

## PAYMENT OF DIVIDEND No. 42 TO FOREIGN INVESTORS

As is publicly known, an Annual General Shareholders' Meeting of S.A.C.I. Falabella (the "Company") has been called for April 24, 2018, at 3:00 p.m., to be held in the Álamo BC Room of the Courtyard Hotel, located on Av. Kennedy 5601, Level 7, Las Condes, Santiago.

The items of business to be transacted by the shareholders in accordance with the law include the payment of dividends and distribution of earnings from BY 2017. As the Company previously advised the shareholders and the market generally, a motion will be filed with the shareholders for the payment of a final dividend on net distributable earnings obtained in BY 2017 (the "2017 Earnings") of CLP 54 per share, which, added to the interim dividend to CLP 26 per share approved by the Board on November 14, 2017, and paid on November 28, 2017, yields a total of CLP 80 per share out of 2017 Earnings; and also that the proposed dividend be paid on May 8, 2018, to the shareholders of record appearing as such in the shareholders' registry as of May 2<sup>nd</sup> of this year, at Huérfanos 777, Level 22, district of Santiago, and also through various payment modalities as used from time to time, including bank deposits, certified payment orders and direct withdrawal at branch offices of Banco de Crédito Inversiones, BCI.

The first paragraph of article 63 of the Income Tax Law, found in article 1 of D.L. No. 824 ("LIR" – Spanish acronym) provides that persons required to pay Tax Surcharge and who earn income indicated in articles 58 and 60(i) of said law will be granted a tax credit equivalent to the sum yielded by applying the rules found in the second paragraph of article 60. However, the third paragraph of that same article says that *"taxpayers who apply the said credit from the accumulated balance indicated in number ii) of letter d) of number 2 of letter B) of article 14, must return, as a tax debit, a sum equivalent to 35% of the amount of the credit. For all legal purposes, said tax debit shall be deemed a higher tax surcharge. **The reimbursement obligation shall not apply to persons who pay tax surcharge and who reside in countries with which Chile has signed a treaty to avoid double taxation that remains effective at the relevant time, and who receive the income withdraw, remitted or distributed as aforesaid; in which the application of tax surcharge shall have been agreed, provided that the corporate income tax is deductible from that tax or that another clause is contemplated with substantially this effect.**"*

In order to provide evidence that our shareholders who are not residents of or addressed in Chile reside in countries that meet the conditions required to be exempt from the repayment obligation set out in the final part of the third paragraph of article 63 of the LIR and from the obligation to withhold a higher amount of taxes as indicated in the third paragraph of N. 4 of article 74 of said law, they must provide a certificate issued by the competent authority of the country of residence of the shareholder, which may be issued in hard copy or digitally, evidencing at least the following:

- a. Identification data and signature of the competent issuing authority of the other Contracting State;
- b. Identification data of the taxpayer who is not a resident of or addressed in Chile;
- c. Period for which residence is certified, which must correspond to the year in which the dividend is paid;
- d. A mention that the taxpayer who is not a resident of or addressed in Chile is a resident of the other Contracting State for tax purposes;
- e. Date of issuance of the certificate; and
- f. Number or series of the certificate, if any.

The certificate must be legalized. However, said legalization is not necessary when the authenticity of a certificate is verifiable in the website or other technological means at the disposal of the foreign tax administration or, if in effect both in Chile as well as in the other Contracting State, the “The Hague Convention Abrogating the Requirement to Legalize Foreign Public Documents” (“Apostille Convention”). In such case, legalization of the certificates issued will not be required if they are authenticated through an apostille and issued by the competent authority of the State in which said instrument is issued.

For the purposes of paying dividend No. 42, which will be paid on May 8, 2018, to the shareholders of record appearing as such in the Shareholders’ Registry of the Company as of midnight of May 2, 2018, the certificate described in the preceding paragraphs must be submitted at least four business days in advance prior to the payment of the dividend through our equities office at DCV Registros S.A., Huérfanos 770, Level 22, district of Santiago, and they are welcome to communicate with the following contact points if they have any questions on this process:

Call Center: Tel. 2 2393 9003

Email: [atencionaccionistas@dcv.cl](mailto:atencionaccionistas@dcv.cl)