



BVL: INRETC1



## EARNINGS REPORT FOURTH QUARTER 2014

February, 2015

This management discussion and analysis should be used in combination with 4Q 2014 financial statements prepared for:

- InRetail Perú Corp.
- InRetail Consumer
- InRetail Shopping Malls

That can be downloaded from our website: [www.inretail.pe](http://www.inretail.pe)

## Index

- I. Highlights for the Fourth Quarter 2014 ..... 4
- II. Consolidated Financial Statements ..... 7
- III. Results Analysis ..... 9
- IV. Main Events ..... 22
- V. Key Indicators ..... 23

## I. Highlights for the Fourth Quarter 2014

### InRetail Peru Consolidated

- Consolidated Revenues of S/. 1,738 million, a 16.5% growth over Q4 2013
- Adjusted EBITDA of S/. 202 million, a 26.3% growth over Q4 2013
- Adjusted EBITDA margin of 11.6%, expanding from 10.7% in Q4 2013
- Consolidated Net Income resulted in a gain of S/. 21 million compared to a gain of S/. 66 million in Q4 2013

### InRetail Consumer

- Consolidated Revenues of S/. 1,633 million, a 13.5% growth over Q4 2013
- Adjusted EBITDA of S/. 133 million, a 8.7% growth over Q4 2013
- Adjusted EBITDA margin of 8.2%, compared to 8.5% in Q4 2013

### Supermarkets

- Revenues of S/. 1,094 million, a 14.8% growth over Q4 2013
- Same store sales increased 4.9% in Q4 2014, 4.4% in 2014
- Adjusted EBITDA of S/. 85 million, a 4.6% growth over Q4 2013
- Adjusted EBITDA margin of 7.8%, compared to 8.5% in Q4 2013
- 2 stores opened, 3 store expansions and one legacy format *Economax* store closed in Q4 2014 (8,616 sqm of additional sales area); 6 stores opened, 5 store expansions (28,154 sqm of new sales area) and 3 legacy format *Economax* stores closed in 2014 (additional 21,109 sqm, net of closings) reaching a total of 101 stores (269,718 sqm)

### Pharmacies

- Revenues of S/. 541 million, a 11.0% growth over Q4 2013
- Same store sales growth of 5.9% in Q4 2014, 8.5% in 2014
- Adjusted EBITDA of S/. 49 million, a 17.6% growth over Q4 2013
- Adjusted EBITDA margin of 9.0%, expanding from 8.5% in Q4 2013
- 55 stores opened and 5 stores closed in Q4 2014; 124 stores opened and 12 stores closed in 2014 (+15.4%), total of 837 stores

### **InRetail Shopping Malls**

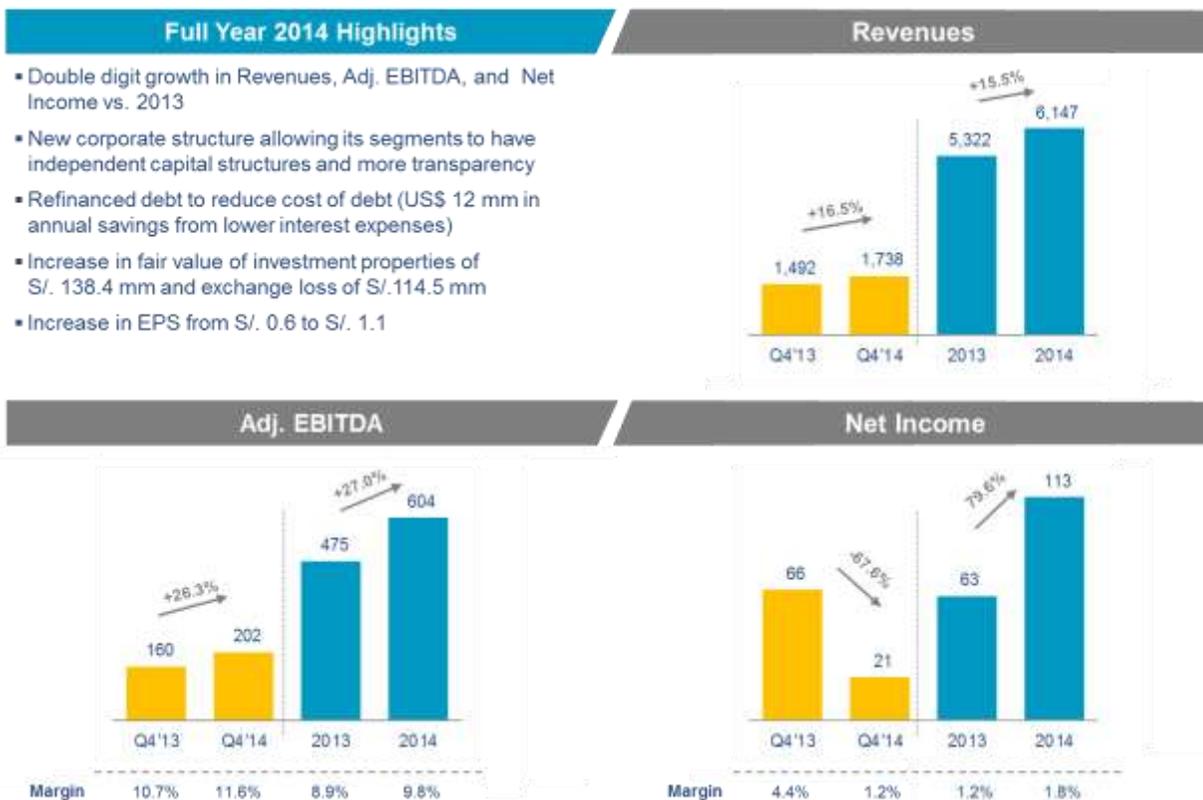
- Revenues of S/. 110 million, a 73.0% growth over Q4 2013
- Adjusted EBITDA of S/. 68 million, a 77.8% growth over Q4 2013
- Adjusted EBITDA margin of 62.0%, expanding from 60.3% in Q4 2013
- Expansion of 3 shopping malls, adding 11,120 sqm of GLA; 154,880 sqm of additional GLA in 2014 from two new shopping malls, Real Plaza Centro Civico and Real Plaza Salaverry; and shopping mall expansions in 2014, reaching a total GLA of 553,431 sqm<sup>1</sup>

---

<sup>1</sup> Total GLA of 607,120 sqm including 3 managed properties.

**Q4'14 Consolidated Results**

Million Soles (S/. mm)



**InRetail Peru at a Glance**

	Supermercados	Farmacias	Shopping Malls	
2014 (S/. millones)				
Ingresos	3,757	2,086	349	6,147 <sup>2</sup>
% de Ingresos	60.7%	33.7%	5.6%	
EBITDA ajustado <sup>3</sup>	232	185	202	604
% of EBITDA Ajustado	37.4%	29.9%	32.7%	
# Tiendas/ Propiedades	101	837	20 <sup>4</sup>	
Área de ventas / área bruta arrendable	269,718 m <sup>2</sup>	N/A	607,120 m <sup>2</sup>	
# Empleados	14,598	10,697	435	

<sup>2</sup> Revenues net of intercompany eliminations.

<sup>3</sup> 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.

<sup>4</sup> Includes 17 owned (553,431 sqm of GLA) and 3 managed properties.

## II. Consolidated Financial Statements

### Consolidated Income Statement

Fourth Quarter of 2014, compared to Fourth Quarter of 2013

Twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013

#### InRetail Peru Corp

##### Consolidated Income Statement

In Millions	Fourth Quarter			For the year ended December 31,		
	2014 (Nuevos Soles )	2013	Change %	2014 (Nuevos Soles )	2013	Change %
<b>Revenues:</b>						
<b>InRetail Consumer:</b>	<b>1,633</b>	<b>1,439</b>	<b>13.5%</b>	<b>5,833</b>	<b>5,142</b>	<b>13.4%</b>
Supermarkets	1,094	953	14.8%	3,757	3,329	12.9%
Pharmacies	541	488	11.0%	2,086	1,824	14.4%
Intersegment transactions	-3	-2	16.6%	-10	-10	0.5%
<b>InRetail Shopping Malls:</b>	<b>110</b>	<b>63</b>	<b>73.0%</b>	<b>349</b>	<b>215</b>	<b>62.7%</b>
Intercompany transactions	-4	-10	-54.5%	-35	-35	1.0%
<b>Total revenues</b>	<b>1,738</b>	<b>1,492</b>	<b>16.5%</b>	<b>6,147</b>	<b>5,322</b>	<b>15.5%</b>
<b>Cost of sales:</b>						
<b>InRetail Consumer</b>	<b>-1,184</b>	<b>-1,035</b>	<b>14.5%</b>	<b>-4,225</b>	<b>-3,747</b>	<b>12.7%</b>
Supermarkets	-812	-699	16.2%	-2,794	-2,480	12.7%
Pharmacies	-372	-336	10.7%	-1,431	-1,267	12.9%
<b>InRetail Shopping Malls</b>	<b>-34</b>	<b>-22</b>	<b>56.0%</b>	<b>-118</b>	<b>-76</b>	<b>56.1%</b>
Intercompany transactions	1	1	-13.9%	6	8	-29.5%
<b>Total cost of sales</b>	<b>-1,217</b>	<b>-1,055</b>	<b>15.3%</b>	<b>-4,337</b>	<b>-3,815</b>	<b>13.7%</b>
<b>Gross profit:</b>						
<b>InRetail Consumer:</b>	<b>449</b>	<b>404</b>	<b>11.1%</b>	<b>1,608</b>	<b>1,395</b>	<b>15.2%</b>
Supermarkets	282	254	11.0%	963	849	13.4%
Pharmacies	169	152	11.5%	656	556	17.8%
Intersegment transactions	-3	-2	29.5%	-10	-10	2.8%
<b>InRetail Shopping Malls:</b>	<b>76</b>	<b>42</b>	<b>81.8%</b>	<b>231</b>	<b>139</b>	<b>66.4%</b>
Intercompany transactions	-3	-8	-60.8%	-29	-27	10.5%
<b>Total gross profit</b>	<b>521</b>	<b>438</b>	<b>19.2%</b>	<b>1,810</b>	<b>1,507</b>	<b>20.0%</b>
Selling and administrative	-363	-310	17.3%	-1,345	-1,172	14.8%
Other operating income	104	29	254.5%	148	75	98.1%
<b>Operating profit</b>	<b>262</b>	<b>157</b>	<b>66.8%</b>	<b>612</b>	<b>410</b>	<b>49.3%</b>
Financial income (expenses), net	-222	-49	356.6%	-411	-274	50.3%
Income tax expense	-19	-42	-56.0%	-87	-73	19.5%
<b>Net Income</b>	<b>21</b>	<b>66</b>	<b>-67.6%</b>	<b>113</b>	<b>63</b>	<b>79.6%</b>

#### InRetail Peru Corp

##### Adjusted EBITDA

In Millions	Fourth Quarter			For the year ended December 31,		
	2014 (Nuevos Soles )	2013	Change %	2014 (Nuevos Soles )	2013	Change %
<b>InRetail Consumer:</b>	<b>133</b>	<b>123</b>	<b>8.7%</b>	<b>415</b>	<b>364</b>	<b>13.9%</b>
Supermarkets	85	81	4.6%	232	210	10.0%
Pharmacies	49	41	17.6%	185	155	19.5%
Holding expenses and intersegments transactions	-1	-0	139.6%	-1	-1	41.3%
<b>InRetail Shopping Malls:</b>	<b>68</b>	<b>38</b>	<b>77.8%</b>	<b>202</b>	<b>115</b>	<b>75.5%</b>
<b>Total</b>	<b>201</b>	<b>161</b>	<b>25.1%</b>	<b>617</b>	<b>479</b>	<b>28.7%</b>
Holding expenses and intercompany transactions	1	-1	-	-13	-4	244.3%
<b>Adjusted EBITDA</b>	<b>202</b>	<b>160</b>	<b>26.3%</b>	<b>604</b>	<b>475</b>	<b>27.0%</b>

**Consolidated Statement of Financial Position**

As of December 31, 2014 and December 31, 2013

**InRetail Peru Corp**

**Consolidated Statement of Financial Position**

	As of December 31, 2014	As of December 31, 2013
<b>In Millions</b>	<b>(nuevos soles)</b>	
Cash and short-term deposits	285	284
Inventories, net	804	779
Available-for-sale investment	-	17
Other current assets	376	271
Property, furniture and equipment	2,273	2,091
Investment properties	2,291	1,697
Intangible assets	1,176	1,171
Other non current assets	149	137
<b>Total assets</b>	<b>7,355</b>	<b>6,447</b>
Short- term debt	75	166
Other short-term liabilities	1,546	1,541
Long-term debt	2,370	1,553
Other long-term liabilities	306	243
<b>Total liabilities</b>	<b>4,298</b>	<b>3,503</b>
Non-controlling interest	6	5
<b>Net equity attributable to controlling shareholders</b>	<b>3,051</b>	<b>2,940</b>
<b>Total net equity and liabilities</b>	<b>7,355</b>	<b>6,447</b>

**Consolidated Statement of Cash flows**

As of December 31, 2014 and December 31, 2013

**InRetail Peru Corp**

**Consolidated Statement of Cash Flows**

	As of December 31, 2014	2013
<b>In Millions</b>	<b>(nuevos soles)</b>	
Net cash flows from operating activities	439	466
Net cash flows used in investing activities	(1,171)	(329)
Net cash flows used in from financing activities	733	(394)
<b>Net (decrease) increase of cash and short-term deposits</b>	<b>1</b>	<b>(258)</b>
Cash and short-term deposits at the beginning of the period	284	542
<b>Cash and short-term deposits at the end of the period</b>	<b>285</b>	<b>284</b>

### III. Results Analysis

The following analysis compares InRetail Peru's results for the fourth quarter of 2014 with the same period in 2013, and the results for the twelve months ended December 31, 2014 with the twelve months ended December, 2013.

#### **Revenues**

InRetail Peru's revenues grew S/. 246 million, or 16.5% in the fourth 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 twelve months ended December 31, 2014, InRetail Peru's revenues were S/. 6,147 million, 15.5% over the same period in 2013.

#### *InRetail Peru's revenues analysis by segment*

##### InRetail Consumer

InRetail Consumer's revenues grew S/. 194 million, or 13.5% in the fourth quarter of 2014, compared to the same period in 2013. For the twelve months ended December 31, 2014, InRetail Consumer's revenues were S/. 5,833 million, 13.4% over the same period in 2013.

#### *InRetail Consumer's revenues analysis by segment*

- Supermarkets revenues grew S/. 141 million, or 14.8% in the fourth quarter of 2014, compared to the same period in 2013. This growth is explained by a same store sales growth of 4.9% and the opening of 6 new stores, 5 store expansions (28,154 sqm of additional sales area) and the closing of 3 *Economax* stores in 2014, (21,109 sqm of additional sales area net of closings, an increase of 8.5%).  
Supermarkets revenues were S/. 3,757 million for the twelve months ended December 31, 2014, 12.9% over the same period in 2013, with a same store sales increase of 4.4%.
- Pharmacies revenues grew S/. 54 million, or 11.0% in the fourth quarter of 2014, compared to the same period in 2013, due to a same store sales growth of 5.9%, 112 additional stores in 2014, (50 of them opened in the fourth quarter of 2014) and an enhancement of the salesforce incentives program. These factors compensated the reduction in our prices, as a result of an intense competitive environment during the last quarter of 2014, in line with our Every day Low Price strategy.  
Pharmacies revenues were S/. 2,086 million for the twelve months ended December 31, 2014, 14.4% over the same period in 2013, with a same store sales increase of 8.5%.

##### InRetail Shopping Malls

InRetail Shopping Malls revenues grew S/. 46 million, or 73.0% in the fourth quarter of 2014, compared to the same period in 2013, due to the increase in revenues from 2 additional malls; Real Plaza Centro Civico acquired at the end of August 2014, and Real Plaza Salaverry opened in May 2014; and an increase in revenues from existing shopping malls and shopping malls expansions in 2014 (a total of 154,880 sqm of additional GLA since 2013, or 38.9 % increase).

InRetail Shopping Malls revenues were S/. 349 million for the twelve months ended December 31, 2014, 62.7% 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. InRetail Shopping malls net rental income increased from S/. 46 million in the fourth quarter of 2013 to S/. 83 million in the same period in 2014 (growth of 78.9%). For the twelve months ended December 31, net rental income increased from S/. 152 million in 2013 to S/. 252 million in 2014 (growth of 66.2%).

### ***Cost of sales***

InRetail Peru's cost of sales grew S/. 162 million, or 15.3% in the fourth quarter of 2014, compared to the same period in 2013. For the twelve months ended December 31, 2014, InRetail Peru's cost of sales were S/. 4,337 million, 13.7% over the same period in 2013.

*InRetail Peru's cost of sales analysis by segment:*

#### *InRetail Consumer*

InRetail Consumer's cost of sales grew S/. 150 million, or 14.5% in the fourth quarter of 2014, compared to the same period in 2013. For the twelve months ended December 31, 2014, InRetail Consumer's cost of sales were S/. 4,225 million, 12.7% over the same period in 2013.

#### *InRetail Consumer's cost of sales analysis by segment*

- Supermarkets cost of sales grew S/. 113 million, or 16.2% in the fourth quarter of 2014, compared to the same period in 2013. This growth was greater than sales growth primarily due to an increase in promotional campaigns and lower contributions from suppliers from store openings.  
Supermarkets cost of sales were S/. 2,794 million for the twelve months ended December 31, 2014, 12.7% over the same period in 2013. This growth was lower than sales growth, explained by higher logistic contribution from suppliers and a reduction in waste, as a result of recent logistics initiatives; despite an increase in promotional campaigns and lower contributions from store openings.
- Pharmacies cost of sales grew S/. 36 million, or 10.7% in the fourth quarter of 2014, compared to the same period in 2013. This growth was below sales growth due to an increase in the penetration of high margin products which have lower costs, a strong bargaining power with our suppliers, which compensated lower margins in regular products as a response to the competitive environment and stock liquidation.  
Pharmacies cost of sales were S/. 1,431 million for the twelve months ended December 31, 2014, 12.9% over the same period in 2013. This growth was below sales growth due to an increase in the penetration of high margin products which have lower costs, a strong bargaining power with our suppliers, despite lower margins in regular products as a response to the competitive environment and stock liquidation and a decrease in rebates from suppliers related to the inventory reduction in 2014.

*InRetail Shopping Malls*

InRetail Shopping Malls cost of sales increased S/. 12 million, or 56.0% in the fourth quarter of 2014, compared to the same period in 2013. However, this growth was lower than revenues growth due to fixed costs dilution.

**Gross profit**

InRetail Peru's gross profit grew S/. 84 million, or 19.2 % in the fourth quarter of 2014, compared to the same period in 2013. For the twelve months ended December 31, 2014, InRetail Peru's gross profit was S/. 1,810 million, 20.0% 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 Peru's gross margin was 30.0% in the fourth quarter of 2014, compared to 29.3% registered in the fourth quarter of 2013. InRetail Peru's gross margin improved from 28.3% for the twelve months ended December 31, 2013, to 29.4% for the same period in 2014.

*InRetail Peru's gross profit analysis by segment*

*InRetail Consumer*

InRetail Consumer's gross profit grew S/. 45 million, or 11.1% in the fourth quarter of 2014, compared to the same period in 2013. For the twelve months ended December 31, 2014, InRetail Consumer's gross profit was S/. 1,608 million, 15.2% over the same period in 2013. InRetail Consumer's gross margin was 27.5% in the fourth quarter of 2014, compared to 28.1% registered in the fourth quarter of 2013. InRetail Consumer's gross margin improved from 27.1% for the twelve months ended December 31, 2013, to 27.6% for the same period in 2014.

*InRetail Consumer's gross profit analysis by segment*

- Supermarkets gross profit increased S/. 28 million, or 11.0% in the fourth quarter of 2014, compared to the same period in 2013. Supermarkets gross margin decreased from 26.7% to 25.8% due to a increase in promotional campaigns and lower contributions from suppliers from store openings.  
Supermarkets gross profit and gross margin were S/. 963 million and 25.6% respectively, for the twelve months ended December 31, 2014, compared to S/. 849 million and 25.5% for the same period in 2013.
- Pharmacies gross profit grew S/. 17 million, or 11.5% in the fourth 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, despite lower margins in regular products as a response to the competitive environment and stock liquidation to reduce inventories with low turnover; improving its gross margin from 31.1% to 31.3%.  
Pharmacies gross profit and gross margin were S/. 656 million and 31.4% respectively for the twelve months ended December 31, 2014, compared to S/. 556 million and 30.5% for the same period in 2013.

InRetail Shopping Malls

InRetail Shopping Malls gross profit grew S/. 34 million, or 81.8% in the fourth quarter of 2014 compared to the same period in 2013, improving its gross margin from 65.9% to 69.3%, due to fixed costs dilution.

InRetail Shopping Malls gross profit and gross margin were S/.231 million and 66.1% respectively for the twelve months ended December 31, 2014, compared to S/. 139 million and 64.7% for the same period in 2013.

**Selling and administrative expenses**

The following table sets forth InRetail Peru's selling and administrative expenses for the fourth quarter of 2014 and 2013, and the twelve months ended December 31, 2014 and 2013.

**InRetail Peru Corp**  
**Selling and Administrative expenses**

	Fourth Quarter			For the year ended December 31,		
	2014 (Nuevos Soles )	2013	Change %	2014 (Nuevos Soles )	2013	Change %
<b>In Millions</b>						
<b>InRetail Consumer:</b>	<b>356</b>	<b>311</b>	<b>14.3%</b>	<b>1,335</b>	<b>1,164</b>	<b>14.7%</b>
Supermarkets	221	196	12.8%	838	750	11.7%
Pharmacies	137	118	16.7%	507	424	19.6%
Intersegment transactions	-2	-2	10.2%	-10	-10	-1.3%
<b>InRetail Shopping Malls:</b>	<b>8</b>	<b>4</b>	<b>81.1%</b>	<b>30</b>	<b>26</b>	<b>12.9%</b>
Holding expenses and consolidation adj.	1	1	45.8%	4	4	3.1%
Intercompany transactions	-2	-7	-73.7%	-23	-22	5.3%
<b>Total selling and administrative expenses</b>	<b>363</b>	<b>310</b>	<b>17.3%</b>	<b>1,345</b>	<b>1,172</b>	<b>14.8%</b>

InRetail Peru's selling and administrative expenses grew S/. 54 million, or 17.3% in the fourth quarter of 2014 compared to the same period in 2013. As a percentage of revenues, selling and administrative expenses were 20.9% in the fourth quarter of 2014, compared to 20.7% in the same period in 2013.

For the twelve months ended December 31, 2014, InRetail Peru's selling and administrative expenses were S/. 1,345 million, 14.8% higher than in the same period in 2013. As a percentage of revenues, selling and administrative expenses were 21.9% in the twelve months ended December 31, 2014, compared to 22.0% in the same period in 2013.

*InRetail Peru's selling and administrative expenses analysis by segment*

InRetail Consumer

InRetail Consumer's selling and administrative expenses grew S/. 45 million, or 14.3% in the fourth quarter of 2014 compared to the same period in 2013. As a percentage of revenues,

selling and administrative expenses were 21.8% in the fourth quarter of 2014, compared to 21.6% in the fourth quarter of 2013.

For the twelve months ended December 31, 2014, InRetail Consumer's selling and administrative expenses were S/. 1,335 million, 14.7% higher than in the same period in 2013. As a percentage of revenues, selling and administrative expenses were 22.9% in the twelve months ended December 31, 2014, compared to 22.6% in the same period in 2013.

*InRetail Consumer's selling and administrative expenses analysis by segment*

- Supermarkets selling and administrative expenses increased S/. 25 million, or 12.8% in the fourth quarter of 2014 compared to the same period in 2013. As a percentage of supermarket revenues, selling and administrative expenses decreased from 20.5% to 20.2%. The main factors that impacted our selling and administrative expenses were higher operational and logistic expenses associated to new stores in early stage of operation, compensated by a reduction in pre-operational expenses related to fewer store openings. Supermarkets selling and administrative expenses were S/. 838 million for the twelve months ended December 31, 2014, 11.7% over the same period in 2013, decreasing from 22.5% to 22.3% as a percentage of supermarket revenues. This is explained by an increase on employee productivity and store efficiencies, partially offset by higher rental and other operational expenses.
  
- Pharmacies selling and administrative expenses grew S/. 20 million, or 16.7% in the fourth quarter of 2014 compared to the same period in 2013, mainly due to higher operational expenses from 112 additional stores in operation since 2013, and an increase in commissions to our salesforce related to the higher penetration of our private label products, despite a decrease in marketing expenses. As a percentage of pharmacies revenues, selling and administrative expenses increased from 24.1% in the fourth quarter of 2013 to 25.4% in the same period of 2014, due to 83 new stores with less than 6 months of operation, despite lower logistic expenses as a result of recent initiatives and the fully operation of the new distribution center. As these stores continue their ramp up period operation expenses get diluted.  
Pharmacies selling and administrative expenses were S/. 507 million for the twelve months ended December 31, 2014, 19.6% over the same period in 2013. For the same reasons explained above, selling and administrative expenses as a percentage of revenues increased from 23.2% to 24.3%.

*InRetail Shopping Malls*

InRetail Shopping Malls selling and administrative expenses increased S/. 3 million, or 81.1% in the fourth quarter of 2014 compared to the same period in 2013, as a percentage of shopping malls revenues, selling and administrative expenses increased from 6.6% in the fourth quarter of 2013 to 6.9% in the same period in 2014. The main factors that impacted our selling and administrative expenses were the opening and operation of two new shopping malls, Real Plaza Salaverry and Real Plaza Centro Civico, and shopping mall expansions, a total of 154,880 sqm of additional GLA since 2013. InRetail Shopping Malls selling and administrative expenses were S/.30 million for the twelve months ended December 31, 2014, 12.9% above the same period in 2013, decreasing from 12.2% to 8.5% as a percentage of shopping malls revenues, explained by fixed cost dilution.

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 Peru's other operating income (expenses), net, resulted in an income of S/. 104 million in the fourth quarter of 2014, compared to S/. 29 in the same period in 2013. For the twelve months ended December 31, 2014, InRetail Peru's other operating income (expenses), net, resulted in an income of S/. 148 million, compared to an income of S/. 75 million in the same period in 2013.

*InRetail Peru's other operating income analysis by segment*

*InRetail Consumer*

InRetail Consumer's other operating income (expenses), net, resulted in an income of S/. 7 million in the fourth quarter of 2014, compared to S/. 0.7 million in the same period in 2013. For the twelve months ended December 31, 2014, InRetail Consumer's other operating income (expenses), net, resulted in an income of S/. 20 million, compared to an income of S/. 29 million in the same period in 2013.

*InRetail Consumer's other operating income analysis by segment*

- Supermarkets's other operating income (expenses), net, resulted in an loss of S/. 1 million in the fourth quarter of 2014, compared to a loss of S/. 0.9 million in the same period in 2013. For the twelve months ended December 31, 2014, Supermarket's other operating income (expenses), net, resulted in an income of S/. 11 million (originated by the sale of an unused land plot), compared to an income of S/. 28 million in the same period in 2013. In 2013, other operating income (expenses), net, includes an entry fee of S/. 30 million paid by *Tarjeta Oh!* to be allowed to offer exclusive promotions in our supermarkets, in similar terms and conditions as *Tarjeta Vea*.
- Pharmacies's other income (expenses), net, resulted in an income of S/. 8 million in the fourth quarter of 2014, originated by the sale of the old distribution center, compared to S/. 0.3 million in the same period in 2013. For the twelve months ended December 31, 2014, Pharmacies's other operating income (expenses), net, resulted in an income of S/. 8 million, compared to S/. 0.5 million in the same period in 2013.

*InRetail Shopping Malls*

Other operating income is generated primarily in InRetail Shopping Malls by increases in the fair value of investment properties determined in accordance with IFRS. In the fourth quarter

of 2014, other operating income from marking the investment properties to market was S/. 115 million compared to S/. 27 million in the same period in 2013. This increase is mainly explained by a lower cost of debt. For the twelve months ended December 31, 2014, other operating income from marking the investment properties to market was S/. 150 million compared to S/. 42 million for the same period in 2013, mainly explained by the lower cost of debt and new malls in operation.

### Operating profit

The following table sets forth InRetail Peru's operating profit for the fourth quarter of 2014 and 2013, and the twelve months ended December 31, 2014 and 2013.

#### InRetail Peru Corp

Operating Profit	Fourth Quarter			For the year ended December 31,		
	2014 (Nuevos Soles)	2013	Change %	2014 (Nuevos Soles)	2013	Change %
<b>In Millions</b>						
<b>InRetail Consumer:</b>	<b>100</b>	<b>92</b>	<b>8.7%</b>	<b>293</b>	<b>260</b>	<b>12.9%</b>
Supermarkets	60	58	4.8%	136	127	7.6%
Pharmacies	40	34	15.2%	157	133	17.9%
<b>InRetail Shopping Malls:</b>	<b>183</b>	<b>65</b>	<b>180.2%</b>	<b>351</b>	<b>156</b>	<b>124.1%</b>
Holding expenses and consolidation adj.	-20	0	-	-31	-6	422.5%
<b>Total Operating Profit</b>	<b>262</b>	<b>157</b>	<b>66.8%</b>	<b>612</b>	<b>410</b>	<b>49.3%</b>

InRetail Peru's operating profit grew S/. 105 million, or 66.8%, in the fourth quarter of 2014 compared to the same period in 2013. Operating margin (defined as operating profit as a percentage of revenues) was 15.1% in the fourth quarter of 2014 compared to 10.5% in the same period in 2013. For the twelve months ended December 31, 2014, InRetail Peru's operating profit reached S/. 612 million, 49.3% over the same period in 2013. InRetail Peru's operating margin was 10.0% for the twelve months ended December 31, 2014, compared to 7.7% for the same period in 2013.

#### *InRetail Peru's operating profit analysis by segment*

##### InRetail Consumer

InRetail Consumer's operating profit grew S/. 8 million, or 8.7%, in the fourth quarter of 2014 compared to the same period in 2013. Operating margin (defined as operating profit as a percentage of revenues) was 6.1% in the fourth quarter of 2014 compared to 6.4% in the same period in 2013. For the twelve months ended December 31, 2014, InRetail Consumer's operating profit reached S/. 293 million, 12.9% over the same period in 2013. InRetail Consumer's operating margin was 5.0% for the twelve months ended December 31, 2014, in line with the same period in 2013.

*InRetail Consumer's operating profit analysis by segment*

- Supermarkets operating profit increased S/. 3 million, or 4.8% in the fourth quarter of 2014 compared to the same period in 2013, due to lower gross margin and higher depreciation expenses, despite higher revenues and lower selling and administrative expenses as a percentage of supermarkets revenues. Supermarkets operating margin was 5.5% in the fourth quarter of 2014, compared to 6.0% the same period of 2013. Supermarkets operating profit and operating margin were S/. 136 million and 3.6% respectively for the twelve months ended December 31, 2014, compared to S/. 127 million and 3.8% for the same period in 2013.
- Pharmacies operating profit grew S/. 5 million, or 15.2% in the fourth quarter of 2014 compared to the same period in 2013, increasing its operating margin from 7.0% to 7.3% mainly due to a higher gross profit and logistic efficiencies, despite higher selling and administrative expenses as a percentage of pharmacies revenues. Pharmacies operating profit and operating margin were S/. 157 million and 7.5% respectively for the twelve months ended December 31, 2014, compared to S/. 133 million and 7.3 % for the same period in 2013.

*InRetail Shopping Malls*

InRetail Shopping Malls operating profit grew S/. 118 million, or 180.2% in the fourth 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. For the twelve months ended December 31, 2014 operating profit and operating margin were S/. 351 million and 100.4%, compared to S/. 156 million and 72.9% 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 Peru's financial income (expenses), net, resulted in a loss of S/. 222 million in the fourth quarter of 2014, compared to a loss of S/. 49 million in the same period of 2013. For the twelve months ended December 31, 2014 we registered a loss of S/. 411 million, compared to a loss of S/. 274 million in the same period of 2013.

InRetail Peru's financial expenses were S/. 173 million in the fourth quarter of 2014, 294.3% over the same period in 2013. For the twelve months ended December 31, 2014, InRetail Peru's financial expenses were S/. 316 million, 83.8% over the same period in 2013.

Due to the effect of the depreciation of the nuevo sol relative to the U.S. dollar on our financial liabilities denominated in U.S. dollars, we registered a net exchange loss of S/. 58 million in the fourth quarter of 2014, compared to a net exchange loss of S/. 9 million in the same period of 2013. For the twelve months ended December 31, 2014 we registered a net exchange

loss of S/. 115 million, compared to a net exchange loss of S/. 125 million in the same period of 2013.

*InRetail Peru's financial income(expenses), net analysis by segment*

*InRetail Consumer*

InRetail Consumer's financial income (expenses), net, resulted in a loss of S/. 168 million in the fourth quarter of 2014, compared to a loss of S/. 31 million in the same period of 2013. For the twelve months ended December 31, 2014 we registered a loss of S/. 275 million, compared to a loss of S/. 174 million in the same period of 2013.

InRetail Consumer financial expenses were S/. 143 million in the fourth quarter of 2014, 400.9% over the same period on 2013. This increase is mainly explained by a non- recurring expense of S/.97 million related to the premium paid for the refinancing of "8.875% *Intercorp Retail Trust Notes due 2018*"; and other expenses related to the refinancing. For the twelve months ended December 31, 2014 we registered financial expenses for S/. 227 million compared to S/. 108 millions in the same period of 2013.

Due to the effect of the depreciation of the nuevo sol relative to the U.S. dollar on our financial liabilities denominated in U.S. dollars, we registered a net exchange loss of S/. 32 million in the fourth quarter of 2014 compared to a net exchange loss of S/. 6 million in the same period of 2013. For the twelve months ended December 31, 2014 we registered a net exchange loss of S/. 58 million, compared to a net exchange loss of S/.75 million in the same period of 2013.

*InRetail Shopping Malls*

InRetail Shopping Malls' financial income (expenses), net, resulted in a loss of S/. 55 million in the fourth quarter of 2014, compared to a loss of S/. 17 million in the same period of 2013. For the twelve months ended December 31, 2014 we registered a loss of S/. 136 million, compared to a loss of S/. 100 million in the same period of 2013.

InRetail Shopping Malls' financial expenses were S/. 30 million in the fourth quarter of 2014, 95.9% over the same period in 2013. For the twelve months ended December 31, 2014, InRetail Shopping Malls' financial expenses were S/. 89 million, 39.3% over the same period in 2013. This is mainly explained by increase in our borrowings related to our recent issuances and one-time expenses from the local debt refinancing.

Due to the effect of the depreciation of the nuevo sol relative to the U.S. dollar on our financial liabilities denominated in U.S. dollars, we registered a net exchange loss of S/. 26 million in the fourth quarter of 2014, compared to a net exchange loss of S/. 3 million in the same period of 2013. For the twelve months ended December 31, 2014 we registered a net exchange loss of S/. 55 million, compared to a net exchange loss of S/. 50 million in the same period of 2013.

### 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 Peru registered an income tax expense of S/. 19 million in the fourth quarter of 2014, compared to an income tax expense of S/. 42 million in the same period in 2013.

InRetail Peru's income tax expense increased S/. 14 million, or 19.5%, in the twelve months ended December 31, 2014 compared to the same period in 2013.

### Net income

InRetail Peru registered a net income of S/. 21 million in the fourth quarter of 2014 compared to a net income of S/.66 million in the same period in 2013. Net margin (net income as a percentage of revenues) was 1.2% in the fourth quarter of 2014 compared to 4.4% in the same period in 2013.

InRetail Peru's net income was S/113 million for the twelve months ended December 31, 2014, compared to a net income of S/. 63 million in the same period in 2013. Net margin was 1.8% in the twelve months ended December 31, 2014, compared to 1.2% in the same period in 2013.

### Adjusted EBITDA<sup>2</sup>

The following table sets forth InRetail Peru's adjusted EBITDA for the fourth quarter of 2014 and 2013, and the twelve months ended December 31, 2014 and 2013.

InRetail Peru Corp Adjusted EBITDA	Fourth Quarter			For the year ended December 31,		
	2014 (Nuevos Soles)	2013 (Nuevos Soles)	Change %	2014 (Nuevos Soles)	2013 (Nuevos Soles)	Change %
<b>In Millions</b>						
<b>InRetail Consumer:</b>	<b>133</b>	<b>123</b>	<b>8.7%</b>	<b>415</b>	<b>364</b>	<b>13.9%</b>
Supermarkets	85	81	4.6%	232	210	10.0%
Pharmacies	49	41	17.6%	185	155	19.5%
Holding expenses and intersegments transactions	-1	-0	139.6%	-1	-1	41.3%
<b>InRetail Shopping Malls:</b>	<b>68</b>	<b>38</b>	<b>77.8%</b>	<b>202</b>	<b>115</b>	<b>75.5%</b>
<b>Total</b>	<b>201</b>	<b>161</b>	<b>25.1%</b>	<b>617</b>	<b>479</b>	<b>28.7%</b>
Holding expenses and intercompany transactions	1	-1	-	-13	-4	244.3%
<b>Adjusted EBITDA</b>	<b>202</b>	<b>160</b>	<b>26.3%</b>	<b>604</b>	<b>475</b>	<b>27.0%</b>

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

InRetail Peru's adjusted EBITDA increased S/. 42 million, or 26.3% in the fourth quarter of 2014 compared to the same period in 2013. Adjusted EBITDA margin (Adjusted EBITDA as a percentage of revenues) increased from 10.7% in the fourth quarter of 2013 to 11.6% in the same period in 2014.

InRetail Peru's adjusted EBITDA amounted S/. 604 million for the twelve months ended December 31, 2014, 27.0% over the same period in 2013. Adjusted EBITDA margin improved from 8.9% in the twelve months ended December 31, 2013 to 9.8% in the same period in 2014.

*InRetail Peru's adjusted EBITDA analysis by segment*

#### *InRetail Consumer*

InRetail Consumer's adjusted EBITDA increased S/. 11 million, or 8.7% in the fourth quarter of 2014 compared to the same period in 2013. Adjusted EBITDA margin (Adjusted EBITDA as a percentage of revenues) decreased from 8.5% in the fourth quarter of 2013 to 8.2% in the same period in 2014. For the twelve months ended December 31, 2014, InRetail Consumer's adjusted EBITDA amounted S/. 415 million, 13.9% over the same period in 2013. Adjusted EBITDA margin was 7.1% in 2014 in line with the same period in 2013.

*InRetail Consumer's adjusted EBITDA analysis by segment*

- Supermarkets adjusted EBITDA increased S/. 4 million, or 4.6% in the fourth quarter of 2014 compared to the same period in 2013. Adjusted EBITDA margin decreased from 8.5% in the fourth quarter of 2013 to 7.8% in the same period 2014, mainly due to a reduction in gross margin, despite lower selling and administrative expenses as a percentage of revenues. For the twelve months ended December 31, 2014, Supermarkets adjusted EBITDA amounted S/.232 million, 10.0% over the same period in 2013. Adjusted EBITDA margin was 6.2% in the year ended in 2014, compared to 6.3% in the same period in 2013.
- Pharmacies adjusted EBITDA grew S/. 7 million, or 17.6% in the fourth quarter of 2014 compared to the same period in 2013. Adjusted EBITDA margin improved from 8.5% in the fourth quarter of 2013 to 9.0% in the same period in 2014, mainly due to a higher gross profit and logistic efficiencies, despite higher selling and administrative expenses. For the twelve months ended December 31, 2014, pharmacies adjusted EBITDA amounted S/. 185 million, 19.5% over compared to the same period in 2013. Pharmacies adjusted EBITDA margin improved from 8.5% in the twelve months ended December 31, 2013, to 8.9% in the same period in 2014.

#### *InRetail Shopping Malls*

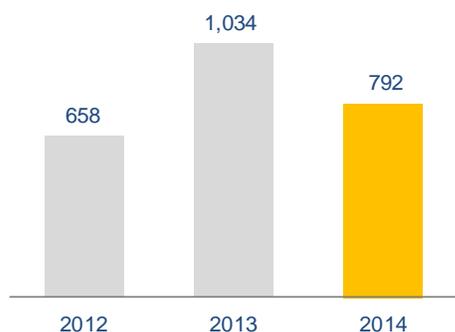
InRetail Shopping Malls adjusted EBITDA grew S/. 30 million, or 77.8% in the fourth quarter of 2014 compared to the same period in 2013. Adjusted EBITDA margin improved from 60.3% in the fourth quarter of 2013 to 62.0% in the same period in 2014, mainly due to revenue growth and higher gross margin despite higher selling and administrative expenses. For the twelve months ended December 31, 2014, InRetail Shopping Malls adjusted EBITDA was S/. 202 million, 75.5% over the same period in 2013. InRetail Shopping Malls adjusted EBITDA margin improved from 53.6% in the twelve months ended December 31, 2013, to 57.8% in the same period in 2014.

InRetail Shopping Malls adjusted EBITDA divided by net rental income was 82.4% in the fourth quarter of 2014, compared to 82.9% in the same period of 2013. For the twelve months ended December 31, 2014, InRetail Shopping Malls adjusted EBITDA divided by net rental income was 80.2%, compared to 75.9% in the same period of 2013.

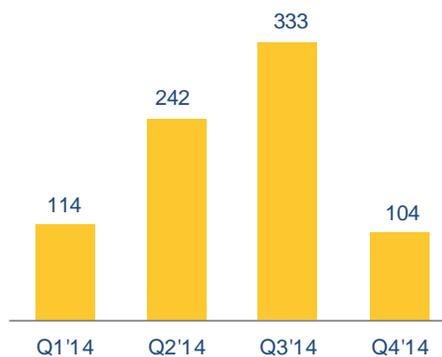
***InRetail Consolidated CAPEX***

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

**Capex Total 2014**

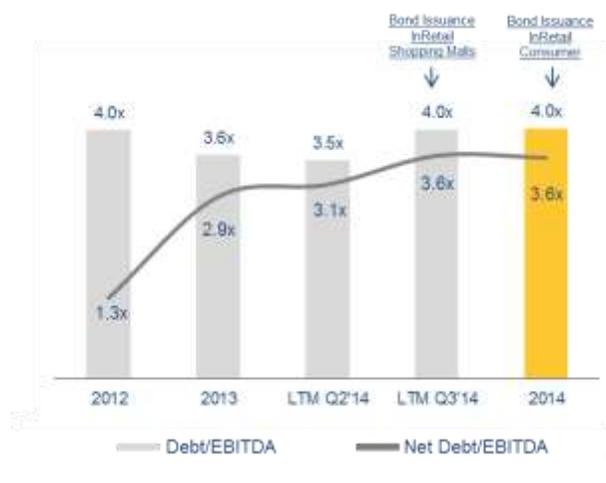


**Capex by Quarter**



***Consolidated Financial Debt***

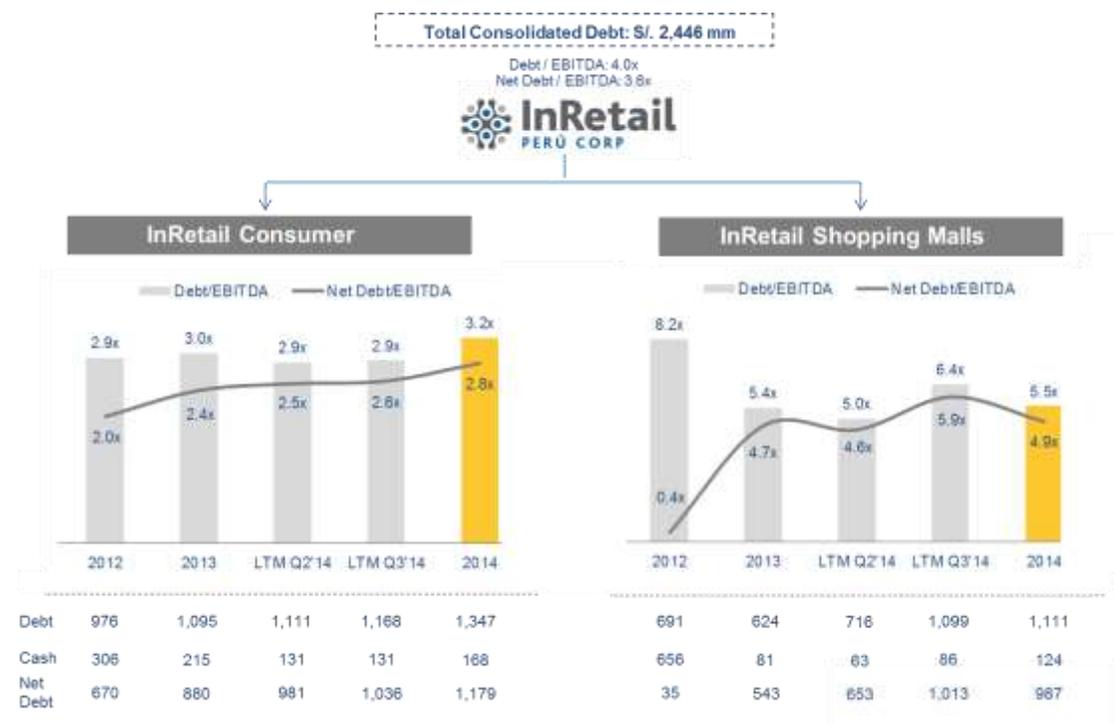
The following graph sets forth the main financial ratios of InRetail Peru Corp. Consolidated for the years 2012, 2013, the second and third quarter of 2014 and the year ended in 2014:



Debt	1,668	1,722	1,827	2,226	2,446
Cash	1,125	324	201	238	285
Net Debt	542	1,398	1,627	2,028	2,160

**Financial Debt by Segment**

The following diagram sets forth the financial consolidated debt by segment as of December 31, 2014:



**Financial Covenants**

InRetail Consumer

	2014	Covenants
Net Debt/ EBITDA	2.84x	<3.75x Prior to the 2nd anniversary

InRetail Shopping Malls

	2014	Covenants
Total Debt/ Total Assets	36%	<60%
Secured Debt/ Total Assets	2%	<30%
EBITDA/ Interes Expense	2.26x	>1.75x Prior to the 2nd anniversary
Unencumbered Assets/ Unencumbered Debt	254%	>150%

## IV. Main Events

### A. During 2014

#### InRetail Consumer

##### Supermarkets

- Opened 6 stores (3 in Lima / 3 in provinces) and expanded 5 stores (+28,154 sqm of new sales area); and closed 3 legacy format Economax stores (total 21,109 sqm of additional sales area; +8.5%)
- Refurbished 11 Plaza Vea stores
- SSS growth of 4.4% vs. 2013
- Successful integration of dry-food and non- food warehouses that allows logistic efficiencies
- Ranked 8th in the 2014 GTW ranking

##### Pharmacies

- Opened 124 pharmacies (37 stores in Lima / 87 in provinces) and closed 12 stores
- SSS growth of 8.5% vs. 2013
- Reduction of 32 days in inventory turnover (85 days in December 2014)
- Increase in penetration of high margin products
- Sold the old distribution center landplot for S/.12.9 mm in October generating an extraordinary income of S/.6.9 mm
  
- In October 2014, InRetail Consumer issued two Senior Unsecured Notes for a combined total of approximately US\$ 384 million. The use of proceeds of these issuances was to: i) refinance the existing debt, ii) reduce cost of finance, and iii) have a lighter amortization schedule, freeing up cash
- Cash savings from interest expenses of S/. 24 million per year achieved from debt refinancing at InRetail Consumer

#### InRetail Shopping Malls

- 41k sqm of additional GLA from shopping mall's expansions
- Real Plaza Salaverry was opened in May 2014 (+73k sqm of GL)
- Acquisition of Real Plaza Centro Civico in August 2014:
  - +41k sqm of GLA
  - Total cost of S/. 190.4MM, 7X EBITDA
- Acquisition of Puruchuco's landplot S/. 99.9 MM for the development of the new shopping mall
- Increases in mark-to-market as a result of new malls in operation and lower cost of debt
- In July 2014, InRetail Shopping Malls issued two Senior Unsecured Notes for a combined total of approximately US\$ 397 million. The use of proceeds of these issuances was to: i) refinance existing debt, ii) reduce cost of finance, iii) have a lighter amortization schedule, freeing up cash, iv) finance the development of new shopping malls

- Cash savings from interest expenses of S/. 12 million per year achieved from refinancing at InRetail Shopping Malls

## V. Key Indicators

### Number of Stores and Sales Area of Retail Segments



### Number of Shopping Malls and GLA of InRetail Shopping Malls



*Quarterly Same Store Sales (SSS) Growth by Segment*



## Earnings Report Fourth Quarter 2014



This material was prepared solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities.

This presentation may include forward-looking statements or statements about events or circumstances which have not yet occurred. We have based these forward-looking statements largely on our current beliefs and expectations about future events and financial trends affecting our businesses and our future financial performance. These forward-looking statements are subject to risk, uncertainties and assumptions, including, among other things, general economic, political and business conditions, both in Peru and in Latin America as a whole. The words "believes", "may", "will", "estimates", "continues", "anticipates", "intends", "expects", and similar words are intended to identify forward-looking statements. We undertake no obligations to update or revise any forward-looking statements because of new information, future events or other factors.

In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this presentation might not occur. Therefore, our actual results could differ substantially from those anticipated in our forward-looking statements.

No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein. It should not be regarded by recipients as a substitute for the exercise of their own judgment. We and our affiliates, agents, directors, employees and advisors accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this material.

This material does not give and should not be treated as giving investment advice. You should consult with your own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent that you deem it necessary, and make your own investment, hedging and trading decision based upon your own judgment and advice from such advisers as you deem necessary and not upon any information in this material.