

InRetail Real Estate Corp. and Subsidiaries

Interim consolidated financial statements as of December 31, 2019 (unaudited) and December 31, 2018 (audited) and for the twelve-month periods ended as of December 31, 2019 and 2018.

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InRetail Real Estate Corp. and Subsidiaries

Interim consolidated statements of financial position

As of December 31, 2019 (unaudited) and December 31, 2018 (audited)

| | Note | 2019 S/(000) | 2018 S/(000) | | Note | 2019 S/(000) | 2018 S/(000) |
|--|------|------------------|------------------|--|-------|------------------|------------------|
| Assets | | | | Liabilities and equity | | | |
| Current assets | | | | Current liabilities | | | |
| Cash and cash equivalents | 4 | 31,303 | 26,981 | Trade payables | 14 | 43,305 | 46,044 |
| Investments at fair value through equity | 5 | 163,454 | 130,895 | Other liabilities | 15 | 75,024 | 59,012 |
| Investments at fair value through profit or loss | 6 | 8,112 | 11,664 | Accounts payable to related parties | 26 | 491 | 1,696 |
| Trade receivables, net | 7 | 37,635 | 26,290 | Current portion financial obligations | 17 | 32,257 | 40,827 |
| Other receivables | 8 | 14,085 | 24,934 | Lease liability | 16 | 2,907 | - |
| Accounts receivables from related parties | 26 | 36,105 | 37,431 | Total current liabilities | | 153,984 | 147,579 |
| Prepaid expenses | 9 | 673 | 1,043 | | | | |
| Recoverable taxes | 10 | 14,418 | 22,206 | Non-current liabilities | | | |
| Total current assets | | 305,785 | 281,444 | Trade payables | 14 | 16,258 | 8,910 |
| Non-current assets | | | | Other liabilities | 15 | 18,499 | 10,078 |
| Accounts receivables from related parties | 26 | 463,163 | 410,740 | Income tax related to special purpose entity | 25(e) | 390,761 | 278,534 |
| Deferred income tax, net | 18 | 2,586 | 1,822 | Lease liability | 16 | 199,719 | - |
| Recoverable taxes | 10 | 14,641 | 2,832 | Long-term financial obligations | 17 | 1,882,758 | 1,754,213 |
| Facilities, furniture and equipment, net | 11 | 153,235 | 8,104 | Deferred income tax liabilities, net | 18 | 37,145 | 30,787 |
| Investment properties | 12 | 4,210,315 | 3,671,315 | Total non-current liabilities | | 2,545,140 | 2,082,522 |
| Intangible assets | | 6,620 | 4,428 | Total liabilities | | 2,699,124 | 2,230,101 |
| Derivative financial instrument | 13 | 67,405 | 77,257 | Equity | | | |
| Other assets | | - | 96 | Capital stock | 20 | 1,475,706 | 1,475,706 |
| Total non-current assets | | 4,917,965 | 4,176,594 | Unrealized results | | 33,210 | (8,717) |
| | | | | Retained earnings | | 1,015,710 | 760,948 |
| | | | | Total equity | | 2,524,626 | 2,227,937 |
| Total assets | | 5,223,750 | 4,458,038 | Total liabilities and equity | | 5,223,750 | 4,458,038 |

The accompanying notes are an integral part of these interim consolidated financial statements.

InRetail Real Estate Corp. and Subsidiaries

Interim consolidated statements of income

For the twelve-month periods ended as of December 31, 2019 and 2018

| | Note | 2019 S/(000) | 2018 S/(000) |
|---|-----------|-----------------|-----------------|
| Rental income | 21 | 378,793 | 356,648 |
| Cost of rental income | 22 | (47,379) | (47,601) |
| Net rental income | | 331,414 | 309,047 |
| Income from management services | 21 | 164,157 | 151,065 |
| Cost related to income from management services | 22 | (128,545) | (117,610) |
| Net management service income | | 35,612 | 33,455 |
| Gross profit | | 367,026 | 342,502 |
| Fair value adjustment for investment properties | 12(b) | 176,786 | 18,137 |
| Administrative expenses | 23 | (32,185) | (31,276) |
| Selling expenses | 23 | (9,394) | (9,377) |
| Other operating income (expenses), net | | 47 | 5,145 |
| Operating profit | | 502,280 | 325,131 |
| Financial income | 24 | 31,300 | 25,462 |
| Financial expenses | 24 | (149,666) | (172,650) |
| Exchange difference, net | 27(a)(ii) | 2,494 | (2,775) |
| Profit before income tax | | 386,408 | 175,168 |
| Income tax | 18(a) | (120,042) | (51,820) |
| Net profit | | 266,366 | 123,348 |
| Earnings per share: | | | |
| Basic and diluted profit for the period attributable to ordinary equity holders of the parent | 20(c) | 0.469 | 0.217 |

The accompanying notes are an integral part of these interim consolidated financial statements.

InRetail Real Estate Corp. and Subsidiaries

Interim consolidated statements of other comprehensive income

For the twelve-month periods ended as of December 31, 2019 and 2018

| | 2019 | 2018 |
|---|----------------|-----------------|
| | S/(000) | S/(000) |
| Profit for the period | 266,366 | 123,348 |
| Other comprehensive income | | |
| Unrealized gain on investments at fair value through equity | 32,559 | 23,125 |
| Transfer of the unrealized gain investments at fair value through equity to results of the period | - | (1,289) |
| Income tax related to special purpose entities | (9,767) | (6,551) |
| Total other comprehensive income of investments at fair value through equity | 22,792 | 15,285 |
| Unrealized gain (loss) on hedging derivative financial instrument | 16,180 | (25,315) |
| Transfer of the unrealized loss from derivative financial instrument to results of the period | - | 10,008 |
| Income tax related to special purpose entities | 2,955 | (12,401) |
| Total other comprehensive income of derivative financial instrument | 19,135 | (27,708) |
| Other comprehensive income for the period, net of income tax effects | 41,927 | (12,423) |
| Total comprehensive income for the period | 308,293 | 110,925 |

The accompanying notes are an integral part of these interim consolidated financial statements.

InRetail Real Estate Corp. and Subsidiaries

Interim consolidated statements of changes in equity

For the twelve-month periods ended as of December 31, 2019 and 2018

| | <u>Capital stock</u> | <u>Unrealized results</u> | <u>Retained earnings</u> | <u>Total</u> |
|--|----------------------|---------------------------|--------------------------|------------------|
| | \$/ (000) | \$/ (000) | \$/ (000) | \$/ (000) |
| Balance as of January 1, 2018 | 1,475,706 | 3,706 | 637,601 | 2,117,013 |
| Profit for the period | - | - | 123,348 | 123,348 |
| Other comprehensive income | - | (12,423) | - | (12,423) |
| Total comprehensive income | - | (12,423) | 123,348 | 110,925 |
| Others | - | - | - | - |
| Balance as of December 31, 2018 | 1,475,706 | (8,717) | 760,949 | 2,227,938 |
| Balance as of January 1, 2019 | 1,475,706 | (8,717) | 760,948 | 2,227,937 |
| Profit for the period | - | - | 266,366 | 266,366 |
| Other comprehensive income | - | 41,927 | - | 41,927 |
| Total comprehensive income | - | 41,927 | 266,366 | 308,293 |
| Dividends | - | - | (11,604) | (11,604) |
| Balance as of December 31, 2019 | 1,475,706 | 33,210 | 1,015,710 | 2,524,626 |

The accompanying notes are an integral part of these interim consolidated financial statements.

InRetail Real Estate Corp. and Subsidiaries

Interim consolidated statements of cash flows

For the twelve-month periods ended as of December 31, 2019 and 2018

| | 2019 S/(000) | 2018 S/(000) |
|---|------------------|------------------|
| Operating activities | | |
| Revenue | 509,040 | 521,690 |
| Payments of goods and services to suppliers | (155,115) | (154,189) |
| Payments of salaries and social benefits to employees | (44,170) | (37,543) |
| Taxes paid | (6,954) | (43,776) |
| Recovery of taxes | 35,845 | 42,844 |
| Other collect, net | 19,920 | 3,173 |
| Net cash flows from operating activities | 358,566 | 332,199 |
| Investing activities | | |
| Collection of loans granted to related parties | 58,061 | 14,058 |
| Collection of interest of loans granted to related parties | - | 7,239 |
| Sale of investments at fair value through profit or loss | 185,944 | 328,379 |
| Sale of investments at fair value through equity | - | 30,781 |
| Dividends collect | 1,543 | - |
| Re-invoicing for store implementation | - | 2,509 |
| Purchase of investments at fair value through profit or loss | (182,371) | (137,996) |
| Purchase of investments at fair value through equity | - | (81,961) |
| Loans granted to related parties | - | (412,558) |
| Purchase of property, furniture and equipment | (1,902) | (2,026) |
| Purchase and development of intangible assets | (2,904) | (1,152) |
| Purchase of investment properties | (231,725) | (344,812) |
| Purchase of subsidiary | - | (2,080) |
| Value Added Tax payment related to investment properties | (35,787) | (26,857) |
| Net cash flows used in investing activities | (209,141) | (626,476) |
| Financing activities | | |
| Proceeds from interest-bearing loans and borrowings | 69,477 | - |
| Issuance of bonds, net of structuring expenses | - | 443,063 |
| Payment of interest-bearing loans and borrowings | (72,927) | (35,040) |
| Payment of lease liability | (3,019) | - |
| Interest payment of lease liability | (9,225) | - |
| Payment of premium for repurchase of bonds issued | - | (24,148) |
| Dividends paid | (11,604) | - |
| Interests paid | (117,805) | (111,289) |
| Other payments related to financing activities | - | (5,750) |
| Net cash flows (used in) from financing activities | (145,103) | 266,836 |
| Net increase (decrease) of cash and short-term deposits | 4,322 | (27,441) |
| Cash and short-term deposits at the beginning of the period | 26,981 | 54,422 |
| Cash and short-term deposits at the end of the period | 31,303 | 26,981 |
| Non-cash transactions | | |
| Fixed assets purchased through leasing and other financial obligations | 3,609 | 172 |
| Investment properties purchased through leasing and other financial obligations | 130,511 | 101,009 |
| Initial recorded of Right-of-use asset | 145,189 | - |
| Addition of Right-of-use asset | 5,676 | - |

The accompanying notes are an integral part of these interim consolidated financial statements.

InRetail Real Estate Corp. and Subsidiaries

Notes to the interim consolidated financial statements (unaudited)

Interim unaudited consolidated financial statements as of December 31, 2019 and December 31, 2018 (audited) and for the twelve-month periods ended as of December 31, 2019 and 2018.

1. Business activity

InRetail Real Estate Corp. (hereinafter “the Company”) is a holding entity incorporated in April 2012 in the Republic of Panama, subsidiary of InRetail Perú Corp. The latter is subsidiary of Intercorp Retail Inc., which in turn is a subsidiary of Intercorp Peru Ltd. (a holding company incorporated in The Bahamas, hereinafter “Intercorp Perú”), which is the ultimate holding Company of “Intercorp Peru Group” or the “Group”, which refers to Intercorp Perú Ltd. and its subsidiaries.

As of December 31, 2019 and December 31, 2018 Intercorp Perú holds directly and indirectly 71.46 percent of the capital stock of InRetail Perú Corp., which in turn holds 100 percent of the capital stock of the Company.

The Company’s legal address is 50 Street and 74 Street, floor 16 “PH” Building, San Francisco, Republic of Panama. However, its management and administrative offices are located at Av. Carlos Villarán N° 140, Urb. Santa Catalina, La Victoria, Lima, Perú.

The Company and its Subsidiaries, Patrimonio en Fideicomiso – D.S.N° 093-2002-EF-InRetail Shopping Malls, Patrimonio en Fideicomiso – D.S.N° 093-2002-EF-Interproperties Holding, Patrimonio en Fideicomiso –D.S.N° 093-2002-EF-Interproperties Holding II and Real Plaza S.R.L. (hereinafter and together, “InRetail Real Estate”), are dedicated to the operation of shopping malls as well as real estate development. InRetail Real Estate operations are concentrated in Perú.

In January 2018, The Company, through its subsidiary Real Plaza S.R.L. acquired 75.00 percent of the Centro Comercial Estación Central S.A., for the assets acquired, the Company paid S/2,080,000.

The consolidated financial statements as of December 31, 2019, were approved by the Board of Directors on February 27, 2020.

2. Subsidiaries activities

Following is the description of the Company’s main Subsidiaries’ activities:

- (a) Patrimonio en Fideicomiso – D.S.N°093-2002-EF-InRetail Shopping Malls is a Special Purpose Entity (SPE) formed on July 2014, for the purpose of holding certificates of participation of Patrimonio en Fideicomiso – D.S.N°093-2002-EF-Interproperties Holding and Patrimonio en Fideicomiso – D.S.N°093—2002-EF-Interproperties Holding II and 100 percent of capital stock of Real Plaza S.R.L.

Notes to the interim consolidated financial statements (continued)

- (b) Patrimonio en Fideicomiso –D.S. N°093-2002-EF-Interproperties Holding and Patrimonio en Fideicomiso-D.S. N°093-2002-EF-Interproperties Holding II (hereinafter “Interproperties Holding” and “Interproperties Holding II”, respectively).

Interproperties Holding and Interproperties Holding II are two Special Purpose Entities (SPEs) formed for the purpose of holding the certificates of participation of Patrimonio en Fideicomiso –D.S. N° 093-2002-EF-Interproperties Perú (hereinafter “Interproperties Perú”), which is a trust fund formed with the purpose of holding the real estate assets of InRetail Real Estate to obtain the necessary funding for developing investment plans.

Additionally, as of December 31, 2019 and December 31, 2018, Interproperties Holding II owns 100 percent of participation in the assets of Patrimonio Fideicometido – D.S. N° 093-2002-EF-Interproperties Puerta del Sol which is a special purpose entity formed to own and handle Real Plaza Cusco “San Antonio” Shopping Mall.

- (c) Real Plaza S.R.L. (hereinafter “Real Plaza”)
An entity focused on operating the shopping malls (21 as of December 31, 2019 and 20 as of December 31, 2018) and maintaining and developing relationships with the tenants. Real Plaza operates under the name of “Real Plaza Shopping Mall”.

As of December 31, 2019 and December 31, 2018, Real Plaza manages shopping malls in Chiclayo, Piura, Chimbote, Trujillo, Huancayo, Arequipa, Juliaca, Huánuco, Cusco, Cajamarca, Pucallpa and Lima.

- (d) Centro Comercial Estación Central S.A.
Company dedicated to the management of the shopping center located in the central station of Metropolitan Buses.

3. Summary of significant accounting policies

3.1 Basis of preparation and presentation

The interim consolidated financial statements of InRetail Real Estate have been prepared in accordance with the International Accounting Standard 34 “Interim financial reporting”. Also, the accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the InRetail Real Estate’s annual consolidated financial statements for the year ended December 31, 2018 which were audited. Therefore, these interim consolidated financial statements should be read in conjunction with such audited consolidated financial statements.

The interim consolidated financial statements have been prepared on a historical cost basis, except for investment properties, which have been measured at fair value. The interim consolidated financial statements are presented in Soles and all values are rounded to the nearest thousands of Soles (S/(000)), except where otherwise indicated.

The interim consolidated financial statements do not include all information and disclosures required for annual consolidated financial statements and should be read together with consolidated financial statements as of December 31, 2018.

Notes to the interim consolidated financial statements (continued)

The consolidated financial statements include the financial statements of the Company and its subsidiaries, see note 2.

Subsidiaries are fully consolidated from the acquisition date, being the date on which InRetail Real Estate obtains control, and are consolidated until the date when such control ceases. The financial statements of the Subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions and unrealized gains and losses resulting from intra group transactions have been eliminated in full.

The non-controlling interest has been determined in proportion to the participation of minority shareholders in the net equity and the results of the subsidiaries in which they hold shares, and they are presented separately in the consolidated statement of financial position, the consolidated income statement and the consolidated statement of comprehensive income.

Losses in a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.2 New standards and interpretations adopted by InRetail Real Estate

Several standards and amendments have come into effect from January 1, 2018; however, in the opinion of InRetail Real Estate's Management, they have no impact on the accompanying unaudited consolidated financial statements as of December 31, 2019 and December 31, 2018 (audited).

IFRS 9 early implementation

The Company uses derivative instruments to manage its exposure to exchange rates. In order to manage these risks, the Company applies hedge accounting for transactions which meet specific criteria for this. At the beginning of the hedging relationship, the Company formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedge.

The accounting treatment is established according to the nature of the hedged item and the fulfillment of the criteria for coverage. The effective portion of these hedges are recorded in other comprehensive income and then transferred to the hedged item when they affect results. The ineffective portion and the time value of the options is amortized linearly over the life of the option and are recognized as interest expense.

In order for the time value of the options to be amortized linearly over the life of the option and avoid high volatility, the Company decided to adopt IFRS 9 in advance.

Notes to the interim consolidated financial statements (continued)

Standards adopted

The InRetail Real estate Group adopts the following standards and interpretations that have been issued by the IASB, and are effective as of January 1, 2018:

IFRS 15 “Revenue from Contracts with Customers”–

IFRS 15 was issued in May 2014 and established a five-step model that will apply to income arising from contracts with customers. Under IFRS 15, income is recognized for an amount that reflects the contractual consideration agreed with the customer. The principles in IFRS 15 provide a more structured approach to measure and recognize revenues.

The new standard on revenue is applicable to all entities and replaces all revenue recognition requirements under IFRS. Complete or modified retrospective application for annual periods beginning on January 1, 2017 is required and early adoption is permitted.

The adoption of IFRS 15 for the company and its subsidiaries did not have an impact on net equity as of January 1, 2018.

The revenues of the Company and its Subsidiaries correspond mainly to rental of commercial premises. The transfer of the benefit to customers is over time, given that the customer has the ability to direct its use and to receive the benefits derived from it during the period of the contract.

The other revenues, which are lower in relation to rental of premises, correspond mainly to marketing services, energy sales and other.

Considering this frame of reference, the analysis of the impacts of IFRS 15 to date, by type of income is as follows:

(a) Rental Service

The Company and its Subsidiaries provide various services, the main ones being rental of commercial premises, temporary rentals of commercial space in shopping centers, visual advertising services and transportation of goods. Consequently, in accordance with IFRS 15, the income from these services is recognized over time, as of the moment when the service starts.

The variable considerations for this performance obligation correspond mainly to the variable income specified in each contract. In this sense, IFRS 15 establishes that revenues will only be recognized if it can be demonstrated that there will be no significant reversions of income when estimating variable considerations; therefore, revenues will be recognized at the time they occur, given that the estimation of the variable consideration for the term of the contracts has a high degree of volatility.

(b) Other Income

The Company and its Subsidiaries generate other income mainly from marketing, energy sales and other services. In accordance with IFRS 15, the variable considerations corresponding to this type of performance obligations are considered by the Management at the time when the recognition of income is given.

Notes to the interim consolidated financial statements (continued)

IFRS 16 "Leasing"

IFRS 16 deals with the identification of leases, as well as its accounting treatment for tenants and landlords. Under this IFRS, operating leases are recognized on the Statement of Financial Position, increasing assets and liabilities, as if they were leveraged asset acquisitions.

Earlier application is permitted if IFRS 15 "Revenue from contracts with customers" is also applied, and is effective for fiscal years beginning January 1, 2019.

As January 1, 2019, the implementation of this standard in the InRetail Real Estate Group has increased the account receivable from related parties, related to contracts, in which the company is only an intermediary in S/58,367,000, generated an asset for the right of use S/145,189,000 and a lease liability of S/203,556,000.

During the period, the initial asset of right of use S/145,189,000, has increased by additon asset of right of uses S/5,676,000 and has decreased by depreciation expense S/7,663,000, presenting a balance S/143,202,000 as of December 31, 2019.

The initial lease liability of S/203,556,000, has increased by new obligations in S/5,676,000, and has decreased by: (i) amortization S/3,972,000, (ii) exchange difference S/2,634,000, presenting a balance as of December 31, 2019 of S/202,626,000. This liability has generated a greater financial expense of S/9,225,000.

Likewise, the cost of rental income presents a decrease of S/13,197,000. In turn, the cost of renting land shows a decrease of S/13,197,000. Additionally, a reimbursement of S/953,000 has been received, related to real estate in which the Company acts as an intermediary, presenting a net rental payment of S/12,244,000 in the consolidated statement of cash flow.

A su vez el costo de alquiler de terrenos presenta una disminución de S/13,197,000. Adicionalmente, se ha recibido un reembolso de S/953,000, relacionado a inmuebles en la que la Compañía actúa como intermediario, presentando en el estado consolidado de flujo de efectivo un pago neto de alquileres de S/12,244,000.

3.3 Significant estimations and assumptions

InRetail Real Estate's Management has used certain estimates and assumptions for the preparation of the interim consolidated financial statements, such as the method of depreciation, useful lives and residual values of facilities, furniture and equipment, fair value of investment properties, impairment of non-financial assets and taxes estimation; therefore, the final results could differ from the amounts recorded by InRetail Real Estate.

4. Cash and cash equivalent

(a) The composition of this caption is presented below:

| | As of December 31, 2019 S/(000) | As of December 31, 2018 S/(000) |
|----------------------|---------------------------------------|---------------------------------------|
| Cash | 38 | 37 |
| Current accounts (b) | 31,265 | 26,944 |
| Total | 31,303 | 26,981 |

(b) The current accounts comprise accounts in Soles and US Dollars, in local financial institutions, free of liens, unrestricted and do not bear interests.

Notes to the interim consolidated financial statements (continued)

5. Investments at fair value through equity

As of December 31, 2019, the Company has other investments at fair value through equity for an amount of US\$49,278,000 equivalent to S/163,454,000 (US\$38,738,000 equivalent to S/130,895,000 as of December 31, 2018).

6. Investments at fair value through profit or loss

(a) The composition of this caption is presented below:

| Entity | As of December 31, 2019 S/(000) | As of December 31, 2018 S/(000) |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Mutual funds managed by Sura S.A. SAF | 8,112 | 11,664 |
| Total | 8,112 | 11,664 |

As of December 31, 2019 and December 31, 2018, these mutual funds have been invested in a portfolio of financial instruments issued by renowned financial institutions of the local market. The results from this valuation are presented in the "Financial Income" caption of the consolidated statement of income.

7. Trade receivables, net

(a) The composition of this caption is presented below:

| | As of December 31, 2019 S/(000) | As of December 31, 2018 S/(000) |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Rents receivable (b) | 24,000 | 17,975 |
| Unbilled services (c) | 20,620 | 15,079 |
| Documents receivable | 2,463 | 1,815 |
| Total trade receivables | 47,083 | 34,869 |
| Allowance for doubtful accounts (e) | (9,448) | (8,579) |
| Total trade receivables, net | 37,635 | 26,290 |

(b) As of December 31, 2019 and December 31, 2018, trade accounts receivable are denominated in Soles and US Dollars, have current maturities and do not accrue interest.

Notes to the interim consolidated financial statements (continued)

- (c) As of December 31, 2019 and December 31, 2018, mainly corresponds to unbilled lease services for variable and fixed rents, which are billed during the following month.
- (d) As of December 31, 2019 and December 31, 2018 the analysis of trade receivables is as follows:

| | Balance as of December 31, 2019 | | |
|----------------------|--|----------------------------|-------------------------|
| | Non-impaired S/(000) | Impaired S/(000) | Total S/(000) |
| Not past-due | 23,545 | - | 23,545 |
| Past-due | | | |
| From 1 to 90 days | 11,301 | - | 11,301 |
| From 91 to 120 days | 1,096 | 164 | 1,260 |
| From 121 to 180 days | 1,290 | 291 | 1,581 |
| From 181 to 270 days | 369 | 369 | 738 |
| More than 271 days | 34 | 8,624 | 8,658 |
| Total | 37,635 | 9,448 | 47,083 |

| | Balance as of December 31, 2018 | | |
|----------------------|--|----------------------------|-------------------------|
| | Non-impaired S/(000) | Impaired S/(000) | Total S/(000) |
| Not past-due | 15,079 | - | 15,079 |
| Past-due | | | |
| From 1 to 90 days | 10,745 | 75 | 10,820 |
| From 91 to 120 days | 239 | 154 | 393 |
| From 121 to 180 days | 155 | 379 | 534 |
| From 181 to 270 days | 53 | 725 | 778 |
| More than 271 days | 19 | 7,246 | 7,265 |
| Total | 26,290 | 8,579 | 34,869 |

Past-due trade accounts receivable mainly correspond to tenants, who hold current contracts at the date of this report and operate in the shopping malls. Likewise, the past-due accounts which have a payment agreement are considered as not impaired; therefore they do not represent risk of uncollectibility.

Notes to the interim consolidated financial statements (continued)

(e) The movement of the provision for impairment as of December 31, 2019 and 2018 is as follows:

| | 2019 | 2018 |
|--|--------------|--------------|
| | S/(000) | S/(000) |
| Balance at the beginning of the year | 8,579 | 6,021 |
| Subsidiary acquisition | - | 591 |
| Provision recognized as period expense, note 23(b) | 1,573 | 2,209 |
| Recoveries, note 23(b) | (727) | (211) |
| Exchange difference | 23 | (31) |
| Balance at the end of the period | 9,448 | 8,579 |

In the opinion of InRetail Real Estate's Management, the provision for impairment appropriately covers the credit risk as of December 31, 2019 and December 31, 2018.

8. Other receivables

(a) The composition of this caption is presented below:

| | As of December 31, | As of December 31, |
|--|---------------------------|---------------------------|
| | 2019 | 2018 |
| | S/(000) | S/(000) |
| By type: | | |
| Outstanding advances (b) | 646 | 3,357 |
| Fund retained - Banco de la Nación (c) | 10,212 | 15,435 |
| Others | 3,227 | 6,142 |
| Total | 14,085 | 24,934 |

(b) As of December 31, 2019 and December 31, 2018, correspond to advances given to suppliers related to projects for the investments properties.

(c) In accordance with Superintendence Resolution N°183-2004/SUNAT, funds held in Banco de la Nación must be used exclusively for the payments of tax debts, or it is possible to request a cash reimbursement. In the case of the Company and its Subsidiaries, these funds have been used entirely for tax payments.

(d) In the opinion of InRetail Real Estate's Management, it is not necessary to make a provision for impairment as of December 31, 2019 and December 31, 2018, as no credit risk has been identified.

Notes to the interim consolidated financial statements (continued)

9. Prepaid expenses

(a) The composition of this caption is presented below:

| | As of December 31, 2019 | As of December 31, 2018 |
|-------------------------------|------------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Insurance paid in advance (b) | 86 | 98 |
| Others | 587 | 945 |
| Total | 673 | 1,043 |

(b) Corresponds mainly to insurance payments on properties of the Company and its Subsidiaries.

10. Recoverable taxes

(a) The composition of this caption is presented below:

| | As of December 31, 2019 | As of December 31, 2018 |
|------------------------------------|------------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| By type: | | |
| Tax credit for value-added-tax (b) | 24,871 | 20,315 |
| Income tax payment | 3,070 | 3,822 |
| Others | 1,118 | 901 |
| Total | 29,059 | 25,038 |
| By term: | | |
| Current | 14,418 | 22,206 |
| Non-current | 14,641 | 2,832 |
| Total | 29,059 | 25,038 |

(b) Corresponds to the tax credit for value-added-tax originated mainly from the development and construction of the shopping malls of Lima and provinces, as well as from other payments related to the operations of Interproperties Holding and Interproperties Holding II (SPE's). In the opinion of InRetail Real Estate's Management, this tax credit will be recovered off-setting it against the balances payable of said tax generated mainly by the rental income from InRetail Real Estate's properties.

Notes to the interim consolidated financial statements (continued)

11. Facilities, furniture and equipment, net

(a) The movement of cost and accumulated depreciation is presented below:

| | Right-of-use asset S/(000) | Facilities S/(000) | Furniture and fixtures S/(000) | Transport units S/(000) | Equipment miscellaneous S/(000) | Work in progress S/(000) | Total S/(000) |
|--|----------------------------------|-----------------------|--------------------------------------|-------------------------------|---------------------------------------|--------------------------------|------------------|
| Cost | | | | | | | |
| Balance as of January 1, 2019 | - | 5,922 | 4,215 | 696 | 11,698 | 365 | 22,896 |
| First-time adoption of IFRS 16 | 145,189 | - | - | - | - | - | 145,189 |
| Additions | 5,676 | 1,459 | 9 | 167 | 3,866 | 10 | 11,187 |
| Disposals and/or sales | - | - | - | (143) | - | - | (143) |
| Balance as of December 31, 2019 | 150,865 | 7,381 | 4,224 | 720 | 15,564 | 375 | 179,129 |
| Accumulated depreciation | | | | | | | |
| Balance as of January 1, 2019 | - | 4,227 | 3,140 | 281 | 7,144 | - | 14,792 |
| Depreciation of the period, Note 22(a) and 23(b) | 7,663 | 1,168 | 264 | 140 | 1,956 | - | 11,191 |
| Disposals and/or sales | - | - | - | (89) | - | - | (89) |
| Balance as of December 31, 2019 | 7,663 | 5,395 | 3,404 | 332 | 9,100 | - | 25,894 |
| Net cost as of September 30, 2019 | 143,202 | 1,986 | 820 | 388 | 6,464 | 375 | 153,235 |
| Net cost as of December 31, 2018 | - | 1,695 | 1,075 | 415 | 4,554 | 365 | 8,104 |

(b) As of December 31, 2019 and December 31, 2018, there are no pledges or guarantees provided to third parties on the facilities, furniture and equipment of InRetail Real Estate.

(c) As of December 31, 2019 and December 31, 2018, InRetail Real Estate's Management performed an assessment of the facilities, furniture and equipment, and has not found any impairment indicator on those assets. In its opinion, the book value of the facilities, furniture and equipment is recoverable with the income generated by InRetail Real Estate.

Notes to the interim consolidated financial statements (continued)

12. Investment properties

(a) The composition of this caption is presented below:

| | As of December 31, 2019 S/(000) | As of December 31, 2018 S/(000) |
|--|---------------------------------------|---------------------------------------|
| Real Plaza Salaverry shopping mall (i) | 488,395 | 468,989 |
| Real Plaza Puruchuco shopping mall | 614,855 | 328,796 |
| Real Plaza Chiclayo shopping mall | 317,989 | 273,260 |
| Real Plaza Cusco shopping mall (i) | 306,755 | 265,564 |
| Real Plaza Piura shopping mall | 272,400 | 241,128 |
| Real Plaza Centro Cívico shopping mall (i) | 239,612 | 235,604 |
| Real Plaza Primavera shopping mall | 240,213 | 226,960 |
| Real Plaza Trujillo shopping mall | 246,892 | 212,241 |
| Real Plaza Pucallpa shopping mall | 142,472 | 167,717 |
| Real Plaza Huancayo shopping mall (i) | 169,573 | 167,370 |
| Real Plaza Huánuco shopping mall (i) | 134,551 | 120,781 |
| Real Plaza Santa Clara shopping mall | 130,901 | 116,567 |
| Real Plaza Pro shopping mall | 116,640 | 109,199 |
| Real Plaza Cajamarca shopping mall | 101,663 | 98,442 |
| Real Plaza Juliaca shopping mall (i) | 95,315 | 95,917 |
| Real Plaza Arequipa shopping mall (i) | 80,042 | 80,820 |
| Real Plaza Chorrillos shopping mall | 79,432 | 77,922 |
| Real Plaza Sullana shopping mall | 55,195 | 52,362 |
| Real Plaza Nuevo Chimbote shopping mall | 46,104 | 42,986 |
| Jirón de la Unión | 18,588 | 18,604 |
| Others (ii) | 312,728 | 270,086 |
| Total | 4,210,315 | 3,671,315 |

(i) For the construction of these shopping malls and properties, surface rights contracts were subscribed with the Arzobispado de Cusco (on land in Cusco “San Antonio”), Municipalidad provincial de Huánuco (on land of “Real Plaza Huánuco” shopping mall), Oficina de Normalización Provisional – ONP (Centro Cívico), Ferrovías Central Andina S.A. (Huancayo), the Association denominated “Religiosas del Sagrado Corazón de Jesús” (Arequipa), Ferrocarril Trasandino S.A. (Juliaca), and the Marina de Guerra del Perú (Salaverry). The terms of these contracts range from 20 to 70 years.

(ii) Corresponds mainly to lands on which real estate projects will be developed, mainly shopping malls branded “Real Plaza”. In the opinion of InRetail Real Estate’s Management the book values of these investment properties do not differ significantly from their fair values as of December 31, 2019 and as of December 31, 2018.

“Real Plaza” shopping malls comprise a hypermarket, department store, home improvement store, commercial premises, a cinema complex and entertainment zone for which there have been subscribed contracts that include minimum monthly fixed rental payments and variable rent based on the retail sales of the tenants.

Notes to the interim consolidated financial statements (continued)

- (b) The movement of this caption for the twelve-month period ended as of December 31, 2019 and 2018 is as follows:

| | 2019 S/(000) | 2018 S/(000) |
|---|------------------|------------------|
| Balance at the beginning of the year | 3,671,315 | 3,202,400 |
| Subsidiary acquisition | - | 2,798 |
| Additions | 362,236 | 456,438 |
| Disposal | (22) | (8,458) |
| Fair value adjustment | 176,786 | 18,137 |
| Balance at the end of the period | 4,210,315 | 3,671,315 |

The fair value of the investment properties has been determined by InRetail Real Estate's Management on the basis of the discounted cash flows method and/or by the value assigned by an independent appraiser in the case of the land of investment properties under construction and for those held to operate in the future. The valuation is prepared on an aggregate and deleveraged basis. In order to estimate the fair value of investment properties, Management has used its market knowledge and professional judgment, aside from historical comparable transactions.

13. Derivative financial instrument

As of December 31, 2019 and December 31, 2018, this item comprises a principal Call Spread. The Call Spread contract was designated to hedge cash flows and was recorded at its fair value. The detail of this operation is as follows:

| Counterparty | Nominal value US\$(000) | Due | Pay fix rate at % | Book value of the hedged item | Fair value | Fair value |
|-----------------|----------------------------|------------|-------------------------|-------------------------------------|-----------------|-----------------|
| | | | | | 2019 S/(000) | 2018 S/(000) |
| J.P. Morgan (a) | 350,000 | April 2028 | 1.05 | 1,160,950 | 67,405 | 77,257 |
| Total | | | | | 67,405 | 77,257 |

Notes to the interim consolidated financial statements (continued)

- (a) In March 2018, Patrimonio en Fideicomiso D.S. 093-2002-EF InRetail Shopping Malls, Subsidiary of the Company, decided to carry out hedging operations through a Foreign Currency Call Spread for the financial obligations it holds for the "Senior Notes Unsecured", that were issued in April 2018, between the contract date of the Call Spread and the date of issuance of the bond, this contract was registered as a trading instrument. From the date of issue of the "Senior Notes Unsecured" for the purposes of IFRS 9, it was classified as an effective hedging instrument.

This instrument covers 100 percent of the exposure in foreign currency of the principal of the issuance and protects exchange rate variations between S/3.26 and S/3.75 per US\$1.00. The premium price was financed in installments equal to the issuance.

14. Trade payables

- (a) The composition of this caption is presented below:

| | As of December 31, 2019 S/(000) | As of December 31, 2018 S/(000) |
|------------------------------------|---------------------------------------|---------------------------------------|
| Bills payable to third parties (b) | 26,784 | 45,124 |
| Provision of services unbilled (c) | 32,779 | 9,830 |
| Total | 59,563 | 54,954 |
| By term: | | |
| Current | 43,305 | 46,044 |
| Non current | 16,258 | 8,910 |
| | 59,563 | 54,954 |

- (b) As of December 31, 2019 and December 31, 2018, trade payables mainly comprise the liabilities with contractors for the construction works and/or refurbishing of shopping malls. Bills payables are denominated in Soles and US Dollars, do not accrue interests and their maturities don't exceed the current period.
- (c) Correspond to provisions for services received but unbilled by suppliers, mainly from services provided by construction companies in the last quarter of the period. In the opinion of InRetail Real Estate's Management, provisions are enough to fulfill the liabilities once they are billed.

Notes to the interim consolidated financial statements (continued)

15. Other liabilities

(a) The composition of this caption is presented below:

| | As of December 31, 2019 | As of December 31, 2018 |
|--|------------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| By type: | | |
| Interest payable (c) | 26,957 | 27,091 |
| Deferred income (b) | 27,360 | 16,814 |
| Value added tax | 435 | 435 |
| Deposits from third parties (d) | 4,226 | 3,593 |
| Workers' profit sharing | 483 | 2,236 |
| Remunerations and social benefits to be paid | 3,242 | 1,344 |
| Tax payables | 747 | 1,504 |
| Vacations | 48 | 186 |
| Other payables | 30,025 | 15,887 |
| Total | 93,523 | 69,090 |
| By term: | | |
| Current | 75,024 | 59,012 |
| Non-current | 18,499 | 10,078 |
| Total | 93,523 | 69,090 |

(b) The composition of the deferred income caption is presented below:

| | As of December 31, 2019 | As of December 31, 2018 |
|-----------------|------------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Key money (b.1) | 23,820 | 14,362 |
| Advanced rents | - | 1,591 |
| Others | 3,540 | 861 |
| Total | 27,360 | 16,814 |

- (b.1) As of December 31, 2019 and December 31, 2018, corresponds to the payment of key money from several tenants that operate in the Real Plaza shopping malls.
- (c) As of December 31, 2019 and December 31, 2018, corresponds mainly to interest payable originated from the private offering of "Senior Notes Unsecured" maturing in 2028 and 2034 that accrue an annual interest at a rate of 5.75, 6.5625 and 7.875 percent.
- (d) As of December 31, 2019 and December 31, 2018, it mainly corresponds to deposits from the tenants of the Real Plaza shopping malls Arequipa, Primavera, Pro, Santa Clara, Huancayo, Huánuco, Trujillo, Cajamarca, Juliaca, Salaverry, Pucallpa, Centro Cívico and Nuevo Chimbote.

These deposits do not accrue interest and will be refunded in the original currency at the end of the lease contract.

Notes to the interim consolidated financial statements (continued)

16. Lease liability

On January 1, 2019, IFRS 16 "Leases" entered into force, requiring the presentation of an asset for right-of-use and a financial liability that reflects the future payments brought to the present value of the leases.

The movement of this caption for the twelve-month period ended as of December 31, 2019 is as follows:

| | As of December 31, 2019 |
|---------------------------|------------------------------------|
| | <u>S/(000)</u> |
| Initial balance | - |
| First adoption of IFRS 16 | 203,556 |
| Additions | 5,676 |
| Amortization | (3,972) |
| Exchange rate | (2,634) |
| Final balance | <u>202,626</u> |
| Current | 2,907 |
| Non-current | 199,719 |
| Final balance | <u>202,626</u> |

Additionally, in the twelve-month period ended as of December 31, 2019, interest related to the lease liability S/9,225,000 has been accrued.

Notes to the interim consolidated financial statements (continued)

17. Financial obligations

(a) The composition of this caption is presented below:

| Type of Obligation | Original | | Maturity final | Total | | | | Current | | Non-current | |
|--|----------|-------------------------|-------------------|-----------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Currency | Interest Rate % | | Original Amount | | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| | | | | US\$ (000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Bonds issuance | | | | | | | | | | | |
| Senior Notes Unsecured (b) | USD | 5.750 | 2028 | 350,000 | - | 1,087,035 | 1,100,785 | - | - | 1,087,035 | 1,100,785 |
| Senior Notes Unsecured (c) | PEN | 7.875 | 2034 | - | 141,000 | 135,514 | 135,446 | - | - | 135,514 | 135,446 |
| Senior Notes Unsecured (b) | PEN | 6.563 | 2028 | - | 313,500 | 309,859 | 309,540 | - | - | 309,859 | 309,540 |
| | | | | 350,000 | 454,500 | 1,532,408 | 1,545,771 | - | - | 1,532,408 | 1,545,771 |
| Leasings | | | | | | | | | | | |
| Related entities | | | | | | | | | | | |
| Banco Internacional del Perú-Interbank | USD | 5.300 | 2020 | 194 | - | 197 | 171 | 142 | 150 | 55 | 21 |
| Non-related entities | | | | | | | | | | | |
| Banco de Crédito del Perú (d) | PEN | 8.020 | 2019 | - | 54,748 | - | 4,223 | - | 4,223 | - | - |
| Banco de Crédito del Perú (e) | PEN | 7.970 | 2023 | - | 32,926 | - | 19,709 | - | 3,569 | - | 16,140 |
| Banco de Crédito del Perú (f) | PEN | 8.060 | 2024 | - | 20,726 | - | 13,199 | - | 2,038 | - | 11,161 |
| Scotiabank Perú S.A.A. | PEN | 5.350 | 2025 | - | 239,970 | 239,970 | 109,060 | - | - | 239,970 | 109,060 |
| Hewlett Packard S.A. | USD | Between 3.300 and 6.200 | 2019 - 2023 | 568 | - | 2,176 | 785 | 1,330 | 440 | 846 | 345 |
| CSI Renting | USD | Between 2.720 and 5.130 | 2019 - 2022 | 354 | - | 650 | 508 | 280 | 221 | 370 | 287 |
| Infratech | USD | 5.000 | 2019 - 2020 | 66 | - | 37 | 107 | 37 | 76 | - | 31 |
| | | | | 1,182 | 348,370 | 243,030 | 147,762 | 1,789 | 10,717 | 241,241 | 137,045 |
| Promissory notes and loans | | | | | | | | | | | |
| Non-related entities | | | | | | | | | | | |
| Scotiabank Perú S.A.A. (g) | PEN | 6.700 | 2019 | - | 100,000 | - | 24,940 | - | 24,940 | - | - |
| Scotiabank Perú S.A.A. (g) | PEN | 5.250 | 2026 | - | 50,000 | 49,589 | - | 4,932 | - | 44,657 | - |
| Banco de Crédito del Perú | USD | 2.840 | 2020 | 5,999 | - | 19,902 | - | 19,902 | - | - | - |
| Call Spread financing, Note 13 | | | | | | | | | | | |
| JP. Morgan | USD | 10.205 | 2028 | 23,440 | - | 70,086 | 76,567 | 5,634 | 5,170 | 64,452 | 71,397 |
| | | | | 29,439 | 150,000 | 139,577 | 101,507 | 30,468 | 30,110 | 109,109 | 71,397 |
| Total | | | | 380,621 | 952,870 | 1,915,015 | 1,795,040 | 32,257 | 40,827 | 1,882,758 | 1,754,213 |

Notes to the interim consolidated financial statements (continued)

- (b) In April, 2018, Patrimonio en Fideicomiso D.S. 093-2002-EF InRetail Shopping Malls, Subsidiary of the Company, has issued debt instruments ("Notes") denominated in US Dollars through a private offer to institutional investors under Rule 144A and Regulation S, for US\$350,000,000, equivalent to S/1,160,950,000 as of December 31, 2019 (S/1,182,650,000 as of December 31, 2018) that accrues an annual interest of 5.75 percent, with a maturity of 10 years, with semi-annual interest payments and the principal in a single installment upon maturity of the securities. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 6.752 percent, after considering the respective up-front fees that amounted to US\$22,283,000 equivalent to approximately S/73,915,000 as of December 31, 2019 (US\$24,228,000 equivalent to approximately S/81,865,000 as of December 31, 2018).

Additionally, in April 2018, the Company's Subsidiary issued debt instruments ("Notes") denominated in Soles for S/313,500,000 that bear an annual interest rate of 6.5625 percent, maturing in 10 years and paying semiannual interest and the principal in a single installment at the expiration of the securities. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 6.730 percent, after considering the respective up-front fees that amounted to S/3,641,000 as of December 31, 2019 (S/3,960,000 as of December 31, 2018).

As a result of these issues, InRetail Shopping Malls must comply, until their maturity and full payment, with certain obligations and covenants for these transactions.

In the opinion of the Management, these covenants do not limit operations of the Company and its Subsidiaries and have been complied satisfactorily and are within the agreed limits as of December 31, 2019 and December 31, 2018.

- (c) In July 2014, InRetail Real Estate Corp. issued, through InRetail Shopping Malls, an offering in the local market and abroad of "Senior Notes Unsecured" for S/141,000,000, due in July 2034, at a 7.875 percent nominal interest rate. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 7.988 percent, after considering the respective up-front fees that amounted to S/1,486,000 as of December 31, 2019 (S/1,554,000 as of December 31, 2018). Additionally, as of December 31, 2019 and December 31, 2018, the balance is presented net of S/4,000,000 corresponding to the notes of this issuance held by InRetail Shopping Malls. As of December 31, 2019 and December 31, 2018, the balance of this loan is S/135,514,000 and S/135,446,000, respectively.

Notes to the interim consolidated financial statements (continued)

- (d) Corresponds to a leasing agreement with Banco de Crédito del Perú (hereinafter BCP), for an approximate amount of S/54,748,000, over a term of 120 months, for the properties that Interseguro sold through a landlord lease contract. This loan was mainly used for the acquisition of the property where Real Plaza Chiclayo shopping mall is located. BCP put the leased buildings in favor of Interproperties Peru, since it made the payment of an initial installment amounting to S/18,748,000 in October, 2009, in accordance to the leasing contract.

This obligation is associated solely with the Real Plaza Chiclayo shopping mall project and is provided with a guarantee and management trust through La Fiduciaria S.A., which securitize the future cash flows of the collection rights on the contracts of lease, sublease, usufruct and any other type of contract that the tenants of Real Plaza Chiclayo shopping mall must pay for: (a) rent (fixed and/or variable), use, penalties, indemnifications, key right and/or any type of consideration for the use or enjoyment of said premises; (b) commissions on events and sponsorships or the leases of spaces for advertisement; and, (c) in a general way, any type of collection related to the activity of Real Plaza Chiclayo shopping mall, which constitute the assets in trust that have been transferred to the trust managed by La Fiduciaria S.A.

In August 2014, the loan was restructured with a change in the interest rate, which changed from 9.02 to 8.02. As of December 31, 2019, the Company fully paid this loan.

- (e) During 2012, Interproperties Holding II (SPE), decided to enlarge Real Plaza Chiclayo shopping mall (hereinafter "Enlargement of Section 2A"), for which it signed an addendum to the Framework Contract with BCP, which committed to finance the project up to US\$12,500,000. As of December 31, 2019 and December 31, 2018, it is already operating, therefore, Interproperties Holding II has recorded the corresponding liabilities at such dates.

In June 2014, the debt was restructured with a change in the financing currency of US Dollars to Soles, the loan with the currency exchange amounted to S/32,926,000 and as a result, the interest rate changed from 7.62 to 7.97. As of December 31, 2019, the Company fully paid this loan.

- (f) During 2013, Interproperties Holding II (SPE) continued the enlargement of Real Plaza Chiclayo shopping mall (hereinafter "Enlargement of Section 2B"), for which it signed an addendum to the leasing agreement with BCP, which committed to finance the project for up to US\$7,500,000. As of December 31, 2019 and December 31, 2018, the expansion of Section 2B is finished.

In June 2014, the debt was restructured with a change in the financing currency of US Dollars to Soles, the loan with the currency exchange amounted to S/20,726,000 and as a result the interest rate changed from 7.02 to 8.06. As of December 31, 2019, the Company fully paid this loan.

- (g) Corresponds to a loan agreement with Scotiabank del Perú S.A.A. of S/100,000,000, for a period of four years, payable in quarterly installments and accrued an annual interest of 6.70 percent. This loan was used to repay debt and other corporate purposes.

This obligation was recorded in the consolidated financial statements at amortized cost with an effective annual interest rate of 7.135 percent after considering the respective initial charge of approximately S/215,000 as of December 31, 2018. As of December 31, 2019, InRetail Real Estate fully paid this loan.

Notes to the interim consolidated financial statements (continued)

- (h) In October 2019, the Company acquired a new loan agreement with Scotiabank del Perú S.A.A. of S/50,000,000, for a period of seven years, payable in quarterly installments and accrued an annual interest of 5.25 percent.

This obligation was recorded in the consolidated financial statements at amortized cost with an effective annual interest rate of 5.473 percent after considering the respective initial charge of approximately S/411,000 as of December 31, 2019.

- (i) Financial obligations are payable as follows:

| | As of December 31, 2019 | As of December 31, 2018 |
|--------------|------------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| 2019 | - | 40,827 |
| 2020 | 32,257 | 121,395 |
| 2021 | 6,928 | 12,945 |
| 2022 | 7,103 | 13,963 |
| 2023 | 7,594 | 13,996 |
| 2024 | 8,234 | 9,610 |
| 2025 onwards | 1,852,899 | 1,582,304 |
| Total | 1,915,015 | 1,795,040 |

18. Income tax

- (a) The Deferred Income Tax assets and liabilities presented in the consolidated statements as of December 31, 2019 and December 31, 2018, as well as those presented in the consolidated statement of income for the twelve months periods ended December 31, 2019 and 2018, is detailed as follows:

| Statements of financial position | As of December 31, 2019 | | As of December 31, 2018 | |
|---|--------------------------------|--------------------|--------------------------------|--------------------|
| | Assets | Liabilities | Assets | Liabilities |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Real Plaza S.R.L. | 2,261 | - | 1,521 | - |
| Inversiones Real Estate S.A. | - | 631 | - | 631 |
| Centro Comercial Estación Central | 325 | - | 301 | - |
| Inmobiliaria Puerta del Sol S.A. | - | 36,514 | - | 30,156 |
| Total | 2,586 | 37,145 | 1,822 | 30,787 |

| Statements of comprehensive income | Income tax for the twelve-month period ended December 31, 2019 and 2018 | |
|---|--|-----------------|
| | 2019 | 2018 |
| | S/(000) | S/(000) |
| Current | (114,446) | (48,538) |
| Deferred | (5,596) | (3,282) |
| Total | (120,042) | (51,820) |

Notes to the interim consolidated financial statements (continued)

19. Commitments

As of December 31, 2019, corresponds to guarantee letters in favor of third parties for approximately S/9,045,000 and US\$1,710,000 (S/8,827,000 and US\$3,391,000 as of December 31, 2018), which guarantee the compliance of obligations from contractual agreements related to the real estate projects of Interproperties Holding and Interproperties Holding II.

20. Equity

(a) Capital stock –

As of December 31, 2019 and December 31, 2018, the capital stock of InRetail Real Estate Corp. amounts to S/1,475,706,000 approximately, represented by 568,201,039 shares, issued at a nominal value of US\$1.00 each.

(b) Dividends –

At the General Meeting of Shareholders of InRetail Real Estate Corp. on April 1, 2019 agreed to distribute S/11,604,000 that was fully paid in May 2019.

(c) Earnings per share –

Earnings per share are calculated by dividing the income of the period attributable to the common shareholders of InRetail Real Estate Corp. by the weighted average number of shares outstanding during the year. Because outstanding instruments with dilutive effect are not held, basic and diluted earnings per share are the same.

The calculation of basic and diluted earnings per share is presented as follows:

| | Ordinary shares | | |
|--|------------------------------|---------------------------------|----------------------------|
| | Outstanding shares | Effective days until period-end | Weighted average of shares |
| Number as of January 1, 2018 | 568,201,039 | 360 | 568,201,039 |
| Number as of December 31, 2018 | 568,201,039 | | 568,201,039 |
| Number as of January 1, 2019 | 568,201,039 | 360 | 568,201,039 |
| Number as of December 31, 2019 | 568,201,039 | | 568,201,039 |
| For the twelve-month period ended December 31, 2019 | | | |
| | Net income (numerator) S/ | Shares (denominator) | Earnings per share S/ |
| Basic and diluted earnings per share | 266,366,000 | 568,201,039 | 0.469 |
| For the twelve-month period ended December 31, 2018 | | | |
| | Net income (numerator) S/ | Shares (denominator) | Earnings per share S/ |
| Basic and diluted earnings per share | 123,348,000 | 568,201,039 | 0.217 |

Notes to the interim consolidated financial statements (continued)

21. Income from real estate service

(a) The composition of the balance for the twelve-month periods ended as of December 31, 2019 and 2018 is presented below:

| | 2019 S/(000) | 2018 S/(000) |
|--|------------------------|------------------------|
| Rental income | | |
| Rental income (b) | 357,038 | 336,308 |
| Rent of space for publicity | 15,668 | 13,655 |
| Key money | 6,087 | 6,685 |
| Total | 378,793 | 356,648 |
| Income from management services | | |
| Common expenses (c) | 72,509 | 68,258 |
| Electricity and water (d) | 54,578 | 50,243 |
| Promotion and advertisement (e) | 19,919 | 18,502 |
| Parking | 11,671 | 9,493 |
| Management services | 1,152 | 1,117 |
| Others | 4,328 | 3,452 |
| Total | 164,157 | 151,065 |

(b) As of December 31, 2019 and 2018, corresponds to rental income from the economic exploitation of the "Real Plaza" shopping malls.

The composition of the rental income is presented below:

| | 2019 S/(000) | 2018 S/(000) |
|------------------------|------------------------|------------------------|
| Fixed rental income | 298,917 | 284,138 |
| Variable rental income | 58,121 | 52,170 |
| Total | 357,038 | 336,308 |

(c) Corresponds to income from common expenses including expenses of maintenance, safety management and supervision of shopping malls, which are billed to each tenant according to the terms established in the lease contract.

(d) Corresponds to income from electricity and water that are assumed by the Company and are then billed to every tenant of shopping malls.

(e) Corresponds to income from advertising and promotional activities of the Real Plaza shopping malls, which are billed to every tenant of the shopping malls according to the terms established in the lease contract.

Notes to the interim consolidated financial statements (continued)

22. Costs of rental income and management services

(a) The composition of this caption for the twelve-month period ended as of December 31, 2019 and 2018 is presented below:

| | 2019 S/(000) | 2018 S/(000) |
|--|------------------------|------------------------|
| Cost of rental income | | |
| Landlord leases (b) | 18,506 | 28,563 |
| Depreciation from right-of-use asset, Note 11(a) | 7,663 | - |
| Property tax and duties | 15,228 | 14,031 |
| Property insurance costs | 5,380 | 4,039 |
| Others | 602 | 968 |
| Total | 47,379 | 47,601 |
| Cost related to income from management services | | |
| Electricity and water | 46,168 | 42,265 |
| Maintenance and administration of parking lot | 19,054 | 17,445 |
| Advertising and marketing | 18,822 | 19,461 |
| Personnel expenses | 15,794 | 14,174 |
| Cleaning services | 12,651 | 11,543 |
| Safety services | 10,819 | 8,643 |
| Leases, professional fees and communications | 3,321 | 2,818 |
| Other costs | 1,916 | 1,261 |
| Total | 128,545 | 117,610 |

(b) Correspond to the leases of land over which Interproperties Holding and Interproperties Holding II have built or have a shopping mall under construction.

23. Selling and administrative expenses

(a) The composition of this caption for the twelve-month period ended as of December 31, 2019 and 2018 is presented below:

| | 2019 S/(000) | 2018 S/(000) |
|-------------------------|------------------------|------------------------|
| Administrative expenses | 32,185 | 31,276 |
| Selling expenses | 9,394 | 9,377 |
| Total | 41,579 | 40,653 |

Notes to the interim consolidated financial statements (continued)

- (b) The components of operating expenses included in the selling and administrative expenses captions are presented below:

| | 2019 | | |
|---|-------------------------|--------------------------------|---------------|
| | Selling expenses | Administrative expenses | Total |
| | S/(000) | S/(000) | S/(000) |
| Personnel expenses | 7,005 | 18,918 | 25,923 |
| Depreciation, Note 11 (a) | - | 3,528 | 3,528 |
| Amortization | - | 712 | 712 |
| Services provided by third parties | 133 | 4,048 | 4,181 |
| Allowance for doubtful accounts, Note 7 (e) | 1,573 | - | 1,573 |
| Recovery of allowance for doubtful accounts, Note 7 (e) | (727) | - | (727) |
| Other charges | 1,410 | 4,979 | 6,389 |
| Total | 9,394 | 32,185 | 41,579 |

| | 2018 | | |
|---|-------------------------|--------------------------------|---------------|
| | Selling expenses | Administrative expenses | Total |
| | S/(000) | S/(000) | S/(000) |
| Personnel expenses | 6,271 | 17,979 | 24,250 |
| Depreciation | - | 3,342 | 3,342 |
| Amortization | - | 349 | 349 |
| Services provided by third parties | 450 | 6,130 | 6,580 |
| Allowance for doubtful accounts, Note 7 (e) | 2,209 | - | 2,209 |
| Recovery of allowance for doubtful accounts, Note 7 (e) | (211) | - | (211) |
| Other charges | 658 | 3,476 | 4,134 |
| Total | 9,377 | 31,276 | 40,653 |

Notes to the interim consolidated financial statements (continued)

24. Financial income and expenses

- (a) The composition of this caption for the twelve-month period ended as of December 31, 2019 and 2018 is presented below:

| | 2019 S/(000) | 2018 S/(000) |
|---|-----------------|-----------------|
| Income | | |
| Interest on deposits | 433 | 202 |
| Gain from sale of corporate bonds | - | 1,285 |
| Interest from loans granted | 28,483 | 22,271 |
| Others | 2,384 | 1,704 |
| Total | 31,300 | 25,462 |
| Expenses | | |
| Bond interest expenses | 98,487 | 92,023 |
| Premium for early settlement of bonds (c) | - | 24,148 |
| Premium for early settlement of Call spread (b) | - | 17,109 |
| Interest from leasing and others | 18,729 | 11,044 |
| Debt structuring expenses | 7,357 | 7,957 |
| Accrual of the Call Spread premium | 8,806 | 8,664 |
| Interest for lease liabilities | 9,225 | - |
| Other | 7,062 | 11,705 |
| Total | 149,666 | 172,650 |

- (b) In March 2018, the Call Spread with J.P. Morgan that expired in 2021 and that covered the InRetail Shopping Malls issued in 2014 bond for US\$200,000,000, was liquidated in advance, generating a premium of S/17,109,000.
- (c) In April 2018, US\$350,000,000 of the "Senior Notes Unsecured", issued in 2014, were redeemed early, by Patrimonio in D.S. Trust. 093-2002-EF InRetail Shopping Malls, Subsidiary of the Company, paying a premium of US\$7,473,000 equivalent to S/24,148,000.

25. Tax situation

- (a) InRetail Real Estate Corp. is incorporated in Panama; therefore, it is not subject to any Income Tax.

Entities and individuals not domiciled in Peru are subject to retention of an additional tax on dividends received. In this regard, attention to Legislative Decree N° 1261, published on December 10, 2017 and effective from January 1, 2017, the additional tax on dividend income generated is as follows:

- 4.1 percent of the profits generated until December 31, 2014
 - 6.8 percent for the profits generated in the years 2015 and 2016.
 - 5.0 percent for the profits generated since January 1, 2017.
- (b) Real Plaza and Inmobiliaria Puerta del Sol are domiciled in Perú and are subject to the Peruvian tax system and, in compliance with current Peruvian legislation calculate their income tax on the basis of their separate financial statements. As of December 31, 2019 and December 31, 2018, the statutory income tax rate was 29.5 percent on tax payable income, after calculating the employees profit sharing, which according to prevailing standards is computed with a rate between 5 to 8 percent.

Notes to the interim consolidated financial statements (continued)

- (c) According to the text of the Law on Income Tax, as amended by Law 29663 and 29757, since year 2012, among the transactions subject to capital duty, are those obtained by the indirect sale of shares of Peruvian companies. For these purposes, an indirect transfer is set when two instances occur together:
- (i) In first place, the market value of the shares of Peruvian society must represent 50 percent or more of the market value of non-domiciled, in any period of twelve months and,
 - (ii) In second place, 10 percent or more of the shares of the non-resident must be sold in any twelve month period;
- (d) Transactions entered within related parties and/or with tax heaven residents fall into the scope of the Peruvian Transfer Pricing rules. Such rules are based on the application of the arm's length principle, as understood by the OECD. It is important to mention that Transfer Pricing rules are only applicable for Income Tax purposes, and adjustments are allowed under certain conditions only. Based on the analysis of operations of InRetail Real Estate, its Management and legal advisors believe that the implementation of these standards does not generate any significant contingencies for InRetail Real Estate as of December 31, 2019 and December 31, 2018.
- (e) The Peruvian Tax Authority is legally entitled to perform tax audit procedures on local taxpayers for up to four years subsequent to the year of the presentation of the tax return. The Tax Authority is entitled to challenge the Income Tax calculation performed by such taxpayers. Following are the years subject to review by the tax authority of the Subsidiaries of InRetail Real estate Corp. incorporated in Perú:

| | Income Tax | Value added tax |
|--|-----------------------|----------------------------|
| Real Plaza S.R.L. | 2015 and 2017 to 2019 | From 2015 to 2019 |
| Inmobiliaria Puerta del Sol S.A. | From 2015 to 2019 | From 2015 to 2019 |
| Inversiones Real Estate S.A. | From 2015 to 2019 | From 2015 to 2019 |
| Centro Comercial Estación Central S.A. | From 2015 to 2019 | From 2015 to 2019 |

In accordance with Peruvian law, InRetail Shopping Malls, Interproperties Holding and Interproperties Holding II, Special Purpose Entities, are not considered to be taxpayers due to their conditions as trusts but they attribute their obtained income, net losses and tax credits on their foreign source income to the holders of their certificates of participation. Therefore, to reflect this obligation, the Company has provisioned 30 percent of long term income tax over the profits earned to date. As of December 31, 2019 and December 31, 2018, the accrued income tax amounted to S/390,761,000 and S/278,534,000, respectively.

Due to the possible interpretations that the Tax Auditory may give to the legal regulations currently in force, it is not possible to determine, to date, whether the examinations performed will or will not result in liabilities for InRetail Real Estate and its Subsidiaries. Thus, any higher tax or charges that could result from eventual tax examinations would be applied to the results of the period in which such tax or surcharge are determined.

In the opinion of the Management of InRetail Real Estate and of its legal advisors, any subsequent additional settlement of taxes would not be significant for the consolidated financial statements as of December 31, 2019 and December 31, 2018.

Notes to the interim consolidated financial statements (continued)

26. Transactions with related companies

(a) As a result of transactions with related parties, InRetail Real Estate presents the following balances in the consolidated statements of financial position as of December 31, 2019 and December 31, 2018:

| | As of December 31, 2019 | As of December 31, 2018 |
|--|------------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Receivables | | |
| InRetail Perú Corp. (d) | 409,478 | 409,517 |
| Tiendas Peruanas Oriente S.A.C. | 6,957 | 9,298 |
| Tiendas Peruanas S.A. | 6,395 | 6,669 |
| Homecenters Peruanos S.A. (e) | 28,014 | 3,920 |
| Supermercados Peruanos S.A. (e) | 34,650 | 3,219 |
| Intercorp Retail Inc. | - | 2,010 |
| Bembos S.A.C. | 751 | 1,491 |
| IR Management S.R.L. | - | 1,270 |
| Cineplex S.A. | 613 | 900 |
| Homecenters Peruanos Oriente S.A.C. | 2 | 377 |
| Banco Internacional del Perú S.A.A.- Interbank | 2,059 | 209 |
| Plaza Veá Oriente S.A.C. | 1,272 | 191 |
| InRetail Pharma S.A. (formerly Eckerd Perú S.A.) | 1,105 | 168 |
| Mifarma S.A.C. | 19 | 26 |
| Others | 7,953 | 8,906 |
| Total | 499,268 | 448,171 |
| Current | 36,105 | 37,431 |
| Non Current | 463,163 | 410,740 |
| | 499,268 | 448,171 |
| | | |
| | As of December 31, 2019 | As of December 31, 2018 |
| | S/(000) | S/(000) |
| Payables | | |
| Interseguro Compañía de Seguros S.A. | - | 1,209 |
| Supermercados Peruanos S.A. | 326 | 255 |
| Homecenters Peruanos S.A. | 64 | 105 |
| IR Management S.R.L. | 32 | - |
| InRetail Pharma S.A. (formerly Eckerd Perú S.A.) | - | 60 |
| Homecenters Oriente S.A.C. | 10 | - |
| Tiendas Peruanas S.A. | 8 | - |
| Others | 51 | 67 |
| | 491 | 1,696 |
| | | |
| Financial Obligations | | |
| Leasing: | | |
| Banco Internacional del Perú - Interbank | 197 | 171 |

InRetail Real Estate's policy with related parties is to establish transactions on similar terms and conditions to those made with third parties.

Notes to the interim consolidated financial statements (continued)

- (b) As of December 31, 2019 and December 31, 2018, InRetail Real Estate holds balances with its related entity Banco Internacional del Perú S.A.A. – Interbank in the cash and cash equivalent caption for an amount of S/23,707,000 and S/22,280,000, respectively.
- (c) Transactions with related companies have been performed under normal market conditions. The taxes that these transactions generated, as well as the calculation bases for their determination, are the usual ones in the industry and they are settled in accordance with the current tax regulations.
- (d) In April 2018, InRetail Shopping Malls, subsidiary of the Company, granted a loan to InRetail Perú Corp. of S/402,500,000 that accrues an effective annual interest rate of 6.90 percent and matures in March 2028.

As of December 31, 2019 and December 31, 2018, it includes S/27,723,000 y S/20,897,000 corresponding to accrued interest and a balance to be paid of S/6,978,000 as of December 31, 2019 (S/7,017,000 as of December 31, 2018).

On March and September 2019, the Company collect two interest installments for a total of S/27,761,000 (as of December 31, 2018, it maintained an interest balance of S/7,017,000).

- (e) As of December 31, 2019 and December 31, 2018, it corresponds mainly to the account receivable that Interproperties Perú maintains with Supermercados Peruanos S.A. and Homecenters Peruanos S.A. for an amount of S/30,410,000 and S/27,003,000, respectively. These accounts receivable are due to the fact that Interporpties Peru acts as an intermediary between the lessor (unrelated third party) and the related companies to whom the property is leased.

27. Financial risks management

The activities of InRetail Real Estate expose it to a variety of financial risks, which include the effects of the changes in the exchange rates, interest rate, credit and liquidity. The program of risk management of InRetail Real Estate tries to minimize the potential adverse effects in its financial performance.

InRetail Real Estate's Board of Directors is responsible for the overall risk management approach and for the approval of the policies and strategies currently in place. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, among others.

The most important aspects for the management of these risks are:

- (a) Market risk –
 - It is the risk that the fair values of the future cash flows of a financial instrument fluctuate due to changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and investments in shares risk. In the case of InRetail Real Estate, the financial instruments affected by market risks include loans, which are exposed to currency risk and interest rate risk.
- (i) Interest rate risk –
 - It is the risk that the fair values or future cash flows of a financial instrument fluctuate due to changes in market interest rates. InRetail Real Estate manages its interest rate risk through the obtaining of debt with fixed interest rate. As of December 31, 2019 and December 31, 2018, InRetail Real Estate does not maintain debts at variable rate, which would be exposed to the risk of change in the interest rate.

Notes to the interim consolidated financial statements (continued)

(ii) Exchange rate risk –

It is the risk that the fair values of future cash flows of a financial instrument fluctuate due to changes in exchange rates. The exposure of InRetail Real Estate to exchange rate risk is related mainly to the operating activities of InRetail Real Estate related to rental income in foreign currency and financial obligations.

As of December 31, 2019 and December 31, 2018, assets and liabilities by currency were the following (expressed in Thousands US Dollars):

| | As of December 31, 2019 | As of December 31, 2018 |
|--|------------------------------------|------------------------------------|
| | US\$(000) | US\$(000) |
| Assets | | |
| Cash and cash equivalents | 1,846 | 1,381 |
| Investments at fair value through equity | 49,278 | 38,738 |
| Trade receivables, net | 1,087 | 306 |
| Other receivables, net | 53 | 770 |
| Accounts receivable from related parties | 2,157 | 2,259 |
| Total assets | 54,421 | 43,454 |
| Liabilities | | |
| Trade payables | (3,249) | (3,221) |
| Other liabilities | (6,333) | (7,199) |
| Accounts payable to related parties | (74) | (228) |
| Lease liability | (218) | - |
| Financial obligations | (355,768) | (348,897) |
| Total liabilities | (365,642) | (359,545) |
| Call Spread | 350,000 | 350,000 |
| Net asset position | 38,779 | 33,909 |

As of December 31, 2019 and December 31, 2018, InRetail Real Estate and its Subsidiaries have decided to reduce its exchange rate risk by entering into a hedging operation through a Call Spread written over its "Senior Notes Unsecured", which is considered an effective hedging instrument.

The Call Spread is written over a nominal amount of US\$350,000,000 as of December 31, 2019 and December 31, 2018, protects it from exchange rate fluctuations between S/3.26 and S/3.75 and will be effective until maturity of the "Senior Notes Unsecured". See further detail in Note 13 and 17.

In March 2018, the Call Spread with J.P.Morgan that covered InRetail Shopping Malls bonds of US\$200,000,000 was liquidated in advance, paying an exit premium of S/17,109,000. See note 24.

Transactions in foreign currency are performed at free market exchange rates. As of December 31, 2019, the market weighted average exchange rate for transactions in US dollars was S/3.311 per US\$1.00 bid and S/3.317 per US\$1.00 ask (S/3.369 per US\$1.00 bid and S/3.379 per US\$1.00 ask as of December 31, 2018).

Notes to the interim consolidated financial statements (continued)

For the twelve-month period ended as of December 31, 2019, InRetail Real Estate incurred into a net gain for exchange difference of approximately S/2,494,000 (net loss of S/2,775,000 as of December 31, 2018), which is presented in the caption "Exchange difference, net" the consolidated statements of income and other comprehensive income.

(b) Credit risk –

It is the risk that a counterparty cannot comply with its obligations regarding a financial instrument or sales contract, thus generating a financial loss. InRetail Real Estate is exposed to credit risk for its operating activities (mainly accounts receivable and loans) and for its financing activities, including bank deposits.

Credit risk related to accounts receivable –

The credit risk of clients is managed by Management, and it is subject to policies, procedures and controls properly established. The pending balances on accounts receivable are reviewed periodically to assure their recovery. The maximum exposure to credit risk at the date of the consolidated statement of financial position is the book value of each class of financial asset.

Credit risk related to financial instruments and bank deposits –

The credit risk of bank balances is managed by Management in accordance with the policies of InRetail Real Estate. The investments of cash surpluses are performed through a first-level related financial institution. The maximum exposure to credit risk as of December 31, 2019 and December 31, 2018, is the book value of the balances of cash and cash equivalent.

(c) Liquidity risk –

Liquidity is controlled through the matching of the maturities of assets and liabilities, the obtaining of credit lines and/or maintaining of liquidity surpluses, which allows InRetail Real Estate to develop its activities in a normal way.

Managing liquidity risk implies maintaining sufficient cash and financing availability, through a suitable amount of committed credit sources and the ability to settle transactions, mainly of indebtedness. In this matter, Management directs its efforts to maintain financing sources through the availability of credit lines.

28. Fair value of financial instruments –

Fair value is defined as the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, assuming an on-going enterprise.

When a financial instrument is traded on an active and liquid market, its quoted market price in an actual transaction provides the best evidence of its fair value. When a quoted market price is not available, or may not be indicative of the fair value of the financial instrument to determine such fair value it is possible to use the current fair value of another financial instrument that is substantially similar, discounted cash flow analysis or other techniques applicable thereto, all of which are significantly affected by the assumptions applied. Although Management uses its best judgment in estimating the fair value of these financial instruments, there are inherent weaknesses in any estimation technique. As a result, the fair value may not be indicative of the net realizable value of settlement value of the financial instrument.

Notes to the interim consolidated financial statements (continued)

The following methods and assumptions were used to estimate the fair values of the financial instruments:

- (a) Financial instruments whose fair value is similar to their book value-
For financial assets and liabilities that are liquid or have short-term maturities (less than three-months), such as cash and cash equivalents, trade receivables, accounts receivable to related parties and other receivables, trade accounts payable and other current liabilities, it is deemed that their book values are similar to their fair values.
- (b) Financial instruments at fixed rate –
The fair value of the financial assets and liabilities at fixed rate and at amortized cost is determined by comparing the market interest rate at the moment of their initial recognition to the current market rates related to similar financial instruments. The estimated fair value of financial obligations that accrue interests is determined through discounted cash flows by using the currently available rates for debts with similar conditions, credit risk and maturities.

29. Additional explanation for English translation

The accompanying consolidated financial statements are presented on the basis of the IFRS. Certain accounting practices applied by the InRetail Group may differ in certain respects from accounting principles generally accepted in other countries. In the event of any discrepancy, the Spanish-language version prevails.