

quality



## HotelCarrera

Symbol of the best in Chilean hotel accommodations, the Carrera is a veritable bulwark in Santiago's civic center. Located for the past 62 years in Teatinos Street, a few steps from the Presidential Palace, the hotel has always been characterized by the superior quality of its service and is the first choice in central Santiago of visiting officials and business executives.

The prestige of the hotel and its reputation for excellent service have contributed towards its membership in the exclusive "Leading Hotels of the World" club, putting it alongside the most renowned hotels in the world.

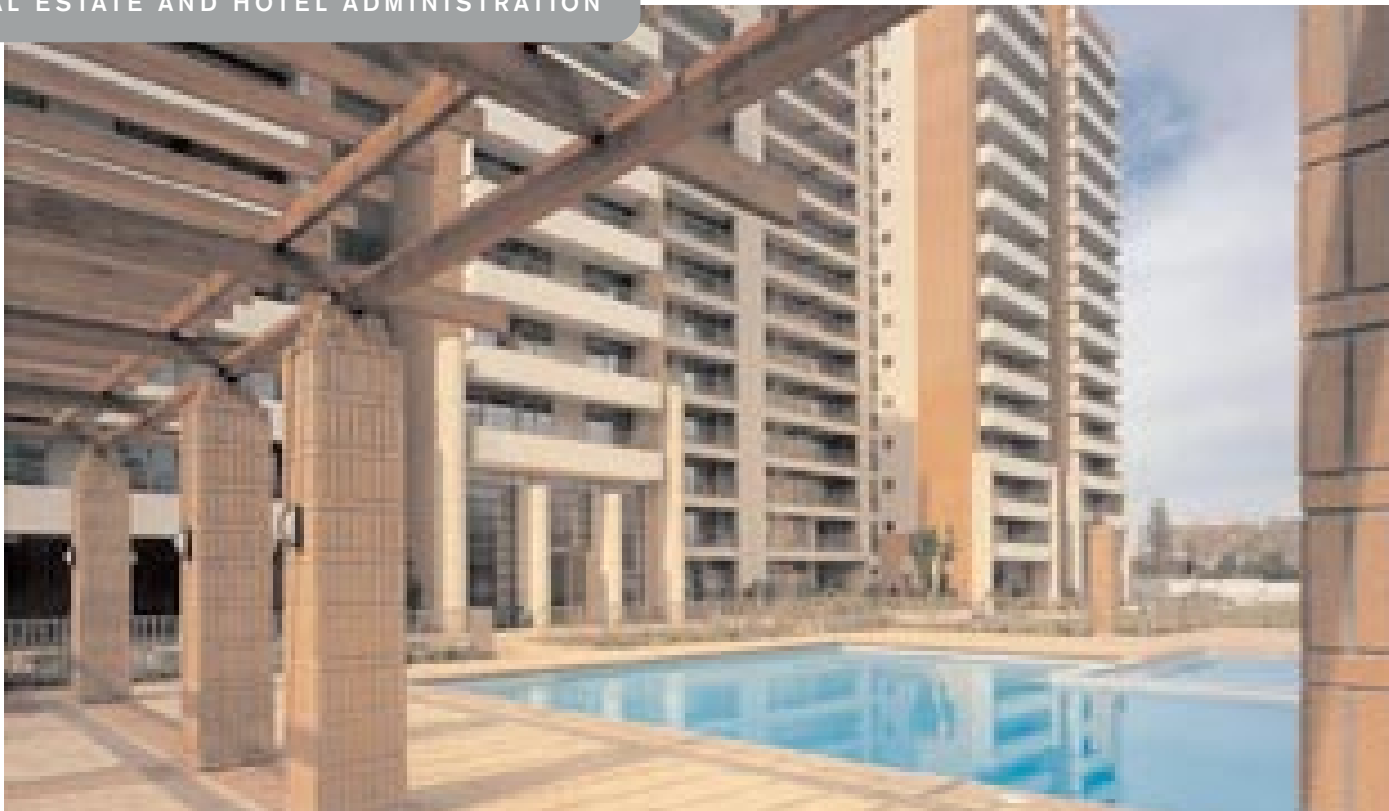
Throughout the 1990s, Hotel Carrera took advantage of the good name it had earned, its five-star reputation, administrative experience and solid infrastructure to expand its chain. Joining the five-star Santiago establishment were three new regional hotels, all offering the same level of service which has distinguished the main hotel throughout its long history. The Hotel Carrera in Santiago and the four-star Hotel Araucano in Concepción are owned by Hoteles Carrera, while the other three establishments, the La Serena Club Resort and the Carrera Resorts in Iquique and Antofagasta, are operated by Hoteles Carrera.

During 2002, a tremendous effort was made to strengthen and reposition the Hotel Carrera image in the face of tough competition from international chains. Among other things, this meant sharpening the focus, improving efficiencies, adjusting the staff structure to the new requirements of the market, and redecorating with colors and schemes more in tune with the times.

### 2002 RESULTS

Hoteles Carrera's sales decreased by 7.4% to Ch\$7,016 million in 2002. The decrease in revenues during the year was mainly related to lower occupancy rates across the hotel chain, and to a lesser extent, a reduction in average room rates in the Santiago establishment. In general terms, the business was affected by sluggish internal demand, particularly the luxury hotel segment in Santiago. The hotels in the north of Chile were also affected by low tourist demand from Argentine visitors as a consequence of the ongoing economic crisis in that country.

Hoteles Carrera reported a net loss in 2002 of Ch\$996 million, down slightly from the net loss reported in 2001 of Ch\$1,175 million. The net loss resulted from both the weak operating performance as well as non-operating losses which amounted to Ch\$617 million and included a loss on the sale of a property site of Ch\$150 million.



**HABITARIA**

**D**espite only four years of activity in Chile, Habitaria has managed to position itself among the market leaders in the Santiago metropolitan region in the area of residential development for middle and upper middle income families. It owes this success to the quality of its designs, the variety of projects, strong brand name recognition, excellent client service and economies of scale, backed up by the credibility and solvency of the company.

Habitaria is a joint venture between Quiñenco and Ferrovial Inmobiliaria Chile Ltda, an indirect subsidiary of Ferrovial Inmobiliaria, one of the leading and most reputable construction companies in Spain.

Since its inception in June 1998, Habitaria has worked at introducing a new concept in urban living based on comfort, security and a healthy family life. Using this model, the company has developed nine projects in diverse sectors of Santiago and the 5th Region, the two largest population centers in Chile.

During the year, Habitaria expanded its sales channels beyond the usual on-site commercial offices. As well as inaugurating a network of property consultants, it launched an internet sales operation and signed an agreement with Ripley, the department store group, to sell property through its main outlets. There was also a strategic alliance with ACOP, which is an association of

property agents. In the first year of operation alone, these non-traditional channels were responsible for generating for 26% of Habitaria's sales.

Habitaria invested UF 725,000 (about US\$16.9 million) in project development in 2002, and has plans to invest another UF 300,000 (US\$7.2 million) in 2003 in order to complete new stages in existing projects.

#### **2002 RESULTS**

Habitaria reported a net profit of Ch\$898 million in 2002, the highest level since the initiation of its activities in 1998 and 109% higher than in 2001. During 2002, Habitaria sold 436 housing units, compared to 398 units in 2001, resulting in a sales increase of 14.7% for the year. The increase in sales reflected a relatively more dynamic local real estate market, stimulated by low prevailing interest rates. In addition, Habitaria's larger overall project inventory available for sale (corresponding to 8 housing projects) contributed to the higher sales level reported during the year.

As of the end of 2002, Habitaria had pre-sold an additional 142 apartments to be delivered in future periods (not included in 2002 sales revenues). Its inventory of finished stock as of December 31, 2002 (excluding pre-sold units as of the same date) was 266 apartments and homes. During 2003, Habitaria is expected to finish constructing three additional phases of ongoing projects.