

BUSINESS IMPACT MODEL

The Real Eco State
by Activo Austral

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**THE
REAL
ECO
STATE**®

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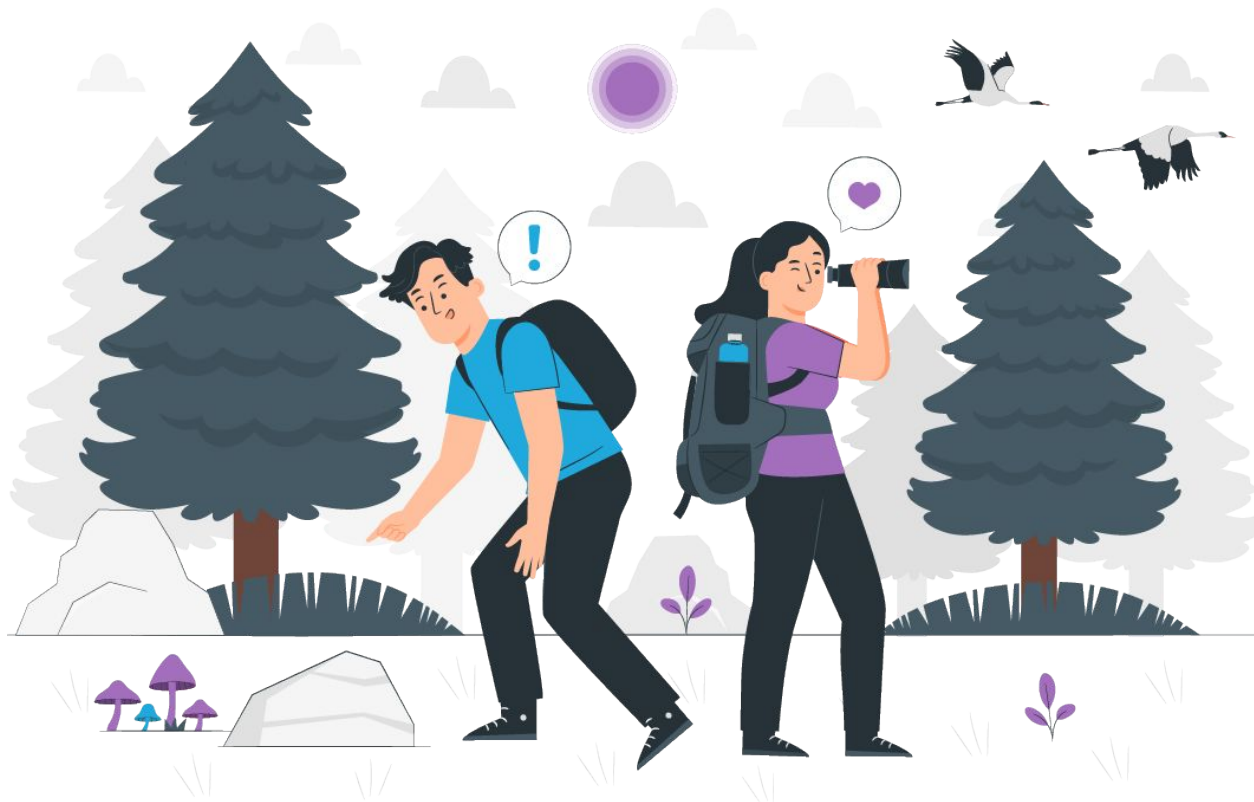
She has worked mainly in corporate and environmental matters, being one of the forerunners in the constitution and implementation of the Royal Right of Ecological Conservation in Chile for the conservation of private areas and advises on title studies for the acquisition of land with high environmental value.

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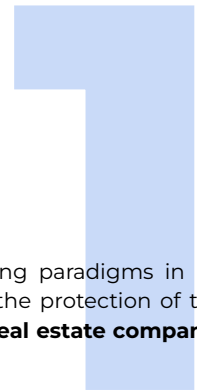
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OUR HISTORY



Our begins in 2018, when we entered the Chilean real estate market as **Activo Austral**, breaking paradigms in land conservation through the sustainable business of investment in nature, democratising access to the protection of these natural spaces through the implementation of a legal tool not used in our country, being the **first real estate company to constitute an Ecological Conservation Easement**.

During the month of May of the same year, the first project was launched in the Aysén Region "Fiordos de Puyuhuapi", thus initiating the most democratic network of private conservationists in Chile.

In September 2019, we launched the "Rivers of Coyhaique" project, the second project undertaken by The Real Eco State. In December of the same year, in order to improve our services, we created the Reveca digital platform, which consists of new software to streamline information within our company, which empowers us as a team based on the use of data.

In 2020, we continued to venture into our conservation projects with the "Melinka Sea" project in February. A month later we created the project "Fiordos de Puyuhuapi 2", in July we completed the project "Mirador de Pumas", and in August the project "Brisas de Lago Verde", closing a great year in terms of generating conservation projects.

In September 2020, the "Fiordos de San Rafael" project was born and the first registration of the **first Conservation Easement** was generated, being the pioneers in using and implementing this legal tool. On the other hand, in April 2021 we launched the "Fiordos de Puyuhuapi Cisnes" project and in September the "Fiordos de Puyuhuapi Las Cascadas" project.

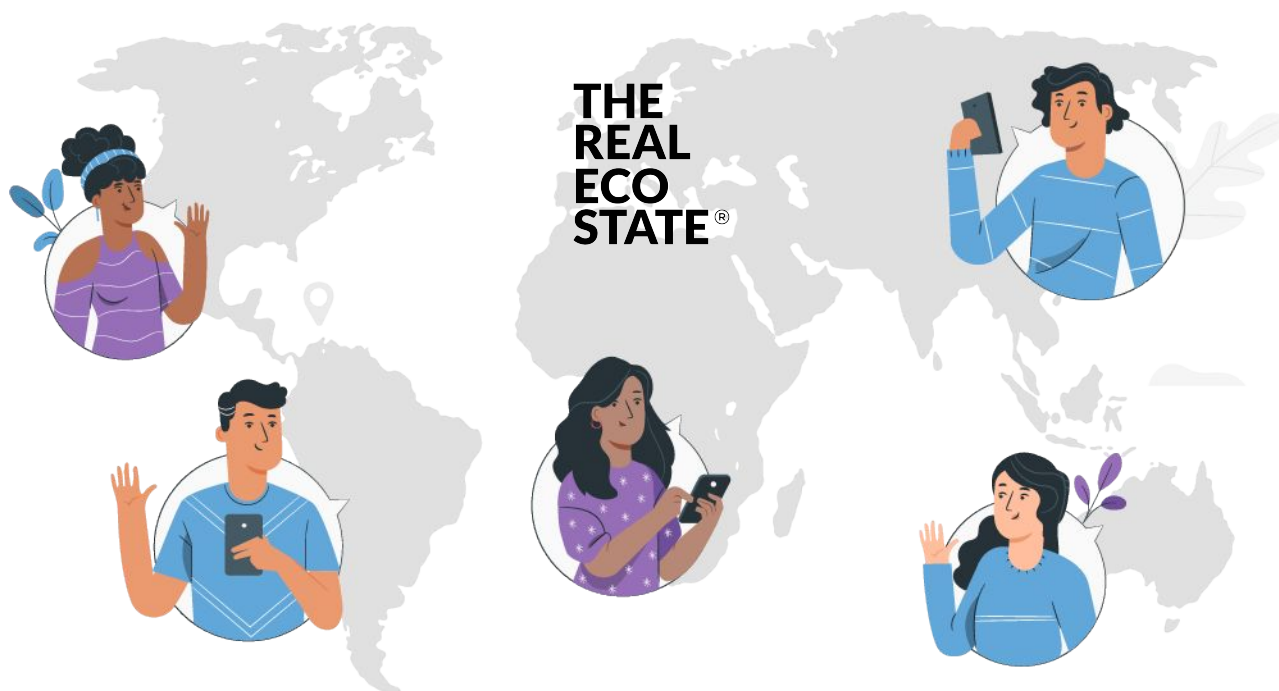
During the year 2021 a respective alliance is generated with the **WEConserv Foundation**, a non-profit organisation focused on land and nature conservation, with the aim of fiscalising compliance of the Conservation Easements constituted, through monitoring carried out with different methodologies (Annex 1: Report on Monitoring in Private Conservation Areas and Sensitive Ecosystems), who also carry out the reports for the purchase and acquisition of our land. Likewise, in November of the same year, an alliance was established with the **UC Innovation Centre**, which seeks to create solutions that have an impact on both employees and customers, promoting the generation of ideas that seek a triple impact. In December, the Corporate Social Responsibility Area set up the **Red Prisma Foundation**, whose main objective is to channel resources from collaboration networks to non-profit organisations. Finally, during the month of December of that year, **the donation of "La Perla Austral"** was made, a boat that seeks to help the eco touristic community of Puerto Cisnes.

During the month of December, we made an alliance with **Betterfly**, a benefit that consists of an individual life insurance for all employees, which also works as a platform that rewards people's wellbeing through physical exercise such as walking, running, jumping, meditation, among others, granting BetterCoins, Betterfly's virtual currency, which has allowed our Company to donate 816 trees, 578 plates of food and 285 litres of water to various charities.

During the year 2022, new projects were incorporated under the constitution of the Royal Right of Ecological Conservation, in February the "Mirador de Lago Verde" project was launched and in June the "Fiordos de Puyuhuapi Acqua" project. In August we achieved the **Carbon Neutrality** certification, which proves our commitment as an organisation to decarbonisation and the neutralisation of the impact of our collaborators, through the support of environmental projects. We are also partners and part of the Board of Directors of the **10X Challenge**, a Foundation created with the aim of inspiring companies to share the value they generate in a fairer way, to improve the welfare of their workers, whose seal identifies those companies that are committed to improving the lowest wages and strive to reduce the wage gap to a maximum of 10X, estimating the living wage at 22 Unidades de Fomento (around 900 dollars). Both certifications allow us to continue to move forward and position ourselves as a triple bottom line company.

We participated in one of the world's most important land conservation conferences, the **"RALLY 2022 National Land Conservation Conference"** in New Orleans in September of the same year, an annual gathering of inspired and passionate land conservationists and businesses from around the world who are dedicated to conserving precious places in our communities, where we shared with the world's leading exponents of land conservation.

Lastly, in December, the brand **“The Real Eco State”**, was launched internationally, with the purpose of better communicating our vision to the global market.



What sets us apart from other real estate models?

The big difference between other real estate models and The Real Eco State is that we present an **Eco Real Estate model**, our business is different because within our principles is a priority the conservation of land and nature, we firmly believe that business models must support the care of the environment as a major factor. We are the first to have this initiative in Chile, referred to conserve native forests and rural properties that are naturally cultivated for decades by the ecosystem and its natural flujo.

We are also working hard to educate our clients, we want each owner to become a park ranger, to consider conservation as an asset, and thanks to this we are becoming more and more eco-citizens and we are working to raise awareness.

We provide channels of communication and support through a team specialised in the field, being the pioneers, we are fully aware of the legal requirements so that each of the sales to our customers is carried out safely and expeditiously, providing an educational experience in environmental matters.

This is why **The Real Eco State** is a real estate business model of this new generation, which is clearly related to a correct development and respect for the ecosystem in which we live.



WHAT DO WE DO?

Activo Austral (now The Real Eco State), was born at the beginning of 2018, creating and empowering conservation of rural land, in an attempt to offset global warming and various human-induced pressures on our planet.

This society together with the **Wildland Ecobenefit Conservancy Foundation (WEConserv)** and a great legal team, create and constitute the Ecological Conservation Easement (current regulations in Chile, created through Law No. 20.930 and published on 25 June 2016), being pioneers in the creation of a new real estate model, which protects and safeguards ecosystems, which in the future will be a potentially beneficial advance for humanity.

This new and innovative business model seeks and pursues to combat climate change, which refers to long-term changes in temperatures, which can be natural due to the variation of the solar cycle, or those existing since the 19th century, which are related to human activity, due to the increased burning of fossil fuels such as coal, oil and gas. This burning of fuels generates greenhouse gas emissions that act as a blanket around the Earth, trapping heat and raising temperatures. This greatly affects people's ability to grow food, access to housing, security and work. In addition, rising sea levels and saltwater intrusion lead to the relocation of communities, which consequently increases the likelihood of famine risk.

It is important to keep climate change under control, according to UN reports, which state that the temperature increase should not exceed 1.5°C, however, measurements project that the temperature increase could reach 2.8°C.

It should be noted that there are great efforts by communities in the face of climate change, and one of them is the model created by **The Real Eco State**, constituting the Ecological Conservation Easement, protecting and conserving the flora and fauna of the land under the implementation of this right.

We strongly believe that the conservation of forests, vegetation, flora, fauna, fungi and soil will largely solve a problem that affects us globally, as they act as agents for the transformation of carbon dioxide into oxygen, an initiative mainly focused on the reduction of deforestation.

Our main mission is to democratise private conservation. The fight against climate change is a crusade to which we are all called to contribute, each one of us, according to our resources and contexts, in order to add to this ecological feat all the people interested in collaborating with the preservation of nature.

Regarding our Vision, we seek to influence as many people as possible who want to collaborate with the conservation of nature through a business that provides an opportunity to invest long-term in a sustainable model and seeks to protect the Chilean Patagonia, through a legal tool that protects these ecosystems and endangered species.



OUR BUSINESS



The Real Eco State team develops the purchase of land and land management, always seeking the ecological protection of the same, through an alliance of mutual cooperation and generation of conditions for the fulfilment of the objectives set out in conjunction with the law firm AT Abogados Real Estate and Corporate SpA and the WEConserv Foundation.

By carrying out an exhaustive study of land titles, which includes an analysis of the complete study of the history of the property, requesting specific documentation regarding the ownership of the seller, in addition to the fact that they are not indigenous lands and that their owner is not on the Register of the National Corporation for Indigenous Development (CONADI), which issues a certificate that accredits or not the indigenous quality of the land.

The main objective is to obtain a safe purchase that complies with all the requirements established by Chilean law, in order to support future conservationists.

Subsequently, once the title study has been approved by our legal advisors, the Ecological Conservation Easement is constituted, a figure governed by Law 29.930, consisting of the power to conserve and protect a unique and unrepeatable feature, defined in its article 2° as: *"The Conservation Easement is a right that consists of the power to conserve the environmental heritage of a property or of certain attributes or functions of the same. This right is constituted freely and voluntarily by the owner of the property for the benefit of a specific natural or legal person"*.

In this line, it is important to explain that the Conservation Easement refers to the right that a person has over the things that are the object of his property, to use, enjoy and dispose of it without any limitations other than those established by law. It is necessary specifying that this Ecological Conservation Easement is extended in favour of the property acquired, so it encumbers the land and not the owner, who never loses the title or ownership of the property. Furthermore, the main guarantee of this Conservation Easement is its inscription in the Register of Mortgages of the respective Real Estate Registry.

What is sought when constituting this right, is the supervision by an entity, which is called beneficiary, to the owner of a property, in which different clauses established by law can be introduced, such as: Restriction or prohibition to use the property for one or more specific real estate, commercial, tourist, industrial, agricultural, forestry or other purposes; Obligation to take charge or contract services for the maintenance, cleaning, decontamination, repair, safeguard, administration or rational use and exploitation of the real estate; Obligation to execute or supervise a management plan agreed in the constitutive contract, with a view to the rational use and exploitation of the natural resources of the encumbered property, within the framework of a sustainable use of the same.

It is necessary mentioning that the constitution of the Ecological Conservation Easement is subscribed before a notary through a contract by public deed, subsequently the respective registration is requested in the Registers of the Real Estate Registry, allowing to ensure and inform the client that its constitution is in accordance with the Laws and above all what kind of sanctions exist, in relation to the breach of the obligations imposed by this instrument, which have as main purpose the preservation of the environmental heritage, agreeing prohibitions, restrictions and obligations within the present.

In this way, it focuses on the conservation of the existing environmental heritage, an approach that is of total importance for our country, which has large areas of natural attractions, such as, for example, Patagonia, which is and has been a green lung for our planet, and which must be safeguarded.

It is for this reason, and as mentioned in this business impact model, that we believe that both today and in the future it will prosper, as climate change increasingly forces companies to generate business with value, not only environmental, but also triple impact.

Some of our Private Conservation Areas (PCAs) are intrinsically related to the **Zones of Tourist Interest**, an instrument used to promote tourist activity.

According to Article 13 of Law No. 20.423 of 2010, these territories are referred to as those that "have special conditions for tourist attraction and require conservation measures and integrated planning to promote private sector investment".

We also seek to have a positive impact on the localities surrounding our Private Conservation projects, promoting environmental care through sustainable tourism.

It has been demonstrated with respect to the analysis in relation to the sensitive ecosystems in the Aysén Region, in which the respective management of The Real Eco State by constituting this Royal Right of Conservation with perpetual character, prohibiting the alteration of the same as explained above, attends to environmental needs. Therefore, it is important noting that this work tends to social change in terms of the responsibility and prudent care that exists with the ecosystem.



Corporate Social Responsibility

Social responsibility is intrinsically connected to environmental responsibility and the development of local communities. Our mission is to contribute to sustainable development through concrete actions that demonstrate The Real Eco State's commitment to the environment, local communities and organisations.

As a company, we understand the need to take conservation beyond the ecological, which translates into understanding the social dynamics that underlie our activity. That is why, as part of our **Responsibility and Sustainable Development area**, we focus on generating shared value, formally framing our actions in the Donations and Social Responsibility Policy, which allows us to establish a specific, clear and transparent framework.

In this context, we understand that our conservationist business model can only be truly successful in the long term if it acts hand in hand with local communities. For this reason, having a Social Responsibility Area is of vital importance for our management in terms of links with public, private and non-governmental organisations, operations and sustainable development.



a) COMMUNITY MANAGEMENT

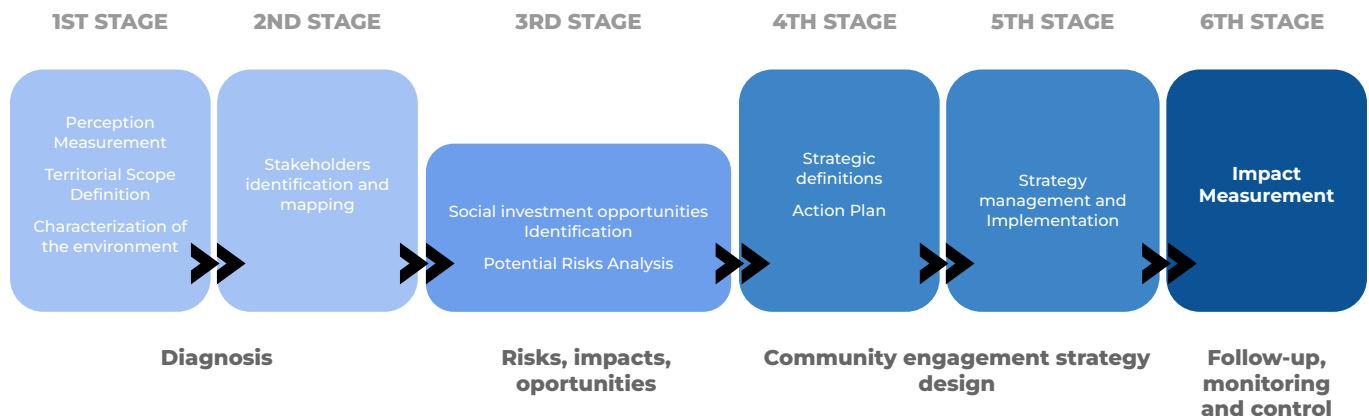
To materialise our actions as CSR, there are areas and approaches to work in various territories and communities, focusing our management in the Metropolitan Region and Patagonia, regions that are our focus of interest in terms of linkage.

For this purpose, we have a territorial engagement plan that aims to establish a framework of action for engagement with stakeholders or interest groups for The Real Eco state, representing a guide that orients the approach activities with local communities, to facilitate the understanding of the environment, identify relevant actors and anticipate possible controversies.

The Territorial Linkage Plan will allow us to:

- To report in a clear, transparent and timely manner the objectives of **The Real Eco State**
- Generating agreements
- Identifying needs
- Diminish/Mitigate Impacts
- Generating shared value

Linkage which is planned on the basis of the following stages:



On the other hand, in practical terms, we collaborate with organizations/communities and have grouped our activities in 3 dimensions, maintaining congruence between our community values and principles.

Actions dimension

Climate Action: The main objective of this dimension is to create collaborative and community-based environmental actions, mainly of an educational and interventionist nature. Some examples are:

- 18 corporate volunteering placements with more than 124 volunteers.
- 253 native trees were reforested in various parts of the Puente Alto commune. Mainly in areas with a deficit of green areas in the Metropolitan Region.
- Installation of 52 recycling points, with a flow of 3 tonnes/month in Bajos de Mena,, Puente Alto. Impacting more than 390 families living near the points.
- Cleaning of 5,600 mt of coastline. Concón, Valparaíso Region. In which around 50 people from different regions of the country participated on a voluntary basis.
- Cleaning of 2 rivers: Estero el Manzano and Cajón del Maipo. In which around 40 people participated, impacting a community of approximately 98 inhabitants. Re-evaluating 3 tons of waste inorganic.
- 5 guided tours through the native forest: Quebrada de Macul Park, Aguas de San Ramón, Cerro La Ballena, Río Clarillo and Estero el Manzano. Around 90 adults and 26 children took part in these tours.
- 2 literary/environmental competitions, with the participation of around 63 people who were linked to our project, achieving a media reach that favoured the promotion and dissemination with content from environmental education.



Social Territorial Action: The main objective of this dimension is to influence social issues with concrete interventions, providing tools, professional guidance and economic support so that various communities linked to our organisation can develop their projects, in this context, always considering a benefit and added value for the communities belonging to our areas of interest.

Some examples are:

- Delivery of a boat to the ecotourism community, Drakar Turismo in Puerto Cisnes, Aysén Region.
- Implementation and support to Soup Kitchen “Olla Común San Miguel II” in Bajos de Mena, Puente Alto, Metropolitan Region.
- NGO Social Showcase: Links with Biosfera mía Foundation, Proyecto Amar Migrar Foundation, Vida Animal Chile, Jorge Ayuda al callejero, Neoinclusión Foundation , Aula Viva Foundation, Mingako Foundation, Flores de Palma Organization, Fundación Cetáceos Foundation, among others.
- Professional legal and accounting support to 10 non-profit social organisations on a virtual basis:

- 1) Mapuko Socio-environmental Organization
- 2) Caminitos de colores TEA Foundation
- 3) Flores de Palma Organisation
- 4) Bio Escuela Aula Viva Foundation
- 5) Fundación Jorge Ayuda al Callejero
- 6) Ayllu - munay social action Organization
- 7) Vida Animal Chile Foundation
- 8) Neoinclusión Foundation
- 9) Project Amar Migrar Foundation
- 10) Cetaceos Foundation



- 3 meaningful Christmas celebrations: Children and migrants. In various sectors of the communes of Puente Alto and Maipú, with an impact on 200 children and adolescents.
- Food for 30 unhoused people, Puente Alto, through the organisation Pulmón Verde Bajos de Mena.
- Support for children's day for Proyecto Amar Migrar Foundation in the commune of Maipú, impacting 70 immigrant children of Haitian, Venezuelan, Colombian, Peruvian and Bolivian nationality.
- Liaison with the socio-environmental and ecotourism group "Cetáceos" of Puerto Cisnes. Providing legal, accounting and marketing advice.

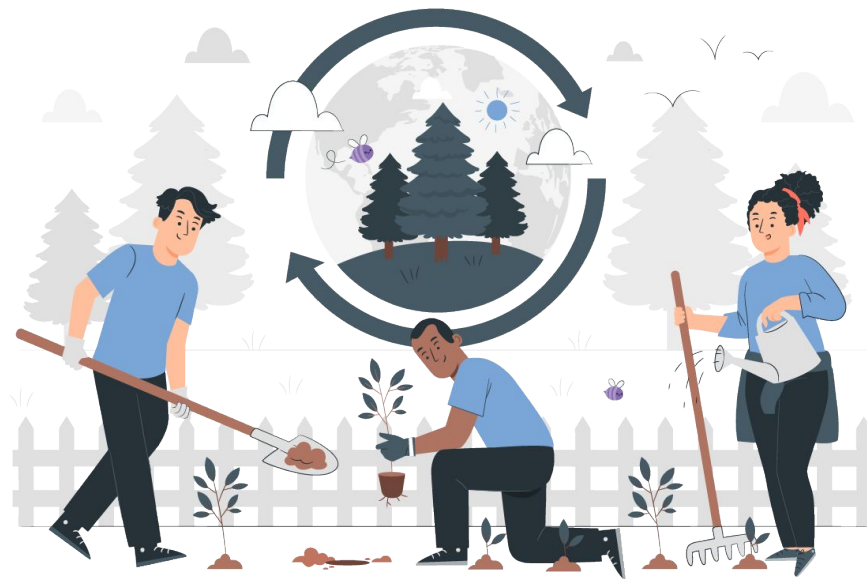


Red Prisma Project: As an area of social responsibility and sustainable development we managed the creation of a non-profit Foundation, called "Fundación Red Prisma", which has allowed us to benefit more than 50 organisations (Mingako Foundation, Vida Animal Foundation, Pulmón verde bajos de mena Organization, Biosfera mía Foundation, Cetáceos Foundation, Jorge Ayuda al Callejero Foundation, Flores de palma Foundation, Acción solidaria Foundation, Caminitos de colores TEA Foundation, Colectivo acción comunitaria Organization, Centro de acción social Ayllu - Munay Organization, Plastic Oceans Foundation, among others) in its first stage.

In concrete terms the benefit translates into:

- Legal and accounting online advice, webinars on tools and considerations for internal governance management:
 - Webinar on the constitution of foundations and donation laws (07-09-2022)
 - Webinar internal organisation of a foundation (05-10-2022)
 - Webinar on marketing and use of graphic design applications (26-10-2022)
- Web platform for the visibility of social causes and personalised mentoring for NGOs.

In this way, we materialise the generation of links with organisations that work in the areas of social, environmental and animal welfare issues, providing their services in vulnerable environments in the Metropolitan Region and Patagonia, areas of interest and where we seek to generate a positive impact on the communities.



b) POLITICAL RISK

Political risk is mitigated through various mechanisms associated with the organisation's internal policies, developed by the sustainable development and liaison area, which are based on principles of transparency and socio-environmental ethics in each of the interactions carried out with private, public and non-governmental organisations. They are present in our Corporate Social Responsibility Policy (Annex 2) and Donations Policy (Annex 3).

The protocol for engagement with governmental organisations is strictly restricted to environmental concerns and is limited to formal hearings, using the platforms provided by governmental bodies.

With regard to hearings, they are managed in accordance with Law N°20.730, known as the "Lobbying Law", a virtual platform of the Chilean Government, which allows us to manage hearings, trips and donations in accordance with the provisions of the law and its regulations. Avoiding any type of controversy and making any reason for meetings transparent, guaranteeing the ethical principles that are characteristic of The Real Eco State.

The nature of the meetings obey socio-environmental aspects and seek to discuss our triple organisational impact model, favouring the development of local organisations and communities; as well as collaborating with national and international sustainable development initiatives, such as the FAO coastal maritime governance programme, which has been developed in the Aysén region since 2021 and in which we have actively collaborated since its beginnings, together with various organisations that work in the area.

Regarding the management of our private conservation parks, they are based on the laws mentioned in the previous sections of this document, mitigating risks of any kind.