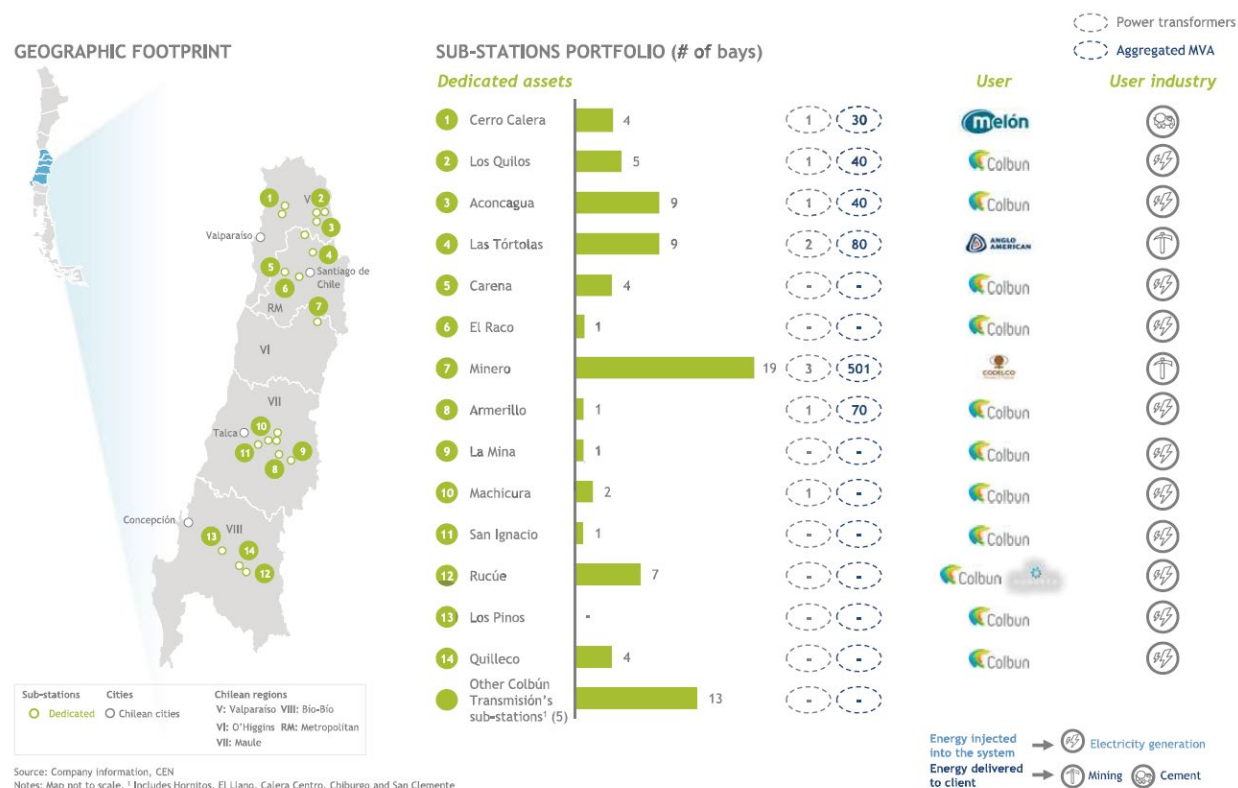


Figure 2-5 Dedicated Projects, Substations Overview (Source: CIM)

A summary of the general characteristics of the dedicated substation design characteristics of the Project is shown in Table 2-9.

Table 2-9 Colbún Tx Dedicated Substation Design Characteristics

SUBSTATION	ZONE LOCATION	VOLTAGE (KV)	CAPACITY (MVA)	# OF BAYS
Cerro Calera	North	110	30	4
Los Quilos	North	110	40	5
Aconcagua	North	110	40	9
Las Tortolas	Center	220	80	9
Carena	Center	44	--	4
El Raco	Center	44	--	1
Minero	Center	220	501	19
Armerillo	South	220	70	1
La Mina	South	66	--	1
Machicura	South	220	--	2
San Ignacio	South	66	--	1
Rucue	South	220	--	7
Los Pinos	South	220	--	1
Quilleco	South	220	--	4

SUBSTATION	ZONE LOCATION	VOLTAGE (KV)	CAPACITY (MVA)	# OF BAYS
Hornitos	North	220	--	1
El Llano	Center	220	--	2
Calera Centro	Center	60	--	7
Chiburgo	South	66	--	3
San Clemente	South	66	--	1

Colbún Tx owns 19 dedicated substations all throughout their geographic footprint, where 6 of these are transformer substations.

Additional descriptions of the main dedicated substations are provided below.

The Cerro Calera Substation started operations in 1984, has 4 bays (1 is 110 kV with switch, 2 are 110 kV without switch and 1 are 66kV with switch), and contains the following major components:

- 66 kV busbar (ALMELEC)
- 60 kV busbar (ALMELEC)
- 110 kV busbar (ALMELEC)
- 3 switches (VARDY)
- 2 breakers (MERLIN GERIN)
- One three phase transformer (110/62/12 kV, 18/24/30 MVA)

The Los Quilos Substation was commissioned in 1989 and has 5 bays (3 are 110 kV with switch and 2 are 66kV with switch) and contains the following major components:

- 112.4 MVA, 110 kV busbar
- 37.6 MVA, 66 kV busbar
- 1 lightning rods (General Electric)
- 1 switch
- 1 breaker
- One three phase transformer (110/66/12 kV, 40 MVA)

The Aconcagua Substation started operations in 1993, has 9 bays (5 are 110 kV with switch and 4 are 66kV with switch), and contains the following major components:

- 224.8 MVA, 110 kV busbar
- 134.89 MVA, 66 kV busbar
- 4 lightning rods (ABB)
- 19 switches (Camargo Correa Brown Baveri)
- 9 breakers (ABB, Siemens)
- One three phase transformer (110/66/12 kV, 40 MVA)

The Las Tortolas Substation started operations in 2011 and has 9 bays (2 are 220 kV with switch, 2 are 220 kV without switch, and 5 are 23kV with switch), and contains the following major components:

- 23 kV busbar (EHPS)
- 457.2 MVA, 220 kV busbar (ACAR)
- 4 switches (1 ABB, HAPAM)
- 2 two phase transformers (220/23 kV, 23/40 MVA)

The Minero Substation started operations in 2002, has 19 bays (6 are 220 kV with switch and 13 are 110 kV with switch), and contains the following major components:

- Two 914.5 MVA, 220 kV busbar (ACAR)
- 6 lightning rods (Siemens)
- 27 switches (25 RUHRTAL, 2 ALSTOM)
- 3 three phase transformers (230/115/13.8 kV, 100/133/167 MVA)

The Armerillo Substation started operations in 2018, has 1 bay (220 kV with switch) and contains the following major components:

- 2 breakers (ABB)
- 3 switches (ABB, HAPAM)
- 2 lightning rods (ABB)
- 1 three phase transformers (220/66/23 kV, 60/70 MVA)

Overall, Black & Veatch believes that the substations have been constructed in conformity with the minimum technical requirements set by the Decree and the Bidding Documents, as well as to the generally accepted practices for the design of this type of project in the region.

2.4 OPERATING PROJECTS CONCLUSIONS

Based on this review, Black & Veatch has formed the following observations and conclusions regarding the assessment of Portfolio:

- The general design characteristics of the Portfolio assets appear consistent with industry practices and the broader Chilean electric power system.
- Based on the site visit, the Portfolio assets appear to be in good condition, with equipment appropriately maintained and physical spaces orderly and clear of debris.

3.0 Expansion Projects Overview

As part of the continued population and industrial growth of Chile, Colbún Tx has continually increased its asset base through expansion projects related to its operating infrastructure holdings. In addition, Colbún Tx is pursuing additional expansion projects that are scheduled to become operational in the future.

Summary information of the Decrees for the expansion projects are shown in Table 3-1, for both recently-completed and upcoming expansion projects. These expansion projects have been awarded to Colbún Tx. Each expansion project listed includes an indicator (e.g. P1, P2, etc.) that is used as reference information in the Kaplan Financial Model.

Table 3-1 Expansion Projects Summary

SYSTEM	TYPE	DESCRIPTION*	COD	EXPANSION DECREE	VI (\$1,000 USD)	AVI (\$1,000 USD)	COMA (\$1,000 USD)
National	T-Line	Puente Negro substation: New disconnecter (P1)	1-Jul-18	D158-15	11,259	1,151	203
National	Substation	Ancoa substation normalization (P2)	1-Sep-18	D373-16	1,613	165	26
National	Substation	Alto Jahuel Substation new switches (P3)	1-Jan-19	D158-15	1,316	135	23
National	T-Line	Normalization in bays J3 and J10 in the Alto Jahuel substation (P4)	1-Oct-19	D373-16	587	30	9
National	Substation	Candelaria substation normalization and a new series compensation in the Puente Negro substation (P5)	1-Sep-20	D373-16	21,188	2,167	339
National	Substation	Mulchén substation expansion (P6)	1-Oct-20	D422-17	3,617	370	58
National	Substation	Maipo substation expansion and configuration change (P7)	1-Jan-21	D373-16	15,319	1,566	245
National	Substation	Normalization J12 bay in the Polpaico substation and Los Maquis substation normalization (P8)	1-Mar-21	D373-16	8,601	880	137
National	Substation	Candelaria substation extension (P9)	1-Jan-23	D293-18	2,149	161	35
National	T-Line	Mulchén extension and Charrúa-Temuco sectioning (P10)	1-Aug-24	D171-20	4,720	354	77

SYSTEM	TYPE	DESCRIPTION*	COD	EXPANSION DECREE	VI (\$1,000 USD)	AVI (\$1,000 USD)	COMA (\$1,000 USD)
Zonal	Substation	Pirque substation sectioning (P11)	1-Mar-21	D418-17	1,765	196	28
Zonal	T-Line	Aconcagua -Esperanza capacity increase (P12)	1-Dec-23	D293-18	5,580	571	91
Zonal	T-Line	Esperanza-Río Aconcagua capacity increase (P13)	1-Feb-24	D171-20	2,116	159	34
Zonal	T-Line	Las Vegas-Esperanza capacity increase (P14)	1-Feb-24	D171-20	2,480	186	40
Other	T-Line	La Higuera –Tinguiririca sectioning and connection to Puente Negro substation (P16)	1-Apr-21	Bilateral Contract	11,770	415	19
National	Substation	Codegua substation sectioning (P17)	1-Jul-24	D231-19	10,685	801	70
Other	Substation / T-Line	Loica substation sectioning and Loica – Portezuelo new line (P18)	1-Jul-24	D231-19	40,000	1,629	154
Zonal	Substation	Portezuelo substation expansion (P19)**	1-Jul-23	D198-19	7,540	--	--

Notes:

*While this table and the financial model only include expansion projects that have already been awarded or its tender approved, the Colbún Tx Transmission Expansion Proposal Report 2021 includes the normalization of the El Llano Substation for \$12.2 million as an upcoming Colbún Tx expansion project.

**For the Portezuelo substation expansion project (P19), Colbún Tx will only carry out EPC contractor responsibilities and will not receive ongoing VATT for cash flow impacts to the Portfolio. Only EPC contract revenues for this project will accrue to Colbún Tx.

Additional description of both Projects is provided in the following subsections.

3.1 PROJECT DESCRIPTIONS

3.1.1 Puente Negro substation: New disconnecter (P1)

Colbún Tx was assigned the expansion P1 Puente Negro Substation: New disconnecter per Decree D158-15 of Year 2015 from the Ministry of Energy. This project consisted in the construction of a new disconnecter in the Colbún - Candelaria national line, which will now allow a future connection for the La Higuera – Tinguiririca dedicated 2x154kV line. The key activities included civil works, the implementation of primary equipment, control and protection equipment, a new local SCADA system and the bypass at the Colbún - Candelaria national line. The project had a VI of 11.259 million USD and associated AVI and COMA of 1.354 million USD.

Per the decree, the project had a required construction term of 24 months. To perform the construction, Colbún Tx hired Abengoa Chile as the Engineering, Procurement and Construction (“EPC”) for the project and the commercial operation date was June 2018.

3.1.2 Ancoa substation Normalization (P2)

Colbún Tx was assigned the expansion P2 Ancoa Substation Normalization per Decree D373-16 of Year 2016 from Ministry of Energy expansion plan. This project consisted of the change in the Ancoa substation's current setup. This was done by incorporating a new compact hybrid switch and maneuvering equipment in 220 kV to modify the configuration of the bay J9 connection, corresponding to the Ancoa – Colbún line. The configuration was modified from a simple busbar to a double switch configuration. The project had a VI of \$1.613 million USD and associated AVI and COMA of \$0.191 million USD.

Per the decree, the project had a required construction term of 24 months. To perform the construction, Colbún Tx hired Pine SpA as the EPC for the project and the commercial operation date was August 2018.

3.1.3 Alto Jahuel Substation new switches (P3)

Colbún Tx was assigned the expansion P3 Alto Jahuel Substation new switches per Decree D158-15 of Year 2015 from the Ministry of Energy. This project consisted in the replacement of two power switches, four power disconnectors and six power transformers associated with substation Alto Jahuel. The awarded VI was \$1.316 million USD and associated AVI and COMA of \$0.158 million USD.

Per the decree, the project had a required construction term of 24 months. To perform the construction, Colbún Tx hired Consorcio COBRA as the EPC for the project and the commercial operation date was December 2018.

3.1.4 Alto Jahuel substation Normalization (P4)

Colbún Tx was assigned the expansion P4 Alto Jahuel Substation Normalization per Decree D373-16 of Year 2016 from Ministry of Energy expansion plan. This project consisted in the connection to the transfer bar for bays J3 and J10 which belong to one of the circuits for the Maipo – Alto Jahuel transmission line and one of the circuits for the Candelaria – Alto Jahuel transmission line. Additionally, the project included all civil works, the implementation of primary equipment and control and protection equipment. The awarded VI for this was \$0.587 million USD and associated AVI and COMA of \$0.039 million USD.

Per the decree, the project had a required construction term of 15 months. To perform the construction, Colbún Tx hired Ingenieria Agrosonda as the EPC for the project and the commercial operation date was September 2019.

3.1.5 Candelaria substation and Puente Negro substation upgrades (P5)

Colbún Tx was assigned the expansion P5 Candelaria Substation and Puente Negro Substation upgrades per Decree D373-16 of Year 2016 from Ministry of Energy expansion plan. The change in the Candelaria substation's current setup consisted of adding six new bays and interconnections with 220kV cables. The main activities included civil works, disassembly of two sets of capacitors, implementation of primary equipment and control and protection equipment, and a new local SCADA system. The awarded VI for this was \$6.8 million USD. The change in the Puente Negro substation consisted of the construction and assembly of two new series compensation of 220 kV at the substation. The main activities included civil works, relocation of line equipment, implementation of primary equipment and control and protection equipment, and a new local SCADA system. The awarded VI for this was \$14.4 million USD. The associated AVI and COMA for both substation upgrades was \$2.506 million USD.

Per the decree, the project had a required construction term of 24 months. To perform the construction, Colbún Tx hired Consorcio Isotron-SACYR as the EPC for the project and the commercial operation date was September 2020.

3.1.6 Mulchén substation expansion (P6)

Colbún Tx was assigned the expansion P6 Mulchén substation expansion per Decree D422-17 of Year 2016 from Ministry of Energy expansion plan. The substations expansion consisted in ranging five 220kV panels from the substation. Key activities included civil works, the implementation of primary equipment, control and protection equipment. The awarded VI for this was \$3.617 million USD and the associated AVI and COMA for both substation upgrades was \$0.428 million USD.

Per the decree, the project had a required construction term of 21 months. To perform the construction, Colbún Tx hired Sociedad Comercial e Ingeniería y Gestión Industrial (INGHER) as the EPC for the project and the commercial operation date was September 2020.

3.1.7 Maipo substation expansion and reconfiguration (P7)

Colbún Tx was assigned the expansion P7 Maipo Substation Expansion and Reconfiguration per Decree D373-16 of Year 2016 from Ministry of Energy expansion plan. This project consists of the expansion and construction of a new GIS substation inside the current Maipo 220 kV substation that will connect the lines from Alto Jahuel and those directed to Candelaria of 2x220kV. The GIS expansion will have a double busbar configuration plus transfer and will additionally connect, in one of the bays of the new GIS substation, the current main bus of the Maipo substation through underground cables. The awarded VI for this was \$15.319 million USD and the associated AVI and COMA for both substation upgrades was \$1.811 million USD.

Per the decree, the project had a required construction term of 24 months. To perform the construction, Colbún Tx hired Ingeniería Agrosonda as the EPC for the project and the commercial operation date was Q4 2020.

3.1.8 Polpaico substation and Los Maquis substation normalization (P8)

Colbún Tx was assigned the expansion P8 Polpaico Substation and Los Maquis Substation Normalization per Decree D373-16 of Year 2016 from Ministry of Energy expansion plan. The first portion of this project contemplates normalizing the 220 kV Polpaico substation, connecting bay J12, from the section of the Polpaico-Los Maquis line, to the existing transfer busbar. The second portion of this project contemplates the standardization of the 220kV Los Maquis substation, modifying the current single busbar configuration to a double busbar configuration plus a transfer busbar in GIS technology. The expansion of the GIS should allow the connection of at least six circuits, of which two are considered to normalize the trunk sections, two will allow the connection of existing sections and two will allow future connections. The awarded VI was \$8.601 million USD and the associated AVI and COMA was \$1.017 million USD.

Per the decree, the project had a required construction term of 32 months. To perform the construction, Colbún Tx hired Ingeniería Agrosonda as the EPC for the project and the commercial operation date was Q4 2020.

3.1.9 Candelaria substation extension (P9)

Colbún Tx was assigned the expansion P9 Candelaria substation extension per Decree D293-18 of Year 2018 from Ministry of Energy expansion plan. This project consists of the extension of the Candelaria 220 kV substation with a switch-and-a-half configuration to allow the connection of the

new line Candelaria – Nueva Tuniche. The project considers the extension of the main bus-bar platform and all the common facilities necessary for the connection of the new line, in addition, space with level ground must be left for two additional diagonals for future projects. The awarded VI was \$2.149 million USD and the associated AVI and COMA was \$0.196 million USD.

Per the decree, the project had a required construction term of 24 months. To perform the construction, Colbún Tx hired Inprolec S.A as the EPC for the project and the scheduled commercial operation date is September 2022.

3.1.10 Mulchén extension and Charrúa-Temuco sectioning (P10)

Colbún was assigned the expansion P10 Mulchén Extension and Charrúa-Temuco Sectioning per Decree D171-20 of Year 2020 from the Ministry of Energy expansion plan. The project consists of the expansion of the Mulchén substation, and the sectioning of the 1x220 kV Charrúa – Temuco transmission line, to connect to the Mulchen substation. The project also considers the expansion of the main bars for two new positions to allow the connection of the Charrua-Temuco line. The project has a VI of \$4.720 million USD and the associated AVI and COMA was \$0.431 million USD.

Per the decree, the project has a required construction term of 30 months which would put COD at March 2023. Black & Veatch understands that Colbún Tx has not yet initiated the bidding for the construction of this project and the COVID-19 pandemic in 2020-2021 may have caused Force Majeure delays impacting COD projections. The Financial Model estimates COD at August 2024 to account for this contracting delay.

3.1.11 Pirque substation sectioning (P11)

CMPC Papeles Cordillera (CMPC), whose dedicated transmission line provided by Colbún Tx, was assigned the expansion P11 Pirque substation sectioning per Decree D418-17 of Year 2017 from Ministry of Energy expansion plan. This project consists of a sectioning of approximately 20 meters of the transmission line of 110 kV Maipo-Puente Alto starting at the existing structure, replacing it with a projected mechanical tubular structure and then entering the Pirque substation, bringing the line to the next projected structure. The awarded VI was \$1.765 million USD and the associated AVI and COMA was \$0.224 million USD.

Per the decree, the project had a required construction term of 18 months. To perform the construction, CMPC contracted with PINE SpA as the EPC for the project and the scheduled commercial operation date is June 2019.

3.1.12 Aconcagua-Esperanza capacity increase (P12)

Colbún Tx was assigned the expansion P12 Aconcagua-Esperanza Capacity Increase per Decree D293-18 of Year 2018 from Ministry of Energy expansion plan. This project consisted in changing the conductor of the 2x110 kV Esperanza – Aconcagua transmission line for a conductor that would allow a transport capacity of at least 155 MVA at 35°C.

Per the decree, the project had a required construction term of 36 months. To perform the construction, Colbún Tx hired Semi Chile SpA as the EPC for the project and the scheduled commercial operation date was January 2020.

3.1.13 Esperanza-Río Aconcagua capacity increase (P13)

Colbún Tx was assigned the expansion P13 Esperanza-Río Aconcagua Capacity Increase per Decree D171-20 of Year 2020 from the Ministry of Energy expansion plan. The project consists of

increasing the transmission capacity of the 2x110 kV Esperanza – Rio Aconcagua transmission line, which is approximately 6 km long. The capacity increase will be performed by changing both circuits of the current conductor by a conductor of high temperature and low deflection with a transmission capacity of at least 184 MVA at 40°C. The project has a VI of \$1.920 million USD and the associated AVI and COMA was \$0.175 million USD.

Per the decree, the project has a required construction term of 24 months. Black & Veatch understands that Colbún Tx has not yet initiated the bidding for the construction of this project but understands that the project will have a forecasted COD of September 2022.

3.1.14 Las Vegas-Esperanza capacity increase (P14)

Colbún Tx was assigned the expansion P14 Las Vegas-Esperanza Capacity Increase per Decree D171-20 of Year 2020 from the Ministry of Energy expansion plan. The project consists of increasing the transmission capacity of the 1x110 kV LAs Vegas - Esperanza transmission line, which is approximately 250 m long. The capacity increase will be performed by changing both circuits of the current conductor by a conductor of high temperature and low deflection with a transmission capacity of at least 184 MVA at 40°C. The project has a VI of \$2.250 million USD and the associated AVI and COMA was \$0.206 million USD.

Per the decree, the project has a required construction term of 24 months. Black & Veatch understands that Colbún Tx has not yet initiated the bidding for the construction of this project but understands that the project will have a forecasted COD of September 2023.

3.1.15 La Higuera–Tinguiririca connection to Puente Negro substation (P16)

Colbún Tx has indicated that this expansion project is being privately negotiated. The VI for this project is \$11.8 million USD.

3.1.16 Codegua Substation Sectioning (P17)

Colbún Transmission was assigned the expansion P17 Codegua substation sectioning per Decree D231-19 of Year 2019 from the Ministry of Energy expansion plan. The project consists of the creation of a new substation Codegua to allow the sectioning of the transmission lines of 110 kV of Alto Jahuel – Sauzal and 66kV Rancagua – San Fransisco de Mostazal. The awarded VI was \$11.6 million USD and the associated VATT was \$0.9 million USD.

Per the decree, the project had a required construction term of 36 months. Black & Veatch understands that Colbún Tx has signed an EPC contract for this project, but the terms and conditions of this agreement were not available for review at the time of this Report.

3.1.17 Loica Substation Sectioning and Loica – Portezuelo New Line (P18)

Colbún Transmission was assigned the expansion P18 Loica substation sectioning and Loica – Portezuelo new line per Decree D231-19 of Year 2019 from the Ministry of Energy expansion plan. The project consists of the new substation Loica to allow the sectioning of the transmission lines of 220 kV of Rapel – Lo Aguirre and 220kV Alto Melipilla – Rapel. The project also consists of the new 220 kV transmission line with a length of 37km between Loica and Portezuelo substations with a capacity of 300MVA. The awarded VI was \$37.6 million USD and the associated VATT was \$1.8 million USD.

Per the decree, the project had a required construction term of 36 months. Black & Veatch understands that Colbún Tx has signed an EPC contract for this project, but the terms and conditions of this agreement were not available for review at the time of this Report.

3.1.18 Portezuelo Substation Expansion (P19)

Colbún Transmission was awarded The EPC Contract for the expansion P19 Portezuelo substation expansion per Decree 198 – 19 of year 2019. The project consists of the expansion of the Portezuelo substation and the construction of four central bays and a power transformer bay. It also includes the set-up of a power transformer bank connected to the 220/66kV reserve capacity unit of 150MVA and the connection to the existing rods. The awarded VI was \$7.54 million USD.

Per the decree, the project had a required construction term of 24 months. Black & Veatch understands that Colbún Tx will serve as the EPC contractor for this project, but the terms and conditions of this agreement were not available for review at the time of this Report. Because Colbún Tx will only carry out EPC contractor responsibilities and receive revenue for those services, it will not receive ongoing VATT for cash flow impacts to the Portfolio.

3.2 EPC AGREEMENTS

Colbún Tx entered into various EPC agreements as part of the Expansion Projects awarded. The EPC Agreements indicate the scope, budget, and schedule of the specified works as well as the terms and conditions governing the work. In general, the EPC contracts follow the same framework and have specific requirements associated with the scope of a given expansion project. The terms & conditions are in accordance with regulations established by the CNE.

As an example, EPC Contract, Black & Veatch reviewed the Candelaria Substation Expansion Project EPC Contract with further details indicated below:

The contracts include all of the work, modifications, and labor necessary to reach placed-in-service for the specified installations, including site preparation, communications, SCADA, civil works, testing of equipment, etc. All work is required to be performed in accordance with generally accepted standards of efficiency, safety, and quality within the industry.

EPC contract values and allowable schedule duration for each expansion project are governed by the associated Decree. The limit of liability for Contractors is limited to 100 percent of full contract value.

Contractors are required to maintain environmental vigilance throughout construction while abiding by environmental requirements established by RCA or Environmental Impact Study. Similarly, Contractors are required to abide by applicable labor regulations.

As part of Contractor guarantee, Contractors are required to issue irrevocable warranty bonds with an acceptable financial institution for full project completion (10 percent of total contract price), EPC execution (5 percent of total contract price), and provisional acceptance (5 percent of total contract price). If at any time during contract execution or warranty period Colbún Tx finds a defect, Contractors must quickly correct the problem or replace the defective equipment.

Penalties associated with Contractor delays or non-compliance are the following:

- Penalty if contractor is behind schedule is 1.5 percent of the contract price for each week of delay, up to a maximum penalty of 10 percent.

- Penalty for not completing intermediate completion milestones is 0.5 percent for each week of delay, up to a maximum of 5 percent.
- Penalty for not providing required information at project close is \$2,000/day.
- Penalty for violations of safety or environmental regulation is \$8,000 for each event plus \$2,000/day until the issue is addressed.
- Penalty for design or construction defects is \$10,000/day until the defects are addressed.
- Penalty for changing key personnel is \$4,000 for each event.

The penalties included within the EPC contract are designed to account for and mirror LDs applicable for delays or issues under the Decree requirements for any given expansion project. So, if delays are attributable to an EPC contractor, the associated penalties will offset Decree LDs levied against Colbún Tx.

The guarantee and warranty provisions under the EPC contracts are in-line with other similar contracts commonly seen for electrical infrastructure projects in the region.

3.3 CONSTRUCTION STATUS

Colbún Tx has indicated that expansion projects are generally on-track compared to timelines specified in respective decrees, with some exceptions (P8 and P16). Black & Veatch understands that the COVID-19 pandemic has caused some delays associated with procurement and construction throughout the industry and have likewise impacted some expansion projects. Colbún Tx has indicated that Chilean authorities have granted schedule relief to infrastructure projects because of the pandemic situation. However, if delay LDs are still applicable to Colbún Tx despite pandemic schedule relief, those LDs will be offset by delay penalty under the EPC contracts for those expansion projects.

A summary of expansion projects that have not yet reached COD is included in Table 3-2. Overall, the estimated dates of COD indicated by Colbún Tx appear reasonable.

Table 3-2 Status Summary of Expansion Projects Under Development

EXPANSION PROJECT*	VI (\$1,000 USD)	EXPECTED COD	STATUS
Maipo Substation expansion and configuration change (P7)	15,319	January 2021	Finalizing COD
Normalization J12 bay in the Polpaico substation and Los Maquis substation normalization (P8)	8,601	March 2021	Slight delay
Pirque substation sectioning (P11)	1,765	March 2021	Slight delay
La Higuera –Tinguiririca sectioning and connection to Puente Negro substation (P16)	11,770	1-Nov-20	Postponed 6 months
Candelaria substation extension (P9)	2,149	1-Oct-22	On track
Aconcagua -Esperanza capacity increase (P12)	5,576	1-Jan-22	On track

EXPANSION PROJECT*	VI (\$1,000 USD)	EXPECTED COD	STATUS
Portezuelo substation expansion (P19)**	7,540	1-Jul-23	On track
Esperanza-Río Aconcagua capacity increase (P13)	2,116	1-Feb-24	On track
Las Vegas-Esperanza capacity increase (P14)	2,480	1-Feb-24	On track
Codegua substation sectioning (P17)	10,685	1-Jul-24	On track
Loica substation sectioning and Loica – Portezuelo new line (P18)	40,000	1-Jul-24	On track
Mulchén extension and Charrúa-Temuco sectioning (P10)	4,720	1-Aug-24	On track

Notes:

*While this table and the financial model only include expansion projects that have already been awarded, the Colbún Tx Transmission Expansion Proposal Report 2021 includes the normalization of the El Llano Substation for \$12.2 million as an upcoming Colbún Tx expansion project.

**For the Portezuelo substation expansion project (P19), Colbún Tx will only carry out EPC contractor responsibilities and will not receive ongoing VAT for cash flow impacts to the Portfolio. Only EPC contract revenues for this project will accrue to Colbún Tx.

In general, the expansion projects include little technical construction risk. The construction arrangements for the ongoing expansion projects are governed by the EPC contracts as described above. From a technical standpoint, the expansion projects consist of industry-standard equipment and engineering and do not involve overly complex aspects that would complicate project execution.

Likewise, the expansion projects include little environmental risk. For substation expansion projects, the work is typically performed within space that is already zoned and projected for electrical activity and does not require significant land (if any) beyond space that is already used for system operations. For transmission expansion projects, the work consists of augmenting or replacing conductors that are already hung upon structures, which typically does not have material impact to easements or nearby landowners.

Black & Veatch is unaware of any environmental/social violations or complaints related to expansion projects, either for expansion projects completed or those for which COD has not yet been achieved. As part of early-stage planning for potential expansion projects, Colbún Tx requires all projects to be assessed within the company's environmental permitting framework with the goal of RCA compliance. Black & Veatch notes that Colbún Tx is ISO 14001 certified for its environmental processes.

In summary, the expansion projects are generally proceeding as planned, with the exception of some construction delays that have been impacted by the COVID-19 pandemic. The projects appear to have limited construction risk from both technical and environmental standpoints.

3.4 EXPANSION PROJECTS CONCLUSIONS

Based on this review, Black & Veatch has formed the following observations and conclusions regarding the assessment of expansion transmission projects:

- Colbún Tx has successfully grown through expansion projects (both completed and in-progress) related to its operating infrastructure holdings.
- As part of its growth strategy, Colbún Tx is pursuing or has been awarded additional expansion projects that align with Colbún Tx's infrastructure holdings and technical strengths.

4.0 Operations, Maintenance, and Compliance

4.1 ORGANIZATIONAL STRUCTURE

To execute its O&M strategy, Colbún Tx utilizes a mix of self-personnel and contractors. Colbún Tx has 55 full-time employees, currently under Colbún payroll, whose services are provided under back-office and O&M management agreements between Colbún and Colbún Tx. Colbún Tx's organizational structure is shown in Figure 4-1.

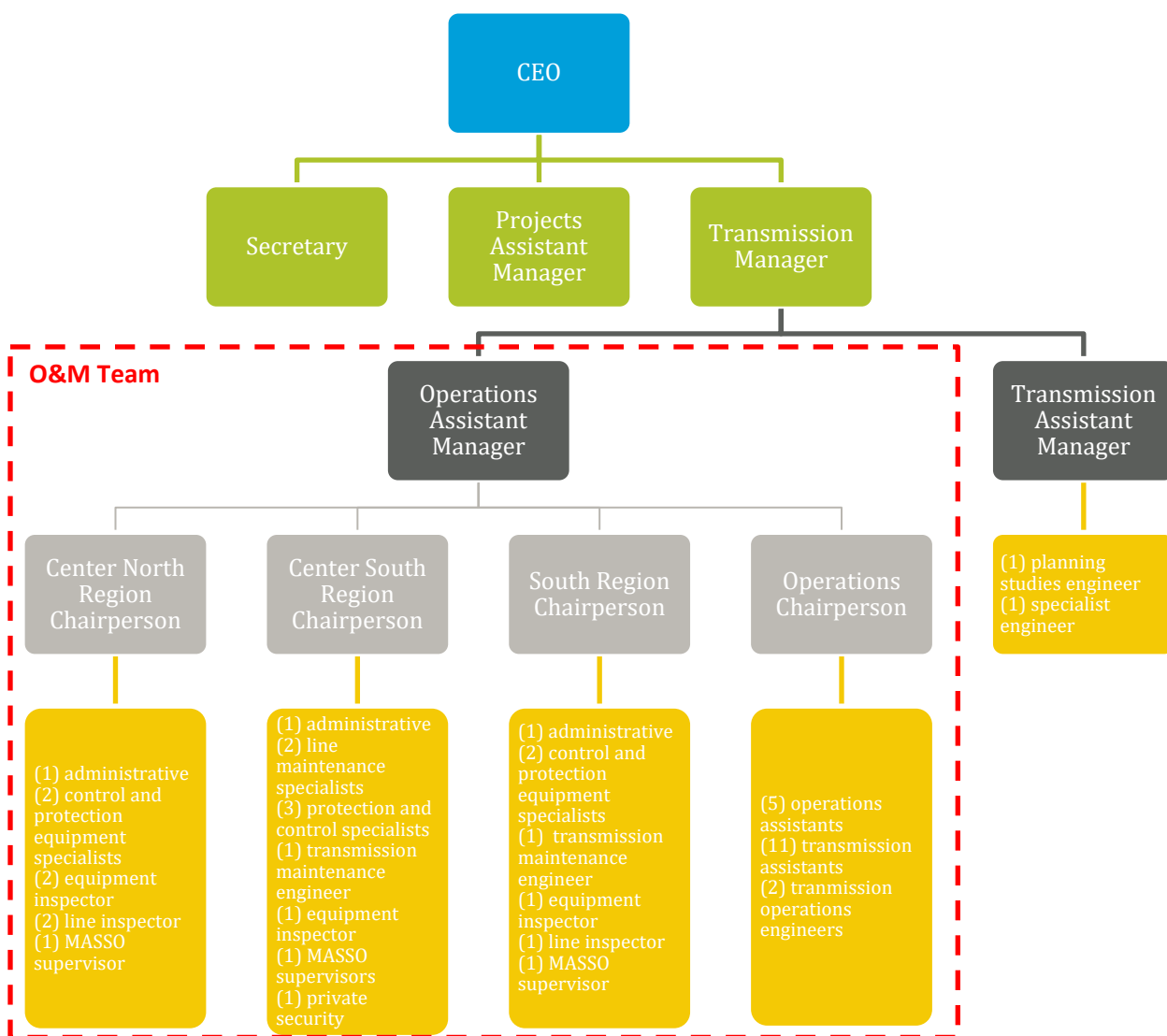


Figure 4-1 Colbún Tx Organizational Chart

While the organizational structure of Colbún Tx appears too lean, as compared to the size of the assets under the Portfolio, Black & Veatch notes that it is typical for transmission companies to have a two tiered approach, where a small number of in-house personnel is in charge of supervision, operations and administrative tasks, while the direct maintenance of the assets is subcontracted to specialized local contractors on a periodic basis in accordance to the assets' maintenance needs.

4.2 O&M STRATEGY

Colbún Tx O&M strategy focuses on three main areas:

- **Maintenance & Planning.** The maintenance and planning unit focuses on the control and management of the transmission assets life cycle, by providing maintenance planning and supervision management, including environmental commitments. The maintenance group is in charge of performing and supervising major maintenance and maintenance capex projects; while the planning units provides project development support for new electricity transmission assets and associated facilities from inception to COD, including environmental and regulatory onboarding, construction plan coordination and contractor management. This maintenance and planning unit is also in charge of providing on-site operational assistance and operational documentation, assisting related parties with operational coordination and providing disconnection and network intervention, planning coordination and supervision.
- **Real-time Operations.** The real-time operations unit is in charge of providing real-time supervision of the Portfolio assets, and provide coordination and communications management with the CEN, driven by the coordinator's requirements, emergencies and programmed works dispatch. This unit is in charge of the evaluation of quality of service to clients and fulfillment of contracts commitments, and to do so also provides contingencies management and Service Recovery Plan ("PRS") coordination, as well as providing failure reports and notifying management and authorities when relevant issues arise. The operations are mainly conducted by Colbún's employees, who dedicate 100 percent of their time to transmission activities, through one of the 10 operations centers.
- **Back Office Support.** The back-office support unit is in charge of providing back-office overhead and administration management services. More specifically, Colbún Tx provides administration services, environmental, health and occupational safety services, accounting services, internal and external auditing services, legal and tributary advisory, administrative and IT support, and other minor administrative services. In addition, the back-office support unit in charge of handling special projects, including expansion projects, tendering processes and required studies.

The following subsection provide additional details on the maintenance and planning, and real-time operations units. Overall, Black & Veatch considers Colbún Tx's maintenance strategy to be adequate and according to industry standards.

4.2.1 Maintenance & Planning

Colbún coordinates and supervises all maintenance and planning activities across Colbún Tx's network, with maintenance works performed by specialized contractors through contracts directly executed and entered by Colbún Tx. The maintenance contracts are assigned every three years and are separated by geographical location (Center North region, Center South region and South region) and scope of activities (transmission line, principal equipment, control and protection equipment, and other works).

Tree trimming and vegetation management are typically performed on a periodic basis and accordance to the specific geographic characteristics of a given area. More specifically, Colbún Tx conducts proactive annual tree trimming around its projects to reduce the potential for vegetation contacting transmission equipment and potentially causing fire damage. Additionally, the projects that have undergone RCA approval typically have fire-related permit conditions that require compliance.

Figure 4-2 provides an overview of the key maintenance activities that are subcontracted to qualified contractors across different geographical locations.

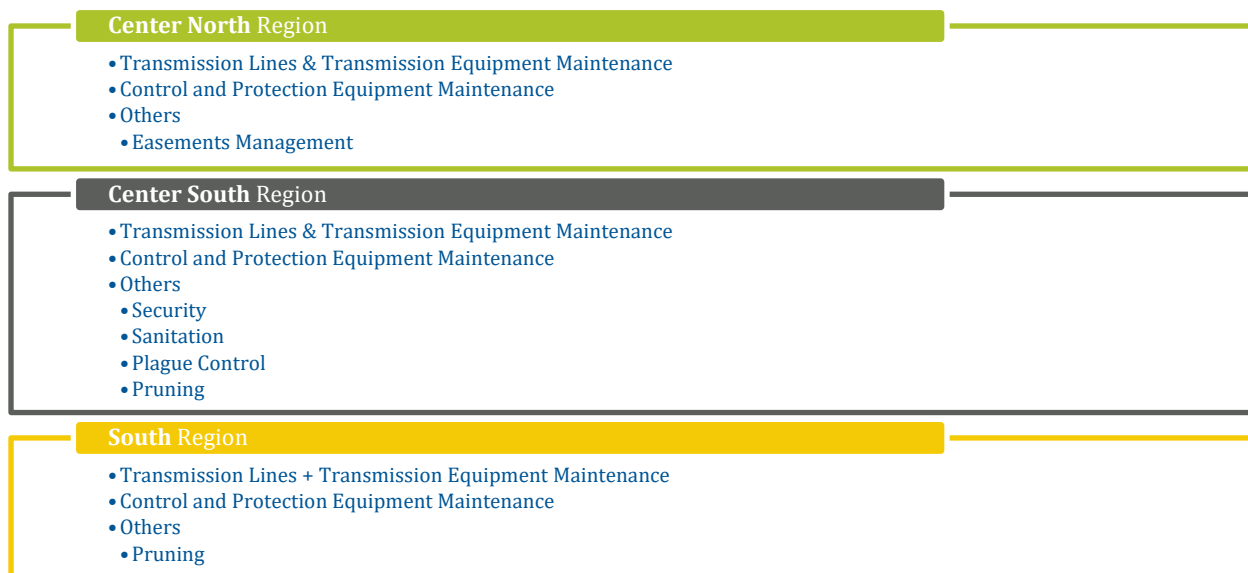


Figure 4-2 Maintenance Activities covered in Key Maintenance Contracts

In many instances, specific equipment maintenance or tree trimming practices subcontracted to local firms on the basis of a competitive bidding process. To the extent an O&M contractor replacement becomes necessary, Black & Veatch does not foresee major inconvenience on finding a replacement contractor.

4.2.1.1 Transmission Lines Maintenance

The basic preventive maintenance, corrective preventive maintenance and maintenance against failures for the transmission lines is provided by qualified contractors across the Center North region, the Center South and the South regions. These services are provided in exchange of a compensation scheme based on unitary rates with minimum guaranteed annual compensation levels. More specifically, these service providers are responsible for overseeing and performing the following transmission line maintenance works:

- Inspections
 - Visual inspection of lines of any voltage
 - Climbing inspection of 44/66/110/220 kV lines
 - Grounding resistance verification
 - Thermographic inspection of structures and joints
 - Measuring the height of the conductor
 - Failure inspection
- Insulations
 - Washing of insulators of 66/110/220 kV
 - Manual cleaning of insulators of 66/110/220 kV

- Replacement of suspension insulators chain de-energized up to 44/66/110/220 kV
- Replacement of anchoring insulators chain de-energized up to 44/66/110/220 kV
- Replacement of anchoring insulators chain energized up to 44/66/110/220 kV
- Conductors
 - Opening and closing of line bridges up to 110/220 kV
 - Installation of Prefabricated structures up to 110/220 kV
 - Foreign element removal of energized/de-energized line
 - Installation or replacement of shock absorbers up to 44/66/110/220 kV
- Structures
 - Installation or replacement of structure marking plate
 - Installation or replacement of anti-bird devices
 - Painting numbering or circuit marking
 - Repair of grounding mesh
 - Georeferencing of structures
 - Installation or repair of anti-climbing protection mechanisms
- Other
 - Providing personnel and crews of work
 - Providing mobilization and lifting equipment
- Substation
 - Insulators wash for the electric substation

Overall, Black & Veatch considers the maintenance scope covered under the maintenance contracts with the transmission lines qualified contractors to be adequate to ensure the correct operations of the lines.

4.2.1.2 Transmission Equipment Maintenance

The basic preventive maintenance, corrective preventive maintenance and maintenance against failures for the main transmission equipment is provided in the Center North region and in the Center South and South regions. These services are provided in exchange of a compensation scheme based on unitary rates with minimum guaranteed annual compensation levels. More specifically, the service providers are responsible for overseeing and performing the following transmission equipment maintenance works:

- Preventive maintenance
 - Substation busbars
 - Substation bays and transformers
 - Auxiliary services equipment (batteries, auxiliary transformers, emergency generator sets)
 - Substations thermal imaging
 - Substation lightning (low, medium, major)

- Insulators wash
- Corrective maintenance
 - Power transformers (oil change and normalization, diagnostic testing, replacements of ventilator motor)
 - Switches (diagnostic testing and replacement)
 - Current transformers (diagnostic testing and replacement)
 - Lightning rods (diagnostic testing and replacement)
 - Wave traps (replacement)
 - Disconnectors (lubrication, cleaning and replacement)
 - Cable guards (diagnostic testing)
 - Static capacitors (replacement of fuses and entire capacitors)
 - Reactors (replacement)
 - Generator sets (replacement of batteries and oil change)
 - Battery banks (cleaning, normalization of electrolytes levels, replacement)
 - Testing (insulation verification and capacity factors measurements)
 - Oil sampling (on-site sampling and testing, 1000 L reconditioning and 2000 L reconditioning)
 - Insulators (cleaning and replacement)
 - Lightning (installation of poles, replacement of reflectors and lightbulbs)
 - Auxiliary equipment (cleaning and replacement of filters)
 - Thermal imaging (elimination of hot spots)
 - General substation (painting, cable installation and cable control)
 - Provision of personnel (technicians and supervisors)
- Special works
 - Installation of equipment
 - Disassembly of equipment
 - Excavation and civil works

Overall, Black & Veatch considers the maintenance scope covered under the maintenance contracts with the transmission equipment qualified contractors to be adequate to ensure the correct operations of the transmission equipment.

4.2.1.3 Control and Protection Equipment Maintenance

The basic preventive maintenance, corrective preventive maintenance and maintenance against failures for the main transmission control and protection equipment is provided by qualified contractors across the Center North region, the Center South and the South regions. These services are provided in exchange of a compensation scheme based on unitary rates with minimum guaranteed annual compensation levels. More specifically, the service provider responsible for

overseeing and performing the following transmission control and protection equipment maintenance works:

- Testing Protocol of Verification of Protection Setting
 - Scope of fault zones
 - Operation time of fault zones
 - Distance function
 - Neutral directional overcurrent function
 - Line Pick-Up function
 - Emergency overcurrent function
 - Breaker failure function
- Basic Preventative Maintenance of Bay
 - Retightening and cleaning of boards
 - Insulation measurement CC in T.D.C.C.
 - Insulation measurement CA in TTCC
 - Insulation measurement CA in TTPP line
- Basic Preventative Maintenance of Disconnect Switch
 - Verification of operations and opening
 - Verification of closing operations
 - Verification of alarms in SCADA
 - Verification of alarms in control cabinet
- Basic Preventative Maintenance of Power Transformer
 - Verification of transformer alarms
 - Retightening and cleaning in cabinet and grouping box
- Intervention
 - Verification of the current circuit of the protection system
 - Verification of control circuits
 - Protection blocking
 - Protection standardization
 - Verification of remote protection reading system ("SLRP")
 - Integration of analog variables in bays
 - Power switch testing and commissioning

For certain specialized works (e.g. replacement of teleprotection equipment, installation of medium voltage cells or implementation of auditive alarms for the SCADA system) the service provider may utilize designated subcontractors as needed.

are usually operated through services agreement with Colbún. Black & Veatch understands that Colbún Tx is in preliminary plans to develop by 2025 a centralized SCADA operations platform, capable of managing entire operations from Santiago, Chile. These remote facilities are monitored through ABB, Siemens and GE SCADA system, are administered geographically by Colbún personnel in different complexes as shown in Table 4-1.

Table 4-1 Portfolio Remote SCADA Systems

ZONE	SCADA	OWNER	OPERATOR	LOCATION
Center North	Aconcagua	Colbún Tx	Colbún	Aconcagua Complex
	Las Tortolas	Colbún Tx	Colbún Tx	Las Tortolas Substation
	Carena	Colbún	Colbún	Carena Plant
Center South	Colbún	Colbún	Colbún	Colbún Complex
	Local – Armerillo	Colbún Tx	Colbún	Colbún Complex
	Santiago	Colbún Tx	Colbún	Colbún Complex
	Minero	Colbún Tx	Colbún	Colbún Complex
South	Los Pinos	Colbún	Colbún	Los Pinos Plant
	Rucue	Colbún	Colbún	Bio-Bio Complex
	Santa Maria	Colbún	Colbún	Santa Maria Complex
	Mulchen	Colbún Tx	Colbún	Colbún Dispatch

Similarly, the communications system utilized for the information networks of Colbún Tx are also administered by geographical location as seen in Figure 4-4.

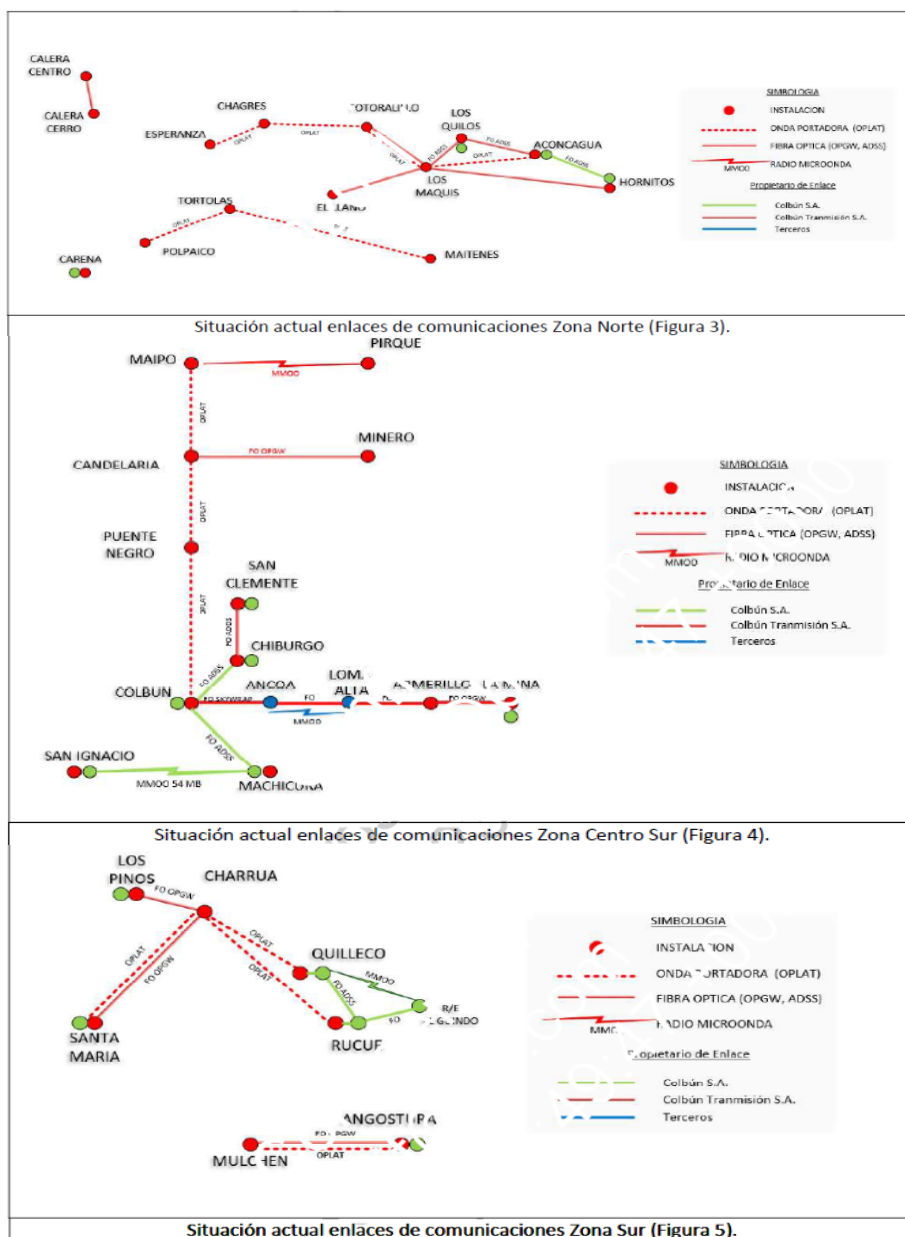


Figure 4-4 Portfolio Communications Networks (Top: North Zone assets, Middle: Center South Zone assets, Bottom: South Zone assets)

These communications system can be further categorized into two groups of Wide Area Network (“WAN”) and Local Area Network (“LAN”) arrangements. The first arrangement corresponds to leased systems from local telecommunications companies. The second arrangement corresponds to private communications networks directly owned by Colbún, Colbún Tx or a third-party provider that is not a major telecommunications company. The telecommunications networks include:

■ Communication Systems North Zone

- All-dielectric self-supporting (“ADSS”) fiber optic link Calera Centro/Calera Cerro: Colbún Tx
- Carrier wave link Esperanza/Chagres: Colbún Tx
- Carrier wave link Chagres/Totoralillo: Colbún Tx

- Carrier wave link Totoralillo/Los Maquis: Colbún Tx
- ADSS fiber optic link Totoralillo/Los Maquis: Colbún Tx
- ADSS fiber optic link El Llano/Los Maquis: Colbún Tx
- ADSS fiber optic link Los Maquis/Los Quilos: Colbún Tx
- ADSS fiber optic link Los Quilos/Aconcagua: Colbún Tx
- ADSS fiber optic link Los Maquis/Hornitos: Colbún Tx
- ADSS fiber optic link Los Maquis/Aconocagua: Colbún Tx
- ADSS fiber optic link Aconcagua/Hornitos: Colbún
- Carrier wave link Polpaico/Las Tortolas: Colbún Tx
- Carrier wave link Las Tortolas/Maitenes: Colbún Tx
- Communication Systems Center South Zone
 - Microwave link Pirque/Maipo: Colbún Tx
 - Carrier wave link Maipo/Candelaria: Colbún Tx
 - Carrier wave link Candelaria/Puente Negro: Colbún Tx
 - Carrier wave link Puente Negro/Colbún: Colbún Tx
 - OPWG fiber optic link Candelaria/Minero: Codelco, operated by Colbún
 - ADSS fiber optic link Colbún/Chiburgo: Colbún
 - ADSS fiber optic link Chiburgo/San Clemente: Colbún Tx
 - SKYWRAP fiber optic link Colbún/Ancoa/Loma Alta: Colbún Tx
 - Microwave link Ancoa/ Loma Alta: Colbún Tx, shared with Transelec
 - Communications fiber optic link Loma Alta/Armerillo: Colbún Tx
 - OPWG fiber optic link Armerillo/La Mina: Colbún Tx
 - ADSS fiber optic link Colbún/Machicura: Colbún
 - Microwave link Machicura/San Ignacio: Colbún
- Communication Systems South Zone
 - OPWG fiber optic link Charrua/Los Pinos: Colbún Tx
 - OPWG fiber optic link Charrua/Santa Maria: Colbún Tx
 - Carrier wave link Charrua/Santa Maria: Colbún Tx
 - Carrier wave link Charrua/Quilleco: Colbún Tx
 - Carrier wave link Charrua/Rucue: Colbún Tx
 - ADSS fiber optic link Quilleco/Rucue: Colbún
 - Microwave link Quilleco/Radio estación El Guindo: Colbún
 - ADSS fiber optic link Rucue/Radio estación El Guindo: Colbún Tx
 - OPWG fiber optic link Mulchen/ GIS Angostura: Colbún Tx

● Carrier wave link Mulchen/Angostura: Colbún Tx

Overall, Black & Veatch considers the Portfolio telecommunications and SCADA network to be adequate and to permit the real-time operations of the Portfolio, as well the efficient SITR information exchange with the CEN.

4.2.2.1 SITR Availability

The availability of the SITR information serves as a proxy to assess the effectiveness of the Portfolio's SCADA systems. The availability is calculated as the percentage of time in a given month where the signals reported by a company reach the SCADA system of the CEN with a valid data mark, following a standard communication protocol such as DNP 3.0, IEC 60870-5-104 or ICCP. A valid data mark indicates that there are no failures in acquisitions signals equipment or in the network links that transport the information from the control centers of the company to the SCADA system of the CEN.

Article 4-12 of the standard Norma Técnica de Seguridad y Calidad de Servicio ("NTSyCS" or the "Technical Norm") indicates that the availability of the SITR in a given system should be equal to 99.5 percent or high. Black & Veatch understands that this threshold is not strictly enforced through fines, yet is set to a high-level to ensure effective real-time decisions and a correct operation of the Chilean national grid from the CEN. Figure 4-5 shows Colbún and the Chilean system SITR availability during the 21-month period from October 2019 through June 2021.

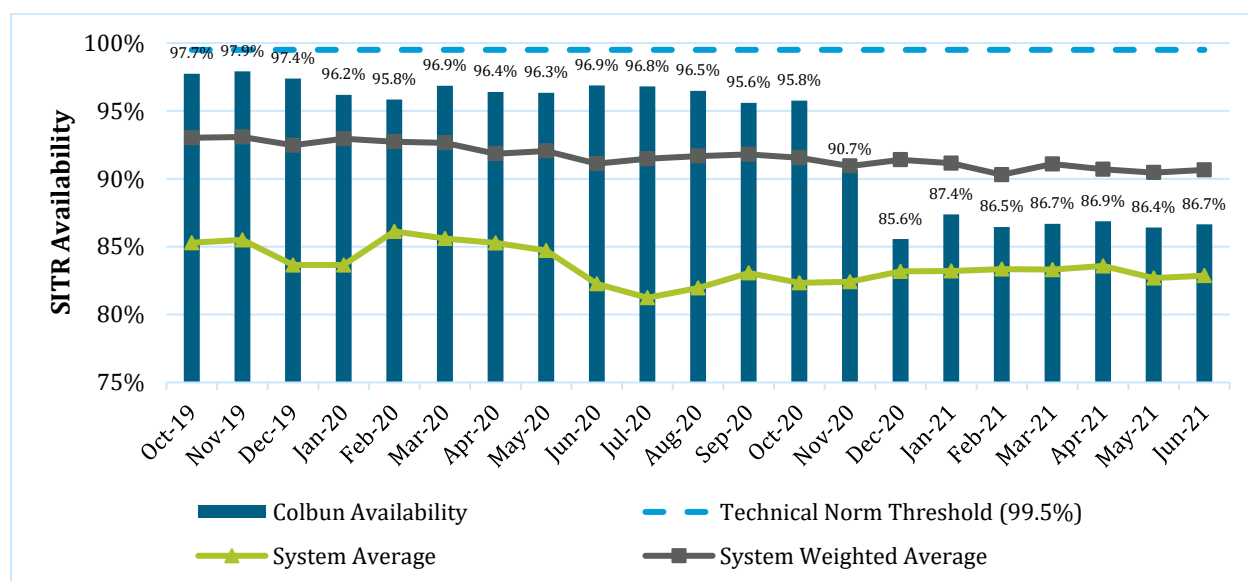


Figure 4-5 SITR Availability of Colbún and the Chilean System

Although Colbún's SITR availability fails to achieve the desired Technical Norm threshold level, its performance far exceeds Chilean system average and is generally in line with the weighted average by number of signals metrics, suggesting an efficient performance of the Portfolio's SCADA systems.

4.2.3 Spare Parts

Colbún Tx keeps critical spares at centralized warehouses and on certain substations. The most critical piece of equipment in the Portfolio substations will likely be transformers, and during the

site visit Black & Veatch observed a spare transformer at Los Maquis substation. In the event that a spare part could not be utilized from Colbún Tx spares or purchases from another transmission company or the manufacturer would be needed.

The lists of spare parts provided by Colbún Tx indicate that there are typical spare parts (switches, insulators, oils and lubricants, relays, teleprotection equipment, fiber optics, transformers, etc.) with a total value of \$903,000 USD plus 70 million CLP (approximately \$100,000 USD) for a total of approximately \$1 million USD. The spare parts are distributed geographically by region as North/Center-South/South or by substation as Maipo/Puente Negro/others. Colbún Tx uses SAP Hanna software to manage inventory.

Black & Veatch consider the inventory of spare parts and associated management inventory software system reasonable.

4.3 SITE VISIT OBSERVATIONS ON ASSET CONDITION

B&V Personnel performed a site visit between November 21 and December 4, 2020 to observe the condition of the asset visited and discuss key aspects of the facilities with personnel of Colbún Tx.

There was a safety meeting every day prior to start the facility's walk-down. The induction started with COVID-19 form to fill, temperature check on every person. As part of the standard construction safety PPE, mandatory to wear face masks and social distancing during the walk-down.

Black & Veatch visited 19 out of 27 substations included in the list of this technical due diligence during the 5 days site visit: Mulchen, Angostura, Rucue, Quilleco, Los Pinos, Colbún, Ancoa, Machicura, Chiburgo, Charrúa, Candelaria, San Ignacio, Puente Negro, Maipo, Hornitos, Maquis, Aconcagua, Los Quilos, Chacabuquito. The visited included also approximately 20 transmission lines which observations are described later, Black & Veatch noted the following general site visit observations

- At the time of the site visit, all the facilities were found in operation, this mean substations and transmission lines energized;
- O&M personnel were observed performing daily inspections and gathering data to monitor the equipment conditions;
- In general, the structures, including control rooms and other buildings, were in good condition and showed no signs of floor heaving/settling or roof leakage;
- Observed equipment components appeared to be in a proper state of maintenance, with no observable signs of distress.
- Circuits, equipment, auxiliary services, panels and structures were observed with proper tags, identifications and locks. The equipment observed during the site tour was in good condition, with no signs of significant leakage, heat damage, or other distress.
- During the walk-down, it was observed good quality of housekeeping. Maintenance materials (combustible/flammable materials, ladders, rags, loose parts, tools, trash, etc.) were properly stored, and work areas were uncluttered.
- Equipment spares, hot deep galvanized metallic structures spares, and ancillaries are being stored in some cases in the facility. Black & Veatch did not get access to the list of spares since Colbún and Colbún Tx are currently working to define these items;

Based on visual observations, review of available documentation and interviews with the plant management, Black & Veatch in general considers the assets to be in a very good operating condition, consistent with the available documents provided to Black & Veatch for review. The O&M personnel onsite found to be well trained, with long experience in the company and proficient in conducting their respective O&M activities.

Individual assets' site visits observations are presented in Appendix C.

4.4 PERFORMANCE ASSESMENT

According to the Chilean regulatory process, trunk transmission projects' compensation is payable only when that transmission project is operating and available for electricity transmission. Accordingly, project availability is considered to be a key aspect of transmission asset performance. Additionally, in the event that CEN deems that a project is not achieving its mandated level of availability, CEN will report the non-compliance to the Chilean Superintendence of Electricity and Fuels ("SEC") who will ultimately determine any applicable sanction for that project.

According to Article 16 of Law 18410 of the Ministry of Energy of Chile, SEC can apply a sanction ranging from a written notice, a monetary fine expressed in Annual Tributary Units ("UTA") or ultimately, the termination of the project award. The severity of the sanction or fine will generally depend on:

- The importance of the caused damage resulting from unavailability;
- The percentage of users affected by the infraction;
- The obtained economic benefit on the occasion of the infraction;
- The intentionality in the commission of the infraction and the degree of participation in the fact, action or constituent omission of the same;
- The previous performance history of the project; and
- The economic capacity of the violator.

In the case of a minor infraction, the fine will be limited to 500 UTA (approx. 0.42 million USD); in the case of a severe infraction, it will be limited to 5,000 UTA (approx. 4.2 million USD); and in the case of a very severe infraction, this will be limited to 10,000 UTA¹. In any case, the amount to pay by the transmission company cannot exceed 5 percent of the company's annual income obtained during the last year (equivalent to 5 percent of the VAT¹). Black & Veatch understands that there are no precedents of a transmission company reaching that 5 percent cap at the time of this Report, nor precedents of penalties charged by SEC to a transmission company for non-compliances if there is no end users' impact, however Black & Veatch is aware of some instances where SEC has historically levied lower penalties for unavailability events, as summarized in Table 4-2.

¹ The monetary currency units of the UTA are the Chilean pesos ("CLP"), and this amount in CLP is indexed every month according to the local inflation. The Annual Tributary Units ("UTA") is equal to twelve times the Monthly Tributary Unit ("UTM"). As of December 2020, the value of the UTM is CLP 51,029.

Table 4-2 Examples of Transmission Asset Availability Penalties under the SEC

DATE OF EVENT	RESOLUTION DATE	TRANSMISSION COMPANY	TRANSMISSION SYSTEM	EFFECTS	FINE UTA / MUSD	
16-Dec-13	6-Mar-15	Transelec	110kV Cardones-Copiapo	Unavailability in several SS affecting clients and mining companies	3,600	2.95
30-Jun-14	6-Mar-15	Transelec	154kV Tinguiririca - San Fernando	Loss of 110 MW of power supply to clients	1,200	0.98
25-Apr-14	24-Apr-2015	Transnet	SS 110 Copiapo	Loss of 30.7 MWh to clients	1,000	0.82
17-Jun-14	21-Aug-15	Transelec	SS Charrua	Loss of 460 MW of generation and loss of 191.8 MWh to clients and private companies	8,000	6.56
24-Sep-14	21-Aug-15	Transnet	SS Las Encinas	Loss of 43 MW of power supply and total of 9 hrs disconnection to clients	1,800	1.48
16-Sep-14	6-Oct-15	Transelec	220kV Rapel - Cerro Navia	Loss of 81.93 MW of power supply	2,400	1.97
12-Apr-15	4-Feb-16	Transnet	66kV Horcones - Carampangue	Loss of 67.2 MWh power supply affecting clients	600	0.49
24-Dec-15	17-Oct-16	Transelec	220kV Atacama - Esmeralda	Loss of 37.9 MW generation affecting clients	2,400	1.97
10-Dec-15	25-Nov-16	Transnet	66kV Victoria - Curacautin	2 MW of power delivery for 4 hrs and 31 min affecting clients	3,600	2.95

Black & Veatch understands that dipping below the mandated transmission asset availability will trigger a non-compliance report to the SEC regardless of impact to the transmission system, but a monetary fine will be levied only when there is a negative impact resulting from an outage event, and the fine will be proportional to the severity of that impact. Because the CEN plans their backbone transmission system with n-1 considerations, typically a single asset outage will not result in a blackout/brownout and negative system impacts. As shown in Table 6-1, the fines that Black & Veatch is aware of are for smaller transmission assets that are not planned with the same n-1 criteria, and therefore don't benefit from the same level of redundancy as the Portfolio high-voltage transmission assets. Accordingly, Black & Veatch believes that the risk of the Portfolio incurring fines for unavailability is low.

In order to assess the historical performance of the national, zonal and dedicated lines assets, Black & Veatch reviewed the Portfolio historical availability, downtime, and fault code information for the last 5 years as reported by the CEN, and compared the reported values against the requirements under Article 5-60 of the Technical Norm. According to the Technical Norm, downtime is to be limited to a certain number of hours per rolling 12-month period based on the transmission asset's voltage and length, as summarized in Table 4-3.

Table 4-3 Availability Requirements by Voltage Level (per 100 km of Length)

TYPE	HPROt: SCHEDULED UNAVAILABILITY (HOURS)	HFORt: FORCED UNAVAILABILITY (HOURS)	FFORt: FREQUENCY OF UNAVAILABILITY (# DISCONNECTIONS)
500 kV or higher	20	5	2
220 kV up to 500 kV	20	10	3
100 kV up to 220 kV	20	15	4
44 kV up to 100 kV	15	30	5
Transformers and series compensation equipment	30	45	1
Note: For line lengths below 100 km, these will be considered as 100 km circuits. For line lengths above 100 km, availability requirements will be scaled proportionally to length.			

Black & Veatch notes that in some instances, interruption events may not directly impact the line's operation, and accordingly these may not be recognized by CEN for fines calculation purposes. Only the outages recognized by CEN are counted in the Projects' official downtime calculations as monitored by Article 5-60 of the Technical Norm. The historical 5-year rolling performance compliance from October 2015 through October 2020 for the national transmission lines, zonal transmission lines and dedicated transmission lines, and the GSU transformers against their prorated allowances² in the Technical Norm as reported by the CEN are shown in Table 4-4, Table 4-5, Table 4-6 and Table 4-7 respectively. In general, these reports indicate few non-compliance events in comparison to the size of the Colbún Tx Portfolio.

² Assets less than 5 years as indicated with an * as CEN do not report these metrics for these.

Table 4-4 Compliance of National Projects Transmission Lines against Technical Norm

ID Tramo	Nombre Propietario	Nombre Tra	Tramo Nombre	Largo		Fecha	total ponderado en 5 años			estandar real según km del tramo			Cumplimiento 2019		
				total	Tensión		hprot	hfort	ffort	HPROt	HFORT	FFORT	HPROt	HFORT	FFORT
72	COLBÚN TRANSMISIÓN	Nacional	CANDELARIA - COLBUN 220KV C1	214.40	220	1/1/1997	86.61	1.43	1.00	42.88	21.44	6.43	NC	C	C
114	COLBÚN TRANSMISIÓN	Nacional	CANDELARIA - COLBUN 220KV C2	214.40	220	1/1/1997	62.73	4.64	1.20	42.88	21.44	6.43	NC	C	C
69	COLBÚN TRANSMISIÓN	Nacional	MAIPO - CANDELARIA 220KV C1	46.40	220	1/1/1997	106.52	0.00	0.00	20.00	10.00	3.00	NC	C	C
113	COLBÚN TRANSMISIÓN	Nacional	MAIPO - CANDELARIA 220KV C2	46.40	220	1/1/1997	1187.20	0.00	0.00	20.00	10.00	3.00	NC	C	C
4358	COLBÚN TRANSMISIÓN	Nacional	QUILAPILUN - LOS MAQUIS 220KV C2	39.45	220	1/1/2004	34.49	6.20	0.00	20.00	10.00	3.00	NC	C	C
45	COLBÚN TRANSMISIÓN	Nacional	TAP EL LLANO - LOS MAQUIS 220KV C1	31.21	220	1/1/2004	45.42	9.98	0.00	20.00	10.00	3.00	NC	C	C
4359	COLBÚN TRANSMISIÓN	Nacional	POLPAICO - QUILAPILUN 220KV C2	28.30	220	1/1/2004	18.93	2.85	0.20	20.00	10.00	3.00	C	C	C
1628	COLBÚN	Nacional	QUILAPILUN - TAP EL LLANO 220KV C1	8.22	220	1/1/1998	27.51	22.49	0.00	20.00	10.00	3.00	NC	NC	C
111	COLBÚN TRANSMISIÓN	Nacional	ALTO JAHUEL - MAIPO 220KV C2	0.42	220	1/1/2009	1.41	0.00	0.00	20.00	10.00	3.00	C	C	C
65	COLBÚN TRANSMISIÓN	Nacional	ALTO JAHUEL - MAIPO 220KV C1	0.38	220	1/1/1997	264.52	0.00	0.00	20.00	10.00	3.00	NC	C	C
1250	COLBÚN	Nacional	COLBUN - ANCOA 220KV C1	0.17	220	5/11/2013	46.05	7.85	0.80	20.00	10.00	3.00	NC	C	C

Table 4-5 Compliance of Zonal Projects Transmission Lines against Technical Norm

ID Tramo	Nombre Propietario	Nombre Tra	Tramo Nombre	Largo		Fecha	total ponderado en 5 años			estandar real según km del tramo			Cumplimiento 2019		
				total	Tensión		hprot	hfort	ffort	HPROt	HFORT	FFORT	HPROt	HFORT	FFORT
46	COLBÚN TRANSMISIÓN	Zonal	LO PRADO - CEMENTOS POLPAICO 44KV C1	36.60	44	1/1/1950	0.00	7.48	0.00	15.00	30.00	5.00	C	C	C
108	COLBÚN TRANSMISIÓN	Zonal	LO PRADO - CEMENTOS POLPAICO 44KV C2	36.60	44	1/1/1950	4.48	0.00	0.00	15.00	30.00	5.00	C	C	C
993	COLBÚN TRANSMISIÓN	Zonal	F CHAGRES - TAP SAN FELIPE 110KV C2	20.92	110	1/1/1993	12.61	1.07	0.60	20.00	15.00	4.00	C	C	C
8	COLBÚN TRANSMISIÓN	Zonal	TAP SAN RAFAEL - TAP LOS MAQUIS 110KV C1	20.77	110	1/1/1993	40.85	9.93	0.40	20.00	15.00	4.00	NC	C	C
1030	COLBÚN TRANSMISIÓN	Zonal	TAP F CHAGRES - TAP SAN FELIPE 110KV C1	20.52	110	1/1/1993	43.66	7.96	0.20	20.00	15.00	4.00	NC	C	C
6	COLBÚN TRANSMISIÓN	Zonal	TAP SAN FELIPE - TAP SAN RAFAEL 110KV C1	14.20	110	1/1/1993	40.85	9.93	0.40	20.00	15.00	4.00	NC	C	C
101	COLBÚN TRANSMISIÓN	Zonal	TAP SAN FELIPE - TAP SAN RAFAEL 110KV C2	14.20	110	1/1/1993	12.61	1.07	0.80	20.00	15.00	4.00	C	C	C
81	COLBÚN TRANSMISIÓN	Zonal	TALCA - SAN CLEMENTE 66KV C1	12.90	66	1/1/1996	6.30	0.27	0.40	15.00	30.00	5.00	C	C	C
103	COLBÚN	Zonal	TAP SAN RAFAEL - TOTORILLO 110KV C2	12.57	110	1/1/1993	12.61	1.07	0.60	20.00	15.00	4.00	C	C	C
104	COLBÚN	Zonal	TOTORILLO - TAP LOS MAQUIS 110KV C2	9.80	110	1/1/1993	5.09	1.34	0.20	20.00	15.00	4.00	C	C	C
991	COLBÚN TRANSMISIÓN	Zonal	ESPERANZA - F CHAGRES 110KV C2	8.42	110	1/1/1993	30.67	1.53	0.20	20.00	15.00	4.00	NC	C	C
990	COLBÚN TRANSMISIÓN	Zonal	ESPERANZA - TAP F CHAGRES 110KV C1	8.02	110	1/1/1993	47.21	7.96	0.20	20.00	15.00	4.00	NC	C	C
7	COLBÚN TRANSMISIÓN	Zonal	TAP SAN RAFAEL - SAN RAFAEL 110KV C1	2.10	110	1/1/1993	2.62	0.00	0.00	20.00	15.00	4.00	C	C	C
102	COLBÚN TRANSMISIÓN	Zonal	TAP SAN RAFAEL - SAN RAFAEL 110KV C2	2.10	110	1/1/1993	5.09	0.12	0.20	20.00	15.00	4.00	C	C	C
3	COLBÚN TRANSMISIÓN	Zonal	TAP CHAGRES - CHAGRES 110KV C1	0.42	110	1/1/1993	0.00	0.00	0.00	20.00	15.00	4.00	C	C	C
5	COLBÚN TRANSMISIÓN	Zonal	TAP LOS MAQUIS - LOS MAQUIS 110KV C1	0.30	110	1/1/1993	0.00	0.00	0.00	20.00	15.00	4.00	C	C	C
100	COLBÚN TRANSMISIÓN	Zonal	TAP LOS MAQUIS - LOS MAQUIS 110KV C2	0.30	110	1/1/1993	5.09	0.00	0.00	20.00	15.00	4.00	C	C	C
38	COLBÚN TRANSMISIÓN	Zonal	ESPERANZA - LAS VEGAS 110KV C1	0.27	110	1/1/1993	12.56	0.15	0.20	20.00	15.00	4.00	C	C	C

Table 4-6 Compliance of Dedicated Projects Transmission Lines against Technical Norm

				Largo		Fecha	total ponderado en 5 años			estandar real según km del tramo			Cumplimiento 2019		
ID Tramo	Nombre Propietario	Nombre Tra	Tramo Nombre	total	Tensión	ENS	hprot	hfort	ffort	HPROt	HFORT	FFORT	HPROt	HFORT	FFORT
4423	COLBÚN TRANSMISIÓN	Dedicado	PUENTE NEGRO - COLBUN 220KV C1	127.64	220	6/15/2018	286.09	1.16	0.00	25.53	12.76	3.83	*	*	*
4425	COLBÚN TRANSMISIÓN	Dedicado	PUENTE NEGRO - COLBUN 220KV C2	127.64	220	6/15/2018	237.15	0.92	0.90	25.53	12.76	3.83	*	*	*
4422	COLBÚN TRANSMISIÓN	Dedicado	CANDELARIA - PUENTE NEGRO 220KV C1	89.63	220	6/15/2018	237.72	0.00	0.00	20.00	10.00	3.00	*	*	*
4424	COLBÚN TRANSMISIÓN	Dedicado	CANDELARIA - PUENTE NEGRO 220KV C2	89.63	220	6/15/2018	1153.22	0.21	0.45	20.00	10.00	3.00	*	*	*
245	COLBÚN TRANSMISIÓN	Dedicado	SANTA MARIA - CHARRUA 220KV C1	74.30	220	1/1/2010	16.65	0.00	0.00	20.00	10.00	3.00	C	C	C
552	COLBÚN TRANSMISIÓN	Dedicado	SANTA MARIA - CHARRUA 220KV C2	74.30	220	1/1/2010	12.09	1.54	0.20	20.00	10.00	3.00	C	C	C
83	COLBÚN TRANSMISIÓN	Dedicado	RUCUE - CHARRUA 220KV C1	55.60	220	1/1/1998	24.39	4.37	0.40	20.00	10.00	3.00	NC	C	C
82	COLBÚN TRANSMISIÓN	Dedicado	QUILLECO - CHARRUA 220KV C2	44.00	220	1/1/1998	20.26	0.09	0.00	20.00	10.00	3.00	NC	C	C
85	COLBÚN TRANSMISIÓN	Dedicado	LAS TORTOLAS - LOS MAITENES 220KV C1	42.80	220	1/1/2000	5.67	203.70	0.00	20.00	10.00	3.00	C	NC	C
1401	COLBÚN TRANSMISIÓN	Dedicado	MULCHEN - ANGOSTURA 220KV C1	41.60	220	5/1/2013	15.13	0.10	0.20	20.00	10.00	3.00	C	C	C
1402	COLBÚN TRANSMISIÓN	Dedicado	MULCHEN - ANGOSTURA 220KV C2	41.60	220	5/1/2013	15.43	0.88	0.40	20.00	10.00	3.00	C	C	C
95	COLBÚN TRANSMISIÓN	Dedicado	COLBUN - PROCART 220KV C1	32.60	220	1/1/1997	8.75	0.35	0.40	20.00	10.00	3.00	C	C	C
58	COLBÚN TRANSMISIÓN	Dedicado	ESPERANZA - CALERA CENTRO 66KV C1	23.90	66	1/1/1987	60.82	11.00	0.80	15.00	30.00	5.00	NC	C	C
110	COLBÚN TRANSMISIÓN	Dedicado	ESPERANZA - CALERA CENTRO 66KV C2	23.90	66	1/1/1987	73.42	24.24	0.80	15.00	30.00	5.00	NC	C	C
22	COLBÚN TRANSMISIÓN	Dedicado	LOS MAQUIS - HORNITOS 220KV C1	21.11	220	1/1/2007	13.67	0.15	0.20	20.00	10.00	3.00	C	C	C
1652	COLBÚN TRANSMISIÓN	Dedicado	LA MINA - TAP RIO COLORADO 66KV C1	20.80	66	3/3/2017	0.79	1.41	0.57	15.00	30.00	5.00	*	*	*
86	COLBÚN TRANSMISIÓN	Dedicado	POLPAICO - LAS TORTOLAS 220KV C1	17.00	220	1/1/2000	0.98	804.37	0.00	20.00	10.00	3.00	C	NC	C
92	COLBÚN TRANSMISIÓN	Dedicado	CANDELARIA - MINERO 220KV C1	16.20	220	1/1/2002	17.91	0.00	0.00	20.00	10.00	3.00	C	C	C
120	COLBÚN TRANSMISIÓN	Dedicado	CANDELARIA - MINERO 220KV C2	16.20	220	1/1/2002	10.60	0.00	0.00	20.00	10.00	3.00	C	C	C
977	COLBÚN TRANSMISIÓN	Dedicado	CARENA - MALLOCO 44KV C1	13.70	44	1/1/1997	62.46	16.65	1.40	15.00	30.00	5.00	NC	C	C
84	COLBÚN TRANSMISIÓN	Dedicado	RUCUE - QUILLECO 220KV C2	11.60	220	1/1/1998	25.65	0.00	0.00	20.00	10.00	3.00	NC	C	C
4	COLBÚN TRANSMISIÓN	Dedicado	TAP LOS MAQUIS - ACONCAGUA 110KV C1	11.47	110	1/1/1993	41.20	9.93	0.40	20.00	15.00	4.00	NC	C	C
99	COLBÚN TRANSMISIÓN	Dedicado	TAP LOS MAQUIS - ACONCAGUA 110KV C2	11.47	110	1/1/1993	12.64	1.34	0.20	20.00	15.00	4.00	C	C	C
63	COLBÚN TRANSMISIÓN	Dedicado	LOS QUILOS - ACONCAGUA 66KV C1	11.00	66	1/1/1993	26.41	0.13	0.20	15.00	30.00	5.00	NC	C	C
80	COLBÚN TRANSMISIÓN	Dedicado	SAN CLEMENTE - SAN IGNACIO 66KV C1	10.60	66	1/1/1996	6.30	0.27	0.40	15.00	30.00	5.00	C	C	C
19	COLBÚN TRANSMISIÓN	Dedicado	CARENA - LO PRADO 44KV C1	10.20	44	1/1/1950	0.00	9.93	0.20	15.00	30.00	5.00	C	C	C
97	COLBÚN TRANSMISIÓN	Dedicado	CARENA - LO PRADO 44KV C2	10.20	44	1/1/1950	0.00	6.15	0.40	15.00	30.00	5.00	C	C	C
43	COLBÚN TRANSMISIÓN	Dedicado	ACONCAGUA - SALADILLO 66KV C1	8.00	66	1/1/1978	96.37	0.00	0.00	15.00	30.00	5.00	NC	C	C
78	COLBÚN TRANSMISIÓN	Dedicado	COLBUN - MACHICURA 220KV C1	7.40	220	1/1/1985	4.77	0.00	0.00	20.00	10.00	3.00	C	C	C
297	COLBÚN TRANSMISIÓN	Dedicado	SAN CLEMENTE COLBUN - CHIBURGO 66KV C1	7.22	66	1/1/2010	12.23	1.25	0.00	15.00	30.00	5.00	C	C	C
90	COLBÚN TRANSMISIÓN	Dedicado	CHIBURGO - COLBUN 66KV C1	3.20	66	1/1/2007	12.68	2.13	0.00	15.00	30.00	5.00	C	C	C
1649	COLBÚN	Dedicado	TAP RIO COLORADO - RIO COLORADO 66KV C1	2.90	66	4/1/2017	0.37	85.31	0.00	15.00	30.00	5.00	*	*	*
51	COLBÚN	Dedicado	NEHUENCO II N1 - SAN LUIS 220KV C1	1.45	220	1/1/2003	1.45	0.20	0.20	20.00	10.00	3.00	C	C	C
975	COLBÚN TRANSMISIÓN	Dedicado	CALERA CENTRO - CERRO CALERA 66KV C1	1.30	66	1/1/1983	35.24	574.96	0.00	15.00	30.00	5.00	NC	NC	C
57	COLBÚN	Dedicado	NEHUENCO II N2 - SAN LUIS 220KV C1	1.19	220	1/1/2004	3.84	70.59	0.20	20.00	10.00	3.00	C	NC	C
9	COLBÚN	Dedicado	NEHUENCO I N1 - SAN LUIS 220KV C1	0.73	220	1/1/1998	10.28	0.15	0.20	20.00	10.00	3.00	C	C	C
39	COLBÚN	Dedicado	NEHUENCO I N2 - SAN LUIS 220KV C1	0.73	220	1/1/1998	4.20	0.08	0.20	20.00	10.00	3.00	C	C	C
91	COLBÚN TRANSMISIÓN	Dedicado	LOS PINOS - CHARRUA 220KV C1	0.70	220	1/5/2008	23.84	0.00	0.00	20.00	10.00	3.00	NC	C	C
60	COLBÚN	Dedicado	NEHUENCO III - SAN LUIS 220KV C1	0.36	220	1/1/2002	0.00	0.00	0.00	20.00	10.00	3.00	C	C	C
71	COLBÚN TRANSMISIÓN	Dedicado	LOS QUILOS - LOS MAQUIS 110KV C1	0.20	110	1/1/2004	15.82	1.48	0.00	20.00	15.00	4.00	C	C	C
76	COLBÚN TRANSMISIÓN	Dedicado	CANDELARIA - CENTRAL CANDELARIA 220KV C1	0.10	220	1/1/2005	3.66	0.00	0.00	20.00	10.00	3.00	C	C	C
116	COLBÚN TRANSMISIÓN	Dedicado	CANDELARIA - CENTRAL CANDELARIA 220KV C2	0.10	220	1/1/2005	3.53	0.00	0.00	20.00	10.00	3.00	C	C	C

Table 4-7 Compliance of Portfolio GSU Transformers against Technical Norm

ID Equipo	Tipo Equipo	Propietario	Nombre Infotécnica	Fecha Entrada	Cálculo índices 2019			Estándares			Cumplimiento 2019		
					resultado final			HPROt	HFORt	FFORt	HPROt	HFORt	FFORt
6	Transformadores2D	COLBÚN	LTortolas 220/25kV 40MVA 2	01/Jan/2000	21.6	176.9	0.2	30	45		1	C	NC
7	Transformadores2D	COLBÚN	LTortolas 220/25kV 40MVA 1	01/Jan/2000	19.9	0.0	0.0	30	45		1	C	C
16	Transformadores2D	COLBÚN	NEHUENCO I 230/10.5kV 175MVA 2	01/Jan/1998	6.9	0.0	0.0	30	45		1	C	C
18	Transformadores2D	COLBÚN	NEHUENCO I 230/15.75kV 275MVA 1	01/Jan/1998	10.1	0.0	0.0	30	45		1	C	C
46	Transformadores3D	COLBÚN TRANSMISIÓN	Esperanza 110/62/12kV 30MVA	01/Jan/1984	13.9	31.8	0.4	30	45		1	C	C
49	Transformadores3D	COLBÚN TRANSMISIÓN	Cerro Calera 110 /62/12KV 30MVA	01/Jan/1984	26.7	0.0	0.0	30	45		1	C	C
53	Transformadores3D	COLBÚN	Aconcagua 110/66/12KV 50MVA 3	01/Jan/1994	122.5	87.5	0.2	30	45		1	NC	NC
54	Transformadores3D	COLBÚN	Lquillos 110/66/12KV 50MVA 4	01/Jan/1994	29.4	0.2	0.2	30	45		1	C	C
55	Transformadores3D	COLBÚN TRANSMISIÓN	Los Maquis 220/110/12kV 95 MVA	01/Jan/2003	0.4	32.4	0.4	30	45		1	C	C
9	Transformadores2D	COLBÚN TRANSMISIÓN	Maipo 230/115-69 kV 60MVA	01/Jan/1998	13.6	1.7	0.0	30	45		1	C	C
42	Transformadores3D	COLBÚN	COLBUN 230/66/13,8KV 25MVA	19/Jul/2007	S/I	S/I	S/I	30	45		1	S/I	S/I
43	Transformadores3D	COLBÚN	Minero 230/115/13.8KV 100/133/167MVA 1	01/Jan/2003	8.2	0.0	0.0	30	45		1	C	C
44	Transformadores3D	COLBÚN	Minero 230/115/13.8KV 100/133/167MVA 2	01/Jan/2003	12.3	0.0	0.0	30	45		1	C	C
45	Transformadores3D	COLBÚN	Minero 230/115/13.8KV 100/133/167MVA 3	25/Jun/1905	9.5	0.0	0.0	30	45		1	C	C
643	Transformadores2D	COLBÚN	SSAA Colbún 230/13.8KV 10 MVA	01/Jan/1985	3.5	0.0	0.0	30	45		1	C	C
644	Transformadores2D	COLBÚN	Bucue 220/23kV 10MVA 3	01/Jan/1998	1.3	0.0	0.0	30	45		1	C	C
649	Transformadores2D	COLBÚN	SSAA Aconcagua 110/12kV 2MVA	01/Jan/1993	S/I	S/I	S/I	30	45		1	S/I	S/I
534	Transformadores2D	COLBÚN	CHIBURGO 6.6KV/66KV 25MVA	01/Jan/2007	S/I	S/I	S/I	30	45		1	S/I	S/I
48	Transformadores3D	COLBÚN TRANSMISIÓN	Calcentro 66/62/12KV 30MVA	01/Jan/1991	S/I	S/I	S/I	30	45		1	S/I	S/I
650	Transformadores2D	COLBÚN	SSAA Los Quillos 66/6,6KV 0,4MVA	01/Jan/1991	S/I	S/I	S/I	30	45		1	S/I	S/I
536	Transformadores2D	COLBÚN	SAN CLEMENTE 6.6KV/66KV 6MVA	01/Jan/2010				30	45		1		
251	Transformadores3D	COLBÚN TRANSMISIÓN	ARMERILLO 220/66/23KV	01/Mar/2017	11.6	0.1	0.3	30	45		1	*	*
519	Transformadores2D	COLBÚN	CANUTILLAR 220/13.8KV 78MVA 1	01/Jan/1990	5.7	11.1	0.2	30	45		1	C	C
520	Transformadores2D	COLBÚN	CANUTILLAR 220/13.8KV 78MVA 2	01/Jan/1990	5.6	0.0	0.0	30	45		1	C	C
35	Transformadores2D	COLBÚN TRANSMISIÓN	TOTOPALILLO 110/6.6KV 33MVA	01/Jan/2002	4.5	0.3	0.0	30	45		1	C	C
17	Transformadores2D	COLBÚN	NEHUENCO II 230/15.75KV 180.7MVA 4	01/Jan/1998	S/I	S/I	S/I	30	45		1	S/I	S/I
577	Transformadores2D	COLBÚN	LOS QUILOS 66/6.6KV 13.5MVA 1	01/Jan/1993	0.0	7.2	0.0	30	45		1	C	C
531	Transformadores2D	COLBÚN	SAN IGNACIO 66KV/13.8KV 35MVA	01/Jan/1996	3.0	0.0	0.0	30	45		1	C	C

A non-compliance (“NC”) situation, as denoted by yellow highlighted cells in the above tables might trigger a fine by the SEC. While exceeding the allotted number of scheduled unavailability hours (“HPROt”) can be excused as long as the associated scheduled outages are coordinated with the CEN to ensure that appropriate mitigating mechanisms are in place, a NC situation in the case of exceeding the allotted forced unavailability hours (“HFORt”) or frequency of disconnections (“FFORt”) is usually not excused.

Black & Veatch observed NC situations for exceeding HFORt limits from the period of October 2015 through October 2020 in the following assets:

- the national transmission line "QUILAPILUN - TAP EL LLANO 220KV C1"
- the dedicated transmission line "NEHUENCO II N2 - SAN LUIS 220KV C1"
- the dedicated transmission line "LAS TORTOLAS - LOS MAITENES 220KV C1"
- the dedicated transmission line "POLPAICO - LAS TORTOLAS 220KV C1"
- the dedicated transmission line "CALERA CENTRO - CERRO CALERA 66KV C1"
- the 2D transformers in Substation Las Tortolas
- the 3D transformers in Substation Aconcagua

Despite these few NC situations, the Portfolio has been able to demonstrate overall high availability levels from January 2017 through June 2021, as shown in Figure 4-6. With continued periodic and timely O&M practices and appropriate maintenance Capex expenditures, it is reasonable to assume that similar levels of reliability will be achieved in the future.

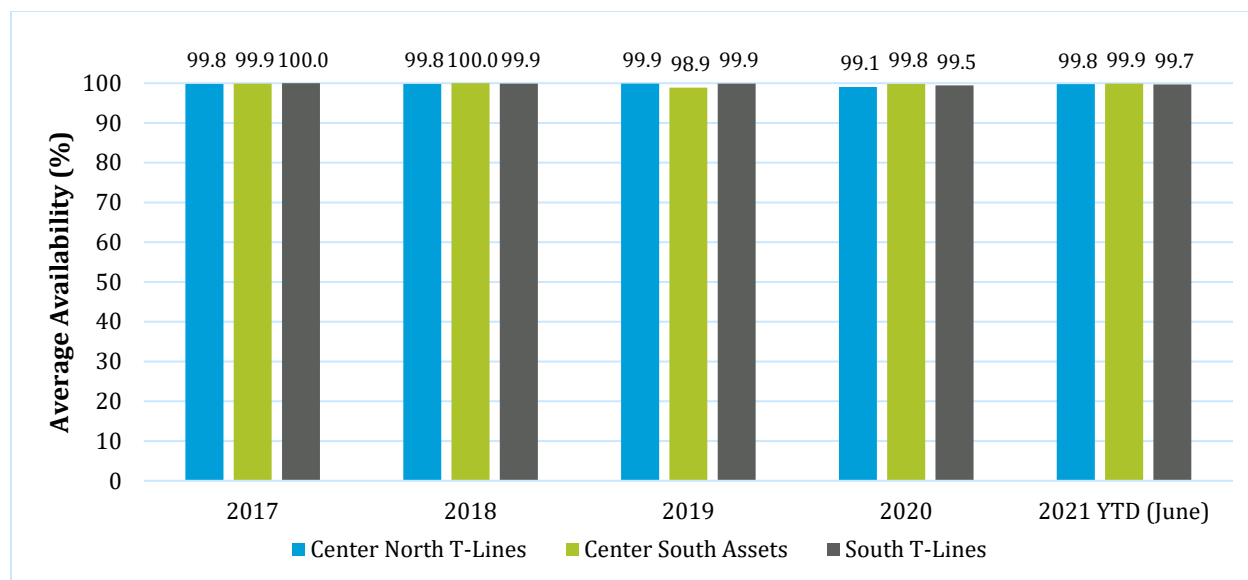


Figure 4-6 Portfolio T-Line Availability

Provided that the Portfolio continues to be appropriately operated and maintained, Black & Veatch believes that the Portfolio should be capable of continue to achieve similar levels of availability which are generally in compliance with the Technical Norm requirements.

4.5 PORTFOLIO USEFUL LIFE

A transmission asset's overall useful life may be thought of as the aggregate product of the useful lives of its various equipment. Given appropriate O&M practices and budget to maintain and replace components as they degrade or fail, the overall asset life may be extended to match the components with the longest lives.

In general, and depending on loading and operation of the equipment, major substation and transmission line equipment can be expected to have useful lives of between 40 years (for equipment that is more subject to changes in loading and frequency of operations such as circuit breakers, transformers, switches) and 60 years or longer (for equipment that is more static in nature and less affected by loading and frequency of operations such as steel structures, conductors, foundations) if properly maintained and operated. The equipment that has shorter useful lives tend to be lower cost items such as batteries (generally about 3-5 year expected useful life) and intelligent electronic devices (such as relays, control equipment, telecom equipment, and SCADA system in the control buildings that may need to be replaced or upgraded as needed to prevent obsolescence).

The CNE published by means of Exempt Resolution No. 412 of June 5, 2018, the list of expected useful life for different transmission components, which will be maintained for a period of 12 years or three tariff periods. The study was developed by ATS Energia S.A. and the results are provided in Table 4-8.

Table 4-8 CNE's Useful Life Estimates

N°	COMPONENT	USEFUL LIFE [YEARS]
1	Rights related with the use of way and environment	PERPETUAL
2	Civil works	50
3	Structures of lines and/or substations	50
4	Clamping and insulation elements	30
5	Electromechanical and electromagnetic equipment	40
6	Conductors and guard cable	50
7	Electromechanical and electromagnetic protections	20
8	Digital protections	15
9	Control equipment, remote control, measurement, communications and backup	10
10	Other secondary elements of substations or radio stations	40
11	Real estate different to land	50
12	Operation and maintenance equipment not fungible	15
13	Non-expendable office equipment	15
14	Computer equipment and surveillance systems	5
15	Vehicles	5

Figure 4-7 and Figure 4-8 show the Portfolio's transmission lines age distribution broken down by voltage level and asset type respectively. Overall, Portfolio consists of relatively young assets, younger than 30 years old from its COD date, except for a few km of zonal 44 kV lines. Given the age profile of the Colbún Tx transmission lines and the typical useful life of key equipment and structures, it is expected that, with continuous maintenance investments as denoted in the Financial Model maintenance CapEx forecasts, the useful life of the assets will extend beyond 50 years from the 2021 company transaction date.

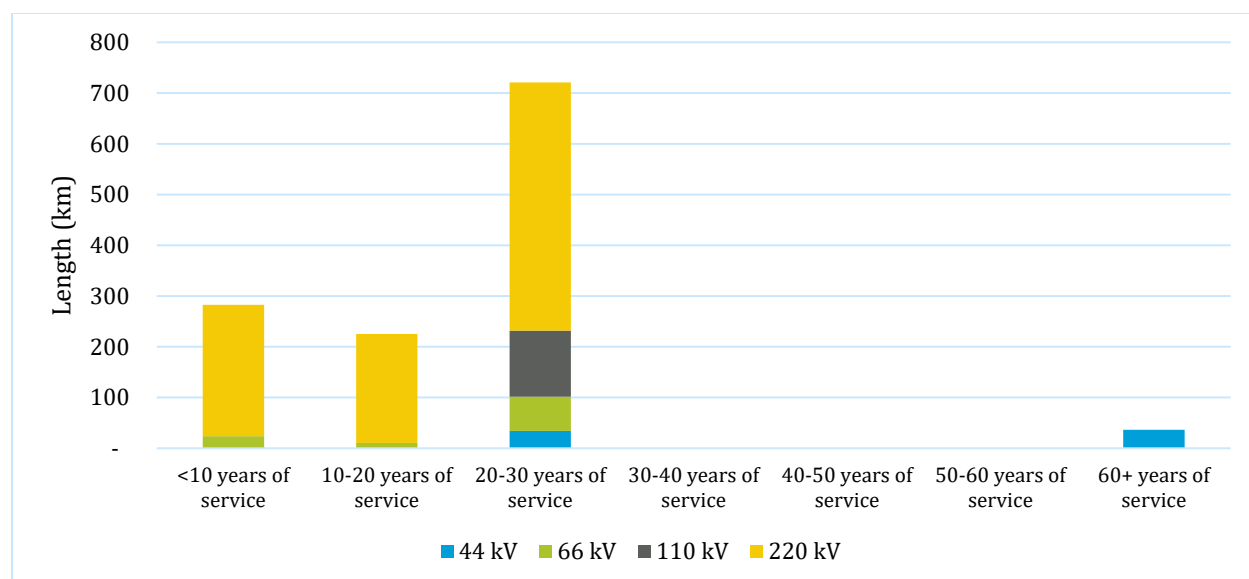


Figure 4-7 Portfolio Transmission Lines Age Profile by Voltage Level

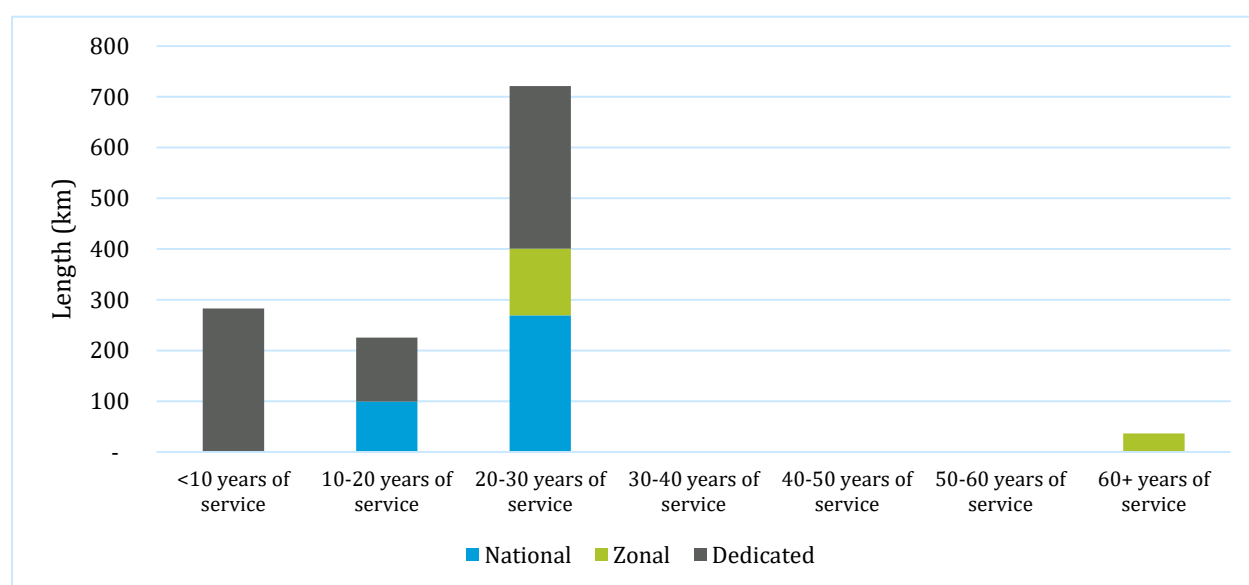


Figure 4-8 Portfolio Transmission Lines Age Profile by Asset Type

Upon review of Colbún Tx' O&M plan and projected O&M expenses, CNE's useful life estimates, and considering Colbún Tx' past experience in operating and maintaining transmission assets in addition to the Portfolio, Black & Veatch believes that the Portfolio should be able to achieve a service life meeting or exceeding the CNE's guidance. Overall, Black & Veatch would expect all major Portfolio components such as towers, conductors, foundations, transformers, reactors, telecom equipment, and switches to have useful service lives that exceed 30+ years from COD.

4.5.1 Colbún Generation Units Age Profile

In order to further assess the usefulness of the dedicated transmission assets serving Colbún generation facilities, Black & Veatch performed an age distribution analysis on Colbún's generation units to assess the remaining life of these assets. The analysis shown in Figure 4-9 was performed

based on available data on the 3,066 MW of net effective capacity reported in the CEN website for Colbún facilities.

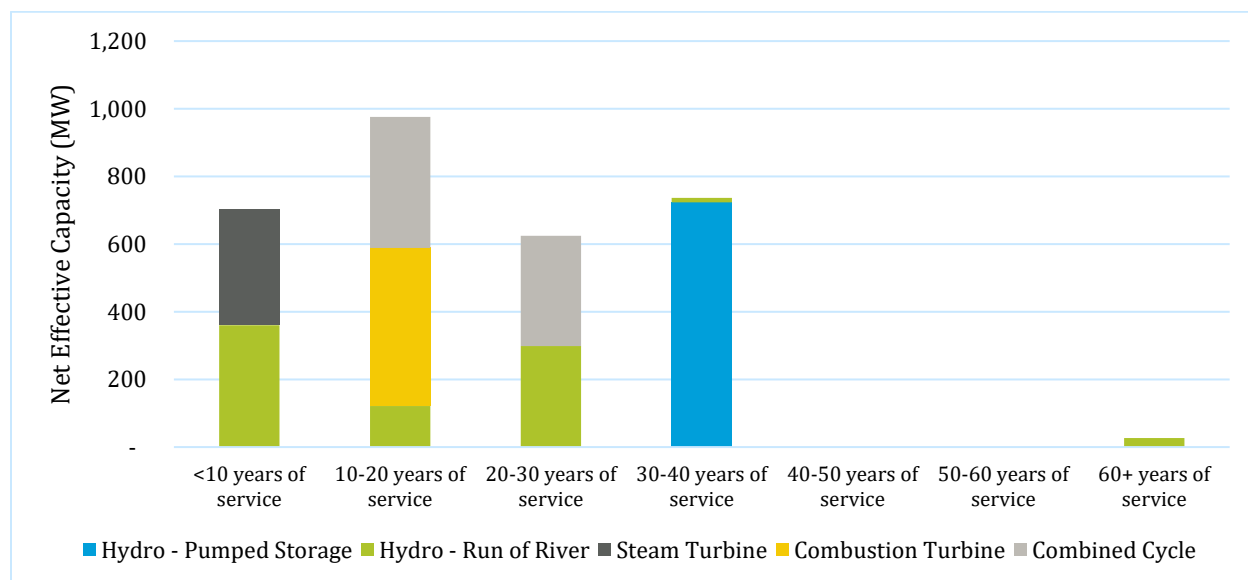


Figure 4-9 Age Profile of Colbún's Generation Units

Approximately 50 percent of Colbún's reported net effective capacity comes from hydro generation resources, most of which are less than 40 years old from their respective COD and with only 27 MW of run of river hydro being 60+ years old.

The remaining 50 percent of Colbún's reported net effective capacity comes from thermal generation resources, of which 23 percent corresponds to combined cycle facilities between 10 to 30 years old, 15 percent corresponds to combustion turbine generations between 10 to 20 years old, and 11 percent correspond to new coal steam generation facilities.

For units serving important functions necessary to the reliability of the national system such as peaking power, black-start capabilities, frequency regulation, voltage control, or other ancillary services, extending useful life to continue allowing these generation units to provide key services is a reasonable expectation.

The Santa Maria coal plant began operations in 2012 and still has many years of useful life. Under the Chilean decarbonization agenda, the tolling agreement related to the Santa Maria plant may become nationalized by the end of 2039 according to Colbún Tx management. In the event that the line become a national line, it will receive remuneration through the same methodology applied to other Colbún Tx national and zonal lines.

Given the types and ages of assets associated with Colbún Tx's dedicated lines, Black & Veatch believes that it is reasonable to assume that the decommissioning date for the offtakes will be beyond the year 2070. Table 4-9 Colbún lists the offtakers associated with Colbún Tx dedicated lines including the rationale with the remaining useful life assumption.

Table 4-9 Colbún Tx Dedicated Line Offtaker Useful Life Estimates

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
Juncal (29 MW) and Blanco (60 MW)	Hydro run-of-river	1994	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plants Juncal and Blanco belong to the offtaker Colbún S.A. so any CAPEX associated with the plants is not part of the portfolio of Colbún Tx. As per Colbún Tx's 2019 Annual Report, modernization works were performed in Central Aconcagua during 2019. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central Carena (10 MW)	Hydro run-of-river	1937	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years and B&V is aware of plants running for over 130-150 years. Given that, it is reasonable to assume that this plant's useful life will exceed year 2070. Please note that the plant Central Carena belongs to the offtaker Colbún S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx. As per Colbún Tx's 2019 Annual Report, modernization works were performed in Central Carena during 2019. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central Chacabuquito (25.7 MW)	Hydro run-of-river	2002	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plant Central Chacabuquito belongs to the offtaker Colbún S.A. so any CAPEX associated with the plant is not part of

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
				the portfolio of Colbún Tx. <ul style="list-style-type: none"> Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central Hornitos (61 MW)	Hydro run-of-river	2008	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plant Central Hornitos belongs to the offtaker Colbún S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central Los Pinos (104.2 MW)	Thermal - Diesel/Gas	2009	>2070	<ul style="list-style-type: none"> Properly maintained thermal power plants can remain under operation for more than 60 years. Please note that the plant Central Los Pinos belongs to the offtaker Colbún S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that non-coal thermal power plants will play an even more significant role in ensuring the reliability of the grid by compensating the volatile generation of intermittent renewable power plants.
Central Los Quilos (39.9 MW)	Hydro run-of-river	1943	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years and B&V is aware of plants running for over 130-150 years. Given that, it is reasonable to assume that this plant's useful life will exceed year 2070. Please note that the plant Central Los Quilos belongs to the offtaker Colbún S.A. so any CAPEX

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
				<p>associated with the plant is not part of the portfolio of Colbún Tx.</p> <ul style="list-style-type: none"> Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central San Ignacio (37 MW)	Hydro run-of-river	1996	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plant Central San Ignacio belongs to the offtaker Colbún S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central Angostura (322.8 MW)	Hydro-Dam	2014	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plant Central Angostura belongs to the offtaker Colbún S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central La Mina (34 MW)	Hydro run-of-river	2017	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plant Central La Mina belongs to the offtaker Colbún S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx.

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
				<ul style="list-style-type: none"> Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central Santa María (350 MW)	Thermal - Coal	2012	>2070	<ul style="list-style-type: none"> Under the current Decarbonization Plan, Colbún has committed to close the plant by 2040; as long as its decommissioning does not compromise its valid PPA agreements. Given that Central Santa María is a fairly new plant (COD in 2012) and that it has PPA commitments until years 2029 and 2044 with Codelco, Celeo expects the plant to remain under operation until 2040. From 2040 onwards and based on Colbún's analysis of Concepcion's existing transmission infrastructure and its projected electricity demand, Celeo expects the transmission line Santa María - Charrúa to be reclassified as a National Asset by 2039 in order to ensure a reliable energy supply to Concepción. Furthermore, Celeo presumes that Colbún Tx's asset will be eventually required by private developers for the interconnection of future wind farm projects in the Golfo Arauco Region, where the wind resource available is substantial.
Colbún – Candelaria Complex (773 MW)	Thermal - Diesel/Gas	2005	>2070	<ul style="list-style-type: none"> Properly maintained thermal power plants can remain under operation for more than 60 years and B&V is aware of thermal plants in operation for over 70 years. Given that, it is reasonable to assume that this plant's useful life will exceed the year of 2070. Please note that Colbún – Candelaria Complex belongs to the offtaker Colbún S.A. so any CAPEX associated with it is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
				non-coal thermal power plants will play an even more significant role in ensuring the reliability of the grid by compensating the volatile generation of intermittent renewable power plants.
Rucue - Quilleco Complex (250 MW)	Hydro run-of-river	1998 (Rucue) and 2007 (Quilleco)	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that Rucue – Quilleco Complex belongs to the offtaker Colbún S.A. so any CAPEX associated with it is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
La Calera	Industry: concrete	1908	>2070	<ul style="list-style-type: none"> Cementos Melón holds a strong market position - currently responsible for the supply of 24% of the cement consumption in Chile. La Calera is one of the three cement plants under operation by Melon today, representing 90% of the revenues of the company. According to the Seller, Melón has expressed interest in purchasing Colbún's transmission assets, which suggests that Melón does not intend to halt operations in La Calera in the short term. Given Cementos Melón's market position and its manifested interest in purchasing Colbún's transmission assets, Celeo expects that La Calera will be in operation in the long term by being refurbished when needed. The last renovation took place in year 2019, involving USD \$7 million of performance and environmental investments. Similar industrial plants are often refurbished and operated for the long term given infrastructure and land zoning in place that make moving operations prohibitively costly. Please note that the plant La Calera belongs to the offtaker

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
				<p>Melon S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx.</p> <ul style="list-style-type: none"> On the other hand, Celeo presumes that Colbún Tx's asset will be eventually required by private developers for the interconnection of future wind farm projects owing to the high wind resource of the area.
Centrales Peuchén and Mampil and Nuevas Centrales de terceros (140 MW)	Hydro run-of-river	2000	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plants Centrales Peuchén, Mampil and Nuevas Centrales belong to the offtaker Duqueco SpA and others third parties, so any CAPEX associated with the plants is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Planta Maule	Industry: Paper	1998	>2070	<ul style="list-style-type: none"> Planta Maule (Procart) of Cartulinas CMPC is one of the largest cardboard producers in the country. The boxboard segment of CMPC accounts for 44% of LTM revenues as of Sept 2020 of the company's biopackaging business division – the carton board for this segment (520,000 tons/year) is produced at two mills in Chile (Maule and Valdivia). There is a worldwide tendency for reducing plastic consumption, i.e. Law 21100 prohibits the supply of plastic shopping bags throughout the Chilean national territory since 2018. Meanwhile, the pulp and paper industry continue to grow. Given CMPC's market position, Planta Maule's relevance within the company and the continued growth of the paper industry worldwide, Celeo expects that Planta Maule will continue to operate in the long-term, by being refurbished

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
				when needed. Please note that the Planta Maule belongs to the offtaker CMPC S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx.
Andina	Mining Company	1970	>2070	<ul style="list-style-type: none"> The project Traspaso Andina, which is currently in progress at the Rio Blanco site will increase the lifespan of the mine until 2059; works were advanced at about 80% in 2019. As typically seen in other mining operations, companies tend to keep investing in expansions from time to time in order to extend its lifespan and benefit from existing infrastructure. Given that, it is reasonable to assume that this mine's useful life tends to exceed 2070. Please note that the mine Andina belongs to the offtaker Codelco so any CAPEX associated with the mine is not part of the portfolio of Colbún Tx. On the other hand, Celeo presumes that Colbún Tx's asset will be eventually required by private developers for the interconnection of future wind farm projects owing to the high wind resource of the area.
División El Teniente	Mining Company	1905	>2070	<ul style="list-style-type: none"> División El Teniente has the biggest Copper reservoir of the planet. During its first 113 years of operation it has only exploited 20% of its known reserves. According to Codelco, the new project in Development "Andes Norte Nuevo Nivel Mina" will extend the operation of the Mine at least until 2072. The works were advanced to 54% in 2019 and it should be fully operating by 2023. Please note that the mine División el Teniente belongs to the offtaker Codelco so any CAPEX associated with the mine is not part of the portfolio of Colbún Tx.
Los Bronces, Tórtolas, Tórtolas II, Santa Filomena and Maitenes.	Mining Company	1916	>2070	<ul style="list-style-type: none"> According to Anglo American, Los Bronces mine has a life expectancy of up to 2054 (35 years from 2019). As typically seen in other mining operations, companies tend to keep investing in expansions from time to time in order to extend its lifespan and

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
				<p>benefit from existing infrastructure. Given that, it is reasonable to assume that this mine's useful life tends to exceed 2070. Please note that the mines Los Bronces, Tórtolas, Tórtolas II, Santa Filomena y Maitenes belong to the offtaker Anglo American Sur so any CAPEX associated with the mines is not part of the portfolio of Colbún Tx.</p> <ul style="list-style-type: none"> Furthermore, Celeo presumes the transmission line will be eventually required by private developers for the interconnection of future solar and/or wind farm projects owing to the solar and wind resources of the area. As a matter of fact, according to the seller, some solar developers have already communicated their interest in connecting to SE Las Tórtolas: <ul style="list-style-type: none"> PV Peldehue (EDF Renewables): 120MW solar project, has formally requested connection to the CEN. Via Aurora: 100MW solar project. Solar Century (Statkraft): 100 MW solar project.
Fábrica Puente Alto (Softys and/or Papeles Cordillera)	Industry: paper	1920	>2070	<ul style="list-style-type: none"> Puente Alto is the only plant from CMPC that produces paper for packaging, and it is the main one in the production of tissues and sanitary products. Softys (CPMC Tissue S.A.) is the division of CMPC in charge of producing tissue and is present in 20 markets in Latam, with 19 plants across the continent and 2 in Chile (Puente Alto and Talagante). It is the second largest producer of tissue in Latam and 8th worldwide. There is a worldwide tendency for reducing plastic consumption, i.e. Law 21100 prohibits the supply of plastic shopping bags throughout the Chilean national territory since 2018. Meanwhile, the pulp and paper industry continues to grow. Colbún's contract with CMPC is in perpetuity. Given CMPC's market position, Planta Puente Alto's relevance within the company and the continued growth of

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
				the paper industry worldwide, Celeo expects that Planta Puente Alto will continue to operate in the long-term, by being refurbished when needed. Please note Fábrica Puente Alto belongs to the offtaker CMPC S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx.
Central Lleuquereo (1.8 MW)	Hydro run-of-river	2013	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plant Central Lleuquereco belongs to the offtaker Hidroeléctrica Lleuquereo S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
CH Río Colorado (16.8 MW)	Hydro run-of-river	2017	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plant CH Río Colorado belongs to the offtaker Hidroeléctrica Río Colorado S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central Hidroeléctrica la Higuera (155 MW)	Hydro run-of-river	2011	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plant Central Hidroeléctrica la Higuera belongs to the offtaker Hidroeléctrica La Higuera S.A. S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and

OFFTAKER	TYPE OF FACILITY	PLANT COD	ASSUMED DECOM. DATE	RATIONALE
				wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.
Central Hidroeléctrica la Confluencia (155 MW)	Hydro run-of-river	2011	>2070	<ul style="list-style-type: none"> Properly maintained hydro power plants can remain under operation for more than 100 years. Please note that the plant Central Hidroeléctrica la Confluencia belongs to the offtaker Hidroeléctrica La Confluencia S.A. S.A. so any CAPEX associated with the plant is not part of the portfolio of Colbún Tx. Among increasing interconnections of intermittent renewables (i.e. solar and wind) to the grid and Chile's Decarbonization Plan, it is expected that hydro power plants will play an even more crucial role in the long term as one of the few renewable energy resources that can be dispatched.

4.6 RISK FACTORS

There are several risk factors associated with any electrical infrastructure system including operational, construction, and technical factors. Table 4-10 summarizes some of the risks that may be inherent in the Portfolio, including mitigation measures to help minimize those risks.

Table 4-10 Risk Factors

RISK	RISK TYPE	RISK RATING	MITIGATION FACTORS
Earthquake	Operational	Low	Seismic design code based on regional risk, structural components
Fire	Operational	Medium	Vegetation management, firewalls, layout, fire suppression water lines
Flood	Operational	Low	Hydrological design code based on regional risk, structural components
Vandalism	Operational	Low	Physical perimeters, warning signs
Construction Defects	Construction	Medium	EPC contract performance testing requirements, EPC contractor warranty
Equipment Defects	Construction	Low	EPC contract performance testing requirements, EPC contractor warranty, equipment manufacturer warranty, spare parts reserve

RISK	RISK TYPE	RISK RATING	MITIGATION FACTORS
Communication Outage	Technical	Low	Emergency protection schemes
System Outage	Technical	Low	Emergency protection schemes
Equipment	Technical	Medium	Preventive & corrective maintenance programs, periodic equipment testing

The main naturally occurring risks in the area surrounding Colbún Tx assets are most likely earthquakes or forest fires. All substation equipment, such as foundations, are designed per local structural code and international best practices for areas with seismic risk to reduce the potential earthquake damage (such as dampers in every switch breaker). Typically, in order to see substantial damage to a substation that is appropriately designed to resist such damage, the earthquake epicenter would need to be fairly near the substation itself. Historically, this is rare and substations in Chile have a good track record of withstanding such damage outside of exceptional cases. Furthermore, Colbún Tx conducts proactive annual tree trimming around its projects to reduce the potential for vegetation contacting transmission equipment and potentially causing fire damage. Additionally, the projects that have undergone RCA approval typically have fire-related permit conditions that require compliance.

In the event that there was a major earthquake, the localized damage would mostly likely extend to a radius of approximately 2 km of transmission line. Unless the epicenter was within that radius of a substation, material damage to the substation equipment would be unlikely. If there were a loss to transmission cable in one of the lines, the cost to repair the cable would likely be on the order of \$500,000/km.

Although the Colbún Tx system includes transmission lines that run along waterways (and in some cases cross waterways), the design elements have taken into account hydrological risks pertinent to foundation design and tower elevation. As a result, the risk of flooding to cause material damage is low.

If there were to occur significant damage at a substation for natural or other causes, the repair time would depend on what type of equipment needed to be replaced. Overall, the Portfolio equipment is not overly specialized and Colbún Tx maintains common spare parts within the geographic regions. Assuming the right spare parts were already available, substation repairs and commissioning would likely be on the order of two months. If additional parts needed to be procured from overseas manufacturers (including transformers), then the repair time might be closer to 8-12 months.

For fire protection mitigation, substations are equipped with transformer fire walls, fire protection water lines, and physical separation of major equipment. Transmission lines are protected via vegetation clearing and/or vegetation barriers within the easement. Based on site visit observations, vegetation management on transmission lines and substation design factors were consistent with common industry practice to minimize fire risks.

To account for risks related to lightning strikes and solar flares, Colbún Tx equipment is designed with standard industry grounding protection.

Construction risks include defective installations or defective equipment. To minimize the risk of construction problems, EPC contract testing requirements, detailed specifications, quality inspections, and equipment commissioning are all used to identify potential risks. Moreover, EPC contractor and equipment manufacturer warranties provide another layer of addressing construction risks.

Technical risks include outages relate to communication systems or a more wide-spread bulk electric system outage. In both cases, there are protection schemes in place to minimize risk to assets should such outages occur. Furthermore, effective preventive and corrective maintenance programs including periodic testing in accordance with technical norms and manufacture recommendations minimize technical risks.

4.7 OPERATIONS, MAINTENANCE, AND COMPLIANCE CONCLUSIONS

Based on this review, Black & Veatch has formed the following observations and conclusions regarding the key operations, maintenance, and compliance:

- Black & Veatch considers Colbún Tx's maintenance strategy to be adequate and according to industry standards.
- Black & Veatch considers the maintenance scope covered under the maintenance contracts with qualified contractors to be adequate to ensure the correct operations of the lines.
- Based on visual observations, review of available documentation and interviews with the plant management, Black & Veatch in general considers the assets to be in a very good operating condition, consistent with the available documents provided to Black & Veatch for review. The O&M personnel onsite found to be well trained, with long experience in the company and proficient in conducting their respective O&M activities.
- Provided that the Portfolio continues to be appropriately operated and maintained, Black & Veatch believes that the Portfolio should be capable of continue to achieve similar levels of availability which are generally in compliance with the Technical Norm requirements.
- Based on the age distribution of Colbún generation units and Black & Veatch's site visit observations, Black & Veatch does not foresee any of the Colbún Tx dedicated assets to become stranded in the near future as the result of anticipated retirement of the associated generation units.
- Given the age profile of the Colbún Tx transmission lines and the typical useful life of key equipment and structures, it is expected that, with continuous maintenance investments as denoted in the Financial Model maintenance CapEx forecasts, the useful life of the assets will extend beyond 50 years from the 2021 company transaction date.

5.0 Contracts and Key Agreements Summary

Colbún Tx uses a number of contracts to support and define the requirements for transmission services, O&M activities, real estate, and joint development partnerships. The Portfolio's key contract structure is illustrated in Figure 5-1.

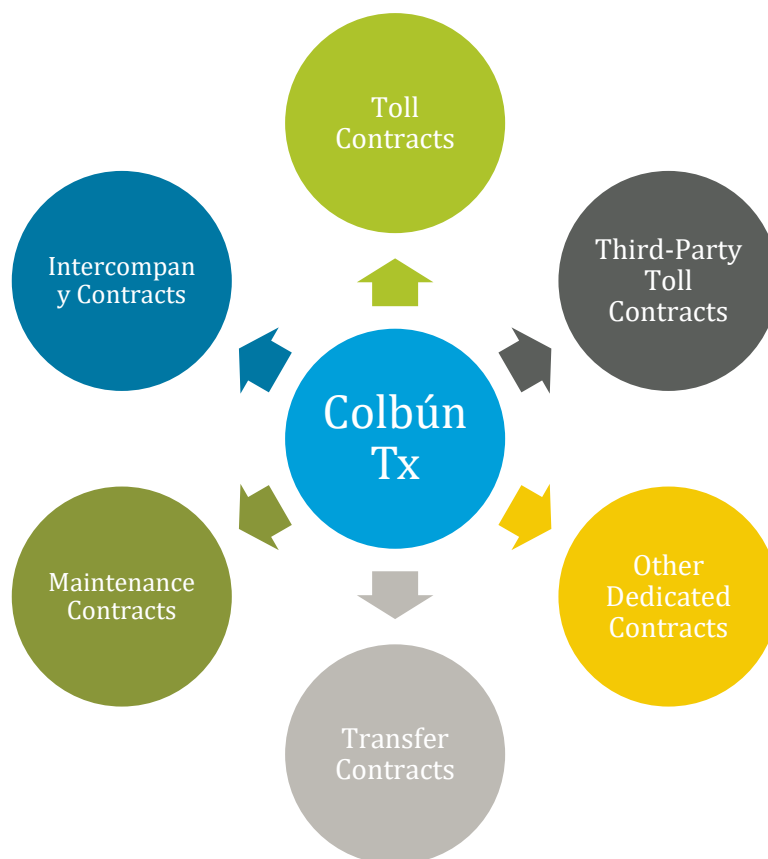


Figure 5-1 Portfolio Key Contract Structure

The Portfolio's key contract structure consists of the following type of agreements:

- Toll contracts related to transmission services for Colbún-related generation facilities.
- Third-party contracts related to transmission services for unrelated companies.
- Dedicated contracts related to physical space use, common-facility use, connection agreements, substation leases, transmission line crossing agreements, and joint-development agreements.
- Transfer contracts wherein Colbún transferred contracts to the entity Colbún Tx.
- Maintenance contracts related to the transmission line and substations, such as routine maintenance, testing, vegetation management, and cleaning.
- Intercompany contracts wherein Colbún provides O&M and back-office management asset management services.

Descriptions of the terms and conditions of the Portfolio's key construction and operating agreements is provided in the following subsections.

5.1 TOLL CONTRACTS WITH COLBÚN SA

Colbún Tx has several Toll Agreements that govern the conditions of Colbún Tx providing service for capacity and energy services on dedicated lines from the Colbún SA generating stations to the bulk electric system. The agreements provide details regarding transmission service, maximum capacity, pricing, availability requirements, etc. Table 5-1 Colbún SA Toll Agreement Summary List provides a summary of key points in each Toll Agreement.

For each Toll Agreement, the total pricing is divided into AVI and COMA components based on the assets included as part of the transmission service. In some cases, pricing is pro-rated for certain transmission segments if transmission capacity is not fully dedicated under the terms of the Toll Agreement. Payments are due in monthly segments of the pricing indicated and is subject to indexation calculated semi-annually.

The pricing for toll contracts between Colbún Tx and Colbún SA was determined by an independent study performed by REICH in 2018 to provide appropriate benchmarking and valuation of dedicated asset base. The contracts are denominated in US dollars and include indexation for both AVI and COMA components.

The contract structure of the Toll Agreements is generally the same. A representative summary the key terms and conditions of a Toll Agreements is presented in Table 5-1 Colbún SA Toll Agreement Summary List.

Table 5-1 Colbún SA Toll Agreement Summary List

COMPANY AND GENERATOR	TRANSMISSION LINE/SUBSTATION INCLUDED	MAXIMUM CAPACITY (MW)	FEE (AVI + COMA), US\$/YEAR*	FEE, \$/KW-MONTH
Colbún S.A., Central Aconcagua	Central Aconcagua – Los Maquis Central Aconcagua – Aconcagua Los Quilos – Aconcagua Substation Aconcagua	89	2,043,419	1.91
Empresa Electrica Industrial S.A., Central Carena	Carena – Puente Alto Carena – Polpaico	10	343,238	2.86
Colbún S.A., Central Chacabuquito	Chacabuquito – Totoralillo	25.7	313,801	1.02
Rio Tranquilo S.A., Central Hornitos	Los Maquis – Hornitos	63	1,182,067	1.56
Colbún S.A., Central Los Pinos	Los Pinos – Charrua	100	545,079	0.45
Colbún S.A., Central Los Quilos	Los Quilos – Los Maquis	39	237,887	0.51
Colbún S.A., Central San Ignacio	San Ignacio – San Clemente San Clemente – Talca	37	1,292,627	2.91
Colbún S.A., Central Angostura	Angostura – Mulchen	317	4,562,713	1.20
Colbún S.A., Central La Mina	La Mina – Amerillo	37.2	2,378,480	5.33

COMPANY AND GENERATOR	TRANSMISSION LINE/SUBSTATION INCLUDED	MAXIMUM CAPACITY (MW)	FEE (AVI + COMA), US\$/YEAR*	FEE, \$/KW-MONTH
Colbún S.A., Central Santa Maria	Santa Maria – Charrua	350	8,994,610	2.14
Colbún S.A., Central Candelaria	Central Colbún – Colbún Chiburgo – San Clemente Chiburgo – Colbún Machicura – Colbún Central Machicura – Machicura Central Candelaria – Candelaria	870	4,398,155	0.42
Colbún S.A., Rucue-Quilleco Complex	Rucue – Charrua Central Rucue – Rucue Central Quilleco – Quilleco	250	2,678,899	0.89
* Subject to escalation				

Black & Veatch notes that the fee under the Toll Agreements are around \$1.82/kW-month on a straight average basis. This fee structure is reasonable compared to the overall operational costs of the generating stations represented in the Toll Agreements.

5.2 THIRD-PARTY TOLL CONTRACTS

Colbún Tx has several Toll Agreements with third parties that govern the conditions of Colbún Tx providing services required for transmission and transformation of power on dedicated lines from the counter parties (generating stations, mining companies, and industrial companies) to the bulk electric system. The agreements provide details regarding transmission service, maximum capacity, pricing, availability requirements, etc. Table 5-2 provides a summary of key points of the third party Toll Agreements.

The third-party Toll Agreements vary in form, but in general the pricing is divided into AVI and COMA components based on the assets included as part of the transmission or substation service.

Table 5-2 Third-Party Toll Agreement Summary List

COMPANY	TYPE	AGREEMENT TYPE	T-LINE/ SUBSTATION INCLUDED	MAXIMUM CAPACITY
Corporacion Nacional del Cobre (Codelco)	Mining	Transmission line use	Aconcagua – Saladillo Aconcagua substation Los Quilos – Aconcagua	35 MVA (or 70 MVA interruptible)
Corporacion Nacional del Cobre (Codelco)	Mining	Transmission line use	Alto Jahuel - Candelaria	280 – 325 MVA

COMPANY	TYPE	AGREEMENT TYPE	T-LINE/ SUBSTATION INCLUDED	MAXIMUM CAPACITY
Corporacion Nacional del Cobre (Codelco)	Mining	Transmission line use	Candelaria – Minero Candelaria substation	300 MW
Corporacion Nacional del Cobre (Codelco)	Mining	Power transformation	Minero substation	Transformer step-down from 220 kV to 110 kV
Cementos Melon	Cement plant	Transmission line use	Calera Centro substation Cerro Calera substation Esperanza substation	30 MW
CMPC - Transformador Maipo SS	Paper factory	Reserve capacity for transformation	Maipo substation	60 MVA
CMPC – Procart (Planta Maule)	Paper factory	Transmission line use	Colbún – Procart (Planta Maule)	80 MW
Anglo American Sur S.A.	Mining	Increase in transmission capacity and transmission service	Maitenes substation Las Torotolas substation	260 MVA (2 circuits)
La Higuera	Hydro generating station	Transmission line use	Candelaria Puente Negro substation	161 MW
La Confluencia	Hydro generating station	Transmission line use	La Confluencia – La Higuera Puente Negro substation	163 MW
Duqueco SpA	Hydro generating station	Transmission line use	Rucue substation Charrua substation	180 MVA
HPP Lleuquereo	Hydro generating station	Transmission line use	Rucue – Charrua Rucue – Quilleco Quilleco – Charrua Rucue substation Quilleco substation Charrua substation	362 MVA for each line
Rio Colorado	Hydro generating station	Connection agreement	La Mina substation	15 MW

Black & Veatch notes that the fee under the Third Party Toll Agreements are around \$1.90/kW-month on a straight average basis. This fee structure is reasonable compared to the overall operational costs of the generating stations represented in the Third Party Toll Agreements.

As a representative Third-Party Toll Contract, Black & Veatch reviewed the Transmission Service Contract with Codelco. A more detailed summary of the key terms of that contract is included in 0.

5.3 OTHER DEDICATED CONTRACTS

Colbún Tx has entered into contracts required for the support and operation of its dedicated transmission lines, including physical space and land requirements. They also include some agreements related to the joint development of key assets supporting Colbún Tx's electrical infrastructure.

These contracts are related to the following areas:

- Use of physical space and common installations
- Connection agreements
- Land lease agreements
- Transmission line crossing agreements
- Joint-development agreements

5.3.1 Physical Space and Common Facility Agreements

A summary of the Use of Physical Space and Common Facility Contracts is listed in Table 5-3.

Table 5-3 Use of Physical Space and Common Facility Contracts Summary List

ASSETS INCLUDED	DATE
SE Aconcagua	11-Oct-18
SE Colbún	20-Aug-12
SE Carena	11-Oct-18
SE Chiburgo	11-Oct-18
SE Colbún	11-Oct-18
SE La Mina	27-Sep-17
SE Los Maquis	28-Nov-03
SE Los Pinos	23-Jun-08
SE Los Quilos	11-Oct-18
SE Maipo	2-May-07
SE Maipo	1-May-97

ASSETS INCLUDED	DATE
SE Maitenes	13-Feb-99
SE Mulchén	1-Nov-14
SE Rucue	11-Oct-18
SE Rucue	10-Feb-98
SE San Ignacio	11-Oct-18
SE San Ignacio	1-Jun-98
SE Santa Maria	24-Jun-10

5.3.2 Connection Agreements

A summary of the Connection Contracts is listed in Table 5-4. In general, the Connection Contracts did not include fees associated with the terms.

Table 5-4 Connection Agreement Summary List

ASSETS INCLUDED	DATE
SE Aconcagua	11-Oct-18
SE Angostura	11-Oct-18
SE Candelaria	11-Oct-18
SE Carena	11-Oct-18
SE Chacabuquito	11-Oct-18
SE Colbún	11-Oct-18
SE Colbún	20-Aug-12
SE Hornitos	11-Oct-18
SE Las Tórtolas	18-Jan-11
SE Los Maquis	15-Jan-04
SE Los Maquis LT Polpaico Los Maquis	15-Jan-04
SE Los Pinos	11-Oct-18
SE Los Pinos	23-Jun-08
SE Los Quilos	11-Oct-18
SE Machicura	11-Oct-18

ASSETS INCLUDED	DATE
SE Machicura	11-Oct-18
SE Maipo	2-May-07
SE Maitenes	25-Nov-99
SE Maitenes	25-Nov-99
SE Maitenes SE Las Torotolas	1-Sep-01
SE Maitenes SE Las Tórtolas	1-Sep-01
SE Mulchen	13-Jun-13
SE Mulchén	1-Dec-13
SE Mulchén	16-Jan-19
SE Mulchén	24-Jul-20
SE Quilleco	11-Oct-18
SE Rucue	11-Oct-18
SE Rucue	1-May-98
SE Rucue	1-Dec-99
SE San Clemente	11-Oct-18
SE San Clemente	1-Jul-14
SE San Ignacio	11-Oct-18
SE Santa Maria	24-Jun-10
SE Santa Maria	11-Oct-18

5.3.3 Crossing Agreements

A summary of the Connection Contracts is listed in Table 5-5. In general, the Crossing Contracts included annual fees as part of the pricing requirements.

Table 5-5 Crossing Agreement Summary List

ASSETS INCLUDED	DATE
SE Aconcagua SE Esperanza	11-Sep-13
LT Santa María Charrua	1-Jul-10

5.3.4 Joint Development Agreements

A summary of the Joint Development Agreements is listed in Table 5-6.

Table 5-6 Joint Development Agreement Summary List

ASSETS INCLUDED	DATE
SE Los Maquis	1-Jul-10
SE Los Maquis	31-Jul-06
SE Polpaico SE Los Maquis	2-Jan-04

5.3.5 Land Lease Agreements

A summary of the Joint Development Agreements is listed in Table 5-7.

Table 5-7 Land Lease Summary List

ASSETS INCLUDED	DATE
SE Aconcagua	11-Oct-18
SE Angostura	11-Oct-18
SE Carena	11-Oct-18
SE Chacabuquito	11-Oct-18
SE Chiburgo	11-Oct-18
SE Los Pinos	11-Oct-18
SE Los Quilos	11-Oct-18
SE Machicura	11-Oct-18
SE Minero	7-Sep-01
SE Quilleco	11-Oct-18
SE Rucúe	11-Oct-18
SE San Clemente	11-Oct-18
SE San Ignacio	11-Oct-18
SE Santa María	11-Oct-18

5.4 TRANSFER CONTRACTS

Colbún entered into various transfer agreements as part of its reorganization to create the subsidiary Colbún Tx. The transfer agreements included the physical space and installations and interconnection agreements. The transfers include all of the rights and obligations of the previous

service agreements through the full duration of those agreements. A list of the Colbún Transfer Agreements is shown in Table 5-8.

Table 5-8 Transfer Agreement Summary List

CONTRACT TRANSFERED TO COLBÚN TRANSMISION	ASSET	COUNTERPARTY
Connection Service to the SIC and Transmission Lease	Alto Jahuel Substation Candelaria Substation	Codelco
Physical Space Use and Interconnection Agreement with Transelec (Tap-off Armerillo)	Armerillo Substation	Transelec
Transmission Service at Candelarai Substation	Candelaria Substation Minero Substation	Codelco
Tolling Agreement with Melon S.A.	Esperanza Substation Cerro Calera Substation Calera Centro Substation	Melon SA
Connections covenants of expansion of Tortolas Substation	Las Tórtolas Substation	Anglo
Joint Development with Codelco and HGV	Las Tórtolas Substation Polpaico Substation	Codelco and HGV
Land lease Agreement	Los Maquis Substation	OYD and Transelec
Interconnection Covenants	Los Maquis Substation	OYD and HQI Transelec
Coordinatoin and Operations Agreement	Los Maquis Substation	Transelec
Joint Development Agreement	Los Maquis Substation Polpaico Substation	Adina
Interconnection Covenants	Los Pinos Substation	Transelec
Physical Space Use and Interconnection Agreement	Los Pinos Substation	Transelec
Power Transformation and Energy Transfer	Minero Substation	Codelco
Interconnection Covenantas	Mulchen Substation	Frontel
Physical Space Use and Interconnection Agreement	Mulchen Substation	Frontel
Operations & Maitenance Agreement	Mulchén Substation	Transelec
Interconnection and Operations Covenants	Mulchén Substation	Transchile
Interconnection Covenants and Operations Coordination Agreement	Quilapilún Substation	Chungungo
Physical Space Use and Interconnection Agreement	Rucue Substation	Transelec
Operational Coordination Covenants	Rucue Substation	Transelec
Use, Operations and Maintenance Agreement	Rucue Substation	Ibener

CONTRACT TRANSFERED TO COLBÚN TRANSMISION	ASSET	COUNTERPARTY
Tolling Agreement	Rucue Substation	Hidro Lleuquereo
Tolling Agreement	Rucue Substation Quilleco Substation Charrua Substation	Hidro Lleuquereo
Transmission Installation Use Agreement	Aconcagua Substation Saladillo Substation Aconcagua - Saladillo Transmission Line	Codelco
Interconnection Covenants	San Clemente Substation	Transnet
Interconnection Covenants and Operations Agreement	Santa Maria Substation	Transelec
Physical Space Use Agreement	Santa María Substation	Transelec
Physical Space Use and Interconnection Agreement	Santa María Substation	Transelec
Lease Agreement	Minero Substation	Transelec

All contracts related to transmission services, land lease, physical space use, interconnection agreements, and other pertinent agreements related to power delivery at Colbún Tx dedicated lines appear to have been transferred from Colbún SA and all of the same rights and obligations now pertain to Colbún Tx.

5.5 MAINTENANCE CONTRACTS

Colbún Tx contracts with a number of service providers to help with preventive maintenance, corrective maintenance, testing, equipment replacement, cleaning, vegetation management and other services for transmission line and substation assets. In general, these contracts are priced based on the number/length of assets maintained, with minimum guaranteed pricing applicable. Actual prices may fluctuate based on the services performed and required maintenance tasks arose within a given period.

As mentioned in Section 4.0, Colbún Tx follows a regional maintenance approach, so each geographic zone consists of a set of contractors, as summarized in Table 5-9.

Table 5-9 Maintenance Agreement Summary List

REGION	SERVICE PROVIDER	SERVICES COVERED	BEGINNING DATE	END DATE
South	Sociedad de Transportes y Paisajism	Access Road Maintenance	7/1/2020	11/30/2020
Center North	Fumigaciones Aconcagua Limitada	Pest Control	6/1/2020	11/30/2020

REGION	SERVICE PROVIDER	SERVICES COVERED	BEGINNING DATE	END DATE
Santiago	Ingenieria Agrosonda Ltda.	Engineering Services	7/24/2019	11/30/2020
Santiago	Hidroelectrica La Higuera S.A.	Easement Management	7/22/2020	12/31/2020
Santiago	Hidroelectrica La Higuera S.A.	Environmental and Social Management	7/23/2020	12/31/2020
Center South	Soc.Com. y de Inversiones Conyser L	Substation Cleaning	10/1/2018	12/31/2020
South	Colbún S.A	Prestaciones de EERR	3/6/2020	12/31/2020
Santiago	Fitch Chile Clasificadora De	Financial Services	7/2/2020	12/31/2020
Center North	Sodexo Chile S.P.A.	Office Cleaning	1/2/2019	1/2/2021
Santiago	Siemens S.A.	Basic Preventive Maintenance	1/10/2020	1/10/2021
Center North	Ing. Y Telecom Para Emp. De Energia	Basic Preventive Maintenance	4/11/2020	2/11/2021
Center North	COMPASS CATERING S A	Office Cleaning	3/1/2020	2/28/2021
Santiago	Cia.De Leasing Tattersall S.A.	Lease	3/1/2018	3/1/2021
Center North	Ingenieria y Servicios S.A.	Basic Preventive Maintenance	3/29/2016	3/31/2021
Center South	Ingenieria y Servicios S.A.	Preventive and Corrective Maintenance	1/1/2019	3/31/2021
South	Máximo Emiliano Sanhueza Manriquez	Office Cleaning	5/10/2019	6/30/2021
Center North	Rightcleaning Limitada	Substation Cleaning	10/1/2018	6/30/2021
Santiago	Colbún S.A	Prestaciones de EERR	7/1/2012	6/30/2021
Center North	Obras Civiles Arriendo De Maquinari	Mant. Roce LAT	10/1/2018	8/1/2021
Santiago	Colbún S.A	Prestaciones de EERR	3/6/2020	10/1/2021
Santiago	SEMI CHILE SPA	Otros serv. Perma.	1/31/2020	11/8/2021
Center South	Marcelo Javier Urrea Caro, Prestaci	Security	2/1/2020	1/31/2022
Santiago	Inprolec S.A.	Otros serv. Perma.	9/30/2020	4/23/2022
Santiago	Ing.Y Construccion Sigdo Koppers S.	As.Nac.Ingeniería	4/24/2020	4/24/2022

REGION	SERVICE PROVIDER	SERVICES COVERED	BEGINNING DATE	END DATE
Center North	Fumigaciones Aconcagua Limitada	Fumi, control plagas	9/23/2019	8/23/2022
South	Ingenieria y Servicios S.A.	As.Nac.Ingeniería	5/1/2020	10/30/2022
South	Ingenieria y Servicios S.A.	Preventive and Corrective Maintenance	5/1/2020	10/30/2022
South	Ingenieria y Servicios S.A.	Basic Preventive Maintenance	5/1/2020	10/30/2022
Center North	Ingenieria y Servicios S.A.	Preventive and Corrective Maintenance	5/1/2020	10/30/2022
Center South	VAI PS INGENIERIA Y SERVICIOS Ltda.	Basic Preventive Maintenance	11/13/2019	11/13/2022
Center North	Ingesat S.A.	Preventive and Corrective Maintenance	11/13/2019	11/13/2022
South	VAI PS INGENIERIA Y SERVICIOS Ltda.	Preventive and Corrective Maintenance	2/4/2020	11/25/2022
Center North	Ser. Integrales De Mantenimientos T	Basic Preventive Maintenance	11/25/2019	11/25/2022
Center South	Veterinaria Y Control Sanitario Amb	Fumi, control plagas	12/1/2019	11/30/2022
Center North	Jorge L.Rocco Pizarro	Office Space Rent	2/1/2020	3/31/2023
Santiago	Clever Tecnologia Chile Ltda	As.Nac.Ingeniería	7/1/2020	6/30/2023
Center South	SERVICIOS INTEGRALES INFRARED SPA	Basic Preventive Maintenance	4/13/2019	4/13/2024

The scope and services of the main maintenance contracts is included in Section 4.2.1.. A detailed summary of the key terms of representative Maintenance Agreement for the Center South region is included in Appendix B.

5.6 INTERCOMPANY CONTRACTS

Colbún Tx entered into several intercompany contracts wherein Colbún provides O&M and back-office management services. A summary of these agreements is included in the following subsections.

5.6.1 O&M Agreement

Colbún Tx executed an O&M agreement with Colbún on October 11, 2018 wherein Colbún provides real-time operations support as well as maintenance management support and failures' advisory. More specifically, Colbún Tx provide the following services:

- Real-Time Operations Support

- Provision of real-time supervision.
- Local activation of equipment.
- Equipment management in accordance to prevailing norms.
- Provision of failure reports to the benefit of the CEN.
- Maintenance Management Support and Failures' Advisory
 - Documenting operational data of facilities.
 - Advisory support on the management of disconnection as requested by the CEN.
 - Provision of security studies during disconnections.
 - Advisory support during the annual planning of disconnections.
 - Provision of contingency plans for the recovery of service during failures.
 - Provision of attention support during failure conditions.
 - Provision of operational inspection to the facilities.
 - Management support to execute basic preventative maintenance.
 - Management support to execute corrective maintenance.
 - Management support to execute basic maintenance against failure.
 - Management support to procure, replace and store spare parts.
 - Evaluation and execution of major maintenance works.
 - Evaluation and executive of investments projects as required by norm.

The agreement had initial term of 6 month and is subject to automatic 6-month period renewals, unless terminated by either party previous 60-days notification.

In compensation, Colbún Tx will pay Colbún the services at costs plus an applicable margin of approximately 7.10 percent for high-value added services, 6.38 percent for technical services, 4.58 percent for logistical services and 5.0 percent for administration services. These margins were estimated by consultancy firm Pwc in accordance to existing Chilean market conditions. Colbún Tx will pay an initial annual fee, payable in monthly installments plus applicable value added tax, and at the beginning of each year, a balancing exercise would be performed to reconcile any pending or exceeding payments..

5.6.2 Back-office Administration Agreement

Colbún Tx executed a back-office administration agreement with Colbún on October 11, 2018 wherein Colbún provides back-office overhead and administration management services. More specifically, Colbún Tx provide the following services:

- Administration services.
- Environmental, health and occupational safety services.
- Accounting services.
- Internal and external auditing services.

- Legal and tributary advisory.
- Administrative and IT support.
- Other administrative services.

The agreement has initial term of 3 years and is subject to automatic 2-year period renewals, unless either party indicates its intention to not renew previous 60-days notification before the start of the renewal period.

In compensation, Colbún Tx will pay Colbún the services at costs plus an applicable margin of approximately 7.10 percent for high-value added services, 6.38 percent for technical services, 4.58 percent for logistical services and 5.0 percent for administration services. These margins were estimated by consultancy firm Pwc in accordance to existing Chilean market conditions.

5.7 CONTRACTS AND KEY AGREEMENTS SUMMARY CONCLUSIONS

Based on this review, Black & Veatch has formed the following observations and conclusions regarding the key Portfolio agreements:

- Colbún Tx uses a number of contracts to support and define the requirements for transmission services, O&M activities, real estate, and joint development partnerships.
- The key agreements appear consistent with similar agreements with which Black & Veatch is familiar, with reasonable terms and fees.

6.0 Environmental and Permitting

6.1 CHILEAN PERMITTING PROCESS OVERVIEW

The Chilean Ministry of the Environment and the Environmental Evaluation Service (“SEA”) administers the Environmental Impact Assessment System (Sistema de Evaluación de Impacto Ambiental) (“SEIA”) and interprets the relevant Environmental Qualification Resolution (Resolución de Calificación Ambiental) (RCA). The SEA also promotes and facilitates public participation during each project’s environmental review and may require consultation with affected cities and/or indigenous people affected by a project. The RCA is the overarching environmental approval for projects in Chile and continues to be valid as long as work on the project it authorizes has begun within 5 years of the RCA authorization date and as long as compliance with RCA conditions is maintained. The Superintendence of Environmental Affairs supervises compliance with RCA approval conditions and acts with other sector-specific state authorities, requiring the authorities to perform inspections or obtain environmental information as needed.

For projects in Chile that are presumed under the Environmental Law of 2010 to have potentially significant environmental impacts, including major transmission projects, the main environmental approval required is the RCA. For a project to obtain a favorable RCA, an Environmental Impact Assessment (EIA) must first be completed, reviewed, and accepted by the SEA.

In addition, the Environmental Law covers a series of sector-specific environmental permits that are required to be submitted, processed, and approved as part of the EIA review process. These sectoral permits consist of two types, as described below:

- Permits with environmental content only - A favorable RCA determination serves as both the SEA’s approval of the project and the approval of sectoral permits on behalf of the sectoral regulatory agencies, as long as RCA conditions are met.
- Permits with environmental and non-environmental content - A favorable RCA confirms compliance with environmental requirements. The sectoral regulatory agencies approve the permits if the non-environmental requirements are met without adding additional conditions.

Transmission projects must also obtain concessions (land use contracts, easements, or approvals) for the properties that the lines will traverse in the event that some ROW will be acquired involuntarily (definitive concession), as well as approvals to use roads and other more local permits typically obtained by contractors constructing the projects.

6.1.1 Environmental and Social Compliance

Several of the projects in the Portfolio have obtained RCA approval, which involves environmental and social review to comply with Chilean legal requirements. The projects are also required to comply with RCA conditions. PAS, as applicable, have also been approved for those projects that have been through the RCA process since the PAS review is integrated into the RCA. For those projects that had impacts on native forest, the main ongoing compliance obligation is reforestation, as described in the Reforestation Plans pertinent to several of the projects.

Based on BV’s review of the documentation provided, Colbún Tx appears to have appropriate and thorough responses to any issues that have come up on the projects, such as community noise complaints and the late discovery of unknown cultural resources that did not come up during RCA

review as examples. Colbún Tx appears clearly committed to resolving issues proactively, protecting environmental resources, and involving the communities near their projects.

Colbún Tx has a Community Relations Policy that details multiple ways that members of the communities near its projects can submit complaints or identify issues or concerns.

The company maintains an Occupational Safety and Health, Environment, and Quality Policy that takes a holistic view of risk mitigation and accident prevention and emphasizes compliance with all legal regulations. As part of this policy, there is an established procedure for incident documentation and investigation. The Policy establishes how the company conducts operational monitoring of its projects, their environmental compliance, and identifies continuous improvement opportunities as well as specific challenges.

The Reforestation Plans required as mitigation for several Colbún Tx projects that have impacted native forest areas are part of the company's commitment to the conservation of biodiversity. Colbún Tx's biodiversity strategy relies on avoidance and minimization of impacts to biodiversity through consideration of potential biodiversity impacts early in its projects.

The regions where Colbún Tx's assets are located can be impacted by the typical summer fire season. Colbún Tx conducts proactive annual tree trimming around its projects to reduce the potential for vegetation contacting transmission equipment and potentially causing fire damage. Additionally, the projects that have undergone RCA approval typically have fire-related permit conditions that require compliance.

Past environmental and/or social complaints in the vicinity of the projects include the following situations based on the information provided:

- As of November 2020, Ancoa Substation has had community noise complaints from 30 people in Las Pataguas in the residential area across highway L-11 from the substation. The residents say the substation noise is over the nighttime limit for a rural area (Transec is the owner of the substation). The only equipment that Colbún Tx owns at the substation consists of two interrupters. Colbún Tx has pointed out this fact and described the interrupters as well as the fact that they do not generate noise to show that Colbún Tx's assets at the substation are not contributing to the annoying noise.
- For the Coronel-Charrua 220 kV transmission line, there were concerns brought up about potential archaeological resources and access/visual impacts after the line had been in operation for 8 years (2016). The particular archaeological resource of concern was apparently missed during the project's original RCA review, perhaps because it was not considered affected by the project (near Tower 53). During the 2008 construction timeframe, Colbún Tx had taken several appropriate steps as required by the RCA approval: they undertook a full investigation into the situation and made sure to survey nearby areas for any additional cultural resources, ensured that there was an archaeological monitor before cement footings were put in, and undertook independent environmental audits (16 audits) as part of their Environmental Management System. The 2016 alleged damage to the Cerro la Costilla petroglyphs near tower 53 of the project was taken seriously – Colbún Tx sent representatives and archaeologists to field check the situation and found no damage and no archaeological resources near the tower. However, they found that local people going to the petroglyph site (to drink or undertake other leisure activities) and natural erosion were causing the damage alleged, but regardless, Colbún Tx ended up enacting some voluntary protections like signage to keep people away from the tower, meeting with

locals to discuss the importance of their cultural heritage, and working with a local artist to do a mural project about the area's cultural heritage. It was also pointed out that the petroglyphs are on private property that is not owned by Colbún Tx.

Overall, Colbún Tx has the appropriate policies and procedures that would be expected for environmental, social, and health and safety issues. In the examples provided of representative issues that have come up on certain projects, Colbún Tx appears to ensure that it gets to the bottom of issues and appears to go beyond simply what is required to ensure protection of environmental resources and involvement of local communities. Based on this approach and the assumption that Colbún would handle all potential social and environmental issues in this same collaborative and thorough manner, Black & Veatch believes that there is little compliance or other risk from these kinds of situations.

Black & Veatch did not have environmental compliance details from the operating projects to confirm that they are complying with required permit conditions; however, the information provided suggests that Colbún Tx is likely complying with permit conditions for its projects.

6.2 EQUATOR PRINCIPLES EVALUATION

6.2.1 Background

Black & Veatch conducted an assessment for Equator Principles ("EP") version 4 compliance by the Colbún Tx portfolio. The key findings of Black & Veatch's review are summarized in this Equator Principles compliance assessment summary.

The EPs are a voluntary set of standards for determining, assessing, and managing social and environmental risk in project financing. Equator Principle Financing Institutions ("EPFIs") have adopted these standards to ensure that the projects they finance are developed in a manner that is socially responsible and reflect sound environmental management practices.

The EPs are based on the International Finance Corporation ("IFC") Performance Standards on Social and Environmental Sustainability ("S&ES"), and on the World Bank Group's Environmental, Health, and Safety general guidelines. As such, the EPs are primarily focused on projects in developing nations where there may not be a robust legal or governmental framework in place to assure that these goals and protections are met. Where legal frameworks and enforcement of requirements are in place (that effectively regulate environmental and social impacts and management practices), such as in EP "designated countries," many EPs may be satisfied through compliance with national and local laws.

As a condition of membership, EPFIs commit to not providing loans to projects for which the borrower will not or is unable to comply with their respective social and environmental policies and procedures that help satisfy the EPs. Accordingly, EPs include standards and commitments to be achieved by both the project developer (borrower) and the lending institutions.

This assessment summarizes the extent to which actions of the borrower/project developer and lending institutions comply for this portfolio with the applicable EPs based on documents and responses provided and reviewed. It is organized to present assessment findings for EPs applicable to the borrower/developer and EPFI/lending institutions. As explained in more detail below, the evaluation finds that:

- As a result of the portfolio's location in Chile (a designated country), compliance with applicable environmental regulatory and permitting requirements appears to be sufficient to fulfill many of the EPs applicable to the borrower/project developer. As part of the revisions included in version 4 of the Equator Principles, the assumption that a designated country location means automatic compliance with the EPs is no longer allowed. Instead, a review must be conducted to determine whether the country's regulatory and permitting requirements generally conform with the IFC Performance Standards.
- Based on the generally limited and mostly site-specific social and/or environmental impacts that have arisen from the assets reviewed (with consideration given to mitigation measures implemented), the EPFI would likely classify the portfolio as a Category B project. The EPFI will fulfill some of the remaining EPs applicable to EPFI/lending institutions through loan covenants and public reporting.

6.2.2 Developer Requirements under the Equator Principles

The following summarizes the evaluation and assessment of compliance with borrower/project developer requirements set forth in the EPs applicable to the Colbún Tx portfolio.

6.2.2.1 Equator Principle 2: Social and Environmental Assessment

EP 2 provides for the borrower/developer of major (Category A or B – see Principle 1 below under Financing Institutions Requirements) projects to conduct a Social and Environmental Assessment process to address, as appropriate and to the EPFI's satisfaction, the relevant social and environmental impacts and risks of the proposed project. The assessment should also propose mitigation and management measures relevant and appropriate to the nature and scale of the proposed project and its potential impacts. Exhibit II of the EPs provides an illustrative list of issues to be addressed in the social and environmental assessment documentation; and IFC's S&ES Performance Standard 1 outlines the content of a Social and Environmental Assessment.

The fourth version of the Equator Principles ("EP4") took effect on October 1, 2020. EPFIs commit that they will not finance projects that do not comply with applicable EP4 requirements, reinforcing the increasing significance of climate change, human rights, and the free, prior, and informed consent of indigenous people in project due diligence. Additional categories of the assessment contain the following:

1. **Human Rights.** EP4 clarifies that human rights due diligence is to be carried out in accordance with the *United Nations Guiding Principles on Business and Human Rights* and that an assessment of the potential adverse effects that a project may have on human rights must be completed even for lower-risk projects that do not require a full impact assessment.
2. **Climate Change.** EP4 confirms that EPFIs have a responsibility to improve the availability of climate-related information when conducting risk assessments. Climate-change risk assessments (CCRA) under EP4 should be aligned with the risk categories outlined in the recommendations of the *Task Force on Climate-related Financial Disclosures*. EP4 requires an assessment of the physical risks of climate change for most projects. For projects with total annual emissions of at least 100,000 tonnes of carbon dioxide equivalent, EP4 requires an assessment of climate-change transition risks and an analysis of less carbon-intensive alternatives. EP4 indicates that a Climate Change Risk Assessment is required "for all Category A and, as appropriate, Category B Projects."

3. **Free, Prior, and Informed Consent.** EP4 strengthens the Free, Prior, and Informed Consent (FPIC) requirements for consultations with indigenous communities, a move triggered in part by the Dakota Access Pipeline controversy. Some EPFI banks financing that project were criticized for not adequately screening potential impacts to indigenous communities.
4. Under EP4, transactions in designated (high-income OECD) countries, like Chile and the United States, must now be benchmarked against the FPIC requirements set out in the *International Finance Corporation Performance Standard 7, Indigenous Peoples* (“IFC7”). Due diligence for all projects affecting indigenous peoples must also include a process of “informed consultation and participation,” to be performed in compliance with the rights and protections afforded to indigenous peoples under project host country laws.

Chile is an EP designated country, which means that compliance with its existing laws may indicate satisfaction of many of the requirements of the EPs. Chile adopted a comprehensive framework for regulating construction and operation of new large construction projects, which includes a requirement to prepare an environmental impact declaration or environmental impact study report as part of the RCA approval process.

Environmental and Social Assessments are to be completed before the project design and construction stages.

Colbún Tx performed substantial work to complete the DIA, community consultation, and outreach as required to obtain the many RCA approvals for projects in this portfolio. Black & Veatch believes that the RCA approval process for these projects included sufficient environmental and social review for purposes of compliance with EP 2 requirements.

With regard to addressing issues listed in Exhibit II of the Equator Principles, the project documents developed provided information that addressed the most critical environmental issues in terms of assessing baseline environmental conditions, protection of cultural resources, and conservation of biodiversity. No resettlement or indigenous people issues were applicable based on the information provided.

1. Climate Change Risk Assessment

As noted above, *EP4 indicates that a Climate Change Risk Assessment is required “for all Category A and, as appropriate, Category B Projects.”* Because the Category B Projects can be classified on a scale of risk, with higher risk projects like requiring a full Climate Change Risk Assessment, and lower risk Category B Projects not requiring a CCRA. An EP4 CCRA is to be based on the risk criteria outlined in the Task Force on Climate-Related Financial Disclosure (“TCFD”). Since the projects in this portfolio would be considered low risk Category B projects, a brief review of the TCFD risk criteria is provided below.

- **Physical Risks-** The portfolio is at generally low risk from the physical impacts of climate change. This includes sea level rise, floods, wildfires and heatwaves, although certain projects are in locations with greater susceptibility to fires. Colbún Tx’s annual preventive maintenance program to trim trees near its transmission lines should continue to minimize this risk to the extent possible.
- **Transition Risks-** The portfolio has low risk from the transition to a low carbon economy, and many of its assets are in fact assisting with the transition to a low carbon economy by

transporting electric power from solar and wind projects in remote regions to more populated areas. Because the portfolio projects are generally part of this transition and are in compliance with applicable regulatory requirements, there would be low risk (and likely benefits) to the portfolio in the following transition risk areas outlined by the TCFD:

- Policy and Legal Risks- changes in the regulatory environment, emission caps, carbon pricing, etc.
- Technology Risks- advances in carbon capture, battery storage, electric vehicle technologies.
- Market Risks- changes in increased production costs, water prices, electric vehicle demand.
- Reputation Risks- Changing customer and community perception of the industry.

2. Human Rights Risk Assessment

As noted above, EP4 clarifies that human rights due diligence is to be carried out in accordance with the *United Nations Guiding Principles on Business and Human Rights* and that an assessment of the potential adverse effects that a project may have on human rights must be completed even for lower-risk projects that do not require a full impact assessment. An initial scan of portfolio documents, applicable regulations, and potential human rights issues uncovered a low risk for potential human rights impacts. The RCA approval process that many of the portfolio projects have been subject to addressed potential social and cultural impacts that the facility may have on the surrounding community. Because of the limited nature of the required work force during operation of the assets, it is unlikely to cause disruption or stress on local community services.

As part of the RCA approval process for several of the portfolio assets, consultations were required from local communities and regulatory authorities, and indigenous populations do not appear to have been affected by most of the assets. Because the initial review of portfolio documents revealed a low risk for potential human rights impacts and because Colbún Tx's policies generally protect against this kind of risk, an in-depth human rights risk assessment was not completed as described in EP4 guidance documents.

The studies and the contents of the DIAs submitted for several projects in the portfolio generally conformed to the IFC Performance Standard 1 criteria for social and environmental assessment reports but were not developed specifically with the intent to be able to fully conform to all criteria listed by IFC.

Regarding addressing issues listed in Exhibit II of the EPs, the documents provided information that addressed most of the applicable issues in terms of assessing baseline conditions, protection of cultural resources, conservation of biodiversity, sustainability, hazards assessment and management, socioeconomic impacts, cooperation agreement with indigenous people, and land acquisition. No resettlement issues were applicable. Work conditions, community health, and security issues are regulated under Colbún Tx's policies and Chilean law.

6.2.2.2 Equator Principle 3: Applicable Social and Environmental Standards

EP 3 notes that the assessment process initially should “...address compliance with relevant host country laws, regulations and permits that pertain to environmental and social issues.” It further

states that “The Assessment process will establish to the EPFI’s satisfaction the Project’s overall compliance with, or justified deviation from, the applicable standards.”

Colbún Tx appears to have demonstrated compliance with the various applicable regulatory standards and permit processes required under Chilean laws and regulations, as detailed previously in this report.

Chile is listed on the EP website as a designated country. Accordingly, the performance of an EIA or DIA, compliance with the Chilean RCA process, and obtaining all applicable permits in accordance with local and national laws is likely sufficient for purposes of compliance with applicable social and environmental standards under EP 3.

The following general findings are presented for items listed with reference to the IFC Performance Standards included in Exhibit III of the EPs. Black & Veatch as an independent reviewer finds that the portfolio meets the eight performance standards; additional details are provided below for each:

1. **Assessment and Management of Environmental and Social Risks and Impacts** - The portfolio projects are generally under the jurisdiction of Chile’s Superintendencia de Medio Ambiente (SMA). Colbún Tx submitted project documentation, and the portfolio subsequently was subject to review and comment through the RCA approval process and obtained applicable PAS for each project.
2. **Labor and Working Conditions** - The Project is required to meet the comprehensive labor and work safety laws of Chile and Colbún Tx’s policies. All construction contractors also are required to meet the applicable laws and likewise all future work during portfolio project operations and maintenance must meet the labor and work safety laws.
3. **Resource Efficiency and Pollution Prevention** – The portfolio projects by design are resource efficient and were developed to minimize pollution and impacts to natural resources. These aspects of the projects have been reviewed through the RCA process and the various plans and policies that apply to all of Colbún Tx’s assets. Substations generally have also been required to obtain PAS for storage of hazardous materials.
4. **4 - Community Health, Safety, and Security** - The portfolio has been required to meet the labor and work safety laws of Chile and the specifications of Colbún Tx’s policies. For this review, Black & Veatch is not aware of additional specific community health, safety and security requirements of note required under the local laws. Because of the limited nature of the required work force during operation of the portfolio assets, it is unlikely to cause disruption or stress on local community services.
5. **Land Acquisition and Involuntary Resettlement** - No involuntary resettlement was involved in the portfolio projects to BV’s knowledge.
6. **Biodiversity Conservation and Sustainable Management of Living Natural Resources** – Colbún Tx maintains company policies, such as their biodiversity strategy, that ensure that transmission, substation, and all projects are planned to avoid and minimize potential impacts to biodiversity. The portfolio projects in general were subject to RCA requirements for biological review and evaluation by various Chilean agencies as part of the RCA review process. Several of the portfolio projects conducted rescue and relocation of plant and animal species indigenous to the project area and/or protected under Chilean law, as required under each project’s RCA approval. Various projects have also implemented

required Reforestation Plans to help restore impacted habitats. Additionally, Colbún Tx's preventive maintenance programs for tree trimming away from transmission line corridors minimize risk for fire impacts to wildlife and natural resources of each project area.

7. **Indigenous Peoples** – Documentation of community consultations conducted for each of the portfolio projects subject to RCA approval are included as part of the RCA evaluation process. Generally, Black & Veatch did not note impacts to indigenous peoples from Colbún Tx's projects in the information provided.
8. **Cultural Heritage** – Reviews of potential impacts to cultural resources were performed for RCA-subject projects in the portfolio as part of the RCA evaluation process. It appears that Colbún Tx's practice is to avoid known resources, and RCA approval conditions typically include implementation of an unanticipated discovery plan or procedure during construction (which has passed for most of the portfolio projects).

6.2.2.3 Equator Principle 4: Action Plan and Management System

EP 4 requires borrowers/developers to build on, maintain, or establish an Environmental and Social Management System that addresses the management of the impacts, risks, and corrective actions required to comply with applicable environmental and social laws and regulations. If applicable standards are not met to the EPFI's satisfaction, the borrower/developer and the EPFI must agree on an EP Action Plan ("AP") that addresses the relevant findings and draws on the conclusions of the environmental impact assessment(s) to outline gaps and commitments to meet EPFI requirements in accordance with the applicable standards.

As noted in EP 3, this requirement is often generally met under host country law in designated countries like Chile. For the portfolio projects, compliance with permit requirements for development of construction plans, operating plans, emergency/contingency plans, and other applicable plans under the RCA condition requirements should suffice for EP 4. Additionally, Colbún Tx maintains a commitment to climate action, the plan for which features the portfolio projects as a way to help transition Chile to a larger proportion of renewable power sources by transporting electric power from remote solar and wind areas to more populated areas in the Metropolitan region.

Additionally, as described in the Environmental and Permitting subsection, Colbún Tx maintains several plans that align with the IPC Performance Standards. Black & Veatch does not see a general need for any Equator Principles Action Plan for the portfolio based on the information provided for review.

6.2.2.4 Equator Principle 5: Consultation and Disclosure

Borrowers/developers are required to consult with project affected communities in a structured and culturally appropriate manner. The process must provide for free, prior and informed consultation with residents of affected communities and facilitate their informed participation to establish, to the satisfaction of the EPFI, whether a project has adequately incorporated affected communities' concerns.

Chile's RCA regulations require certain public and community consultations to be completed and documented in order to obtain the RCA. These activities include consultation with indigenous people and communities affected by the Portfolio to provide information about the projects to these groups and obtain their feedback. These activities were completed for multiple portfolio projects, and no indigenous communities appeared to be present in the project areas.

6.2.2.5 Equator Principle 6: Grievance Mechanism

To ensure that consultation, disclosure, and community engagement continues throughout construction and operation of the project, Principle 6 requires that the borrower/developer establish a grievance mechanism as part of the Environmental and Social Management System to receive and facilitate resolution of concerns and grievances about the project's social and environmental performance raised by individuals or groups from among project-affected communities.

As part of the requirements for an EIA or DIA and subsequent RCA approval in Chile, project proponents must consult with and provide project information to the public. The Portfolio's DIA documents and their appendices are accessible to the public on the SEA's website, and Colbún Tx continues to perform public outreach in accordance with their Community Relations Policy, which includes several methods by which community members near the portfolio projects can submit complaints or concerns.

6.2.3 Financing Institutions Requirements under the Equator Principles

The portfolio is potentially being financed by one or more financing institutions that have adopted the Equator Principles. The following summarizes evaluation and assessment of compliance with EPFI/financing institution requirements set forth in the Equator Principles pertinent to the portfolio.

6.2.3.1 Equator Principle 1: Review and Categorization

When a project is proposed for financing, the EPFIs, as part of their internal social and environmental review and due diligence, must categorize the project as A, B or C based on the magnitude of its potential impacts and risks in accordance with the environmental and social screening criteria of the IFC.

Exhibit I of the Equator Principles outlines the project categorization as follows:

- **Category A** – Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented;
- **Category B** – Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and
- **Category C** – Projects with minimal or no social or environmental impacts.

Further guidance on screening criteria is set forth in the World Bank/IFC Environmental Assessment Sourcebook and Operational Policy 4.01.

The EPFI(s) for this project will assess the social and environmental impact of a project financed for risk classification (A, B or C) in accordance with Equator Principles. The entire portfolio of these Colbún Tx projects taken together would qualify as Category A; as each of the assets within the portfolio is in operation, the majority of their impacts have occurred in the past (during construction). However, because the majority of the projects in the portfolio obtained RCAs and have/are implementing the required mitigation measures and conditions of the approved RCAs, Black & Veatch believes that the portfolio could be classified as Category B.

Although the overall portfolio is large and includes lengthy transmission lines, the impact avoidance and minimization measures taken ensure that the majority of impacts are estimated to

be temporary and localized in nature and that disturbed areas will be restored to existing conditions when construction is complete in accordance with mitigation measures required by the portfolio projects' various DIA commitments and RCA conditions.

6.2.3.2 Equator Principle 7: Independent Review

As part of the due diligence of the EPFIs, an independent social or environmental expert not directly associated with the borrower/developer must be contracted to review the environmental and social assessment, action plan and consultation process documentation, as well as compliance with the Equator Principles.

This IE report meets EP 7 requirement as it reviews the Project's compliance with national and local laws, the "Applicable Standards" for this project.

6.2.3.3 Equator Principle 8: Covenants

EPFIs are required to incorporate covenants into the financing documents that expressly require the borrower to (1) comply with all host country social and environmental laws, (2) comply with the Environmental and Social Management System, (3) provide periodic reports to document compliance with the Environmental and Social Management System and host country laws, and (4) to decommission the facilities with an agreed decommissioning plan.

Financing institutions will address this requirement.

6.2.3.4 Equator Principle 9: Independent Monitoring and Reporting

EPFIs are required to appoint an independent environmental and/or social expert or require that the borrower retain qualified and experienced external experts, and verify monitoring and reporting made to Financing institutions over the life of the loan. This requirement applies to all Category A projects, as well as Category B projects where appropriate.

Financing institutions will address this requirement as appropriate.

6.2.3.5 Equator Principle 10: EPFI Reporting and Transparency

Each EPFI adopting the Equator Principles commits to report publicly at least annually about its Equator Principles implementation processes and experience, taking into account appropriate confidentiality considerations. Financing institutions will address this requirement.

6.2.4 Equator Principles Assessment Conclusions

Based on the information provided to Black & Veatch, Colbún Tx's portfolio projects have generally demonstrated compliance, and are expected to be in compliance, with the EPs intended for the development and financing of the Portfolio. Compliance with the requirements of the environmental review under Chile's RCA process, supplemented by PAS permitting as applicable, largely ensures that projects subject to RCA approval essentially fulfills the requirements of the EPs that must be met by the developer. Overall, based on information reviewed at the time of this report, Black & Veatch would expect the Portfolio to be classified as a Category B project because it has relatively moderate and localized impacts for each project that largely have already been addressed through impact avoidance and permit condition compliance (RCA and PAS), including implementation of mitigation measures.

6.3 ENVIRONMENTAL AND PERMITTING CONCLUSIONS

Based on this review, Black & Veatch has formed the following observations and conclusions regarding the Portfolio environmental assessment and approvals:

- Colbún Tx appears to be complying with permit conditions for its operating projects as set forth under RCA requirements.
- Based on the information provided to Black & Veatch, Colbún Tx's portfolio projects have generally demonstrated compliance, and are expected to be in compliance, with the EPs intended for the development and financing of the Portfolio. Compliance with the requirements of the environmental review under Chile's RCA process, supplemented by PAS permitting as applicable, largely ensures that projects subject to RCA approval essentially fulfills the requirements of the EPs that must be met by the developer.
- Overall, based on information reviewed at the time of this report, Black & Veatch would expect the Portfolio to be classified as a Category B project because it has relatively moderate and localized impacts for each project that largely have already been addressed through impact avoidance and permit condition compliance (RCA and PAS), including implementation of mitigation measures.

7.0 Financial Model

Black & Veatch reviewed the transactions' financial model with the file name "Hat Trick_Model_Bond Audit.xlsb" shared on August 26, 2021 ("Financial Model"). Black & Veatch's review was primarily focused on the representation of the key technical items within the Project's operational expenses and revenues.

7.1 REVENUES

Figure 7-1 presents the Portfolio's historical and forecasted annual revenues from 2016 through 2069.

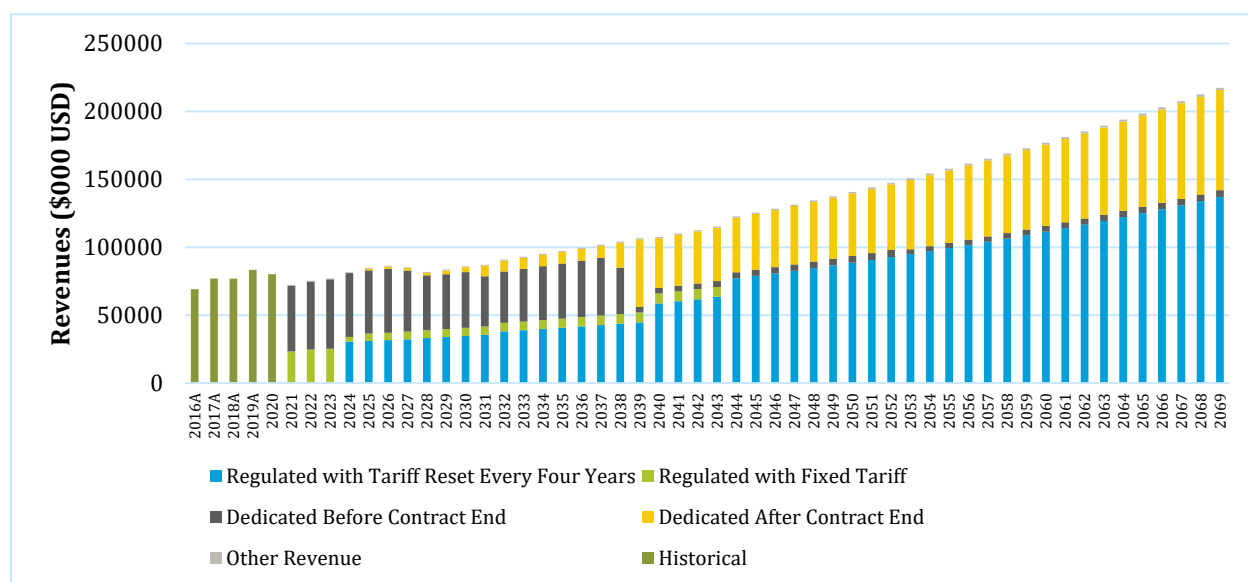


Figure 7-1 Portfolio Historical and Forecasted Revenues

The Financial Model has a 50-year term, through which the Portfolio will earn regulated assets remuneration (national VATT and zonal VATT), dedicated lines remuneration (toll contracts revenues), and some additional revenues (i.e. fees for the use of physical space and common facilities from third parties). The Financial Model indicates that majority of the regulated revenues will follow a tariff scheme where updates to the regulated projects' VI and associated AVI and COMA remuneration, and applicable AEIR remuneration in some instances, will occur every 4 years, by escalating from the original investment value at the time of the regulated projects' development, to each project's respective tariff reset date values according U.S. and Chilean CPI. The VATT figures based on latest CNE's published report of the individual projects VI for the reset period 2020-2023 are provided in section A.2.2.2 of this Report. In addition, the Financial Model forecasts the dedicated line's offtake agreements to be renewed at materially similar terms to the existing ones. As detailed in sections 4.5 and 4.5.1, Black & Veatch believes that the Portfolio should be able to achieve a service life meeting the Financial Model term and does not foresee any of the Colbún Tx dedicated assets to become stranded through 2070 as the result of anticipated retirement of the associated generation units.

In general, the forecasted revenues in the Financial Model appear to be slightly below its historical basis, escalating year over due to different indexation schemes and with the revenue profile

experiencing certain variations in specific years. The small variations observed in 2024 and in 2040, appear to be due to a recategorization of certain dedicated assets to regulated national assets (Angostura-Mulchen T-Line in 2024 and Santa Maria-Charrua T-Line in 2040), which are then subject to national VATT remuneration.

The Financial Model does not consider any revenues discounts or penalties associated with low availability. Given the historical performance of the Portfolio, as discussed in section 4.4 of this Report, Black & Veatch consider this assumption reasonable for the base case of the Financial Model.

Pending the conclusion of the Ongoing Tariff Review Process, transmission companies have continued invoicing under the previous tariff structure. Once the review process is completed and the new tariff rates have been set, the new tariff will be applied retroactively from January 2020 until the date of the conclusion of the Ongoing Tariff Review Process. Sponsors are expected to make a corresponding equity contribution into the Issuer on the Release Date of approximately U.S.\$24.4 million, subject to adjustments, which is reflected in the financial model and we believe this a reasonable assumption. These Tariff Reimbursements would occur over a period of time to be determined at the conclusion of the Ongoing Tariff Review Process.

Overall, the Portfolio's revenue appears to be modeled consistently with the remuneration amounts and formulas shown their respective Decrees and dedicated contracts, and consistent with CNE's methodology for the approximation of the Portfolio's investment value.

7.2 OPERATING EXPENSES

Figure 7-2 presents the Portfolio's historical and forecasted operating expenses ("Opex") from 2016 through 2069.

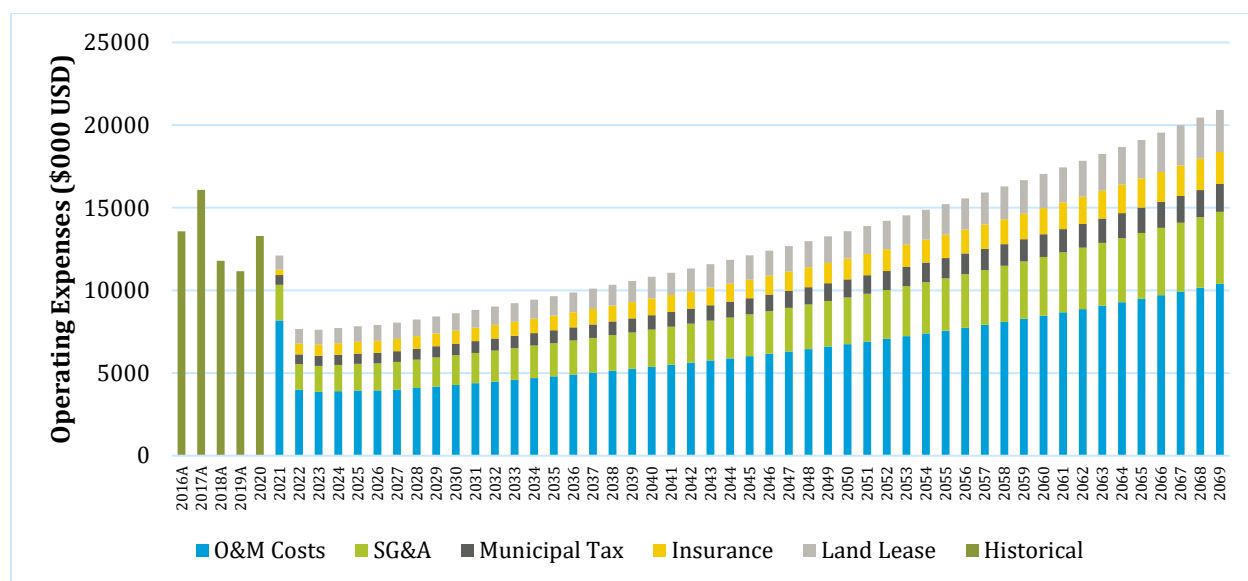


Figure 7-2 Portfolio Historical and Forecasted Opex

Total O&M costs represent the vast majority of the total Opex and includes the O&M costs with third-parties, the operation expenditures with Colbún, and the maintenance expenditures with Colbún. Similarly, selling, general and administrative ("SG&A") expenses represents the second biggest category of Opex costs, and include SG&A expenses with Colbún and with third parties. The

remaining Opex comprises municipal taxes, insurance fees and land lease payments. The Financial Model anticipates a reduction in aggregate Opex levels through 2021 as a result of a transition period in which Celeo Redes takes over the O&M of the Portfolio and implements synergies and Portfolio-level cost optimizations. Subsequently, from year 2022 onwards, aggregate levels remain generally fixed in nature and escalating year over year due to inflation.

In the transmission segment, the COMA remuneration is based on a regulatory model sized to cover the theoretical operating costs for a transmission project; however, in reality, the actual operating costs can exceed or fall below the COMA remuneration. In either case, the CNE will not compensate, if exceeding (less efficient), or penalize, if falling below (more efficient), the corresponding COMA remuneration. Figure 7-3 shows a comparison of the Portfolio projects forecasted total annual Opex and maintenance capital expenditures to the projected associated annual COMA revenues in the Financial Model. The comparison suggests that, after the initial transition years, the COMA payments would be able to cover the forecasted regulated assets Opex and the forecasted maintenance capex projects.

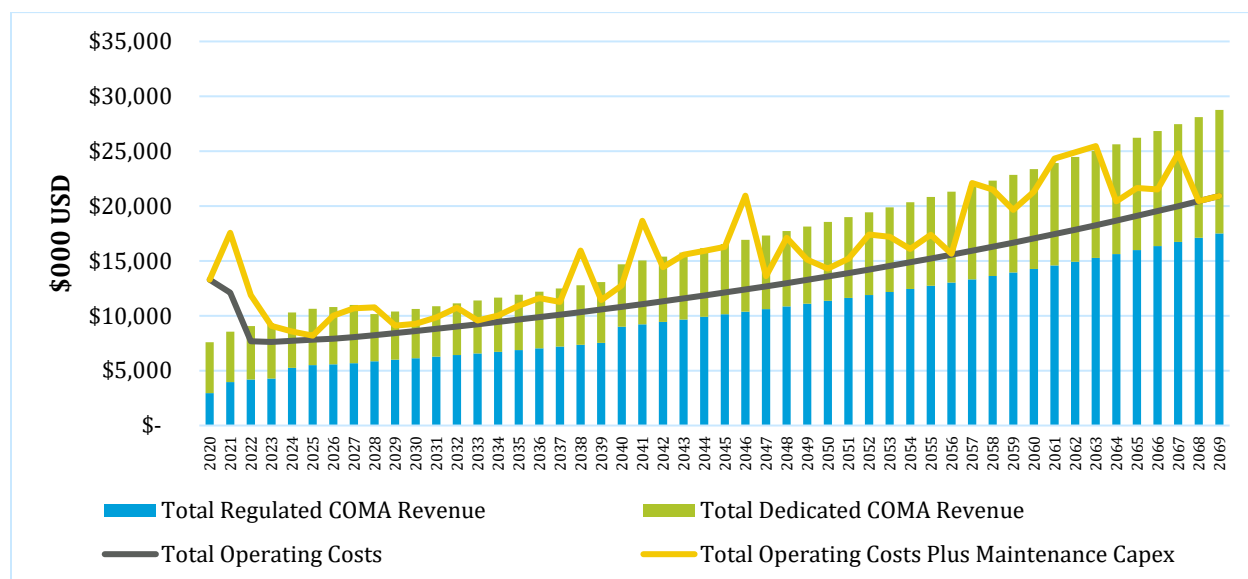


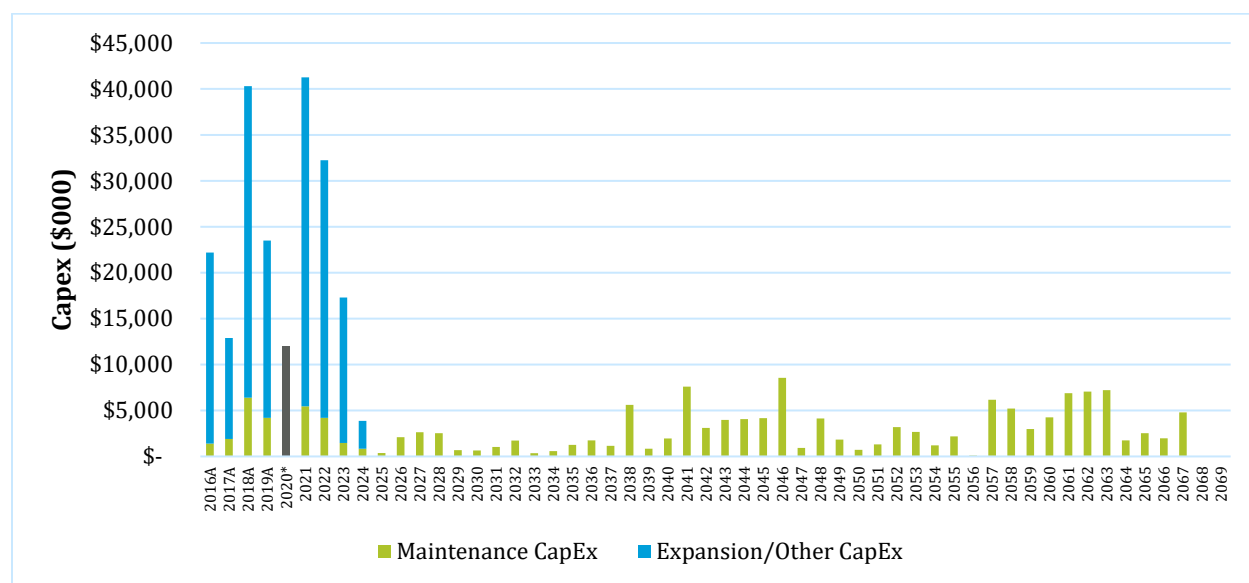
Figure 7-3 Portfolio's Operating Costs versus COMA Remuneration

To further assess the reasonableness of Opex, Black & Veatch conducted a high-level benchmarking analysis to review the operating cost of other similar transmission projects using its proprietary knowledge and experience from previous confidential engagements. It was found that the average transmission related operating expenses of other similar transmission projects fluctuated between \$7,000/km per year to \$13,000/km per year. The Portfolio forecasts Opex aggregate level after the finalization of the transition period of \$8,533/km in 2022, and when considering maintenance capital expenditures projects, the Portfolio forecasted costs in 2022 increase to \$13,204/km per year. As such, Black & Veatch is of the opinion that the projected Opex is within the range of average transmission Opex costs.

Overall, the Portfolio's forecasted Opex levels appear reasonable.

7.3 CAPITAL EXPENSES

Figure 7-4 presents the Portfolio's historical and forecasted expansion and maintenance capital expenses ("CapEx") from 2016 through 2069.



*2020 Capex breakdown not available.

Figure 7-4 Portfolio Historical and Forecasted CapEx

The expansion CapEx is associated with the construction costs required to execute the mandated Chilean SEN expansion projects No. 1 through No. 19³, which are further described in section 3.0 of this Report. Upon completion of these projects, the expansion assets will be categorized as regulated national or zonal projects and will be subject to VATT remuneration, where Colbún Tx will earn a regulated return on its investment. Therefore, Black & Veatch considers reasonable the base case in the Financial Model to not forecast incremental expansion CapEx beyond the amounts associated with the identified mandated expansions.

The maintenance CapEx refers to the purchase and replacement of critical equipment and components, which typically exceed certain cost thresholds and are capitalized instead of being treated as Opex. Recent maintenance projects include a \$4.7 million deployment of backup transformers at 6 substations to increase system availability and failure responsiveness between 2019 and 2020, and a \$6.2 million replacement of bay switches at 9 substations due to technical requirements between 2018 and 2021, of which \$3 million has been already deployed, \$3.2 million is deployed in 2020 and \$2.2 million to be deployed in 2021. In the Financial Model, the forecasted maintenance CapEx profile, which was elaborated by Celeo Redes, considers the replacements of key components (transformers, switches, wave traps, reactors, lightning rods, compensation equipment, etc.) at defined intervals, as signaled by the end of the respective equipment' useful life. The useful life estimates were obtained from the most recent transmission valuation study from the CNE. As a result, the forecasted maintenance CapEx exhibits periodicity. Black & Veatch considers the maintenance CapEx estimation methodology and forecasted values to be reasonable.

³ In the Financial Model, the Capex associated with the Portezuelo Substation Expansion (P19) is modeled as the net of the associated EPC costs minus related EPC revenues.

Black & Veatch notes that Celeo Redes is contemplating financing the acquisition of the Portfolio through a bond offering, in which the sponsors will be posting a construction letter of credit, with no recourse to the Issuer, to backstop certain construction CapEx costs. Under the financing documentation, the Construction Costs are defined as (i) the projected budget of the expansion CapEx (excluding Mandatory CapEx) required to be undertaken under Project Decrees and Dedicated Contracts in effect as of the date hereof in respect of each Project set forth on Schedule A to the Share Purchase Agreement (“SPA”), and (ii) the projected budget of the maintenance CapEx for fiscal years 2021 and 2022 in respect of each Project set forth on Schedule A to the SPA. Based on the latest information available, the remaining budget of the referenced Construction Costs above, which is expected to be executed by Celeo Redes after the acquisition, is approximately \$68.9 million USD. This amount may be reduced or increased, as the case may be, on or close to the date of the acquisition, if Black & Veatch delivers a certificate to the Indenture Trustee of the bond offering stating that the remaining Construction Costs are expected to change. Given the scope of the projects and the works to be done under the Construction Costs definition, it is reasonable to assume that these will be concluded by 2024, as projected, or at the latest by 2025 in a conservative worst-case scenario.

Overall, the Portfolio’s forecasted CapEx levels appear reasonable.

7.4 FINANCIAL MODEL CONCLUSIONS

Based on this review, Black & Veatch has formed the following observations and conclusions regarding the Portfolio Financial Model:

- In general, the forecasted revenues in the Financial Model appear to be below its historical basis and following the latest CNE’s published report, escalating year over due to different indexation schemes and with the revenue profile experiencing certain variations in specific years.
- Overall, the Portfolio’s revenue appears to be modeled consistently with the remuneration amounts and formulas shown their respective Decrees and dedicated contracts, and consistent with CNE’s methodology for the approximation of the Portfolio’s investment value.
- The projected Opex is within the range of average transmission Opex costs.
- Black & Veatch considers reasonable the base case in the Financial Model to not forecast incremental expansion CapEx beyond the amounts associated with the identified mandated expansions.
- The forecasted maintenance CapEx profile considers the replacements of key components at defined intervals, as signaled by the end of the respective equipment’ useful life. The useful life estimates were obtained from the most recent transmission valuation study from the CNE. Black & Veatch considers the maintenance CapEx estimation methodology and forecasted values to be reasonable.

Appendix A. General Transmission Project Regulatory Background

A.1 Regulated Transmission in Chile

Regulated Chilean transmission projects such as those in the Portfolio are conceived through a set regulatory process, involving studies and approvals across several government entities. The Ministry of Energy, prepares and proposes general plans and policies for the energy industry Chile. The Ministry of Energy also grants the projects Decrees after the bidding process has been completed, and grants the Electrical Concession following the evaluation procedure from the SEC.

The Chilean National Commission of Energy (“CNE”) provides the Ministry of Energy with technical support. The CNE delivers reports and proposals on the Ministry of Energy’s general plans and policies and delivers tariff plans for the regulated market. Similarly, the CEN is responsible for coordinating and drafting the public bidding processes, terms and conditions, coordinating with the CNE on technical matter, and acting as the power market administrator and grid operator. The SEC monitors the quality of service (namely, project availability) and may apply sanctions on providers for the non-compliance with technical specifications established by law. The SEC also performs the technical analysis for the Ministry of Energy to grant the electricity concession required to exercise eminent domain to acquire ROW for a project.

New transmission projects are classified in one of three segments of projects, depending on their application within the electric system:

- The National Transmission System is the system that allows the conformation of a common electrical market, interconnecting the other segments of the transmission, and will consist of electric lines and substations that allow the development of this market and make possible the supply of the total demand of the electrical system, facing different scenarios of availability of the generation units, including contingencies and failures, considering the quality and safety of the electrical service requirements established in the law, regulations and technical standards.
- The Zonal Transmission System consists of electric lines and substations that are essentially arranged for the current or future supply of regulated customers, geographically identifiable. These facilities also can be used by unregulated customers or generation facilities connected directly or through dedicated transmission systems.
- The Dedicated Transmission Systems is constituted by power transmission lines and substations, which, being interconnected to the electrical system, are essentially arranged for the supply of electric power to unregulated users or to inject the production of the generating plants into the electrical system.

Large, new projects are put to a competitive bid, and awarded to the bidder who offers the most cost efficient solution that meet the technical requirements of the decree. The economics of a bid solution are evaluated on a basis of the construction costs as well as operating costs over a 20 year tariff period, as further described below in Section A.2.1 below. Expansions of existing projects may be compulsorily mandated to the owner of the facilities to be expanded rather than competitively bid. There is no maximum CapEx budget limit for these mandated expansions, however by definition they must be insuperable from some existing facilities, and therefore in practice are generally below \$20 million in CapEx. Black & Veatch is not aware of any precedent in Chile of an existing asset owner failing to expand existing facilities.

Every year the regulator submits a decree defining the mandatory expansions to be tendered in the next 12 months, according to the supply and demand's growth and electrical system needs. In the case of the Portfolio, a mandatory expansion can be required to accommodate potential new generation projects or transmission lines that will be interconnected to existing substations and require a substation expansion in order to interconnect. Once these projects have been defined, a bidding process is performed to select the EPC contractor that will execute the works based on the lowest investment value offered. The investment value resulting from such bidding process must be paid by the owner of the existing base facilities, who will also own the new facility to be expanded by the EPC contractor according to the payment schedule defined in the tender documents (typically according to milestones fulfilment).

All the mandatory expansions required by the authorities come with a new income for the owner of the expanded asset, which is calculated considering the investment value resulting from the bidding process and the useful life and rate of return in force at that date, in the same fashion as for competitively bid projects.

A.2 Remuneration

A.2.1 Calculation of VATT during the Regulated Period.

New and expansion regulated transmission projects in Chile after 20 years counting from COD are paid according to a regulated return, VATT, which is comprised of both an annualized regulated return on investments costs (AVI), as well as compensation for operating costs (COMA), which is designed to make a transmission owner whole for their expenses rather than yield a return like AVI. From January 2020 onwards, the VATT remuneration is inclusive of an adjustment for corporate income tax expense effect (AEIR). The VI that is used to determine a project's VATT is based on the CNE's estimation of what it would cost to develop and construct an analogous project at that time, while allowing a 7 to 10 percent real post-tax return on the investment value of the project and compensate some of the projects' operational costs. VATT is calculated for a given asset "j" each month "I" of project operation per a standardized formula:

$$VATT_{j,i} = AVI_{j,0} \cdot \left(\alpha_j \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + \beta_j \cdot \frac{CPI_i}{CPI_0} \cdot \frac{1 + T_i}{1 - T_0} \right) + COMA_{j,0} \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + AEIR_{j,0} \cdot \left(\gamma_j \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + \delta_j \cdot \frac{CPI_i}{CPI_0} \cdot \frac{1 + T_i}{1 - T_0} \right) \cdot \frac{t_i}{t_0} \cdot \frac{1 - t_0}{1 - t_i}$$

- $AVI_{j,k}$; $COMA_{j,k}$; $AEIR_{j,k}$: value of AVI, COMA and AEIR, respectively, for month i of asset j. Initial values at month 0 for each asset are determined in the respective regulatory review process every 4 years.
- IPC_i : Chilean Consumer Price Index value for the second month prior to month i, published by INE.
- DOL_i : observed US\$ to CLP average exchange rate for the second month prior to month i, published by the Chilean Central Bank.
- CPI_i : US Consumer Price Index (All Urban Consumers) value for the second month prior to month i, published by the Bureau of Labour Statistics of the US Government (CUUROOOOAO).
- T_i : tariff rate for electromechanical equipment¹ for the second month prior to month i. Initial value at month 0 is based on Law N° 19,589 (2003).
- t_i : marginal tax rate for the second month prior to month i.

- α_j ; β_j ; γ_j ; δ_j : weight of indexation factors for AVI and AEIR, for asset type j. Values are defined in regulatory review process every 4 years.

As shown above, the VATT tariff is adjusted monthly, taking into account US and Chilean inflation as well as exchange rate. The weight of inflation indexation factor vary between national and zonal systems, and depending on the asset type. AVI and AEIR are adjusted monthly for U.S. Consumer Price Index ("CPI") and Chilean Consumer Price Index ("IPC") against the initial AVI assigned in the decree, while COMA is adjusted monthly for Chilean peso inflation as well as the dollar-peso exchange rate, given that majority of operational costs are likely to be Chilean Peso driven. In a given year, AVI, COMA and AEIR are calculated as follows:

$$AVI_{k,0} = VI_k \cdot \frac{r \cdot (1 + r)^{UL_k}}{(a + r)^{UL_k} - 1}$$

- $AVI_{k,0}$: annual value of investment for component k, at month 0
- VI_k : value of investment for component k
- UL_k : useful life of component k
- r : post-tax regulatory return

COMA = defined in a regulatory review process every 4 years

and

$$AEIR_{k,0} = \frac{t \cdot (AVI_{k,0} - D_k)}{1 - t}$$

- t : current corporate tax rate
- D_k : tax linear depreciation of component k

A.2.2 Fixed and Regulated Tariff Periods

During the fixed tariff period (first 20 years), new regulated transmission projects receive a VATT equal to the AVI+COMA awarded per the tender.

Base value of each index is defined in the Project Decree for the 20 year duration of the fixed tariff period. Although indexation is adjusted on a monthly basis, there is generally a lag of approximately two months between the indexation date and the index values used each time.

For the expansion projects during the fixed tariff period, AEIR is included, and the AVI is annualized from the initial VI established awarded to provide a 7 – 10 percent real return on that initial VI, subject to an established discount rate and useful life. With regards to the COMA, it is reviewed every four years as per the transmission valuation process.

In the regulated period (20 years after COD), remuneration for both, new and expansion regulated projects functions as described in section A.2.1 and including AEIR, where the underlying VI for a project is reassessed in four year intervals rather than remaining fixed. This latter process is performed for national and zonal systems separately. The latest studies, DS 23T and DS 6T for national and zonal systems respectively, were developed during the years 2018-2019, the next studies will be done between years 2022-2023 and will be applicable to the 2024-2027 quadrennial, except for the Useful Life Report, that is performed every 12 years, so the next useful life report will be done between the years 2030-2031 (applicable for the 2032-2035 quadrennial).

In summary, VATT is calculated as follows:

- **New Regulated Projects (first 20 years):** VATT received is equal to AVI+COMA awarded per the tender, no AEIR is received. VATT equation similar to the one indicated in A.2.1 with some minor changes in the indexation components.

$$VATT_{j,i} = AVI_{j,0} \cdot \frac{CPI_i}{CPI_0} + COMA_{j,0} \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i}$$

- **Regulated Expansion Projects (first 20 years):** VATT received is equal AVI + COMA + AEIR, and the tariff review process occurs every 4 years, keeping AVI constant. Nearly same VATT equation as indicated in A.2.1. with some minor changes in the indexation components.

$$VATT_{j,i} = AVI_{j,0} \cdot \left(\alpha_j \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + \beta_j \cdot \frac{CPI_i}{CPI_0} \right) + COMA_{j,0} \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + AEIR_{j,0} \cdot \left(\alpha_j \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + \beta_j \cdot \frac{CPI_i}{CPI_0} \right) \cdot \frac{t_i}{t_0} \cdot \frac{1-t_0}{1-t_i}$$

- **New Regulated Projects (after 20 years):** VATT received is equal AVI + COMA + AEIR , and the tariff review process occurs every 4 years. Same VATT equation as indicated in section A.2.1.

$$VATT_{j,i} = AVI_{j,0} \cdot \left(\alpha_j \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + \beta_j \cdot \frac{CPI_i}{CPI_0} \cdot \frac{1+T_i}{1-T_0} \right) + COMA_{j,0} \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + AEIR_{j,0} \cdot \left(\gamma_j \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + \delta_j \cdot \frac{CPI_i}{CPI_0} \cdot \frac{1+T_i}{1-T_0} \right) \cdot \frac{t_i}{t_0} \cdot \frac{1-t_0}{1-t_i}$$

- **New Expansion Projects (after 20 years):** VATT received is equal AVI + COMA + AEIR , and the tariff review process occurs every 4 years. Same VATT equation as indicated in section A.2.1.

$$VATT_{j,i} = AVI_{j,0} \cdot \left(\alpha_j \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + \beta_j \cdot \frac{CPI_i}{CPI_0} \cdot \frac{1+T_i}{1-T_0} \right) + COMA_{j,0} \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + AEIR_{j,0} \cdot \left(\gamma_j \cdot \frac{IPC_i}{IPC_0} \cdot \frac{DOL_0}{DOL_i} + \delta_j \cdot \frac{CPI_i}{CPI_0} \cdot \frac{1+T_i}{1-T_0} \right) \cdot \frac{t_i}{t_0} \cdot \frac{1-t_0}{1-t_i}$$

A.2.2.1 Regulated Period VI Valuation Process

The valuation process to calculate de VI of the transmission facilities during the regulated period starts with the development of the various studies that are necessary for the valuation process, namely:

- **Discount Rate or Rate of Return Study.** This study determines the discount rate that will be used in the study for the calculation of the AVI of the facilities. For the quadrennial 2020-2023, the discount rate will be equal to 7 percent post tax. This study is carried out by an independent advisor.
- **Useful Life Report.** This study is carried out every 12 years (every three tariff periods) and defines the useful life that the independent advisor must use to calculate the AVI of the

facilities. For the quadrennial 2020-2023, this study kept the useful life for the main equipment used in the previous valuation process. This study is carried out by an independent advisor.

- **Facilities Qualification Study.** This study defines to which segment each transmission line belongs (National, Zonal, Dedicated or other). As expected, there were no relevant changes in this study. This study is performed by the CNE.

All of these studies can be observed by transmission companies and claimed before the Experts Panel. Black & Veatch notes that the findings of the Useful Life study are only used to translate the replacement value VI into an annuity AVI and does not indicate an actual technical or economic end of life for the asset. As the electrical concessions are perpetual, the owner is entitled to receive a regulated return for as long as the asset is available for operation. Once these studies are completed, the Valuation Study follows and is performed in two phases:

- **Elaboration of the Technical and Administrative Documents of the Valuation Study.** These are the bidding documents to select the independent advisor that will develop the valuation study.
- **Valuation Study by the Independent Advisor.** During the study the consultant must submit progress reports that can be reviewed by companies interested in this process. This study is carried out by an independent advisor under the supervision of a technical committee composed by: 1 representative of the Ministry of Energy, 1 representative of the CNE, 1 representative of the CEN, 1 representative of the national transmission segment, 1 representative of the zonal transmission segment and 2 representatives of the unregulated customers. During the development of the valuation study, the independent advisor must submit two progress reports and a preliminary final report, all of which must be approved by this technical committee. Companies can submit their observations to the reports through the representative of their respective segment in the committee (national or zonal).

Once the consultant issues his final report, the CNE will publish the Preliminary Technical Report based on the study carried out by the independent advisor. Third parties interested can review this report. After the observation period, the CNE will publish the Final Technical Report, accepting or rejecting the observations submitted by third interested parties. If a company disagree with the final report, it may dispute it before the Experts Panel, who will finally resolve the claim. If there are no discrepancies, or once discrepancies are resolved by the Expert Panel, the CNE shall deliver the Definitive Technical Report to the Minister of Energy, who will submit the Valuation Decree.

In relation with the qualification of each transmission line, it is possible that a transmission line could be switched between National and Zonal segment, and even to be qualified as a part of the Dedicated transmission system. If the qualification determinates that the asset are part of the National or Zonal segment, it will receive regulated tariff. If the asset is qualified as Dedicated transmission line, it will not receive regulated revenues but will be always entitled to receive payments from the users of this transmission line (unregulated customer or generation companies). Black & Veatch notes that the likelihood of the regulated projects being designated a dedicated transmission system at some point in the future is extremely remote, as the Portfolio's regulated projects are necessary for the electrical supply for several different cities in Chile.

A.2.2.2 Valuation Study Methodology

In relation to the valuation mechanism, this process is eminently technical, and the independent advisor must proceed as follows:

1. Obtain from the CEN a database with all the technical information and the inventory of each one of the facilities that will be valued.

2. Based on the information obtained from CEN, which includes length of the electrical wire, tons of steel used in the line, amount and characteristics of circuit breaker, etc., the independent advisor must obtain the market prices for each transmission line component, and for all activities required for the construction of a transmission line, among others:
 - a. Environmental costs
 - b. Easements costs
 - c. Materials and equipment costs
 - d. Shipment and storage costs
 - e. Assembly costs
 - f. Insurance costs
 - g. Basic and detailed engineering
 - h. EPC profits
 - i. Financial costs
3. Typically, the prices are obtained by the independent advisor through request for quotation asked by the advisor, and information provided by EPC and transmission companies related to projects under development or recently developed. All of these costs must be justified by the independent advisor, so the companies can verify all the calculations made by the advisor.
4. Finally, once the VI is calculated for each transmission line, considering the rate of return that will be in force for the quadrennial and the useful life for each transmission line component, the independent advisor calculate the AVI, COMA and AEIR that will be the remuneration for the transmission companies for the next four years.

The CNE will consider the actual easement and permitting costs of a project during construction to be true market prices and will not reevaluate them at the time of each reset. Instead, the actual costs will only be adjusted per inflation. For the remaining EPC costs which make up the material balance of the valuation, the CNE will estimate the cost should similar assets be constructed at that time, based on current tendered costs. However, it is important to note that there is no risk of technology disruption causing a lower reset valuation, because the independent advisor must calculate the new replacement value of an asset (transmission line or electrical substation) with the same physical and technical characteristics as the original. Therefore, if there is a new technology for electrical towers, for the independent advisor is irrelevant, and he will have to obtain the market value for the same towers that were constructed originally in the project. Additionally, the commodity prices are not a key component of the analysis because the equipment costs are already accounted for by different sources, such as labor costs and commodities among others, and including different indexation mechanisms.

In the event that a transmission owner disagrees with a valuation, there are different opportunities to challenge the results of the valuation study. All the preliminary studies (rate of return, useful life and qualification) can be reviewed by transmission companies, submit observations to the CNE and finally can be claimed before the Experts Panel.

Once the valuation study begins, it is possible to challenge the preliminary independent advisor's preliminary reports and the Tariff Report of the CNE. The process considers different stages. After the presentation of the preliminary report, the companies can submit observations to that report. Then, the CNE will issue the final report, considering the observations of the companies. In case that

there is an observation that was not accepted by the CNE, the company could present a dispute before the Experts Panel, which has a time limit to settle the dispute. Then, the Experts Panel could issue the verdict in which it could accept or refuse the presentation of the company. Finally, CNE must publish the Definitive Report of Valuation of Transmission Facilities, and the Ministry of Energy will publish the Decree with the tariffs that will be in force during the next four years.

Black & Veatch notes that there is precedent in transmission owners successfully disputing valuation studies. Of dispute cases resulting from the 2016 – 2019 Trunk Transmission Study, claims were either wholly or partially accepted in approximately 80 percent of all disputed cases, resulting in average VI and COMA adjustments of 11.1 percent and 11.6 percent upward, respectively.

In general, the common areas of dispute in the previous studies have been:

- Differences in the market prices for components of transmission lines or activities related to assembly of the assets.
- Miscalculation in the VI of an asset. In case that the company can demonstrate that the independent advisor/CNE made a mistake in the valuation of the VI, it can be dispute before the Experts Panel.
- Not include all of the components of a transmission line. The company had to show that the independent advisor/CNE did not consider an all the components of the asset

The Transmission Study only applies to the assets that are not in their 20-years Fixed Tariff period. It does not define an indicative valuation of the assets that are in the fixed-tariff regime.

A.2.2.3 VI Figures

Table 7-1 presents VI and VATT for the upcoming tariff reset period, based on CNE's recently published tariff report of August 2, 2021 – Final Technical Report (*Informe Técnico Final*). The Final Technical Report is subject to the panel of experts to occur in the next months before the Definitive Tariff is published. These figures were consolidated using public information available on CNE's website and these serve as the basis for the regulated forecasted revenues in the Financial Model. Overall, Black & Veatch find these VI and VATT figures published in the Final Technical Report to be reasonable.

Table 7-1 Tariff Reset Period VI and VATT Figures for Regulated Projects (Source: CNE Final Technical Report – *Informe Técnico Final*)

Calificación	Zona	Tipo Tramo	CodigoTramo	NombreTramo	Empresa Propietaria	VI US\$	AVI US\$	COMA US\$	AEIR US\$	VATT US\$	alfa	beta	gamma	delta
Nacional	Nacional	Subestaciones	SE-N_1	Alto Jahuel	Colbún Transmisión	22,302	1,626	329	298	2,253	0.711	0.289	0.747	0.253
Nacional	Nacional	Subestaciones	SE-N_11	Charrua	Colbún Transmisión	247,563	19,782	4,001	2,048	25,831	0.711	0.289	0.747	0.253
Nacional	Nacional	Subestaciones	SE-N_16	Colbun	Colbún Transmisión	2,029,530	175,142	35,426	22,044	232,611	0.711	0.289	0.747	0.253
Nacional	Nacional	Subestaciones	SE-N_38	Los Maquis	Colbún Transmisión	610,232	57,321	11,594	7,451	76,366	0.711	0.289	0.747	0.253
Nacional	Nacional	Subestaciones	SE-N_41	Maipo	Colbún Transmisión	6,877,459	632,553	127,947	66,750	827,250	0.711	0.289	0.747	0.253
Nacional	Nacional	Subestaciones	SE-N_46	Mulchen	Colbún Transmisión	963,491	79,826	16,146	9,981	105,953	0.711	0.289	0.747	0.253
Nacional	Nacional	Subestaciones	SE-N_56	Polpaico	Colbún Transmisión	20,931	1,526	309	280	2,115	0.711	0.289	0.747	0.253
Nacional	Nacional	Subestaciones	SE-N_6	Candelaria	Colbún Transmisión	682,076	56,849	11,499	7,646	75,993	0.711	0.289	0.747	0.253
Nacional	Nacional	Tramos	N_107	Polpaico 220->Quilapilun 220	Colbún Transmisión	5,143,657	388,391	78,560	55,822	522,773	0.727	0.273	0.747	0.253
Nacional	Nacional	Tramos	N_113	Puente Negro 220->Colbun 220	Colbún Transmisión	49,443,979	3,634,889	735,231	554,691	4,924,811	0.727	0.273	0.747	0.253
Nacional	Nacional	Tramos	N_16	Candelaria 220->Maipo 220	Colbún Transmisión	22,108,381	1,629,908	329,682	248,910	2,208,500	0.727	0.273	0.747	0.253
Nacional	Nacional	Tramos	N_17	Candelaria 220->Puente Negro 220	Colbún Transmisión	35,379,708	2,603,448	526,601	396,799	3,526,849	0.727	0.273	0.747	0.253
Nacional	Nacional	Tramos	N_31	Charrua 220->Mulchen 220	Colbún Transmisión	741,506	60,811	12,300	7,153	80,264	0.727	0.273	0.747	0.253
Nacional	Nacional	Tramos	N_5	Alto Jahuel 220->Maipo 220	Colbún Transmisión	1,329,462	104,330	21,103	13,332	138,765	0.727	0.273	0.747	0.253
Nacional	Nacional	Tramos	N_74	Los Maquis 220->Quilapilun 220	Colbún Transmisión	11,906,343	891,304	180,285	130,142	1,201,730	0.727	0.273	0.747	0.253
Nacional	Nacional	Tramos	N_87	Mulchen 220->Rio Malleco 220	Colbún Transmisión	757,173	62,260	12,593	7,302	82,156	0.727	0.273	0.747	0.253
Nacional	Nacional	Tramos	N_9	Ancoa 220->Colbun 220	Colbún Transmisión	3,603,081	265,103	53,623	42,043	360,769	0.727	0.273	0.747	0.253
Zonal	Área C	Subestaciones	SE-Z_81	Esperanza	Colbún Transmisión	3,212,782	273,161	159,156	36,067	468,384	0.721	0.279	0.732	0.268
Zonal	Área C	Subestaciones	SE-Z_87	Las Vegas	Colbún Transmisión	226,430	17,961	10,465	2,524	30,949	0.721	0.279	0.732	0.268
Zonal	Área C	Transformación	Z_201	La Calera 110->La Calera 012	Colbún Transmisión	7,918	623	363	71	1,057	0.371	0.629	0.384	0.616
Zonal	Área C	Transformación	Z_215	Los Maquis 220->Los Maquis 110	Colbún Transmisión	1,366,004	107,837	62,831	12,878	183,545	0.371	0.629	0.384	0.616
Zonal	Área C	Tramos	Z_196	Esperanza 110->Las Vegas 110	Colbún Transmisión	851,105	61,875	36,051	8,991	106,918	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_197	Esperanza 110->Rio Aconcagua 110	Colbún Transmisión	1,027,843	78,993	46,025	12,456	137,475	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_221	Nueva San Rafael 110->Tap San Rafael 110	Colbún Transmisión	1,970,883	149,080	86,861	23,961	259,901	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_237	Rio Aconcagua 110->Tap Chagres 110	Colbún Transmisión	692,826	52,368	30,512	8,600	91,480	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_257	San Rafael 110->Tap San Rafael 110	Colbún Transmisión	405,225	31,042	18,086	4,818	53,946	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_265	Tap Chagres 110->Chagres 110	Colbún Transmisión	101,971	7,880	4,591	1,276	13,748	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_266	Tap Chagres 110->Nueva Panquehue 110	Colbún Transmisión	812,109	61,390	35,768	10,035	107,193	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_271	Tap Los Maquis 110->Los Maquis 110	Colbún Transmisión	38,816	2,997	1,746	487	5,230	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_272	Tap Los Maquis 110->Tap San Rafael 110	Colbún Transmisión	1,572,736	119,124	69,407	19,634	208,165	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_273	Tap Los Maquis 110->Totoralillo 110	Colbún Transmisión	842,422	64,086	37,339	10,131	111,556	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_284	Tap San Felipe 110->Nueva Panquehue 110	Colbún Transmisión	2,683,403	202,741	118,126	33,251	354,117	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_285	Tap San Felipe 110->Nueva San Rafael 110	Colbún Transmisión	164,983	12,503	7,285	2,044	21,831	0.781	0.219	0.782	0.218
Zonal	Área C	Tramos	Z_289	Tap San Rafael 110->Totoralillo 110	Colbún Transmisión	923,354	69,974	40,770	11,524	122,268	0.781	0.219	0.782	0.218
Zonal	Área E	Subestaciones	SE-N_16_D	Colbun - Distribuidoras	Colbún Transmisión	244,811	19,565	6,883	2,439	28,887	0.653	0.347	0.671	0.329
Zonal	Área E	Subestaciones	SE-Z_375	Talca	Colbún Transmisión	152,475	13,324	4,687	1,667	19,678	0.653	0.347	0.671	0.329

A.2.3 Collection of Tolls for Transmission Revenue and CUT Mechanism

Once VATT tariffs are established, the costs of both the STN and STZ assets are socialized through a unique charge that is paid by the regulated and unregulated end-customers, and in the case of some legacy assets by generation companies as well.

In 2019, a New Transmission Law No. 20,936 introduced a transmission tariff collection scheme for national assets known as Unique Transmission Charge (in Spanish Cargo Unico de Transmision) (“CUT”). Under the new law, the CUT is the effective remuneration that transmission companies receive for their regulated transmission assets, based on their regulatory VATT, and that corresponds to the transmission toll item reflected in the end-user’s electricity bill, which includes all the transmission related tolls assumed by the end-user.

Before the New Transmission Law, 20 percent of the tariffs were paid by end-users in their respective Common Influence Area (“AIC”), while the remaining 80 percent was paid by generation companies in their contracts with regulated and non-regulated end-users, considering their individual injections and withdrawals.

The New Transmission Law determines that, for national transmission tolls, tariffs will be fully paid directly to transmission companies by all end-users of the SEN through the CUT by 2034. The migration from the previous tariff collection scheme to the CUT mechanism will occur gradually through three different scenarios:

- **New assets:** New national assets will be fully remunerated through the CUT since their COD.
- **Legacy assets:** Legacy national assets will be remunerated through a gradual increase in the CUT and a proportionate decrease in toll payments from generation companies.
- **CET mechanism:** Generation companies and their corresponding end-users were given the choice to adhere to the Equivalent Transmission Charge (in Spanish Cargo Equivalente de Transmision) (“CET”), where the injection toll component stated in end-users’ contracts with generation companies is reduced in an equivalent amount to the CUT, and transmission toll is transferred entirely to end-users through the CUT.

For the zonal transmission system, the transmission tariff was already paid in full by regulated and non-regulated end-users. In the case where generation companies connected directly to zonal lines, the generators also contributed to the tariff payment. Under the New Transmission Law, these generation companies no longer pay for transmission of the electricity they inject.

The national and zonal transmission systems charges are billed during the last five days of each month, with the payments received within two weeks approximately. The tariff revenues are billed on the 21st calendar day of each month, and the payments are collected within two weeks approximately.

The CNE is responsible for determining the exact amount to be paid by generation and distribution companies to the transmission companies. The total monthly income in USD is invoiced in CLP to each client as in Chile it is not possible to invoice in USD. The USD/CLP exchange rate used for invoicing the revenues of month “n” is the monthly average of all USD currency transactions carried in the banks marketplace during month “n-1” this average is published by the Central Bank. More than 90% of the monthly invoices have approximately 30-day underlying FX exposure, which counts from day 1 of month “n” until actual payment. This short and delimited timeframe ensures that the majority of the cash is actually collected during month “n”, thus helping to minimize FX exposure.

Appendix B. Summaries of Representative Key Agreements

B.1. Representative Toll Agreement (General)

ITEM	DETAILS
Party	Vary by agreement, generalized here as “Generator”
Execution Date	October 11, 2018
Pricing	Vary by agreement, paid in monthly installments with escalation factor
Indexation	Adjusted every January 1 and July 1 of every year. AVI is indexed by CPI_k/CPI_0 and COMA is indexed by IPC_k/IPC_0 .
Other parties	If other parties become users of the dedicated transmission line, whether they are other generators or offtakers, pro-rated pricing within the AVI and COMA values may be adjusted, based on proportional capacity use.
Modifications and Expansion	If the dedicated line needs to be expanded, either by contracting parties or by Chilean authority, the tolling payments will be modified to account for additional investment incorporated into AVI and COMA payments.
Transfer	Either party may transfer the agreement with the new party accepting the same conditions.
Regulation	If the transmission lines change from dedicated lines to regulated lines under a tariff regulation, the regulated tariff and payment structure will become the new form of remuneration. Under this scenario, if the total remuneration from the regulated payments is less than AVI+COMA, Colbún Tx will continue to be paid for the difference from the Generator. Likewise, Colbún Tx will reimburse generator if regulated remuneration is in excess of AVI + COMA. If any line changes from regulated to dedicated, then method of payment will revert to AVI + COMA.
Service	Colbún Tx may suspend transmission service for planned maintenance or modifications, as coordinated with all users of the line, communicated at least 30 days in advance of the planned outage. Outages will be performed in accordance with CEN regulations. Colbún Tx may suspend service for emergency outages, giving as much notice as circumstances permit.
Availability	Indices related to the Norma Técnica de Seguridad y Calidad de Servicio should be less than the value established by regulator for the same voltage class and normalized by 100 km length. If the unavailability value is higher than the regulated value, Colbún Transmission will pay Generator a penalty of 25 times excess unavailability in hours and 730 hours multiplied by the monthly payment.
Responsibilities	Neither Colbún Tx nor Generators is responsible for accidents or damages for lack of voltage or energy service, voltage or frequency fluctuations, third-party actions, or any other act that interrupts transmission service caused by Force Majeure. Generator is responsible for damages to line caused by exceeding maximum power rating under the Agreement.
Term	20-year contract life, with 5-year successive automatic renewal terms. Either party can indicate intention not to renew with a 2-year notice prior to term ending.

B.2 Representative Third-Party Toll Agreement

ITEM	DETAILS
Execution Date	September 7, 2001
Transfer	Neither party may transfer the agreement without permission from the other.
Maximum Capacity	300 MW for each circuit
Service	Provide transmission services at 220 kV (double circuit) between Candelaria and Minero substations.
Service Quality	Electric service shall be continuous and uninterruptible with availability of 100% of at least one circuit. Service interruptions are subject to penalty.
Responsibilities	<p>Colbún Tx must perform the following:</p> <ul style="list-style-type: none"> Operate and maintain (including through third parties) the electric infrastructure in accordance with national technical norms Coordinate the connection with the high-voltage electric system Perform preventive maintenance Perform planned corrective maintenance Perform unplanned corrective maintenance Maintain permanent communication system
Term	Electric service begins on January 1, 2003 and lasts for 300 months

B.3 Representative Maintenance Contract

ITEM	DETAILS
Execution Date	November 13, 2019
Insurance	Contractor will maintain insurance to cover its business, employees, and subcontractors from damage, harm, or death related to its services.
Limit of Liability	Contractor's limit of liability is 100% of the total contract price.
Transfer	Contractor may not transfer contract without Colbún Tx approval.
Environmental	Contractor must comply with RCA stipulations and abide by environmental norms.
Termination	Colbún Tx may terminate the contract at any time due to lack of performance of Contractor. Colbún Tx may also terminate contract for any reason by giving a 30-day notice.
Contractor Responsibilities	<p>Contractor has the following obligations:</p> <ul style="list-style-type: none"> Execute services as indicated in the contract Supervise and direct trained professionals, whose names are provided to Colbún Tx Comply with all pertinent laws and requirements related to Contractor's work Pay for all necessary salary and labor requirements to its personnel Indemnify Colbún Tx Inform personnel of risks, preventive measures required, and safe job practices

ITEM	DETAILS
	<ul style="list-style-type: none"> ▪ Instruct personnel about environmental risks ▪ Not subcontract activities without authorization from Colbún Tx ▪ Take responsibility for damages caused by personnel ▪ Coordinate with Colbún Tx to avoid business interruption ▪ Allow Colbún Tx authority to stop work in an emergency ▪ Maintain areas clean and orderly ▪ Abide by Colbún ethical standards ▪ Require personnel to abide by appropriate laws
Term	The contract is in effect for 36 months from effective date and terminates November 13, 2022.

Appendix C. Site Visit Observations

C.1 SANTA MARIA – CHARRÚA 2X220KV TRANSMISSION LINE

Black & Veatch personnel visited key sections of the 2x220 kV Santa Maria – Charrua dedicated transmission line on 31 Nov 2020. The line was commissioned on 2009 with the purpose to deliver the generation of Santa Maria coal fire powerplant owned by Colbún. The interest points visited were the Bio Bio river crossing with a span of 1.6km, several sections along its alignment and the arrival to Charrua Substation.

As part of the visit, the discussion with Colbún Tx chief – South were focused on O&M issues. In general terms there are no records of unplanned service interruptions, only planned maintenance when Santa Maria has their annual 20 days scheduled maintenance. Santa Maria has a 370 MW installed capacity and operates as a base load all year long.

Black & Veatch found the line well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- Transmission line limit is the HV bushings of the step-up transformers of Santa Maria plant;
- All 208 structures conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning every 6 months and visual inspections every 3 months;
- Thermography on anchor towers every 12 months and corona every 6 months;
- ROW clearance as per needs due to vegetation height;
- Grounding resistance measurements performed every 12 months;
- Access roads maintenance as needed. All sections visited with good access;
- Spare parts available and administrated by Colbún supply area;
- Circuit identification and danger plates signs on all the structures;
- Good relationship with all ROW easement landowners;
- There is only one line crossing at the downstream end with 66 kV Enlace Bucalemu.



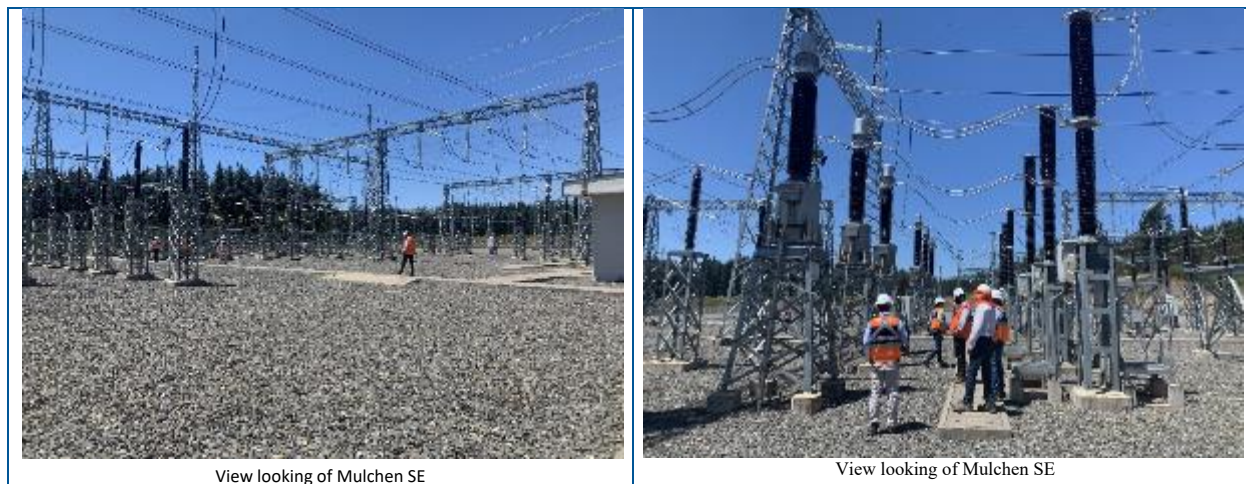
Figure 7-5 Santa Maria – Charrua Site Visit Pictures

C.2 MULCHEN 220 KV SUBSTATION

Black & Veatch personnel visited Mulchen 220 kV substation on 31 Nov 2020 that entered in operation 2017. This substation was built to connect to the national grid the power delivered by Angostura 320 MW installed capacity hydropower, owned by Colbún through the Mulchen – Angostura 2x220 kV dedicated line. The connection was done by sectioning the national trunk Cautin - Charrua 220 kV line.

Black & Veatch found the substation well maintained as expected for a new facility and noted the following site visit observations and from the information provided by Colbún Tx:

- All structures conformed by steel galvanized with no signs of corrosion;
- Isolators cleaning every 12 months
- Thermography every 12 months and corona every 6 months;
- Vegetation right outside of the substation perimetral fence required to be controlled due to fire risk;
- Cracks observed on several walls and local settlements on the floor on the main control room. These cracks are being identified and monitored with gauges to measure the movement of cracks of the structure (a mix of concrete and masonry structures). The structure has steel plates placed outside on some of perimetral wall as an additional structural support;
- Substation facility includes the space and pull-in structure and busbars for the expansion project (Acciona wind farm)
- Circuits and equipment identification on all the structures.



View looking of Mulchen SE

View looking of Mulchen SE



Figure 7-6 Mulchen Substation Site Visit Pictures

C.3 MULCHEN - ANGOSTURA 2X220 KV TRANSMISSION LINE

Black & Veatch personnel visited point of interest of the 2x220 kV Mulchen - Angostura dedicated transmission line on 31 Nov 2020. The line was commissioned on 2013. The areas visited were the facilities that are part of the Colbún Tx located on Angostura powerhouse (cavern), different sections of the line and the arrival to Mulchen Substation visited earlier that day.

As part of the visit, the discussion continued with Colbún Tx focusing on O&M issues, line interruptions and the battery limits between generation and transmission among others.

The step-up transformers and a GIS of the Angostura hydropower plant are located also in a cavern, then at a voltage of 220 kV goes via 500mm² XLPE conductor to an outdoor termination/joint where start the transmission line. The battery limit between transmission and generation is the XLPE cable joint

Black & Veatch found the line well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- The GIS, its control, protections and communications panels inside the cavern is maintained by transmission.
- One (1) record of unplanned service interruptions, trip caused by a fire. No damages;
- All 139 structures are conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning every 6 months
- Visual inspections every 3 months supported by drones and helicopter;
- Thermography every 12 months, corona inspections not in the O&M plan;
- ROW clearance as per needs due to vegetation;
- Grounding resistance measurements performed every 24 months;
- Access roads maintenance as needed, average every 24 months. All sections visited with good access;
- Spare parts available and administrated by Colbún supply area;

- Circuit identification and danger plates on all the line structures, Substation circuits and equipment properly labeled;
- Good relationship with all ROW easement land owners.



Figure 7-7 Angostura – Mulchen Site Visit Pictures

C.4 RUCUE - CHARRUA 2X220 KV TRANSMISSION LINE

Black & Veatch personnel visited the 2x220 kV Rucue - Charrua dedicated transmission line on 1 Dec 2020. The line was commissioned on 1998 with the purpose to deliver the generation of Rucue hydropower of 178 MW installed capacity. The areas visited were the Rucue Substation located adjacent to the hydropower, different sections of the line and the arrival to Charrua Substation.

As part of the visit, the discussion continued with Colbún Tx focusing on O&M issues, line interruptions and the battery limits between generation and transmission among others.

Black & Veatch found the line and both end substations well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- The Rucue Substation includes a 220/13.8 kV bay to feed the hydropower intake, forebay and others plant facilities which are part of Colbún Generation. Also, the Substation has a 220/23 kV which is owned by the distribution line.
- Rucue plant provides electrical feed to the auxiliary services to the Rucue Substation. There is no metering to determine this energy consumptions;
- No records of unplanned service interruptions;
- All structures are conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning every 6 months
- Visual inspections every 3 months;
- Thermography every 12 months, corona inspections every 24 months;
- ROW clearance as per needs due to vegetation;
- Grounding resistance measurements performed every 24 months;

- Access roads maintenance as needed, average every 24 months. All sections visited with good access;
- Spare parts available and administrated by Colbún Tx supply area;
- Circuit identification and danger plates on all the line structures. Substation circuits and equipment properly labeled;
- Good relationship with all ROW easement land owners.

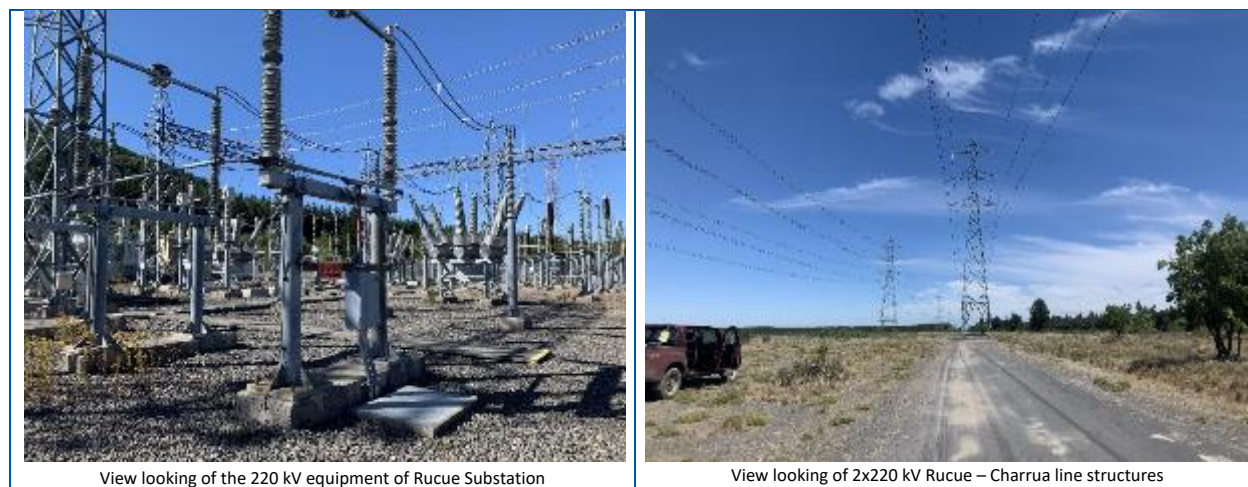


Figure 7-8 Rucue - Charrua Site Visit Pictures

C.5 QUILLECO 220/13.8 KV

Black & Veatch personnel visited the Quilleco substation on 1 Dec 2020. The facilities were commissioned on 2007 and sectioning the 220 kV Rucue – Charrua line to deliver the generation of Quilleco hydropower of 70.8 MW installed capacity. The areas visited were the Quilleco Substation located adjacent to the hydropower and different sections of the line and the arrival to Charrua Substation.

The discussion continued with Colbún Tx addressing O&M issues, interruptions and the battery limits between generation and transmission among others.

Black & Veatch found the substation a well maintained, consistent with the best industry practices and noted the following site visit observations:

- The battery limit between generation and transmission for Quilleco is the 220 kV bushings of the step-up transformer. The substation includes a 220/13.8 kV bay to feed the hydropower intake, forebay and others plant facilities which are part of Colbún Generation.
- The substation control room includes medium voltage control and protection panels that are part of Colbún Generation;
- Quilleco plant provides electrical feed to the auxiliary services to the Quilleco Substation. There is no metering to determine this energy consumptions;
- No records of unplanned service interruptions,
- All structures are conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning every 6 months
- Visual inspections every 3 months;

- Thermography every 12 months, corona inspections every 24 months;
- Spare parts available and administrated by Colbún supply area;
- Circuits and equipment with their identification tags.

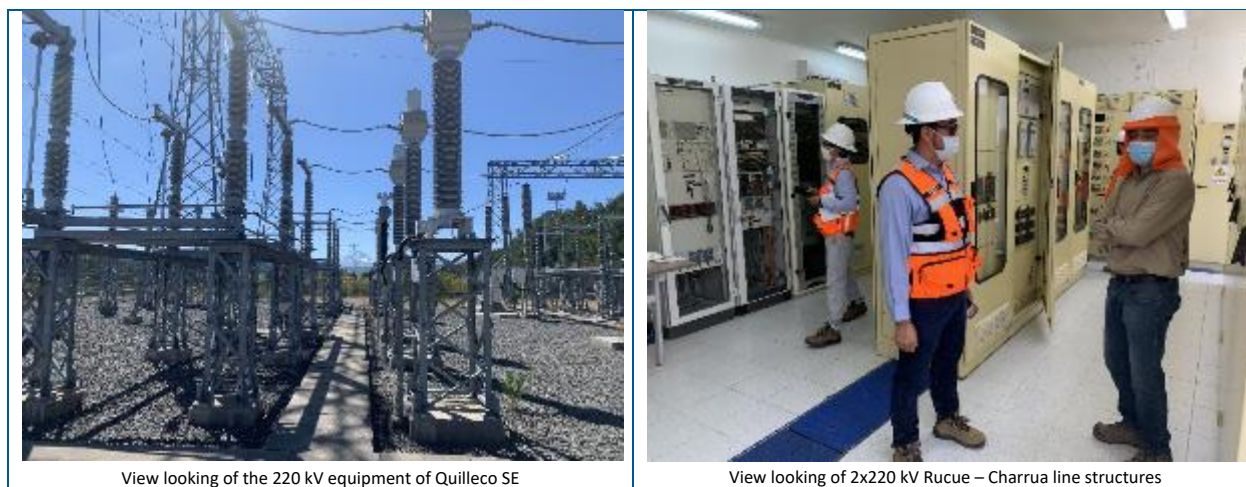


Figure 7-9 Quilleco Substation Site Visit Pictures

C.6 LOS PINOS - CHARRUA 1X220 KV TRANSMISSION LINE

Black & Veatch personnel visited the 1x220 kV Los Pinos - Charrua dedicated transmission line on 1 Dec 2020. The line was commissioned on 2009 with the purpose to deliver the generation of Los Pinos gas/diesel fire plant of 104 MW installed capacity. The areas visited were the Los Pinos Substation located adjacent to the plant and the arrival to Charrua Substation.

As part of the visit, the discussion continued with Colbún Tx focusing on O&M issues, interruptions and the battery limits between generation and transmission among others.

Black & Veatch found the line and both end substations well maintained, consistent with the best industry practices and noted the following site visit observations:

- The Rucue Substation includes a 220/13.8 kV bay to feed the hydropower intake, forebay and others plant facilities which are part of Colbún Generation. Also, the Substation has a 220/23 kV which is owned by the distribution line.
- Los Pinos plant provides electrical feed to the auxiliary services to the Los Pinos Substation. There is no metering to determine the energy consumed by the Substation;
- No records of unplanned service interruptions;
- All structures are conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning every 6 months
- Visual inspections every 3 months;
- ROW clearance as per needs due to vegetation;
- Spare parts available and administrated by Colbún supply area;
- Circuit identification signs and danger plates on all the structures. Circuits and equipment with their identification tags on the substation;
- Good relationship with all ROW easement land owners.



Figure 7-10 Rucue Substation Site Visit Pictures

C.7 COLBÚN - ANCOA 2X220 KV TRANSMISSION LINE

Black & Veatch personnel visited the 220 kV Colbún - Ancoa national transmission line on 2 Dec 2020. The line and both end substations were commissioned on 1985 to deliver part of the generation of the 474 MW Colbún hydropower.

The powerhouse of Colbún hydropower is in a caver, then at a voltage of 220 kV reach to an outdoor termination/joint (battery limit between transmission and generation) following a 7 bays switchyard with a configuration that allow to deliver the power via the following lines:

- Dedicated 1x220 kV Colbún – Machicura
- Dedicated 1x220 kV Colbún – Procart
- National 1x220 kV Colbún – Ancoa, and
- National 2x220 kV Candelaria - Colbún

Black & Veatch found the line and both end substations well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- Only one major fault that caused a damaged on the breaker and that required its replacement. Protections did not operate due to control cabling error. No other records of unplanned service interruptions;
- Colbún Tx operates the substation under an operational agreement as required to synchronize the units with the national grid;
- Main O&M facilities located in Colbún Substation. Spare parts available on site;
- All structures are conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning, thermography, corona inspections in accordance to their maintenance plan;
- Circuit identification signs and danger plates on all the structures. Circuits and equipment with their tags on the substation.



Figure 7-11 Colbún and Ancoa Substation Site Visit Pictures

C.8 COLBÚN - MACHICURA 1X220 KV TRANSMISSION LINE

Black & Veatch personnel visited the 220 kV Colbún - Machicura dedicated transmission line on 2 Dec 2020. The line and Machicura substations were commissioned on 1985 to deliver part of the generation of the 95 MW Machicura hydropower.

Black & Veatch found the line and Machicura substation well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- No records of unplanned service interruptions;
- Colbún operates the substation under an operational agreement as required to synchronize the units with the national grid;
- Machicura plant provides electrical feed to the auxiliary services to the Machicura Substation. There is no metering to determine the energy consumed by the SE;
- The Machicura Substation control room houses panels for the substation control and protections, and also the control of the plant hydromechanical equipment control and instrumentation
- All structures are conformed by steel galvanized with no signs of corrosion;

- Glass isolators cleaning, thermography, corona inspections in accordance to their maintenance plan;
- Circuit identification signs on all the structures, Circuits and equipment with their tags on the substation.



Figure 7-12 Machicura Substation Site Visit Pictures

C.9 COLBÚN - PROCAR 1X220 KV TRANSMISSION LINE

Black & Veatch personnel visited the 220 kV Colbún - Procar dedicated transmission line on 2 Dec 2020. The line and Machicura substations were commissioned on 1985 to deliver part of the generation of the 95 MW Machicura hydropower.

Black & Veatch found the line and Machicura substation well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- No records of unplanned service interruptions;
- Colbún Tx operates the substation under an operational agreement as required to synchronize the units with the national grid;
- All structures are conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning and visual inspection in accordance to their maintenance plan;
- Thermography and corona inspections not in their maintenance plan;
- ROW clearance as per needs due to vegetation;
- Grounding resistance measurements performed in percentage every 24 months;
- Circuit identification signs on all the structures;

C.10 COLBÚN - CANDELARIA 2X220 KV TRANSMISSION LINE

Black & Veatch personnel visited the 220 kV Colbún - Candelaria national trunk on 2 and 3 Dec 2020. The line and Colbún Substation were commissioned on 1985 to deliver part of the generation of the 474 MW Colbún hydropower, while Candelaria gas fire plant and its substation were commissioned on 2005 when and sectioned the line.

Black & Veatch found the line and both end substations well maintained, consistent with the best industry practices and noted the following site visit observations:

- No records of unplanned service interruptions;
- At the time of the site visit, the AASS were fed by the diesel genset due to a failure on the MV line, which is the main source for the substation electric consumption for their services;
- Minor issues with conductor spacers. Local contractor inspects and repair under the maintenance plan.
- Colbún Tx operates the Candelaria substation under an operational agreement as required to synchronize the units with the national grid;
- Some spare parts for Candelaria Substation available on site, other spares available and administrated by Colbún Tx supply area;
- There is a bay 220 kV Candelaria – Minero to provides energy to CODELCO (State owned mine company) that is being operated and maintained by Colbún Tx until 2027;
- All structures are conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning, thermography, corona inspections in accordance to their maintenance plan;
- Structure No216 on the Maule river bed designed to withhold floods, no issues from 1985;
- Circuit identification and danger plates on all the structures, equipment and circuits labeled on the substation
- ROW clearance as per needs due to vegetation;
- Good relationship with all ROW easement land owners;
- Good and well-maintained access to the structures.



View looking of the Candelaria Substation



View looking of the Candelaria Substation

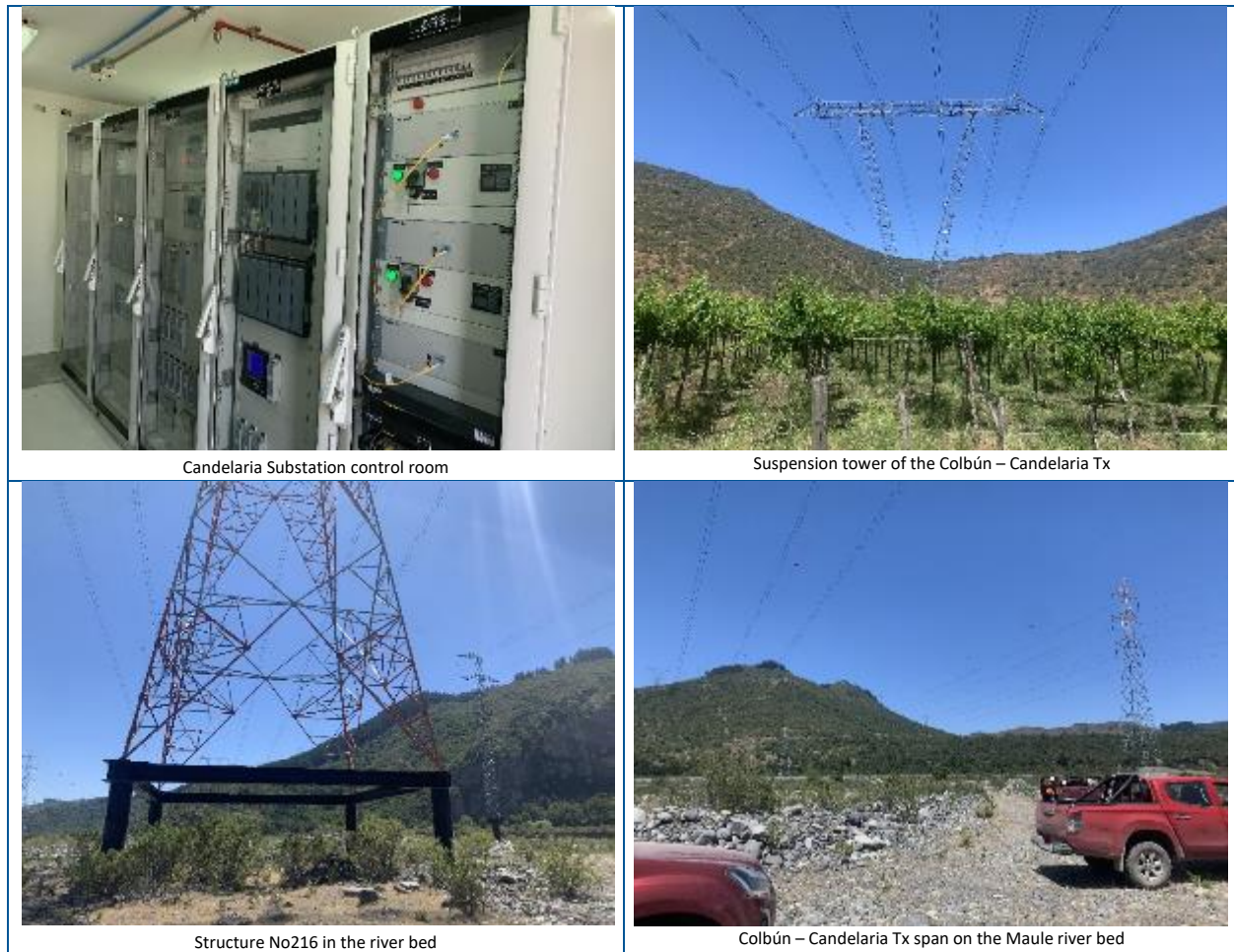


Figure 7-13 Colbún – Candelaria Site Visit Pictures

C.11 COLBÚN - CHIBURGO 1X66 KV TRANSMISSION LINE

Black & Veatch personnel visited the 1x66 kV Colbún - Chiburgo dedicated transmission line on 2 Dec 2020. The line and Chiburgo substation were commissioned on 2007 to deliver the generation of the 20 MW Chiburgo hydropower.

Black & Veatch found the line and the Chiburgo substation well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- No records of unplanned service interruptions;
- Colbún Tx operates the substation under an operational agreement as required to synchronize the units with the national grid;
- The Chiburgo powerhouse houses the Substation control and protection panels;
- Chiburgo plant provides electrical feed to the auxiliary services to the Chiburgo Substation. There is no metering to determine the energy consumed by the Substation;
- All structures are conformed by steel galvanized with no signs of corrosion;

- Glass isolators cleaning and visual inspection being perform in accordance to their maintenance plan;
- Thermography and corona inspections not in their maintenance plan;
- ROW clearance as per needs due to vegetation.

C.12 SAN IGNACIO – SAN CLEMENTE 1X66 KV TRANSMISIÓN LINE

Black & Veatch personnel visited key sections of the 1x66 kV San Ignacio – San Clemente dedicated transmission line on 2 Dec 2020. The line was commissioned on 1996 to deliver the generation of the 36 MW San Ignacio hydropower.

Black & Veatch found the line well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- Transmission line battery limit is the bushings of the step-up transformers of San Ignacio substation;
- There are a few records of unplanned service interruptions due to birds' droppings on isolators;
- Colbún Tx operates the substation under an operational agreement as required to synchronize the units with the national grid;
- San Ignacio plant provides electrical feed to the auxiliary services to the San Ignacio Substation. There is no metering to estimate this energy consumptions;
- The San Ignacio powerhouse includes the substation control and protections;
- All structures conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning every 6 months
- Visual inspections every 3 months;
- ROW clearance as per needs due to vegetation height reported on the visual inspection;
- Grounding resistance measurements performed every 12 months;
- Access roads maintenance as needed. All sections visited with good access;
- Circuit identification and danger plates signs on all the structures. Circuits and equipment plates on substation
- Good relationship with all ROW easement land owners.



Figure 7-14 San Ignacio Substation Site Visit Pictures

C.13 PUENTE NEGRO 220 KV SUBSTATION

Black & Veatch personnel visited Puente Negro 220 kV substation on 3 Dec 2020 that entered in operation 2019. This substation was built to provide operational flexibility to several hydropower projects on the Tinguiririca Valley that were delivering the energy in 154 kV.

Black & Veatch found the substation well maintained as expected for a new facility and noted the following site visit observations and from the information provided by Colbún Tx:

- All structures conformed by steel galvanized with no signs of corrosion;
- Power for the auxiliary services is supplied by a MV line provided by the electrical distribution company;
- Isolators cleaning every 12 months;
- Thermography every 12 months and corona every 6 months;
- Substation facility includes the expansion bays close to be completed for the arrival of Tinguiririca Valley hydropower projects (approximately 450 MW) ;
- Circuits and equipment identification on all the structures;
- Clear of vegetation on the surroundings;
- There are restrictions in case expansion bays to connect new projects due to the space. Surrounding hill on the north-west side and vineyards on the west side;
- Good access roads.



Figure 7-15 Puente Negro Site Visit Pictures

C.14 MAIPO 220 KV SUBSTATION

Black & Veatch personnel visited Maipo 220 kV substation on 3 Dec 2020. The Substation entered in operation in 2018 after the expansion and configuration change based on the Decree from the Ministry of Energy to provide operational flexibility.

Black & Veatch found the AIS and GIS substation well maintained as expected for a new commissioned facility and noted the following site visit observations and from the information provided by Colbún Tx:

- All structures conformed by steel galvanized with no signs of corrosion;
- Circuits and equipment identification on all the structures;
- Spare parts available on site;
- Good access roads
- There are restrictions in case expansion bays to connect new projects due to the space. Surrounding hill on the north-west side and vineyards on the west side.

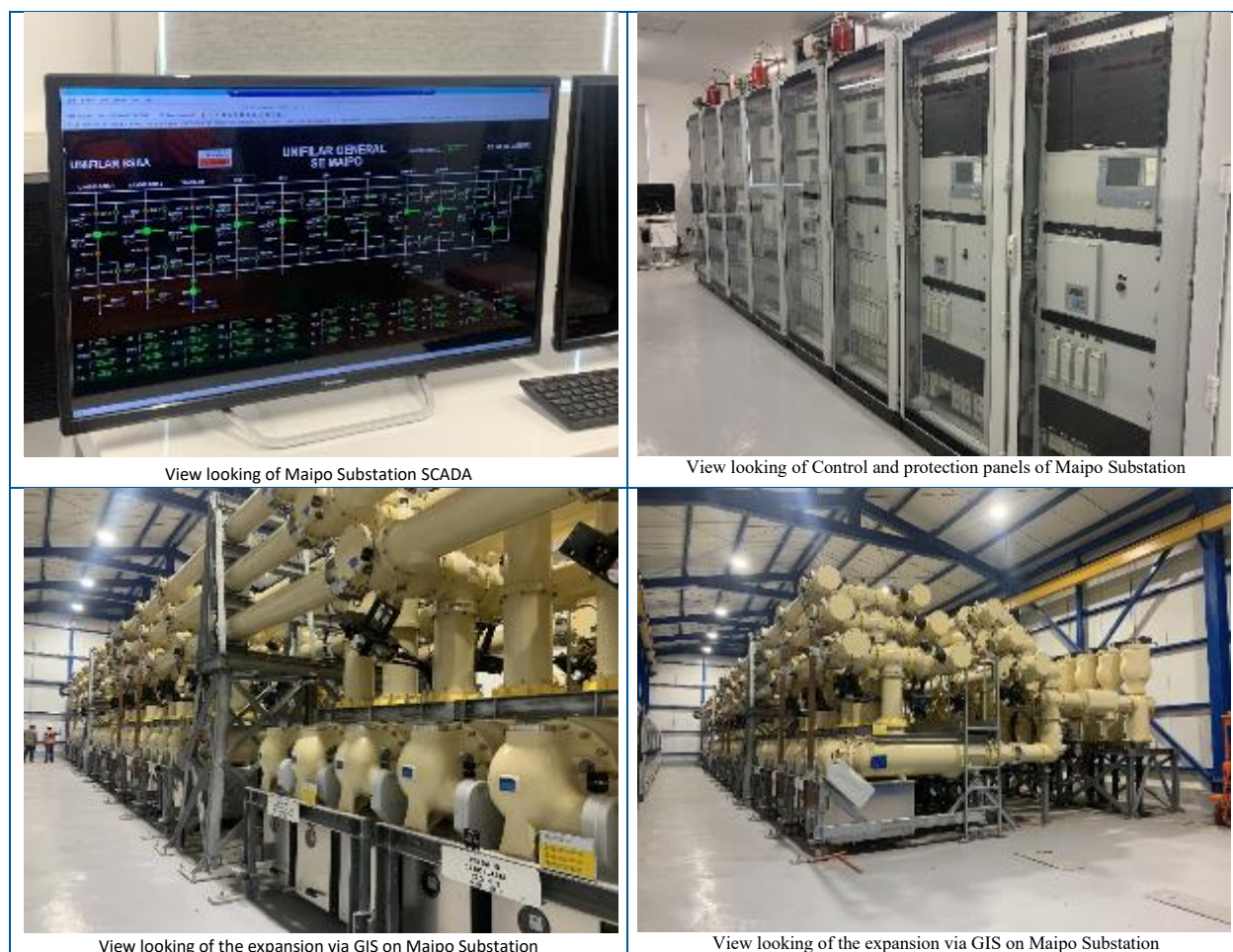


Figure 7-16 Maipo Substation Site Visit Pictures

C.15 HORNITOS – LOS MAQUIS 1X220 KV TRANSMISIÓN LINE

Black & Veatch personnel visited key sections of the 1x220 kV Hornitos - Los Maquis dedicated transmission line on 4 Dec 2020. The line was commissioned on 2008 to deliver the generation of the 60 MW Hornitos hydropower.

Black & Veatch found the line well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- Transmission line battery limit is the isolators on the pull out structure above the step-up transformer. The surge arresters located next to this equipment is part of Colbún;
- There are a few records of unplanned service interruptions due galloping/ice jumping on the ground wire;
- Colbún Tx operates the substation under an operational agreement as required to synchronize the units with the national grid;
- Hornitos plant provides electrical feed to the auxiliary services to the Hornitos SE. There is no metering to estimate this energy consumptions;

- The Hornitos powerhouse includes the substation control and protections;
- All structures conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning every 12 months;
- Visual inspections every 6 months;
- Thermography inspections scheduled every 6 months, corona inspection not in the O&M plan;
- ROW clearance as per needs due to vegetation height reported on the visual inspection;
- Access roads maintenance every 12 months. Not all the structures have vehicle access due to the complicated terrain;
- Circuit identification and danger plates signs on all the structures. Circuits and equipment plates on substation;
- Good relationship with all ROW easement land owners.

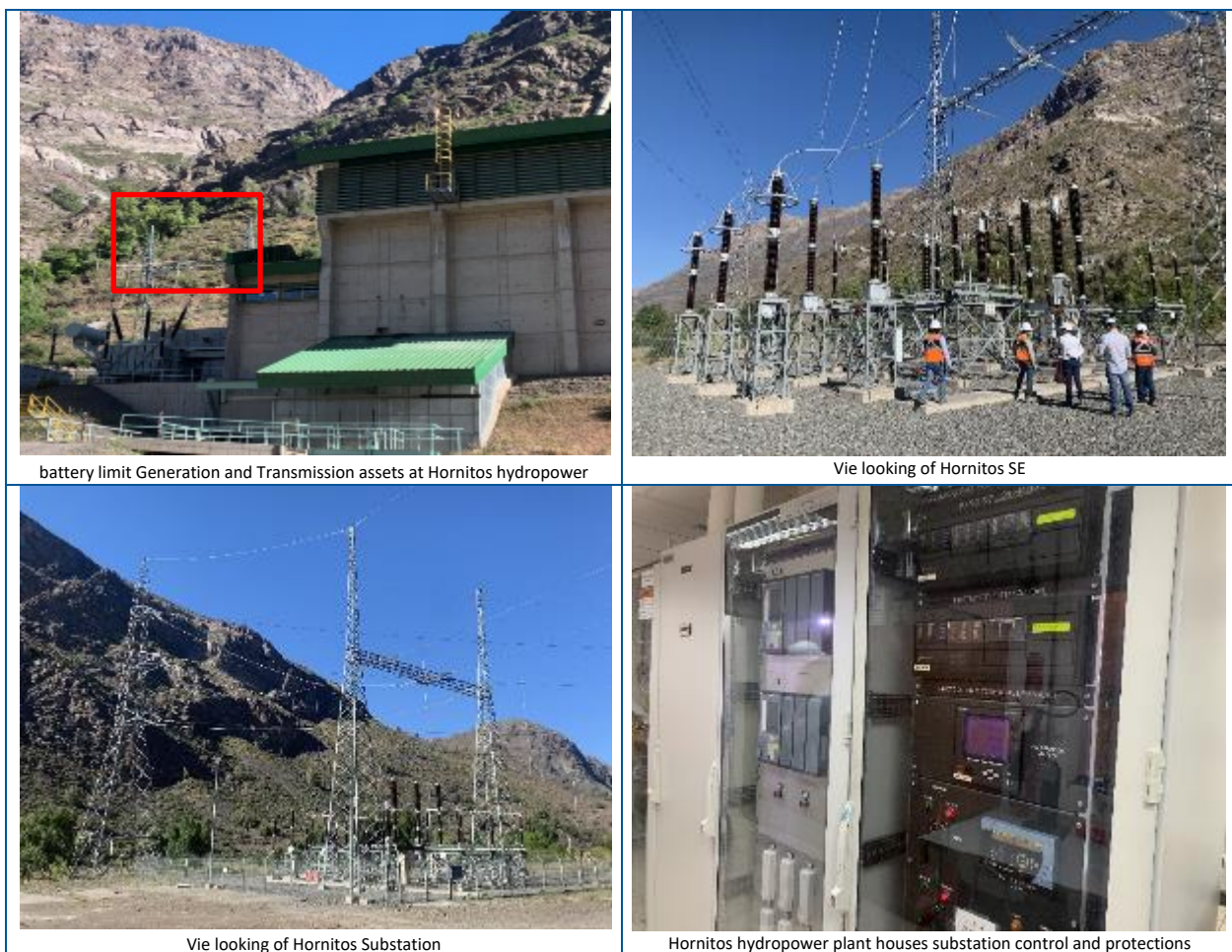


Figure 7-17 Los Maqui - Hornitos Site Visit Pictures

C.16 ACONCAGUA 110/66 KV SUBSTATION

Black & Veatch personnel visited 110/66 kV Aconcagua Substation on 4 Dec 2020. The substation was commissioned on 1993 to deliver the generation of the 29 MW Juncal hydropower and expanded in 1994 to deliver the power of 53 MW Blanco hydropower, both owned by Colbún.

From this substation, there are three transmission line, all of them owned by Colbún Tx:

- 66 kV Aconcagua – Los Quilos
- 66 kV Aconcagua – Saladillo
- 110 kV Aconcagua - Chagres

Black & Veatch found the line well maintained, consistent with the best industry practices and noted the following site visit observations and from the information provided by Colbún Tx:

- Transmission line battery limit are the HV bushing on Juncal and Blanco the step-up transformers;
- There are a few records of unplanned service interruptions due to birds' droppings on isolators;
- Colbún Tx operates the substation under an operational agreement as required to synchronize the units with the grid;
- Blanco plant provides electrical feed to the auxiliary services to the Aconcagua Substation.
- The Blanco powerhouse includes the substation control and protections for the Aconcagua Substation;
- All structures conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning every 12 months
- Visual inspections every 6 months;
- Thermography inspections scheduled every 6 months, corona inspection not in the O&M plan;
- ROW clearance as per needs due to vegetation height reported on the visual inspection.
- Access roads maintenance every 12 months. Not all the structures have vehicle access due to the complicated terrain;
- Circuit identification and danger plates signs on all the structures. Circuits and equipment plates on substation
- Good relationship with all ROW easement land owners.

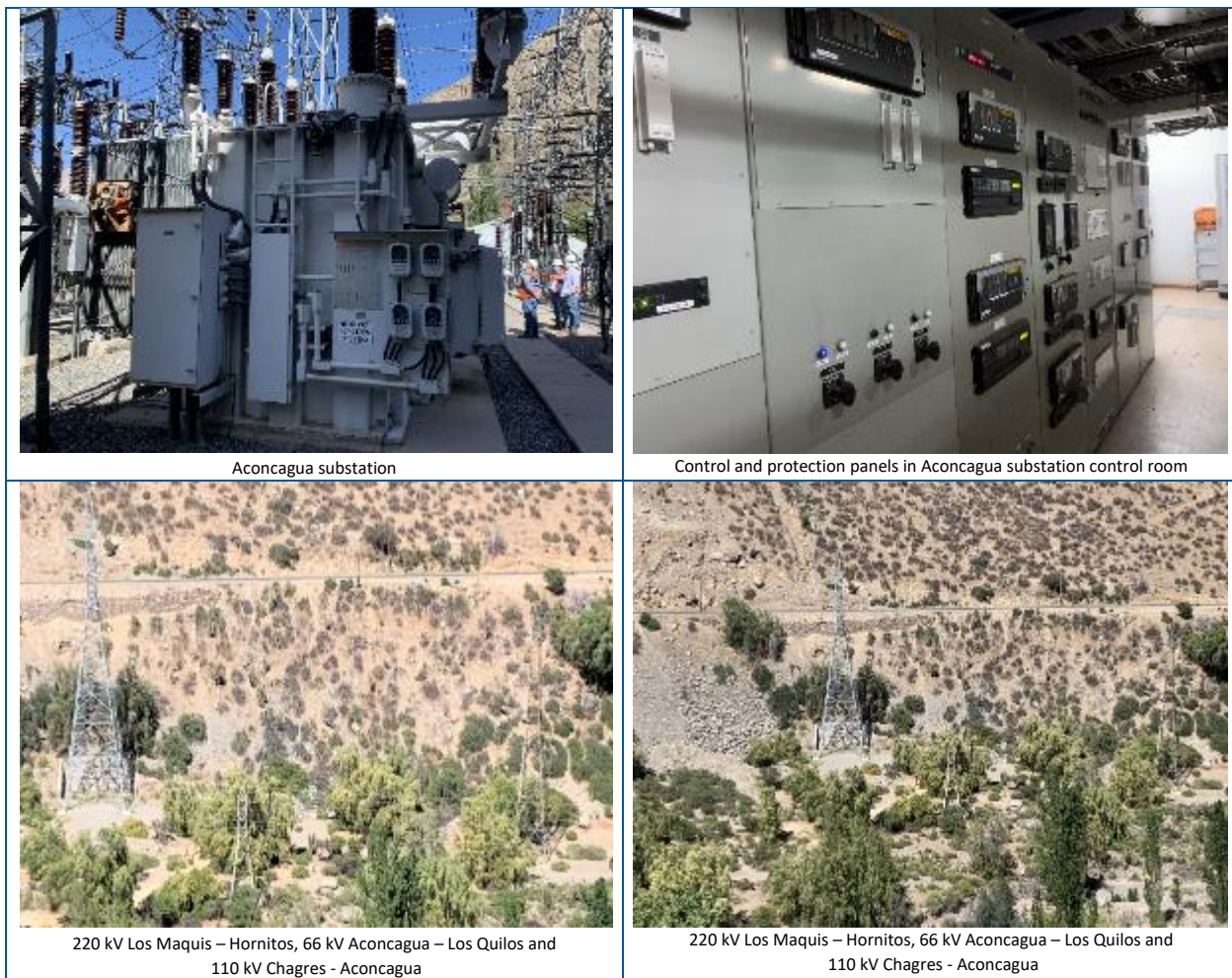


Figure 7-18 Aconcagua Substation Site Visit Pictures

C.17 LOS QUILOS 110/66 KV SUBSTATION

Black & Veatch personnel visited 110/66 kV Los Quilos Substation on 4 Dec 2020. The substation was commissioned on 1989 to deliver the generation of the 39.9 MW Los Quilos hydropower.

From this substation, there are two transmission line, both owned by Colbún Tx:

- 1x66 kV Los Quilos - Aconcagua
- 1x110 kV Los Quilos – Los Maquis

Black & Veatch found the line well maintained, consistent with the best industry practices and noted the following site visit observations:

- Transmission line battery limit are the HV bushing on Los Quilos step-up transformers, therefore, this equipment is not part of Colbún Tx;
- No records of unplanned service interruptions due to birds' droppings on isolators;
- Colbún Tx operates the substation under an operational agreement as required to synchronize the units with the grid;

- Los Quilos plant provides electrical feed to the auxiliary services to the Aconcagua Substation.
- All structures conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning and visual inspections in accordance with the O&M plan;
- Thermography inspections scheduled every 6 months, corona inspection not in the O&M plan;
- ROW clearance as per needs due to vegetation height reported on the visual inspection.
- Access roads maintenance every 12 months for Los Quilos – Aconcagua Not all the structures for this line have vehicle access due to the complicated terrain;
- Circuit identification and danger plates signs on all the structures. Circuits and equipment plates on substation
- Good relationship with all ROW easement landowners.



Figure 7-19 Los Quilos Substation Site Visit Pictures

C.18 LOS MAQUIS 110/220 KV SUBSTATION

Black & Veatch personnel visited 110/66 kV Los Maquis Substation on 4 Dec 2020. The substation was commissioned on 1989 to deliver the generation of the 39.9 MW Los Quilos hydropower.

From this substation, there are two transmission line, both owned by Colbún Tx:

- 2x220 kV Los Maquis - Hornitos
- 1x110 kV Los Maquis – Los Quilos
- 1x110 Los Maquis – Tap Los Maquis

This substation is being expanded with a GIS which is currently under commissioning and BV did not has access to it.

Black & Veatch found the line well maintained, consistent with the best industry practices and noted the following site visit observations:

- No records of unplanned service interruptions due to birds' droppings on isolators;

- All structures conformed by steel galvanized with no signs of corrosion;
- There is a spare transformer on site
- Glass isolators cleaning and visual inspections in accordance with the O&M plan;
- ROW clearance as per needs due to vegetation height reported on the visual inspection.
- Access roads via a bridge well maintained, the road to the facility 100% paved;
- Circuit identification and danger plates signs on all the structures. Circuits and equipment plates on substation.



Figure 7-20 Los Maquis Substation Site Visit Pictures

C.19 CHACABUQUITO 66 KV SUBSTATION

Black & Veatch personnel visited the 66 kV Chacabucito substation on 4 Dec 2020. The facility was commissioned in 2002 as part of the 25.7 MW Chacabucito hydropower.

Black & Veatch found the facility well maintained, consistent with the best industry practices and noted the following site visit observations:

- Transmission line battery limit is the HV side of the step-up transformer located adjacent to the Chacabucito hydropower, therefore, this equipment is not part of Colbún Tx.;
- There are a few records of unplanned service interruptions due to bird droppings. Because of this issue, Colbún Tx started implementing the installation of bird spikes
- Colbún Tx operates the substation under an operational agreement as required to synchronize the units with the national grid;
- Chacabucito plant provides electrical feed to the auxiliary services to the Hornitos Substation.
- The Hornitos powerhouse includes the substation control and protections;
- All structures conformed by steel galvanized with no signs of corrosion;
- Glass isolators cleaning every 12 months
- Visual inspections every 6 months;
- Thermography inspections scheduled every 6 months, corona inspection not in the O&M plan;
- ROW clearance as per needs due to vegetation height reported on the visual inspection;

- Access roads maintenance every 12 months. Not all the structures have vehicle access due to the complicated terrain;
- Circuit identification and danger plates signs on all the structures. Circuits and equipment plates on substation
- Good relationship with all ROW easement land owners.



Figure 7-21 Chacabuquito Substation Site Visit Pictures

Appendix D. Summary of Key Financial Model Outputs

The key financial outputs from the version of the Financial Model reviewed by Black & Veatch and resulting from the revenues and expenses opined on in Section 7.0 of this Report are summarized below.

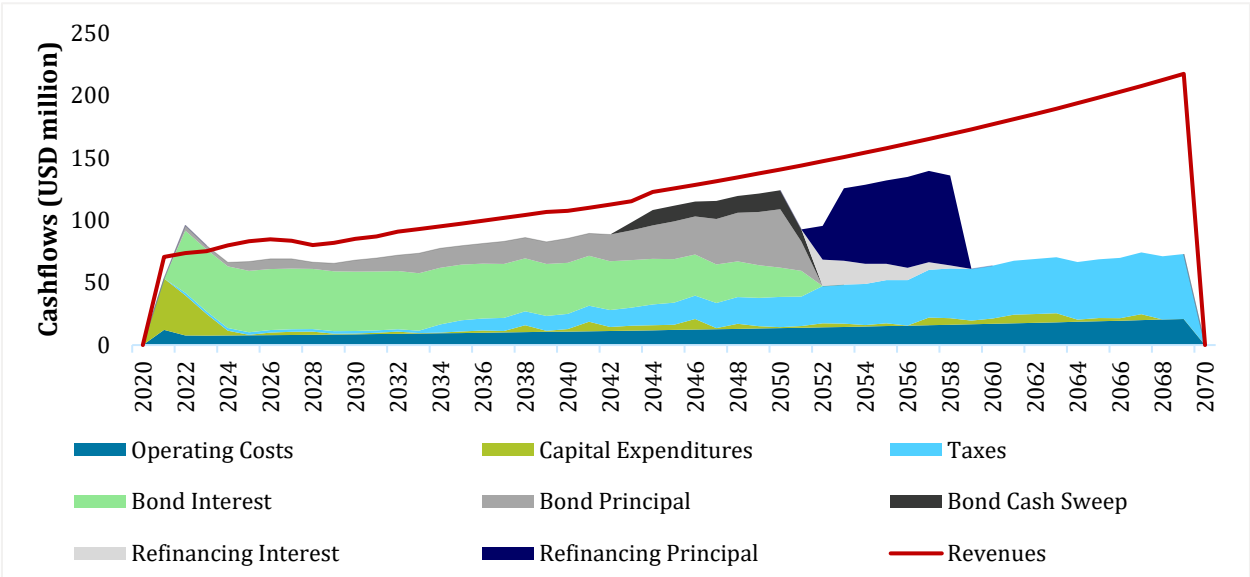


Figure 7-22 OPCO Cashflows

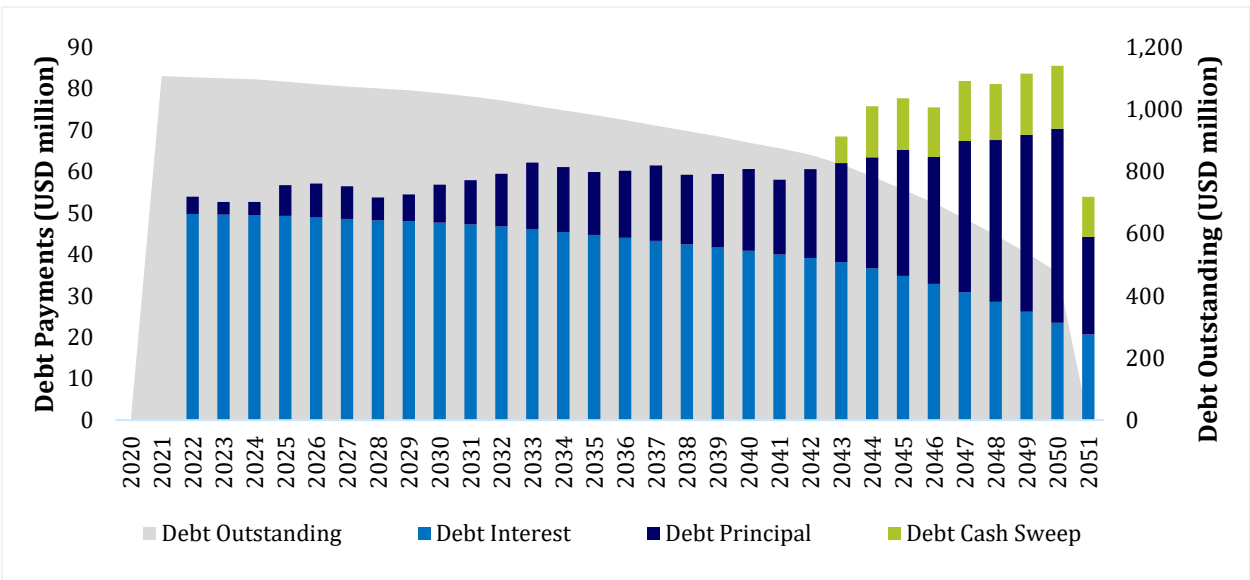


Figure 7-23 Annual Bond Repayment

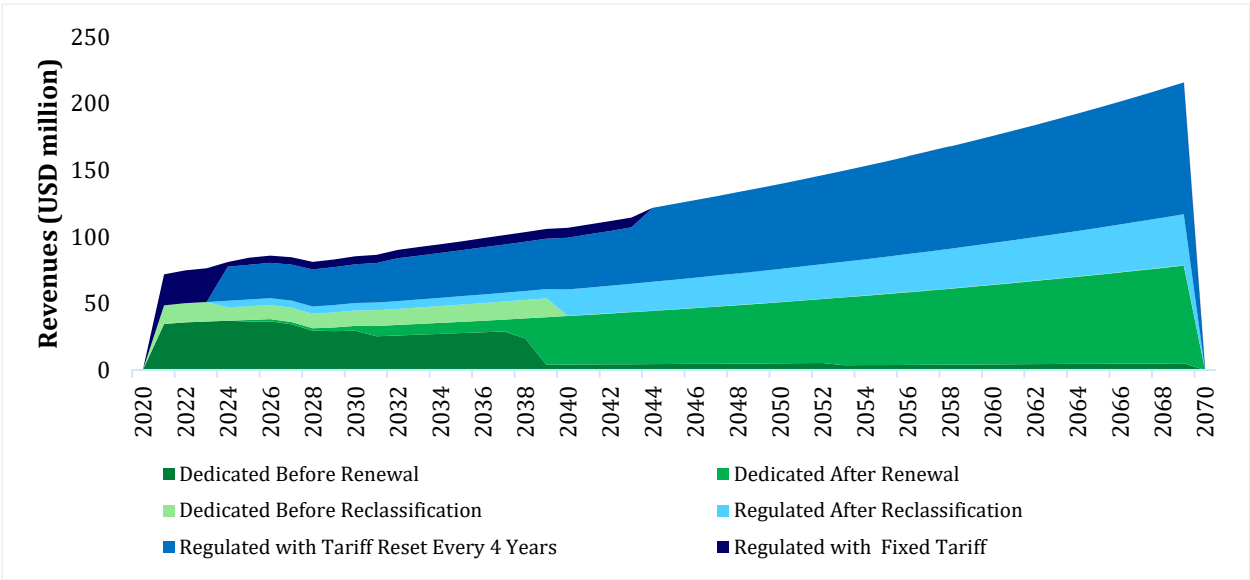


Figure 7-24 Annual Revenue by Type of Asset

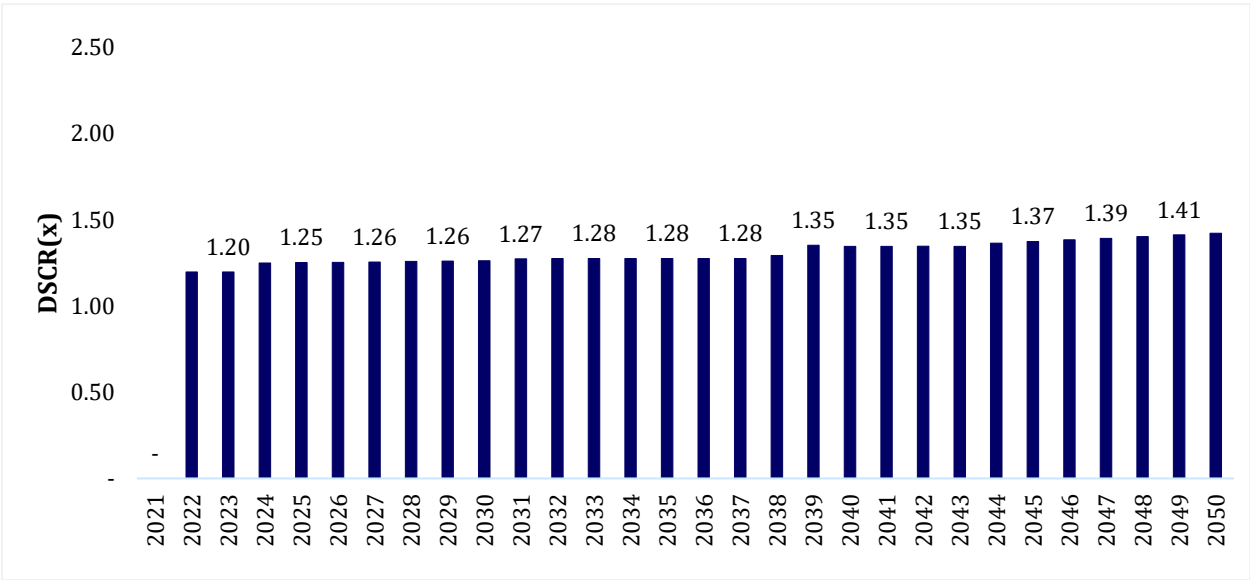


Figure 7-25 Annual Bond DSCR

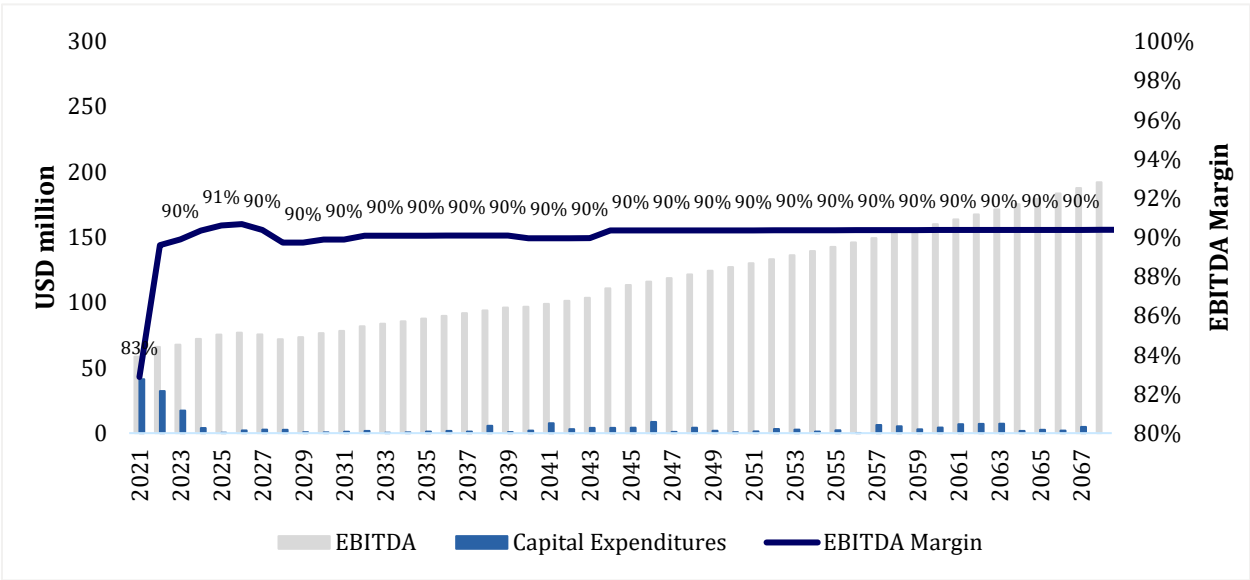


Figure 7-26 Annual Capex, EBITDA and EBITDA Margin

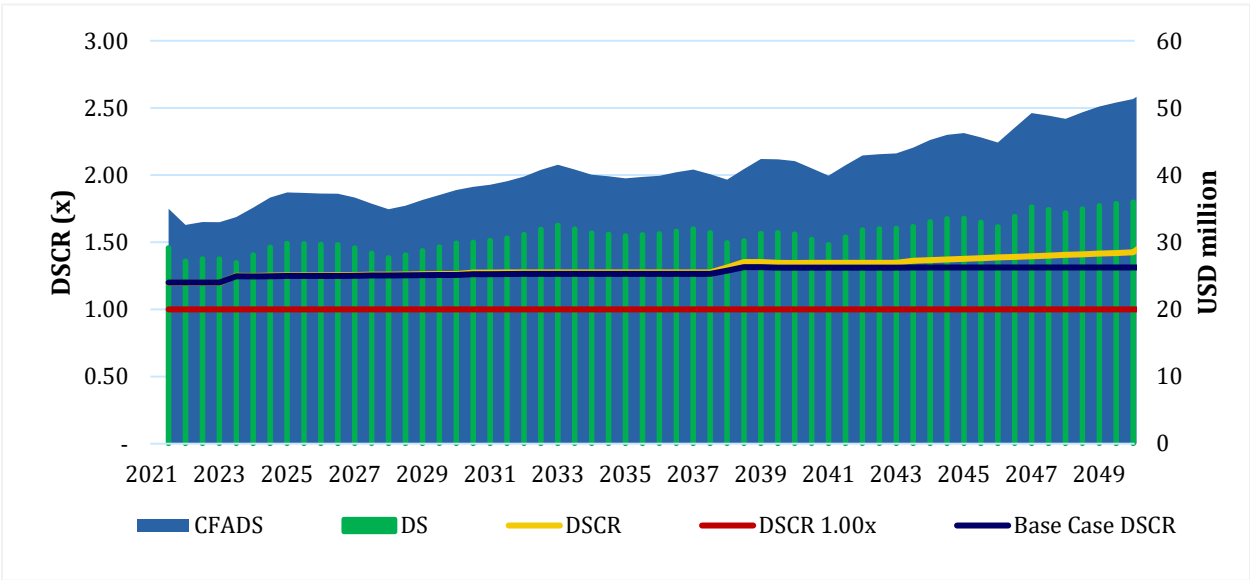


Figure 7-27 Semiannual Bond CFADS, DS and DSCRs

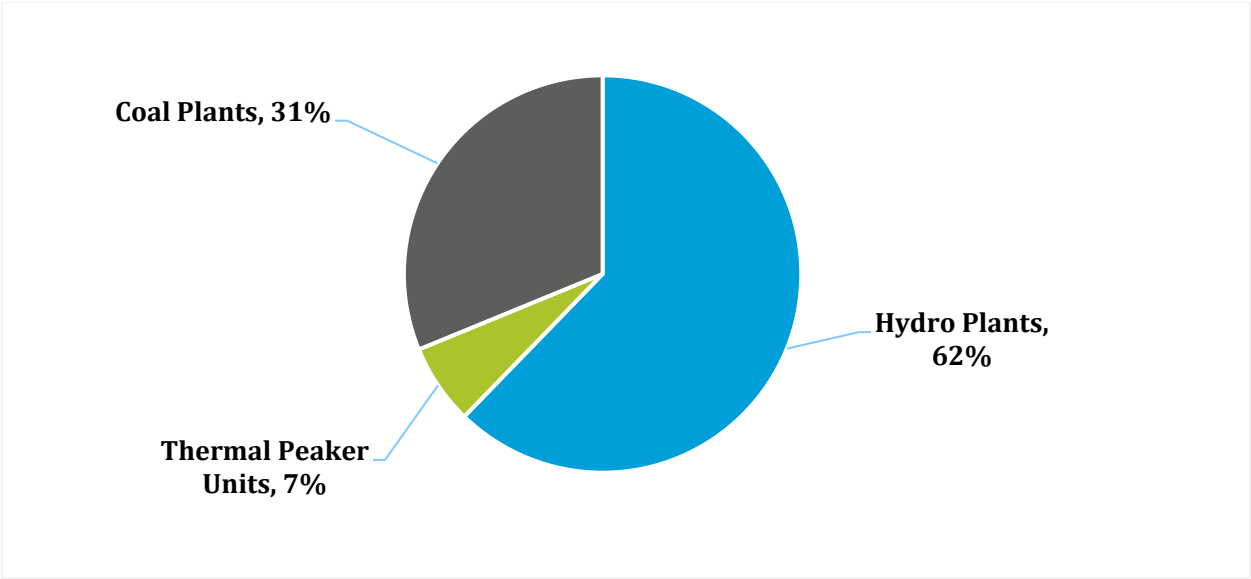


Figure 7-28 Colbun's Dedicated Revenue Breakdown by Technology - % of Total Estimate 2021 Colbun's Revenue

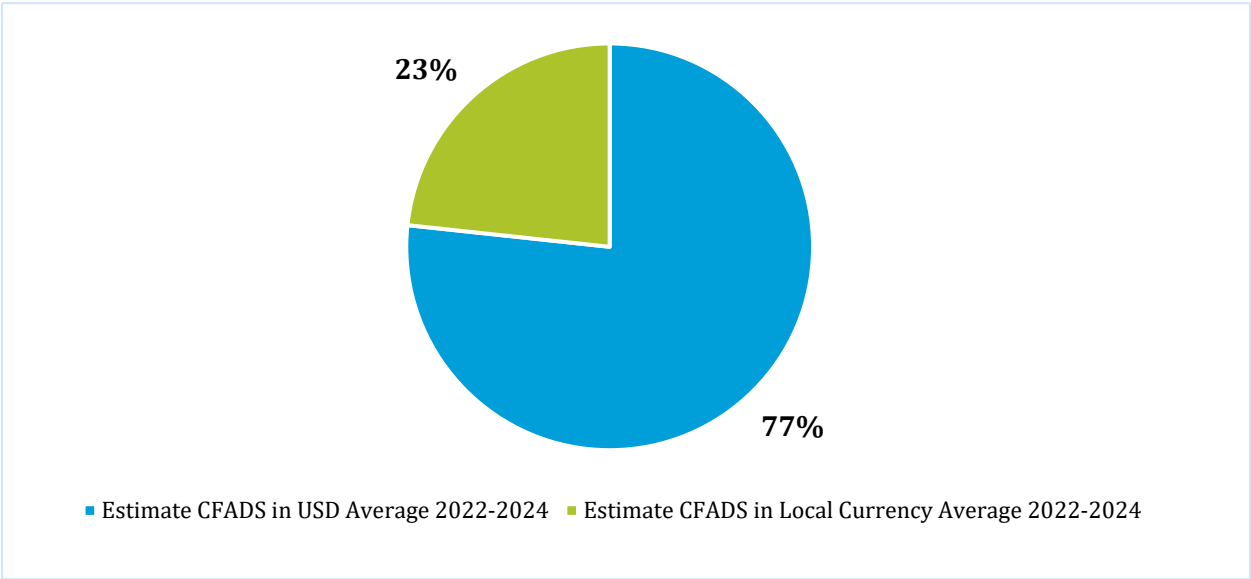


Figure 7-29 Estimate CFADS Breakdown by Currency – Average during first years (2022-2024)

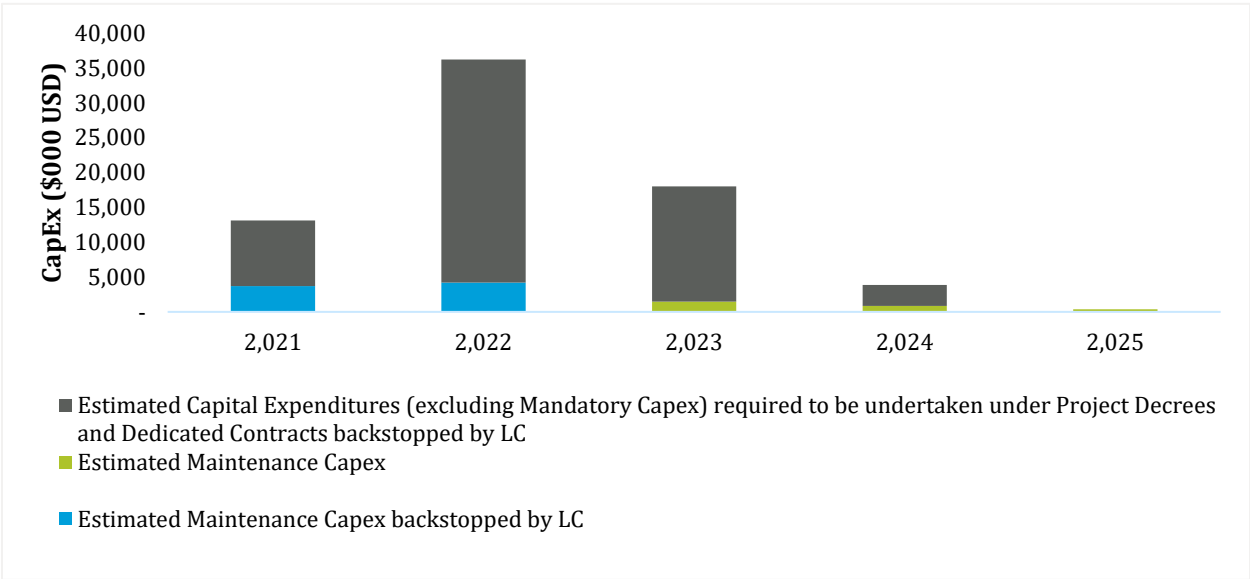


Figure 7-30 Estimate Capex Expansion and Capex Maintenance to be Executed by Sponsors until 2025

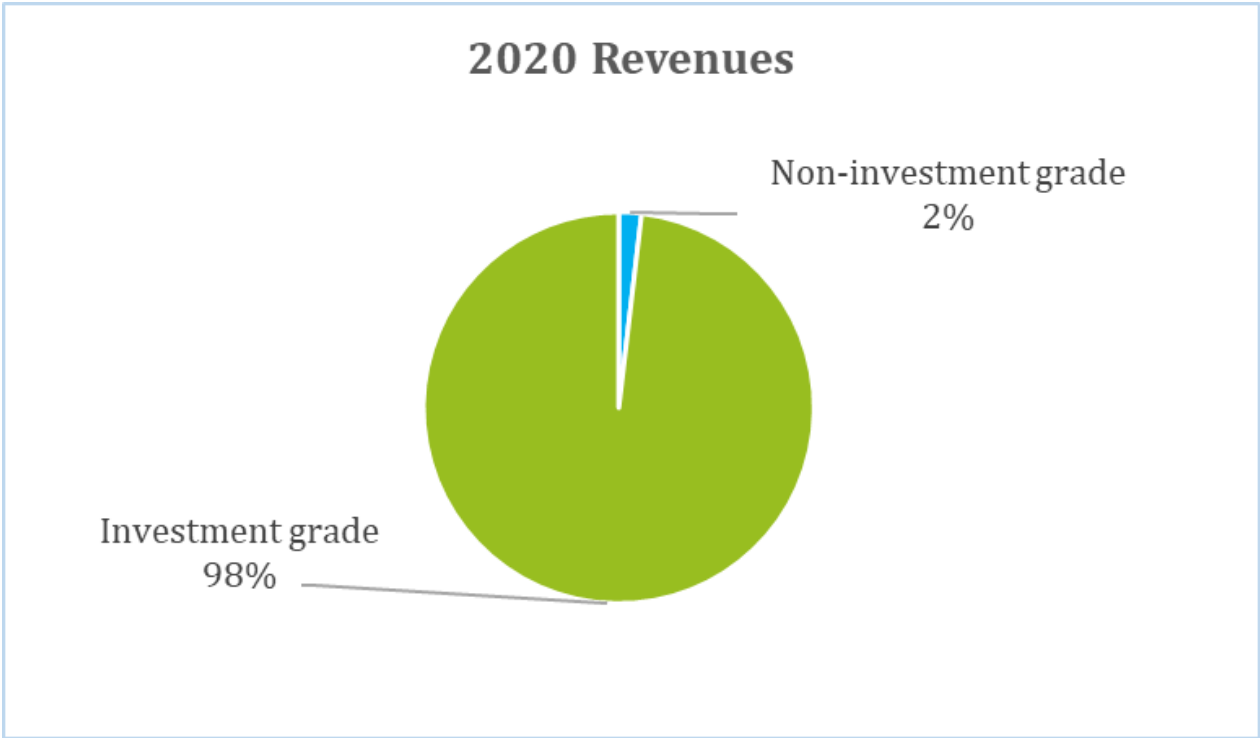


Figure 7-31 Revenue Breakdown by Credit Rating - % of Total Revenue, 2020

Appendix E. Detailed Financial Model Outputs

Year		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash Flow (USD MM)											
Regulated Revenues	USD '000	23,320	24,706	25,354	33,963	36,448	37,113	37,851	38,888	39,782	40,697
Dedicated Revenues	USD '000	47,359	49,020	49,954	45,960	46,807	47,671	45,776	41,245	42,193	44,484
Total Revenues	USD '000	70,679	73,726	75,308	79,922	83,255	84,784	83,627	80,133	81,974	85,181
O&M Costs	USD '000	(8,177)	(3,988)	(3,865)	(3,901)	(3,939)	(3,952)	(4,001)	(4,093)	(4,187)	(4,284)
SG&A	USD '000	(2,163)	(1,546)	(1,569)	(1,592)	(1,615)	(1,638)	(1,675)	(1,714)	(1,753)	(1,794)
Other Costs ³	USD '000	(1,710)	(2,343)	(2,392)	(2,442)	(2,493)	(2,544)	(2,603)	(2,663)	(2,724)	(2,786)
Total Costs & Expenses	USD '000	(12,051)	(7,876)	(7,826)	(7,935)	(8,047)	(8,134)	(8,279)	(8,470)	(8,664)	(8,864)
Interest Pre-Funded	USD '000	-	5,000	-	-	-	-	-	-	-	-
Change in WC	USD '000	(11,760)	(716)	(254)	(1,054)	(257)	(252)	351	440	(293)	(383)
Cash Taxes	USD '000	-	-	-	-	-	-	-	-	-	-
Capex Maintenance ¹	USD '000	(5,455)	(4,199)	(1,468)	(846)	(363)	(2,097)	(2,634)	(2,533)	(689)	(655)
Taxes, WC and Others	USD 000	(17,215)	85	(1,722)	(1,900)	(620)	(2,349)	(2,283)	(2,093)	(983)	(1,038)
Interest Payment	USD '000	-	(49,742)	(49,588)	(49,463)	(49,265)	(48,916)	(48,548)	(48,218)	(47,974)	(47,653)
Debt Principal Payment	USD '000	-	(4,190)	(3,042)	(3,190)	(7,416)	(8,162)	(7,878)	(5,487)	(6,475)	(9,149)
L/C Costs & Wht	USD '000	-	(2,496)	(2,490)	(2,485)	(2,477)	(2,463)	(2,447)	(2,434)	(2,464)	(2,451)
Total Debt Service	USD 000	-	(56,428)	(55,120)	(55,138)	(59,158)	(59,540)	(58,873)	(56,138)	(56,914)	(59,252)
Refinancing Net Disbursement & Transaction Costs	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Refinancing Debt Service	USD 000	-	-	-	-	-	-	-	-	-	-
Capex Expansion ²	USD '000	(35,812)	(28,049)	(15,822)	(3,027)	-	-	-	-	-	-
Debt Cash Sweep	USD '000	-	-	-	-	-	-	-	-	-	-
Additional Equity	USD '000	-	19,075	5,346	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD 000	41,414	9,506	10,640	14,949	15,430	14,761	14,191	13,432	15,414	16,027
CFADS Last 12-months from payment in 2H of the calendar year	USD '000		67,570	65,991	68,886	74,061	74,604	73,877	70,663	71,739	74,809
DSCR Last 12-months from payment in 2H of the calendar year	x		1.20	1.20	1.25	1.25	1.25	1.25	1.26	1.26	1.26

Debt Balance (USD MM)											
Opening Balance	USD 000	1,106,904	1,106,904	1,102,714	1,099,672	1,096,482	1,089,066	1,080,905	1,073,027	1,067,540	1,061,065
Amortization	USD 000	-	(4,190)	(3,042)	(3,190)	(7,416)	(8,162)	(7,878)	(5,487)	(6,475)	(9,149)
Cash Sweep	USD 000	-	-	-	-	-	-	-	-	-	-
Balloon	USD 000	-	-	-	-	-	-	-	-	-	-
Closing Balance	USD 000	1,106,904	1,102,714	1,099,672	1,096,482	1,089,066	1,080,905	1,073,027	1,067,540	1,061,065	1,051,916
Refinancing Opening Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Amortization	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Closing Balance	USD 000	-	-	-	-	-	-	-	-	-	-

¹ Capex Maintenance for years 2021 and 2022 are not included in the DSCR as it is backstopped by the Construction Letter of Credit.

² Capex Expansion are not included in the DSCR as it is backstopped by the Construction Letter of Credit. In addition, the Capex Expansion associated with the Portezuelo Substation Expansion is modeled as the net of the associated EPC costs minus related EPC revenues.

³ Insurance, Land Lease, Municipal Taxes, among others.

Year		2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Cash Flow (USD MM)											
Regulated Revenues	USD '000	41,633	44,336	45,355	46,398	47,465	48,656	49,774	50,918	52,090	66,094
Dedicated Revenues	USD '000	45,507	46,555	47,625	48,720	49,841	50,988	52,160	53,360	54,587	41,518
Total Revenues	USD '000	87,140	90,891	92,980	95,118	97,306	99,644	101,934	104,278	106,677	107,612
O&M Costs	USD '000	(4,382)	(4,483)	(4,586)	(4,692)	(4,800)	(4,910)	(5,023)	(5,138)	(5,257)	(5,378)
SG&A	USD '000	(1,835)	(1,877)	(1,920)	(1,964)	(2,010)	(2,056)	(2,103)	(2,151)	(2,201)	(2,252)
Other Costs ³	USD '000	(2,851)	(2,916)	(2,983)	(3,052)	(3,122)	(3,194)	(3,267)	(3,342)	(3,419)	(3,498)
Total Costs & Expenses	USD '000	(9,068)	(9,276)	(9,490)	(9,708)	(9,931)	(10,160)	(10,393)	(10,632)	(10,877)	(11,127)
Interest Pre-Funded	USD '000	-	-	-	-	-	-	-	-	-	-
Change in WC	USD '000	(173)	(613)	(333)	(342)	(349)	(375)	(365)	(375)	(383)	(138)
Cash Taxes	USD '000	-	-	-	(4,679)	(7,061)	(7,853)	(8,667)	(9,323)	(10,111)	(10,527)
Capex Maintenance ¹	USD '000	(1,032)	(1,724)	(349)	(580)	(1,253)	(1,742)	(1,155)	(5,614)	(846)	(1,949)
Taxes, WC and Others	USD 000	(1,205)	(2,337)	(682)	(5,600)	(8,663)	(9,969)	(10,187)	(15,311)	(11,340)	(12,614)
Interest Payment	USD '000	(47,220)	(46,720)	(46,112)	(45,381)	(44,685)	(43,995)	(43,247)	(42,425)	(41,688)	(40,855)
Debt Principal Payment	USD '000	(10,672)	(12,722)	(16,034)	(15,681)	(15,188)	(16,157)	(18,182)	(16,774)	(17,703)	(19,724)
L/C Costs & Wht	USD '000	(2,433)	(2,412)	(2,387)	(2,357)	(2,328)	(2,299)	(2,268)	(2,234)	(2,203)	(2,169)
Total Debt Service	USD 000	(60,325)	(61,855)	(64,533)	(63,419)	(62,201)	(62,450)	(63,697)	(61,433)	(61,594)	(62,748)
Refinancing Net Disbursement & Transaction Costs	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Refinancing Debt Service	USD 000	-	-	-	-	-	-	-	-	-	-
Capex Expansion ²	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Cash Sweep	USD '000	-	-	-	-	-	-	-	-	-	-
Additional Equity	USD '000	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD 000	16,542	17,423	18,275	16,391	16,511	17,065	17,657	16,902	22,866	21,124
CFADS Last 12-months from payment in 2H of the calendar year	USD '000	76,821	78,866	82,307	80,877	79,312	79,638	81,240	79,445	83,274	84,444
DSCR Last 12-months from payment in 2H of the calendar year	x	1.27	1.28	1.28	1.28	1.28	1.28	1.28	1.29	1.35	1.35

Debt Balance (USD MM)											
Opening Balance	USD 000	1,051,916	1,041,244	1,028,523	1,012,489	996,808	981,620	965,463	947,282	930,507	912,804
Amortization	USD 000	(10,672)	(12,722)	(16,034)	(15,681)	(15,188)	(16,157)	(18,182)	(16,774)	(17,703)	(19,724)
Cash Sweep	USD 000	-	-	-	-	-	-	-	-	-	-
Balloon	USD 000	-	-	-	-	-	-	-	-	-	-
Closing Balance	USD 000	1,041,244	1,028,523	1,012,489	996,808	981,620	965,463	947,282	930,507	912,804	893,081
Refinancing Opening Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Amortization	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Closing Balance	USD 000	-	-	-	-	-	-	-	-	-	-

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³ Insurance, Land Lease, Municipal Taxes, among others.

Year		2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Cash Flow (USD MM)											
Regulated Revenues	USD '000	67,623	69,178	70,814	77,233	79,008	80,825	82,684	84,685	86,631	88,624
Dedicated Revenues	USD '000	42,473	43,450	44,450	45,473	46,519	47,589	48,685	49,806	50,951	52,124
Total Revenues	USD '000	110,096	112,628	115,264	122,707	125,527	128,414	131,369	134,491	137,583	140,748
O&M Costs	USD '000	(5,501)	(5,628)	(5,757)	(5,890)	(6,025)	(6,164)	(6,305)	(6,450)	(6,599)	(6,751)
SG&A	USD '000	(2,303)	(2,356)	(2,410)	(2,466)	(2,523)	(2,581)	(2,640)	(2,701)	(2,763)	(2,826)
Other Costs ³	USD '000	(3,578)	(3,661)	(3,745)	(3,831)	(3,919)	(4,009)	(4,102)	(4,196)	(4,292)	(4,391)
Total Costs & Expenses	USD '000	(11,383)	(11,645)	(11,913)	(12,187)	(12,467)	(12,754)	(13,047)	(13,347)	(13,654)	(13,968)
Interest Pre-Funded	USD '000	-	-	-	-	-	-	-	-	-	-
Change in WC	USD '000	(396)	(404)	(421)	(1,227)	(451)	(462)	(473)	(501)	(494)	(506)
Cash Taxes	USD '000	(11,203)	(11,972)	(12,824)	(15,104)	(16,288)	(17,313)	(18,826)	(20,144)	(21,589)	(23,316)
Capex Maintenance ¹	USD '000	(7,595)	(3,106)	(3,979)	(4,071)	(4,164)	(8,552)	(930)	(4,134)	(1,840)	(718)
Taxes, WC and Others	USD 000	(19,194)	(15,482)	(17,224)	(20,402)	(20,903)	(26,327)	(20,228)	(24,779)	(23,923)	(24,540)
Interest Payment	USD '000	(39,979)	(39,152)	(38,128)	(36,624)	(34,815)	(32,885)	(30,889)	(28,569)	(26,156)	(23,519)
Debt Principal Payment	USD '000	(18,021)	(21,422)	(23,910)	(26,794)	(30,359)	(30,595)	(36,467)	(39,024)	(42,709)	(46,788)
L/C Costs & Wht	USD '000	(2,133)	(2,098)	(2,112)	(2,049)	(1,974)	(1,894)	(1,811)	(1,715)	(1,615)	(1,511)
Total Debt Service	USD 000	(60,133)	(62,672)	(64,150)	(65,468)	(67,148)	(65,375)	(69,168)	(69,309)	(70,480)	(71,818)
Refinancing Net Disbursement & Transaction Costs	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Refinancing Debt Service	USD 000	-	-	-	-	-	-	-	-	-	-
Capex Expansion ²	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Cash Sweep	USD '000	-	-	(6,374)	(12,313)	(12,492)	(11,967)	(14,448)	(13,515)	(14,748)	(15,196)
Additional Equity	USD '000	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD 000	19,386	22,829	21,977	24,650	25,009	23,959	28,926	27,056	29,526	30,422
CFADS Last 12-months from payment in 2H of the calendar year	USD '000	80,932	84,377	86,359	89,311	92,257	90,464	96,314	97,229	99,547	102,134
DSCR Last 12-months from payment in 2H of the calendar year	x	1.35	1.35	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.42
Debt Balance (USD MM)											
Opening Balance	USD 000	893,081	875,060	853,638	823,354	784,247	741,396	698,833	647,918	595,379	537,922
Amortization	USD 000	(18,021)	(21,422)	(23,910)	(26,794)	(30,359)	(30,595)	(36,467)	(39,024)	(42,709)	(46,788)
Cash Sweep	USD 000	-	-	(6,374)	(12,313)	(12,492)	(11,967)	(14,448)	(13,515)	(14,748)	(15,196)
Balloon	USD 000	-	-	-	-	-	-	-	-	-	-
Closing Balance	USD 000	875,060	853,638	823,354	784,247	741,396	698,833	647,918	595,379	537,922	475,938
Refinancing Opening Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Amortization	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Closing Balance	USD 000	-	-	-	-	-	-	-	-	-	-

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³ Insurance, Land Lease, Municipal Taxes, among others.

Year		2051	2052	2053	2054	2055	2056	2057	2058	2059	2060
Cash Flow (USD MM)											
Regulated Revenues	USD '000	90,662	92,847	94,981	97,165	99,400	101,786	104,125	106,520	108,970	111,576
Dedicated Revenues	USD '000	53,324	54,552	55,807	57,092	58,406	59,752	61,126	62,534	63,973	65,448
Total Revenues	USD '000	143,986	147,399	150,788	154,257	157,806	161,538	165,251	169,053	172,943	177,024
O&M Costs	USD '000	(6,906)	(7,065)	(7,227)	(7,393)	(7,563)	(7,737)	(7,915)	(8,097)	(8,284)	(8,474)
SG&A	USD '000	(2,891)	(2,958)	(3,026)	(3,096)	(3,167)	(3,240)	(3,314)	(3,390)	(3,468)	(3,548)
Other Costs ³	USD '000	(4,492)	(4,514)	(4,617)	(4,723)	(4,832)	(4,944)	(5,057)	(5,143)	(4,913)	(5,026)
Total Costs & Expenses	USD '000	(14,289)	(14,537)	(14,870)	(15,212)	(15,562)	(15,921)	(16,286)	(16,630)	(16,665)	(17,048)
Interest Pre-Funded	USD '000	-	-	-	-	-	-	-	-	-	-
Change in WC	USD '000	(518)	(547)	(541)	(555)	(568)	(598)	(593)	(608)	(622)	(654)
Cash Taxes	USD '000	(19,266)	(29,052)	(30,504)	(32,250)	(34,183)	(36,046)	(37,896)	(39,787)	(41,445)	(42,354)
Capex Maintenance ¹	USD '000	(1,314)	(3,194)	(2,665)	(1,212)	(2,178)	(90)	(6,170)	(5,213)	(2,983)	(4,261)
Taxes, WC and Others	USD 000	(21,098)	(32,794)	(33,711)	(34,017)	(36,929)	(36,734)	(44,660)	(45,608)	(45,050)	(47,269)
Interest Payment	USD '000	(20,670)	-	-	-	-	-	-	-	-	-
Debt Principal Payment	USD '000	(466,275)	-	-	-	-	-	-	-	-	-
L/C Costs & Wht	USD '000	(1,392)	-	-	-	-	-	-	-	-	-
Total Debt Service	USD 000	(488,338)	-	-	-	-	-	-	-	-	-
Refinancing Net Disbursement & Transaction Costs	USD '000	415,845	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	(21,153)	(19,074)	(16,182)	(13,060)	(9,765)	(6,183)	(2,421)	-	-
Refinancing Debt Principal Payment	USD '000	-	(27,017)	(58,141)	(63,304)	(66,781)	(72,934)	(73,193)	(72,091)	-	-
Refinancing L/C Costs & Wht	USD '000	(3,468)	(895)	(809)	(688)	(559)	(422)	(273)	(115)	-	-
Total Refinancing Debt Service	USD 000	412,377	(49,065)	(78,023)	(80,175)	(80,399)	(83,121)	(79,648)	(74,627)	-	-
Capex Expansion ²	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Cash Sweep	USD '000	(9,662)	-	-	-	-	-	-	-	-	-
Additional Equity	USD '000	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD 000	32,638	51,003	24,183	24,853	24,915	25,761	24,657	32,187	111,228	112,706
CFADS Last 12-months from payment in 2H of the calendar year	USD '000	107,476	102,610	102,086	104,732	105,668	108,411	105,914	96,219	-	-
DSCR Last 12-months from payment in 2H of the calendar year	x	1.41	2.09	1.31	1.31	1.31	1.30	1.33	1.29	-	-

Debt Balance (USD MM)											
Opening Balance	USD 000	475,938	-	-	-	-	-	-	-	-	-
Amortization	USD 000	(23,539)	-	-	-	-	-	-	-	-	-
Cash Sweep	USD 000	(9,662)	-	-	-	-	-	-	-	-	-
Balloon	USD 000	(442,737)	-	-	-	-	-	-	-	-	-
Closing Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Opening Balance	USD 000	433,462	433,462	406,445	348,304	285,000	218,218	145,284	72,091	-	-
Refinancing Amortization	USD 000	-	(27,017)	(58,141)	(63,304)	(66,781)	(72,934)	(73,193)	(72,091)	-	-
Refinancing Closing Balance	USD 000	433,462	406,445	348,304	285,000	218,218	145,284	72,091	-	-	-

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³ Insurance, Land Lease, Municipal Taxes, among others.

Year		2061	2062	2063	2064	2065	2066	2067	2068	2069	2070
Cash Flow (USD MM)											
Regulated Revenues	USD '000	114,140	116,765	119,451	122,299	125,109	127,986	130,930	134,042	137,122	-
Dedicated Revenues	USD '000	66,954	68,496	70,073	71,688	73,338	75,027	76,756	78,525	80,333	-
Total Revenues	USD '000	181,094	185,261	189,524	193,987	198,447	203,013	207,685	212,567	217,455	-
O&M Costs	USD '000	(8,669)	(8,868)	(9,072)	(9,281)	(9,494)	(9,713)	(9,936)	(10,165)	(10,399)	-
SG&A	USD '000	(3,630)	(3,713)	(3,799)	(3,886)	(3,975)	(4,067)	(4,160)	(4,256)	(4,354)	-
Other Costs ³	USD '000	(5,142)	(5,260)	(5,381)	(5,505)	(5,632)	(5,761)	(5,894)	(6,029)	(6,168)	-
Total Costs & Expenses	USD '000	(17,441)	(17,842)	(18,252)	(18,672)	(19,101)	(19,541)	(19,990)	(20,450)	(20,920)	-
Interest Pre-Funded	USD '000	-	-	-	-	-	-	-	-	-	-
Change in WC	USD '000	(650)	(667)	(682)	(715)	(713)	(731)	(747)	(782)	30,336	-
Cash Taxes	USD '000	(43,237)	(44,122)	(44,982)	(46,086)	(47,101)	(48,341)	(49,494)	(50,777)	(52,098)	-
Capex Maintenance ¹	USD '000	(6,891)	(7,050)	(7,212)	(1,753)	(2,538)	(1,975)	(4,801)	-	-	-
Taxes, WC and Others	USD 000	(50,778)	(51,838)	(52,876)	(48,555)	(50,352)	(51,047)	(55,042)	(51,560)	(21,762)	-
Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Debt Service	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Net Disbursement & Transaction Costs	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Interest Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing Debt Principal Payment	USD '000	-	-	-	-	-	-	-	-	-	-
Refinancing L/C Costs & Wht	USD '000	-	-	-	-	-	-	-	-	-	-
Total Refinancing Debt Service	USD 000	-	-	-	-	-	-	-	-	-	-
Capex Expansion ²	USD '000	-	-	-	-	-	-	-	-	-	-
Debt Cash Sweep	USD '000	-	-	-	-	-	-	-	-	-	-
Additional Equity	USD '000	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distributions	USD 000	112,875	115,581	118,396	126,760	128,993	132,426	132,653	140,557	174,773	-
CFADS Last 12-months from payment in 2H of the calendar year	USD '000	-	-	-	-	-	-	-	-	-	-
DSCR Last 12-months from payment in 2H of the calendar year	x	-	-	-	-	-	-	-	-	-	-
Debt Balance (USD MM)											
Opening Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Amortization	USD 000	-	-	-	-	-	-	-	-	-	-
Cash Sweep	USD 000	-	-	-	-	-	-	-	-	-	-
Balloon	USD 000	-	-	-	-	-	-	-	-	-	-
Closing Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Opening Balance	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Amortization	USD 000	-	-	-	-	-	-	-	-	-	-
Refinancing Closing Balance	USD 000	-	-	-	-	-	-	-	-	-	-

¹ Capex Maintenance for years 2021 and 2022 are not included in the DSCR as it is backstopped by the Construction Letter of Credit.

² Capex Expansion are not included in the DSCR as it is backstopped by the Construction Letter of Credit. In addition, the Capex Expansion associated with the Portezuelo Substation Expansion is modeled as the net of the associated EPC costs minus related EPC revenues.

³ Insurance, Land Lease, Municipal Taxes, among others.

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September 9, 2021
