



BVL: INRETC1

**EARNINGS REPORT
SECOND QUARTER 2014**

August 13, 2014

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I. Highlights for Second Quarter 2014

InRetail's Consolidated Performance

- Consolidated revenues of S/. 1,459 million, 15.9% over Q2 2013
- Adjusted EBITDA of S/. 131 million, 29.2% over Q2 2013
- Adjusted EBITDA margin of 9.0%, compared to 8.0% in Q2 2013
- Consolidated Net Income resulted in a gain of S/. 56 million compared to a loss of S/. 54 million in Q2 2013

Supermarkets

- Revenues of S/. 880 million, 12.8% over Q2 2013
- Same store sales increased 5.2% in Q2 2014, 5.0% YTD as of June 2014
- Adjusted EBITDA of S/. 44 million, 3.5% over Q2 2013
- Adjusted EBITDA margin of 5.0%, compared to 5.4% in Q2 2013
- 2 stores opened, one store expansion, and 2 legacy format *Economax* closed in Q2 2014 (4,782 sqm); 10 new stores since Q2 2013 (26,616 sqm), reaching a total of 98 stores (253,391 sqm)

Pharmacies

- Revenues of S/. 512 million, 16.6% over Q2 2013
- Same store sales growth of 10.8% in Q2 2014, 10.1% YTD as of June 2014
- Adjusted EBITDA of S/. 46 million, 27.0% over Q2 2013
- Adjusted EBITDA margin of 8.9%, compared to 8.2% in Q2 2013
- 23 additional stores in Q2 2014; 118 since Q2 2013, total of 754 stores

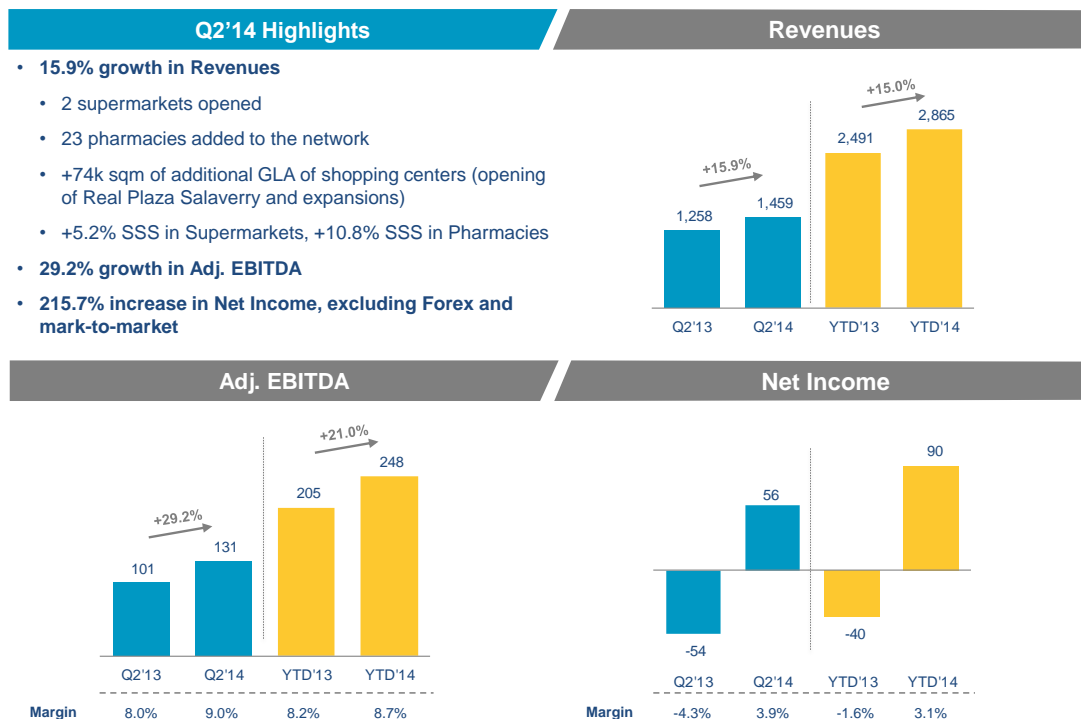
Shopping malls

- Revenues of S/. 79 million, 60.1% over Q2 2013
- Adjusted EBITDA of S/. 43 million, 76.5% over Q2 2013
- Adjusted EBITDA margin of 53.8%, compared to 48.8% in Q2 2013
- Opening of Real Plaza Salaverry and expansion of one shopping mall in Q2 2014 (73,678 sqm); three new shopping malls and shopping mall expansions since Q2 2013 (180,045 sqm of additional GLA), reaching a total GLA of 498,935 sqm¹

¹ Total GLA of 557,652 sqm including 3 managed properties.

Q2'14 Consolidated Results

Million Soles (S/. mm)



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InRetail at a Glance

	Supermarkets	Pharmacies	Shopping Centers	
LTM Q2 2014 (S/. millions)				
Revenues	3,516	1,966	263	5,696 ²
% of Revenues	61.2%	34.2%	4.6%	
Adjusted EBITDA ³	221	169	143	518
% of Adj. EBITDA	41.5%	31.6%	26.9%	
Market position	2 nd	1 st	1 st	
# Stores / S.Centers	98	754	19 ⁴	
Sales area / GLA	253,391 sqm	N/A	557,652 sqm	
# Employees	13,740	9,902	426	

² Revenues net of intercompany eliminations.

³ Adjusted EBITDA defined as Operating profit, plus depreciation and amortization, less the impact of marking to market the values of our investment properties; InRetail Adjusted EBITDA includes holding costs and intercompany eliminations.

⁴ Includes 16 owned (498,935 sqm of GLA) and 3 managed properties.

II. Consolidated Financial Statements

Consolidated Income Statement

Second Quarter of 2014, compared to Second Quarter of 2013

Six months ended June 30, 2014 compared to the six months ended June 30, 2013

InRetail Peru Corp

Consolidated Income Statement

In Millions	Second Quarter			For the six months ended June 30,		
	2014 (Nuevos Soles)	2013	Change %	2014 (Nuevos Soles)	2013	Change %
Revenues:						
Supermarkets	880	781	12.8%	1,749	1,562	12.0%
Pharmacies	512	439	16.6%	995	854	16.6%
Shopping Centers	79	49	60.1%	145	97	50.2%
Intercompany transactions	-13	-11	16.6%	-25	-21	20.7%
Total revenues	1,459	1,258	15.9%	2,865	2,491	15.0%
Cost of sales:						
Supermarkets	-651	-588	10.7%	-1,302	-1,170	11.3%
Pharmacies	-349	-308	13.3%	-682	-597	14.3%
Shopping Centers	-29	-18	57.8%	-53	-35	52.2%
Intercompany transactions	3	5	-39.8%	3	5	-39.8%
Total cost of sales	-1,026	-910	12.8%	-2,034	-1,797	13.2%
Gross profit:						
Supermarkets	229	192	19.0%	448	392	14.2%
Pharmacies	163	131	24.3%	313	257	22.1%
Shopping Centers	50	31	61.5%	92	62	49.1%
Intercompany transactions	-10	-6	64.6%	-22	-16	39.2%
Total gross profit	433	349	24.0%	831	694	19.6%
Selling and administrative expenses	-334	-293	14.0%	-644	-570	13.0%
Other operating income (expenses),	16	21	-21.1%	32	33	-4.1%
Operating profit	115	77	49.9%	219	158	38.7%
Financial income (expenses), net	-30	-137	-77.9%	-78	-191	-59.0%
Income tax expense	-29	6	-	-51	-7	612.8%
Net Income	56	-54	-	90	-40	-

InRetail Peru Corp

Adjusted EBITDA

In Millions	Second Quarter			For the six months ended June 30,		
	2014 (Nuevos Soles)	2013	Change %	2014 (Nuevos Soles)	2013	Change %
Supermarkets	44	42	3.5%	98	87	13.1%
Pharmacies	46	36	27.0%	84	70	20.1%
Shopping Centers	43	24	76.5%	79	51	56.1%
Total	132	102	29.0%	261	208	25.9%
Holding expenses and intercompany Transactions	-1	-1	10.9%	-13	-2	442.4%
Adjusted EBITDA	131	101	29.2%	248	205	21.0%

Consolidated Statement of Financial Position
As of June 30, 2014 and December 31, 2013

InRetail Peru Corp

Consolidated Statement of Financial Position	As of June 30,	
	2014	December 31, 2013
In Millions	(nuevos soles)	
Cash and short-term deposits	179	284
Investments at fair value through profit or loss	4	-
Inventories, net	809	779
Other current assets	326	271
Property, furniture and equipment	2,167	2,107
Investment properties	1,956	1,697
Intangible assets	1,158	1,156
Available-for-sale investment	18	17
Other non current assets	118	137
Total assets	6,735	6,448
Short-term debt	193	166
Other short-term liabilities	1,553	1,526
Long-term debt	1,634	1,553
Other long-term liabilities	305	245
Total liabilities	3,685	3,490
Non-controlling interest	5	5
Net equity attributable to controlling shareholders	3,044	2,953
Total net equity and liabilities	6,735	6,448

Consolidated Statement of Cash flows
As of June 30, 2014 and June 30, 2013

InRetail Peru Corp

Consolidated Statement of Cash Flows	As of June 30,	
	2014	2013
In Millions	(nuevos soles)	
Net cash flows from operating activities	86	(62)
Net cash flows used in investing activities	(225)	(50)
Net cash flows used in from financing activities	33	(159)
Net (decrease) increase of cash and short-term deposits	(105)	(271)
Cash and short-term deposits at the beginning of the period	284	542
Cash and short-term deposits at the end of the period	179	271

III. Results Analysis

The following analysis compares InRetail's results for the second quarter of 2014 with the same period in 2013, and the results for the six months ended June 30, 2014 with the six months ended June 30, 2013.

Revenues

InRetail's revenues grew S/. 201 million, or 15.9% in the second quarter of 2014, compared to the same period in 2013, primarily due to same store sales growth, new store openings and new GLA. For the six months ended June 30, 2013, InRetail's revenues were S/. 2,865 million, 15.0% over the same period in 2013.

InRetail's revenues analysis by segment

- Supermarkets revenues grew S/. 100 million, or 12.8% in the second quarter of 2014, compared to the same period in 2013. This growth is explained by a same store sales growth of 5.2% and the opening of 10 stores since the second quarter of 2013 (26,616 sqm, an increase of 11.7%).
Supermarkets revenues were S/. 1,749 million for the six months ended June 30, 2014, 12.0% over the same period in 2013, with a same store sales increase of 5.0%.
- Pharmacies revenues grew S/. 73 million, or 16.6% in the second quarter of 2014, compared to the same period in 2013, due to a strong same store sales growth of 10.8% and 118 additional stores in operation since the second quarter of 2013, 23 of them opened in the second quarter of 2014. Pharmacies revenues were also positively impacted by the introduction of new private label products and an enhancement of the salesforce incentives program.
Pharmacies revenues were S/. 995 million for the six months ended June 30, 2014, 16.6% over the same period in 2013, with a same store sales increase of 10.1%.
- Shopping malls revenues grew S/. 30 million, or 60.1% in the second quarter of 2014, compared to the same period in 2013, due to the increase in revenues from the operation of three new shopping malls, Real Plaza Cusco and Real Plaza Cajamarca opened in December 2013 and Real Plaza Salaverry opened in May 2014; and an increase in revenues from existing shopping malls and shopping mall expansions since Q2 2013 (a total of 180,045 square meters of additional GLA, or 56.5% increase).
Shopping malls revenues were S/. 145 million for the six months ended June 30, 2014, 50.2% over the same period in 2013.
Net rental income is defined as total income minus reimbursable operating costs related to the maintenance and management of our shopping malls. These operating costs are billed directly to tenants and are also reported as Income from rendering of services. Shopping malls net rental income increased from S/. 33 million in the second quarter of 2013 to S/. 55 million in the same period in 2014 (+63.6%). For the six months ended June 30, net rental income increased from S/. 67 million in 2013 to S/. 101 million in 2014 (+51.5%).

Cost of sales

InRetail's cost of sales grew S/. 117 million, or 12.8% in the second quarter of 2014, compared to the same period in 2013. For the six months ended June 30, 2014, InRetail's cost of sales were S/. 2,034 million, 13.2% over the same period in 2013.

InRetail's cost of sales analysis by segment

- Supermarkets cost of sales grew S/. 63 million, or 10.7% in the second quarter of 2014, compared to the same period in 2013. However, this growth was below sales growth, mainly due to higher commercial and logistic contributions from suppliers, despite intensive promotional campaigns.
- Pharmacies cost of sales grew S/. 41 million, or 13.3% in the second quarter of 2014, compared to the same period in 2013. This growth was below sales growth due to bargaining power and an increase in the penetration of high margin products which have lower costs.
- Shopping malls cost of sales increased S/. 11 million, or 57.8% in the second quarter of 2014, compared to the same period in 2013. However, this growth was lower than revenues growth due to fixed costs dilution, despite higher pre-operational expenses related to the opening of Real Plaza Salaverry.

Gross profit

InRetail's gross profit grew S/. 84 million, or 24.0% in the second quarter of 2014, compared to the same period in 2013. For the six months ended June 30, 2014, InRetail's gross profit was S/. 831 million, 19.6% over the same period in 2013.

We define gross margin as gross profit as a percentage of revenues. As a result of the above mentioned factors, InRetail's gross margin was 29.7% in the second quarter of 2014, compared to 27.7% registered in the second quarter of 2013. InRetail's gross margin improved from 27.9% for the six months ended June 30, 2013, to 29.0% for the same period in 2014.

Gross profit analysis by segment

- Supermarkets gross profit increased S/. 37 million, or 19.0% in the second quarter of 2014, compared to the same period in 2013. Supermarkets gross margin improved from 24.6% to 26.0% due to higher commercial and logistic contributions from suppliers, despite intensive promotional campaigns.
Supermarkets gross profit and gross margin were S/. 448 million and 25.6% respectively, for the six months ended June 30, 2014, compared to S/. 392 million and 25.1% for the same period in 2013.
- Pharmacies gross profit grew S/. 32 million, or 24.3% in the second quarter of 2014 compared to the same period in 2013, mainly due to higher sales and an increase in the penetration of high margin products, improving its gross margin from 29.9% to 31.9%.

Pharmacies gross profit and gross margin were S/. 313 million and 31.5% respectively for the six months ended June 30, 2014, compared to S/. 257 million and 30.1% for the same period in 2013.

- Shopping malls gross profit grew S/. 19 million, or 61.5% in the second quarter of 2014 compared to the same period in 2013, improving its gross margin from 62.6% to 63.2%, due to higher revenues and fixed costs dilution. Shopping malls gross profit and gross margin were S/. 92 million and 63.6% respectively for the six months ended June 30, 2014, compared to S/. 62 million and 64.1% for the same period in 2013.

Selling and administrative expenses

The following table sets forth InRetail's selling and administrative expenses for the second quarter of 2014 and 2013, and the six months ended June 30, 2014 and 2013.

InRetail Peru Corp **Selling and Administrative expenses**

	Second Quarter			For the six months ended June 30,		
	2014 (Nuevos Soles)	2013	Change %	2014 (Nuevos Soles)	2013	Change %
In Millions						
Supermarkets	209	189	10.6%	406	373	8.8%
Pharmacies	124	100	23.7%	241	195	23.6%
Shopping Centers	8	7	8.4%	14	13	10.5%
Holding expenses	1	1	-0.8%	1	2	-35.1%
Intercompany transactions	-10	-6	64.7%	-22	-16	39.3%
Consolidation Adjustments	1	1	37.1%	3	2	33.2%
Total selling and administrative expenses	334	293	14.0%	644	570	13.0%

InRetail's selling and administrative expenses grew S/. 41 million, or 14.0% in the second quarter of 2014 compared to the same period in 2013. As a percentage of revenues, selling and administrative expenses were 22.9% in the second quarter of 2014, compared to 23.3% in the same period in 2013.

For the six months ended June 30, 2014, InRetail's selling and administrative expenses were S/. 644 million, 13.0% higher than in the same period in 2013. As a percentage of revenues, selling and administrative expenses were 22.5% in the six months ended June 30, 2014, compared to 22.9% in the same period in 2013.

Selling and administrative expenses analysis by segment

- Supermarkets selling and administrative expenses increased S/. 20 million, or 10.6% in the second quarter of 2014 compared to the same period in 2013, decreasing from 24.2% to 23.8% as a percentage of supermarkets revenues mainly due to store efficiencies and higher

employee productivity, partially offset by higher rental, logistic and warehouse expenses due to a larger number of stores in operation.

Supermarkets selling and administrative expenses were S/. 406 million for the six months ended June 30, 2014, 8.8% over the same period in 2013, decreasing from 23.9% to 23.2% as a percentage of supermarket revenues.

- Pharmacies selling and administrative expenses grew S/. 24 million, or 23.7% in the second quarter of 2014 compared to the same period in 2013, mainly due to 118 additional stores in operation since the second quarter of 2013, and higher rental, logistics and warehousing expenses due to the new stores opened. As a percentage of pharmacies revenues, selling and administrative expenses increased from 22.8% in the second quarter of 2013 to 24.2% in the same period of 2014, due to 29 new stores with less than 6 months of operation. As these stores continue their ramp up period, logistic and operation expenses get diluted. Pharmacies selling and administrative expenses were S/. 241 million for the six months ended June 30, 2014, 23.6% over the same period in 2013, increasing from 22.9% to 24.3% as a percentage of pharmacies revenues.
- Shopping malls selling and administrative expenses increased S/. 1 million, or 8.4% in the second quarter of 2014 compared to the same period in 2013, mainly due to the opening and operation of three new shopping malls, Real Plaza Cusco, Real Plaza Cajamarca and Real Plaza Salaverry, and shopping mall expansions, a total of 180,045 square meters of additional GLA since the second quarter of 2013. As a percentage of shopping malls revenues, selling and administrative expenses decreased from 14.4% in the second quarter of 2013 to 9.7% in the same period of 2014, due to fix costs dilution. Shopping malls selling and administrative expenses were S/. 14 million for the six months ended June 30, 2014, 10.5% over the same period in 2013, decreasing from 13.4% to 9.8% as a percentage of shopping malls revenues.

Intercompany transactions are eliminated upon consolidation of our financial statements.

Consolidation adjustments caption represents the necessary amounts that are included in the consolidation process for the subsidiaries' financial statements in order to show them as a single entity instead of separate business units.

Other operating income (expenses), net

InRetail's other operating income (expenses), net, resulted in an income of S/. 16 million in the second quarter of 2014, compared to an income of S/. 21 million in the same period in 2013. For the six months ended June 30, 2014, InRetail's other operating income (expenses), net, resulted in an income of S/. 32 million, compared to an income of S/. 33 million in the same period in 2013.

During the second quarter of 2013, other operating income (expenses), net, includes an entry fee of S/. 20 million paid by *Tarjeta Oh!* to be allowed to offer exclusive promotions in our supermarkets, in similar terms and conditions as *Tarjeta Vea*. For the six months ended June 30, 2013, other operating income from this concept was S/. 30 million.

Other operating income is also generated in our shopping malls segment by increases in the fair value of investment properties determined in accordance with IFRS. In the second quarter

of 2014, other operating income from marking the investment properties to market was S/. 17 million compared to S/. 0.8 million in the same period in 2013. For the six months ended June 30, 2014, other operating income from marking the investment properties to market was S/. 32 million compared to S/. 3 million for the same period in 2013.

Operating profit

The following table sets forth InRetail's operating profit for the second quarter of 2014 and 2013, and the six months ended June 30, 2014 and 2013.

InRetail Peru Corp Operating Profit

	Second Quarter			For the six months ended June 30,		
	2014 (Nuevos Soles)	2013	Change %	2014 (Nuevos Soles)	2013	Change %
In Millions						
Supermarkets	19	23	-16.5%	52	48	7.8%
Pharmacies	40	31	26.3%	72	61	17.8%
Shopping Centers	62	25	148.8%	102	52	95.3%
Holding expenses	-1	-1	-0.8%	-1	-2	-35.1%
Intercompany transactions	0	-	-	0	-	-
Consolidation adjustments	-5	-1	239%	-6	-2	240.1%
Total Operating Profit	115	77	49.9%	219	158	38.7%

InRetail's operating profit grew S/. 38 million, or 49.9%, in the second quarter of 2014 compared to the same period in 2013. Operating margin (defined as operating profit as a percentage of revenues) was 7.9% in the second quarter of 2014 compared to 6.1% in the same period in 2013.

For the six months ended June 30, 2014, InRetail's operating profit reached S/. 219 million, 38.7% over the same period in 2013. InRetail's operating margin was 7.7% for the six months ended June 30, 2014, compared to 6.3% for the same period in 2013.

Operating profit analysis by segment

- Supermarkets operating profit decreased S/. 4 million, or 16.5% in the second quarter of 2014 compared to the same period in 2013, mainly due to the absence of S/. 20 mm of *entry fee* paid by *Tarjeta Oh!* in the second quarter of 2013, despite higher gross profit and store efficiencies registered in the second quarter of 2014. Supermarkets operating margin was 2.2% in the second quarter of 2014, compared to 2.9% in the second quarter of 2013. Supermarkets operating profit and operating margin were S/. 52 million and 3.0% respectively for the six months ended June 30, 2014, compared to S/. 48 million and 3.1% for the same period in 2013.

- Pharmacies operating profit grew S/. 8 million, or 26.3% in the second quarter of 2014 compared to the same period in 2013, increasing its operating margin from 7.1% to 7.7% mainly due to a higher gross profit, despite higher selling and administrative expenses. Pharmacies operating profit and operating margin were S/. 72 million and 7.3% respectively for the six months ended June 30, 2014, compared to S/. 61 million and 7.2% for the same period in 2013.
- Shopping malls operating profit grew S/. 37 million, or 148.8% in the second quarter of 2014 compared to the same period in 2013, due to higher revenues, gross profit, and an increase in other operating income from marking the investment properties to market, despite higher selling and administrative expenses. Shopping malls operating profit and operating margin were S/. 102 million and 70.5% respectively for the six months ended June 30, 2014, compared to S/. 52 million and 54.2% for the same period in 2013.

Consolidation adjustments caption represents the necessary amounts that are included in the consolidation process for the subsidiaries' financial statements in order to show them as a single entity instead of separate business units.

Financial income (expenses), net

InRetail's financial income (expenses), net, resulted in a loss of S/. 30 million in the second quarter of 2014, compared to a loss of S/. 137 million in the same period of 2013. For the six months ended June 30, 2014 we registered a loss of S/. 78 million, compared to a loss of S/. 191 million in the same period of 2013.

InRetail's financial expenses were S/. 43 million in the second quarter of 2014, 4.0% below the same period of 2013. InRetail's financial income were S/. 6 million in the second quarter of 2014, 32.1% over the same period of 2013.

Due to the effect of the appreciation of the nuevo sol relative to the U.S. dollar on our financial liabilities denominated in U.S. dollars, we registered a net exchange gain of S/. 7 million in the second quarter of 2014, compared to a net exchange loss of S/. 96 million in the same period of 2013. For the six months ended June 30, 2014 we registered a net exchange gain of S/. 1 million, compared to a net exchange loss of S/. 117 million in the same period of 2013.

As of June 2014, InRetail had a net debt of S/1,627 million, which represents 3.1 times EBITDA, down from 3.2 times as of March 2014.

Income tax expense

Income tax is paid based on the profit from sales and rental revenues in our segments as well as capital gains tax from realized gains or losses in the value of investment properties. InRetail registered an income tax expense of S/. 29 million in the second quarter of 2014, compared to an income tax credit of S/. 6 million in the same period in 2013.

InRetail's income tax expense increased S/. 44 million, or 612.8%, in the six months ended June 30, 2014 compared to the same period in 2013.

Net income

InRetail registered a net income of S/. 56 million in the second quarter of 2014 compared to a net loss of S/. 54 million in the same period in 2013. Net margin (net income as a percentage of revenues) was 3.9% in the second quarter of 2014 compared to -4.3% in the same period in 2013.

InRetail's net income amounted S/. 90 million for the six months ended June 30, 2014, compared to a net loss of S/. 40 million in the same period in 2013. Net margin was 3.1% in the six months ended June 30, 2014, compared to -1.6% in the same period in 2013.

Adjusted EBITDA²

The following table sets forth InRetail's adjusted EBITDA for the second quarter of 2014 and 2013, and the six months ended June 30, 2014 and 2013.

InRetail Peru Corp

Adjusted EBITDA

	Second Quarter			For the six months ended June 30,		
	2014	2013	Change	2014	2013	Change
In Millions	(Nuevos Soles)			(Nuevos Soles)		
			%			%
Supermarkets	44	42	3.5%	98	87	13.1%
Pharmacies	46	36	27.0%	84	70	20.1%
Shopping Centers	43	24	76.5%	79	51	56.1%
Total	132	102	29.0%	261	208	25.9%
Holding expenses and intercompany Transactions	-1	-1	10.9%	-13	-2	442.4%
Adjusted EBITDA	131	101	29.2%	248	205	21.0%

InRetail's adjusted EBITDA increased S/. 30 million, or 29.2% in the second quarter of 2014 compared to the same period in 2013. Adjusted EBITDA margin (Adjusted EBITDA as a percentage of revenues) increased from 8.0% in the second quarter of 2013 to 9.0% in the same period in 2014.

InRetail's adjusted EBITDA amounted S/. 248 million for the six months ended June 30, 2014, 21.0% over the same period in 2013. Adjusted EBITDA margin improved from 8.2% in the six months ended June 30, 2013 to 8.7% in the same period in 2014.

² We define Adjusted EBITDA as operating profit, plus depreciation and amortization, less the impact of marking to market the values of our investment properties.

Adjusted EBITDA analysis by segment

- Supermarkets adjusted EBITDA increased S/. 1 million, or 3.5% in the second quarter of 2014 compared to the same period in 2013. Adjusted EBITDA margin decreased from 5.4% in the second quarter of 2013 to 5.0% in the same period 2014, mainly due to the absence of the *entry fee* paid by *Tarjeta Oh!* in the second quarter of 2013, partially compensated by revenue growth, higher gross margin and store efficiencies registered in the second quarter of 2014.

For the six months ended June 30, 2014, Supermarkets adjusted EBITDA amounted S/. 98 million, 13.1% over the same period in 2013. Adjusted EBITDA margin was 5.6% in the second quarter of 2014, in line with the same period in 2013.

- Pharmacies adjusted EBITDA grew S/. 10 million, or 27.0% in the second quarter of 2014 compared to the same period in 2013. Adjusted EBITDA margin improved from 8.2% in the second quarter of 2013 to 8.9% in the same period in 2014, mainly due to revenue growth and higher gross margin.

For the six months ended June 30, 2013, pharmacies adjusted EBITDA amounted S/. 84 million, 20.1% compared to the same period in 2013. Pharmacies adjusted EBITDA margin improved from 8.2% in the six months ended June 30, 2013, to 8.5% in the same period in 2014.

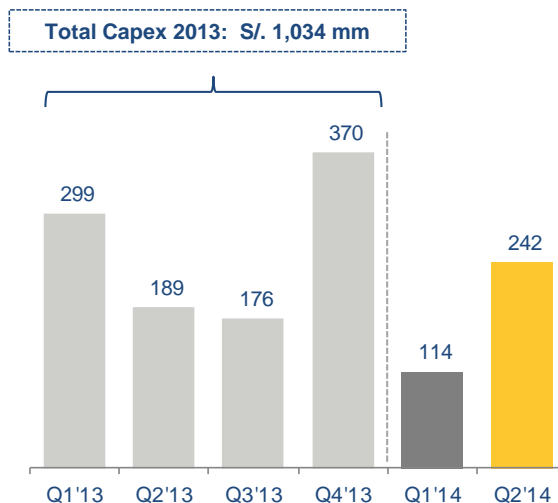
- Shopping malls adjusted EBITDA grew S/. 18 million, or 76.5% in the second quarter of 2014 compared to the same period in 2013. Adjusted EBITDA margin improved from 48.8% in the second quarter of 2013 to 53.8% in the same period in 2014, mainly due to higher revenues.

For the six months ended June 30, 2014, shopping malls adjusted EBITDA was S/. 79 million, 56.1% over the same period in 2013. Shopping malls adjusted EBITDA margin improved from 52.3% in the six months ended June 30, 2013, to 54.3% in the same period in 2014.

Shopping malls adjusted EBITDA divided by net rental income was 78.0% in the second quarter of 2014, compared to 72.4% in the same period of 2013. For the six months ended June 30, 2014, shopping malls adjusted EBITDA divided by net rental income was 77.7%, compared to 75.4% in the same period of 2013.

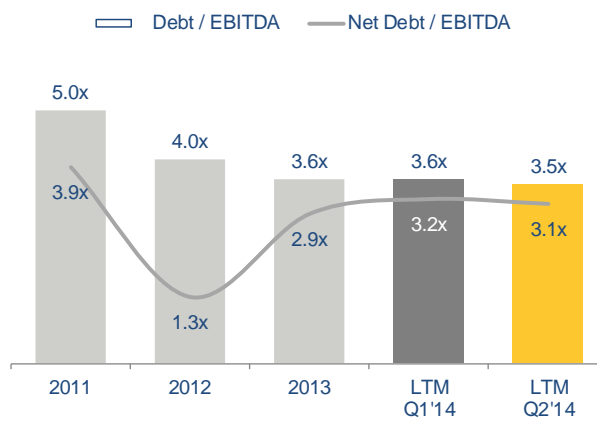
InRetail Consolidated CAPEX

The following graph sets forth the evolution of the Capital Expenditures mainly used to finance our new shopping malls and store openings:



Consolidated Financial Debt

The following graph sets forth the main financial ratios of InRetail Peru Corp. Consolidated for the years 2011, 2012, 2013 and the last twelve months of March 2014 and June 2014:



Debt	1,561	1,668	1,722	1,773	1,827
Cash	353	1,125	324	194	201
Net Debt	1,208	542	1,398	1,580	1,627

Financial Debt by Segment

The following diagram sets forth the financial consolidated debt by segment as of June 2014:



The retail segments and the holding company (excluding shopping malls segment) represent restricted subsidiaries for purposes of the Intercorp Retail US\$ 300 MM 8.875% Senior Guaranteed Notes due 2018, which, together with the US\$ 29.1 MM debt (as of June 30th, 2014) of our parent company, Intercorp Retail, comprise the total restricted group debt.

IV. Main Events

A. During the Period

Supermarkets

- We opened two supermarkets in Lima, San Isidro and Salaverry; and we expanded one supermarket in the north of Lima, adding a total of 8,250 sqm of sales area. Moreover, we closed two supermarkets in Lima that operated under the legacy format of *Economax*. The additional sales area of our supermarkets in the second quarter of 2014 was 4,782 sqm.
- We remodeled and improved layouts on three supermarkets in Lima, incorporating our new *Plaza Vea* logo and store visual.

Pharmacies

- We opened 25 pharmacies and closed two, increasing our network by 23 stores, 3 in Lima and 20 in provinces.
- We successfully launched the marketing campaigns of two new private label products: vitaminized milk “Baby Lac Pro” and baby diapers “Nenitos”.

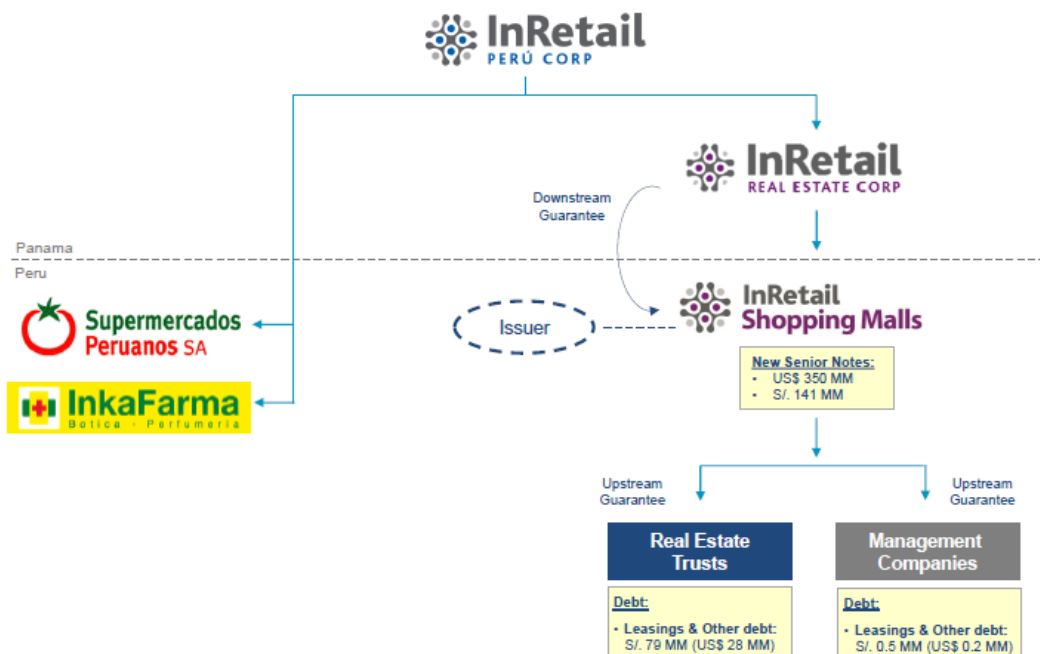
Shopping malls

- We opened our flagship mall Real Plaza Salaverry on time and on budget. This shopping mall is Real Plaza’s largest mall, with 72k sqm of GLA fully leased. It is located in a prime location in Lima. This mall attracted 100,000 visitors on its first weekend in operation.

B. Recent Event

During the second quarter of 2014, we issued two Senior Unsecured Notes through InRetail Shopping Malls, a Peruvian subsidiary of InRetail Real Estate Corp. It is composed of a group of Trusts that own the properties and two management companies in charge of the development and operation of the shopping malls. The issuance has both upstream and downstream guarantees from InRetail Real Estate Corp. and InRetail Shopping Malls’ subsidiaries.

The following diagram shows the issuance structure:



The main terms and conditions of InRetail Shopping Malls issuances are shown in the following table:

Issuer	InRetail Shopping Malls	
Size	US\$ 350 million	S/.141 million
Format	144A / Reg. S	Reg. S
Coupon	6.500%	7.875%
Structure	7NC4 Final: July 9 th 2021; 1 st Call Date: July 9 th 2018	20 year, Amortization starting in 2030; Final: July 25 th 2034
	Senior Unsecured Notes	
Issue Ratings	Ba2 (stable) by Moody's/ BB (stable) by Fitch	

The US\$ 350 million Senior Notes were issued on July 1st, 2014 in the international markets, under Rule 144A and Regulation S of the U.S. Securities Act. The Notes have a coupon of 6.50% due in 2021. The transaction was oversubscribed by more than 10 times and exceeded US\$ 4.0 billion. It marks the first Peruvian Real Estate Company to access the international markets.

On July 25, 2014, InRetail Shopping Malls issued S/. 141 million Senior Notes within the international markets under Regulation S of the U.S. Securities Act. The Notes have a coupon of 7.875% are due in 2034, with an amortization starting in 2030.

The use of proceeds and impact of these issuances is as follows:

- i. Refinance US\$ 180 million of Interproperties Holding Notes
- ii. Refinance S/. 141 million of financial obligations
- iii. Reduce cost of finance
- iv. Have a lighter amortization schedule, freeing up cash for more than US\$ 100 million over the following 6 years
- v. Acquire a real estate property named Puruchuco, for the future development of a shopping mall with an expected GLA of 110 k sqm to be opened in 2016
- vi. Finance expansion of other shopping malls

Pro Forma Debt

The following chart sets forth the current cash, debt and financial ratios as of June 2014 for the Shopping Malls segment and InRetail Peru Corp. Consolidated, and the Pro Forma figures adjusted by the two Senior Notes issuances, the refinancing of the US\$ 180 million Interproperties Holding Notes and the refinancing of other financial obligations.

Shopping Malls Segment

	Current Q2'14	Adj.	Pro Forma Q2'14
Debt	716	485	1,200
Cash	63	386	449
Net Debt	653	99	752
EBITDA LTM Jun'14	143	-	143
Debt/EBITDA	5.0x		8.4x
Net Debt/EBITDA	4.6x		5.2x

Covenants:

	Current Q2'14	Pro Forma Q2'14
Total Debt / Total Assets (<60%)	27.3%	38.7%
Secured Debt / Total Assets (<30%)	27.3%	2.1%
EBITDA / Interest Expense (>1.75x)	2.3x	2.3x
Unencumb. Assets / Unsecured Debt (>150%)	na	185.5%

InRetail Consolidated

	Current Q2'14	Adj.	ProForma Q2'14
Debt	1,827	485	2,312
Cash	201	386	587
Net Debt	1,627	99	1,725
EBITDA LTM Jun'14	518	-	518
Debt/EBITDA	3.5x		4.5x
Net Debt/EBITDA	3.1x		3.3x

The Shopping Malls segment and InRetail Peru Corp. Consolidated LTM EBITDA figures as of June 2014, do not fully reflect the EBITDA generated in a full year by the shopping malls recently opened and under operation:

	Date Opened	GLA As of June '14	Occupancy As of June '14
Real Plaza Salaverry	May 2014	72k	88.8%
Real Plaza Cusco	December 2013	35k	96.6%
Real Plaza Cajamarca	December 2013	38k	91.7%

Therefore, we expect our Net Debt/EBITDA as of December 2014 to be below our December 2013 figures:

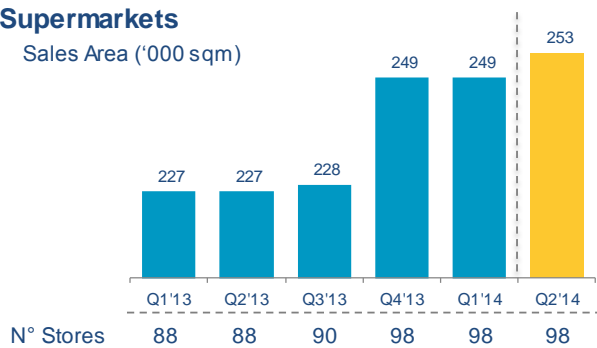
	Expected Net Debt / EBITDA 2014
InRetail Peru Corp	< 2.9x
Retail Segments & Hold.Co.	< 2.4x
Shopping Malls Segment	< 4.6x

V. Key Indicators

Number of Stores and Sales Area of Retail Segments

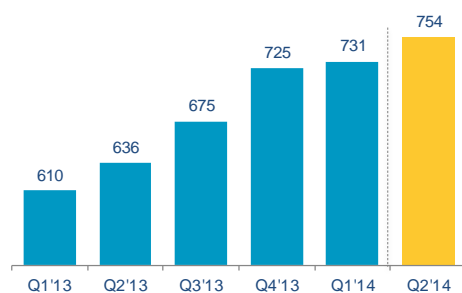
Supermarkets

Sales Area ('000 sqm)



Pharmacies

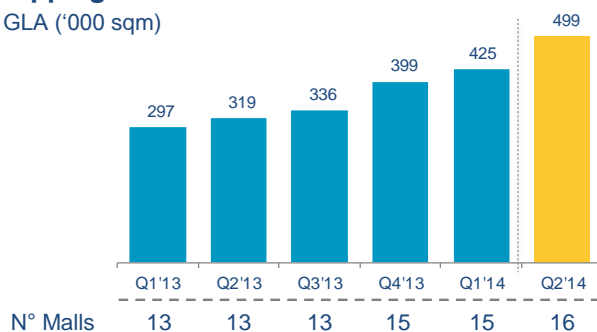
N° Stores



Number of Shopping Malls and GLA of Shopping Malls Segment

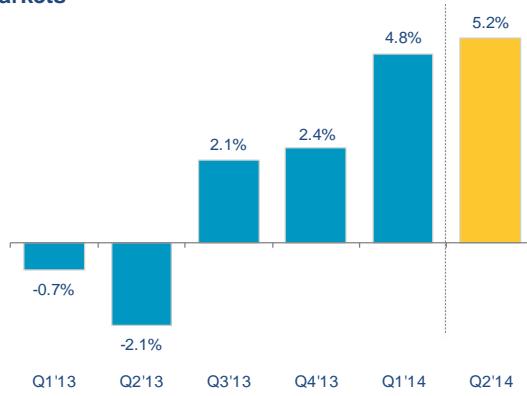
Shopping Malls

GLA ('000 sqm)

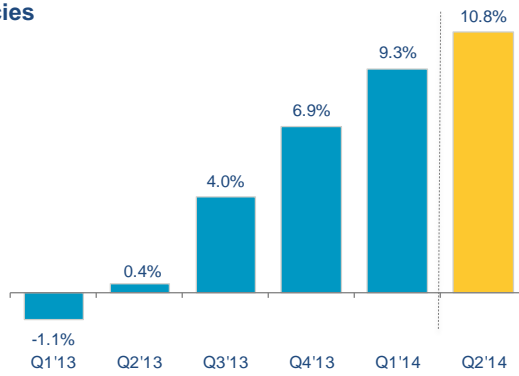


Quarterly Same Store Sales (SSS) Growth by Segment

Supermarkets



Pharmacies



Earnings Report Second Quarter 2014



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