

InRetail Real Estate Corp. and Subsidiaries

Interim consolidated financial statements as of March 31, 2024 (unaudited) and December 31, 2023 (audited) and for the three-month period ended as of March 31, 2024 and 2023.

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Interim consolidated statements of financial position

As of March 31, 2024 (unaudited) and December 31, 2023 (audited)

	Note	2024 S/(000)	2023 S/(000)		Note	2024 S/(000)	2023 S/(000)
Assets				Liabilities and equity			
Current assets				Current liabilities			
Cash and cash equivalents	4	214,981	112,949	Trade payables	14	45,127	53,430
Investments at fair value through profit or loss	6	112,630	164,790	Other liabilities	15	59,545	82,232
Trade receivables, net	7	46,960	50,257	Accounts payable to related parties	26	2,655	4,940
Other receivables	8	9,351	12,186	Current portion financial obligations	17	45,010	47,942
Accounts receivables from related parties	26	45,090	59,536	Lease liability	16(c)	7,440	6,880
Prepaid expenses	9	7,092	476	Total current liabilities		159,777	195,424
Recoverable taxes	10	12,875	11,958				
Total current assets		448,979	412,152	Non-current liabilities			
Non-current assets				Trade payables	14	3,561	3,774
Investments at fair value through equity	5	172,341	184,400	Other liabilities	15	13,891	13,963
Other receivables	8	4,892	4,892	Income tax related to special purpose entity	25(e)	626,787	605,267
Accounts receivables from related parties	26	520,592	518,712	Lease liability	16(c)	229,556	221,570
Deferred income tax, net	18	9,093	8,968	Long-term financial obligations	17	2,011,943	2,014,914
Recoverable taxes	10	9,943	12,318	Deferred income tax liabilities, net	18	54,175	51,196
Facilities, furniture and equipment, net	11	16,918	15,980	Derivative financial instrument	13	38,577	34,791
Investment properties	12	4,873,736	4,865,444	Total non-current liabilities		2,978,490	2,945,475
Right-of-use assets, net	16(b)	137,944	131,673	Total liabilities		3,138,267	3,140,899
Intangible assets, net		17,697	17,148	Equity			
Derivative financial instrument	13	78,910	80,445	Capital stock	20	1,475,706	1,475,706
Total non-current assets		5,842,066	5,839,980	Unrealized results		(20,000)	(2,041)
				Retained earnings		1,697,072	1,637,568
Total assets		6,291,045	6,252,132	Total equity		3,152,778	3,111,233
				Total liabilities and equity		6,291,045	6,252,132

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 three-month period ended as of March 31, 2024 and 2023

	Note	2024 S/(000)	2023 S/(000)
Rental income	21	134,762	119,191
Cost of rental income	22	(16,546)	(14,615)
Net rental income		118,216	104,576
Income from management services	21	61,967	58,524
Cost related to income from management services	22	(50,818)	(46,003)
Net management service income		11,149	12,521
Gross profit		129,365	117,097
Fair value adjustment for investment properties	12(b)	867	(5,165)
Administrative expenses	23	(10,829)	(9,378)
Selling expenses	23	(3,377)	(1,875)
Other operating expenses, net		(191)	(113)
Operating profit		115,835	100,566
Financial income	24	12,169	14,142
Financial expenses	24	(43,746)	(43,353)
Exchange difference, net	27(a)(ii)	329	14,336
Profit before income tax		84,587	85,691
Income tax	18(a)	(25,083)	(24,288)
Net profit		59,504	61,403
Profit per share:			
Basic and diluted profit for the period attributable to ordinary equity holders of the parent	20(b)	0.105	0.108

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 three-month period ended as of March 31, 2024 and 2023

	2024	2023
	S/(000)	S/(000)
Profit for the period	59,504	61,403
Other comprehensive income		
Unrealized (loss) gain on investments at fair value through equity	(5,901)	10,440
Total other comprehensive income of investments at fair value through equity	(5,901)	10,440
Unrealized loss on hedging derivative financial instrument	(12,058)	(905)
Total other comprehensive income of derivative financial instrument	(12,058)	(905)
Other comprehensive income for the period, net of income tax effects	(17,959)	9,535
Total comprehensive income for the period	41,545	70,938

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 three-month period ended as of March 31, 2024 and 2023

	<u>Capital stock</u>	<u>Unrealized results</u>	<u>Retained earnings</u>	<u>Total Equity</u>
	\$/ (000)	\$/ (000)	\$/ (000)	\$/ (000)
Balance as of January 1, 2023	1,475,706	(24,710)	1,335,058	2,786,054
Profit for the period	-	-	61,403	61,403
Other comprehensive income	-	9,535	-	9,535
Total comprehensive income	-	9,535	61,403	70,938
Purchase of non-controlling interest shares	-	-	-	-
Balance as of March 31, 2023	1,475,706	(15,175)	1,396,461	2,856,992
Balance as of January 1, 2024	1,475,706	(2,041)	1,637,568	3,111,233
Profit for the period	-	-	59,504	59,504
Other comprehensive income	-	(17,959)	-	(17,959)
Total comprehensive income	-	(17,959)	59,504	41,545
Balance as of March 31, 2024	1,475,706	(20,000)	1,697,072	3,152,778

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 three-month period ended as of March 31, 2024 and 2023

	2024 S/(000)	2023 S/(000)
Operating activities		
Revenue	215,189	187,683
Payments of goods and services to suppliers	(67,118)	(52,176)
Payments of salaries and social benefits to employees	(13,013)	(12,275)
Taxes paid	(39,306)	(36,990)
Recovery of taxes	9,099	12,541
Other collections, net	11,468	5,925
Net cash flows from operating activities	116,319	104,708
Investing activities		
Collection of dividends	-	4,306
Collection of loans granted to related parties	13,881	13,881
Sale of investments at fair value through profit or loss	138,629	15,092
Purchase of investments at fair value through profit or loss	(78,710)	(94,417)
Purchase of facilities, furniture and equipment	(619)	(273)
Purchase and development of intangible assets	(1,353)	(1,100)
Purchase of investment properties	(7,425)	(7,213)
Payment related to the purchase of investment property from prior years	-	(31,869)
Value Added Tax payment related to investment properties	(1,337)	(1,298)
Net cash flows from (used) in investing activities	63,066	(102,891)
Financing activities		
Payment of loans to related parties	-	(27,071)
Payment of interest-bearing loans and borrowings	(13,262)	(12,976)
Payment of lease liability	(1,203)	(1,159)
Interest payment of lease liability	(2,678)	(2,769)
Interests paid	(60,210)	(58,491)
Net cash flows used in financing activities	(77,353)	(102,466)
Net increase (decrease) of cash and short-term deposits	102,032	(100,649)
Cash and short-term deposits at the beginning of the period	112,949	220,746
Cash and short-term deposits at the end of the period	214,981	120,097
Non-cash transactions		
Fixed assets purchased through leasing and other financial obligations	1,750	628
Addition of right-of-use assets	8,308	8,790

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 March 31, 2024 and December 31, 2023 (audited) and for the three-month period ended as of March 31, 2024 and 2023.

1. Business activity and pandemic

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 March 31, 2024 and December 31, 2023, Intercorp Perú holds directly and indirectly 67.57 percent of the capital stock of InRetail Perú Corp., which in turn holds 100 percent of the capital stock of the Company.

Its management and administrative offices are located at Av. Punta del Este 2403, Jesús Maria, Lima, Perú. However, the Company’s legal address is 50 Street and 74 Street, floor 16 “PH” Building, San Francisco, Republic of Panama.

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.

The consolidated financial statements as of March 31, 2024, were approved by the Board of Directors on May 9, 2024.

2. Subsidiaries activities

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

- (a) Patrimonio en Fideicomiso – D. leg. N°861, no inscrito en la SMV, dirigido a inversionistas institucionales-- 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. Leg. N°861, no inscrito en la SMV, dirigido a inversionistas institucionales - Interproperties Holding and Patrimonio en Fideicomiso – D. Leg. N°861, no inscrito en la SMV, dirigido a inversionistas institucionales-Interproperties Holding II and 100 percent of capital stock of Real Plaza S.R.L.
- (b) Patrimonio en Fideicomiso –D. Leg. N°861, no inscrito en la SMV, dirigido a inversionistas institucionales- Interproperties Holding and Patrimonio en Fideicomiso-D. Leg. N°861, no inscrito en la SMV, dirigido a inversionistas institucionales -Interproperties Holding II (hereinafter “Interproperties Holding” and “Interproperties Holding II”, respectively).

Notes to the interim consolidated financial statements (continued)

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. Leg. N°861, no inscrito en la SMV, dirigido a inversionistas institucionales - 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 March 31, 2024 and December 31, 2023, Interproperties Holding II owns 100 percent of participation in the assets of Inmobiliaria Puerta del Sol 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 (22 as of March 31, 2024 and December 31, 2023) and maintaining and developing relationships with the tenants. Real Plaza operates under the name of “Real Plaza Shopping Mall”.

As of March 31, 2024 and December 31, 2023, Real Plaza manages shopping malls in Chiclayo, Piura, Chimbote, Trujillo, Huancayo, Arequipa, Juliaca, Huánuco, Cusco, Cajamarca, Pucallpa and Lima.

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, 2023 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 financial instruments at fair value through profit and loss, financial instruments at fair value through other comprehensive income, investment properties and derivative financial instruments, 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, 2023.

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 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim combined financial statements are consistent with those followed in the preparation of the Companies annual combined financial statements for the year ended December 31, 2023, except for the adoption of the new standards and interpretations as of January 1, 2024.

The standards and amendments, and improvements to the standards that are issued, and effective up to the date of issuance of the accompanying consolidated financial statements, are disclosed below:

- (i) Amendments to IAS 8 “Accounting policies, changes in estimates and errors”: Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting Policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is allowed as long as this fact is disclosed.

- (ii) Amendments to IAS 1 and I AS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 “Making Materiality Judgements”, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Notes to the interim consolidated financial statements (continued)

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023, with earlier application permitted. Since the amendments to the IFRS Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

- (iii) **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and an entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

In the Management's opinion, these standards will not have a significant impact on the consolidated financial statements of the InRetail Real Estate Group.

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 March 31, 2024	As of December 31, 2023
	S/(000)	S/(000)
Cash	49	47
Current accounts (b)	214,932	112,902
Total	214,981	112,949

- (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 March 31, 2024, the Company has other investments at fair value through equity for an amount of US\$46,403,000 equivalent to S/172,341,000 (US\$49,770,000 equivalent to S/184,400,000 as of December 31, 2023).

6. Investments at fair value through profit or loss

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

Entity	As of March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Mutual funds managed by Sura S.A. SAF	112,630	164,790
Total	112,630	164,790

As of March 31, 2024, 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 March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Rents receivable (b)	54,343	53,124
Unbilled services (c)	14,960	19,113
Documents receivable	7,309	7,122
Total trade receivables	76,612	79,359
Allowance for doubtful accounts (e)	(29,652)	(29,102)
Total trade receivables, net	46,960	50,257

(b) As of March 31, 2024 and December 31, 2023, trade accounts receivable are denominated in Soles and US Dollars, have current maturities and do not accrue interest.

(c) As of March 31, 2024 and December 31, 2023, mainly corresponds to unbilled lease services for variable and fixed rents, which are billed during the following month.

Notes to the interim consolidated financial statements (continued)

(d) As of March 31, 2024 and December 31, 2023 the analysis of trade receivables is as follows:

	Balance as of March 31, 2024		
	Non-impaired S/(000)	Impaired S/(000)	Total S/(000)
Unbilled services	14,960	-	14,960
Not past-due	10,905	1,751	12,656
Past-due			
From 1 to 90 days	18,112	2,290	20,402
From 91 to 120 days	1,145	697	1,842
From 121 to 180 days	959	1,175	2,134
From 181 to 270 days	879	1,694	2,573
More than 271 days	-	22,045	22,045
Total	46,960	29,652	76,612

	Balance as of December 31, 2023		
	Non-impaired S/(000)	Impaired S/(000)	Total S/(000)
Unbilled services	19,113	-	19,113
Not past-due	9,989	1,909	11,898
Past-due			
From 1 to 90 days	19,149	2,308	21,457
From 91 to 120 days	810	541	1,351
From 121 to 180 days	737	1,885	2,622
From 181 to 270 days	459	2,493	2,952
More than 271 days	0	19,966	19,966
Total	50,257	29,102	79,359

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 non-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 March 31, 2024 and 2023 is as follows:

	2024 S/(000)	2023 S/(000)
Balance at the beginning of the year	29,102	26,795
Provision recognized as period expense, note 23(b)	4,042	4,313
Recoveries, note 23(b)	(3,492)	(5,440)
Balance at the end of the period	<u>29,652</u>	<u>25,668</u>
Balance as of December 31, 2023		<u>29,102</u>

In the opinion of InRetail Real Estate's Management, the provision for impairment appropriately covers the credit risk as of March 31, 2024 and December 31, 2023.

8. Other receivables

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

	As of March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
By type:		
Outstanding advances (b)	878	1,537
Claims (d)	4,892	4,892
Fund retained - Banco de la Nación (c)	4,841	8,700
Others	3,632	1,949
Total	<u>14,243</u>	<u>17,078</u>
By Term:		
Current	9,351	12,186
Non-current	4,892	4,892
Total	<u>14,243</u>	<u>17,078</u>

(b) As of March 31, 2024 and December 31, 2023, corresponds to advances given to suppliers related to projects for the investment 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) Corresponds to the claim resource before the Superintendency of Tax Administration for the inspection of non-domiciled income for the 2016 period. In Management's opinion, it is estimated that the result will be favorable.

(e) In the opinion of InRetail Real Estate's Management, it is not necessary to make a provision for impairment as of March 31, 2024 and December 31, 2023, 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 March 31, 2024	As of December 31, 2023
	S/(000)	S/(000)
Insurance paid in advance (b)	193	216
Municipal taxes prepaid (c)	5,731	-
Others	1,168	260
Total	7,092	476

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

(c) Corresponds mainly to municipal taxes prepaid for real estate.

10. Recoverable taxes

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

	As of March 31, 2024	As of December 31, 2023
	S/(000)	S/(000)
By type:		
Tax credit for value-added-tax (b)	20,768	23,812
Income tax payment	1,586	-
Others	464	464
Total	22,818	24,276
By term:		
Current	12,875	11,958
Non-current	9,943	12,318
Total	22,818	24,276

(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:

	Facilities S/(000)	Furniture and equipment S/(000)	Transport units S/(000)	Equipment miscellaneous S/(000)	Total S/(000)
Cost					
Balance as of January 1, 2024	7,346	4,544	-	42,634	54,524
Additions	-	-	-	2,369	2,369
Balance as of March 31, 2024	<u>7,346</u>	<u>4,544</u>	<u>-</u>	<u>45,003</u>	<u>56,893</u>
Accumulated depreciation					
Balance as of January 1, 2024	6,332	4,043	-	28,169	38,544
Depreciation of the period, Note 23(b)	53	57	-	1,321	1,431
Balance as of March 31, 2024	<u>6,385</u>	<u>4,100</u>	<u>-</u>	<u>29,490</u>	<u>39,975</u>
Net cost as of March 31, 2024	<u>961</u>	<u>444</u>	<u>-</u>	<u>15,513</u>	<u>16,918</u>
Net cost as of December 31, 2023	<u>1,014</u>	<u>501</u>	<u>-</u>	<u>14,465</u>	<u>15,980</u>

- (b) As of March 31, 2024 and December 31, 2023, there are no pledges or guarantees provided to third parties on the facilities, furniture and equipment of InRetail Real Estate.
- (c) As of March 31, 2024 and December 31, 2023, 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 March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Real Plaza Puruchuco shopping mall	620,813	620,915
Real Plaza Salaverry shopping mall (i)	547,192	545,841
Real Plaza Cusco shopping mall (i)	403,485	402,433
Real Plaza Chiclayo shopping mall	359,840	359,778
Real Plaza Piura shopping mall	332,487	331,922
Real Plaza Trujillo shopping mall	310,926	310,866
Real Plaza Primavera shopping mall	253,183	251,644
Real Plaza Centro Cívico shopping mall (i)	244,597	244,442
Real Plaza Huancayo shopping mall (i)	169,363	169,603
Real Plaza Santa Clara shopping mall	171,265	171,275
Real Plaza Huánuco shopping mall (i)	151,194	151,043
Real Plaza Pucallpa shopping mall	144,890	144,846
Real Plaza Pro shopping mall	137,547	137,516
Real Plaza Cajamarca shopping mall	132,138	131,948
Molina shopping mall	117,835	117,713
Real Plaza Chorrillos shopping mall	91,153	91,126
Real Plaza Juliaca shopping mall (i)	89,650	90,294
Real Plaza Arequipa shopping mall (i)	89,385	89,553
Real Plaza Nuevo Chimbote shopping mall	60,416	60,044
Real Plaza Sullana shopping mall	53,959	53,539
Jirón de la Unión Building	13,877	13,836
Others (ii)	378,541	292,561
Total	4,873,736	4,865,444

(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 March 31, 2024 and December 31, 2023.

Notes to the interim consolidated financial statements (continued)

(b) The movement of this caption for the three-month period ended as of March 31, 2024 and 2023 is as follows:

	2024	2023
	S/(000)	S/(000)
Balance at the beginning of the year	4,865,444	4,554,078
Additions	7,425	7,213
Fair value adjustment	867	(5,165)
Balance at the end of the period	4,873,736	4,556,126

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 instruments

As of March 31, 2024 and December 31, 2023, this item comprises two principal Call Spread and one Full Cross-Currency Swap, both contracts were designated to hedge cash flows and were recorded at its fair value. The detail of this operation is as follows:

Counterparty	Nominal value US\$(000)	Due	Receives fixed rate at %	Pays fixed rate at %	Book value of the hedged item S/(000)	2024		2023	
						Fair value assets S/(000)	Fair value liability S/(000)	Fair value assets S/(000)	Fair value liability S/(000)
J.P. Morgan (a)	250,000	April 2028	-	1.05	930,250	68,267	-	68,904	-
J.P. Morgan (b)	100,000	April 2028	5.75	8.75	372,100	-	38,577	-	34,791
J.P. Morgan (c)	100,000	April 2028	-	0.97	372,100	10,643	-	11,541	-
Total						78,910	38,577	80,445	34,791

Notes to the interim consolidated financial statements (continued)

- (a) Patrimonio en Fideicomiso D.S. 093-2002-EF InRetail Shopping Malls, Subsidiary of the Company, carried out hedging operations through a Call Spread that covers US\$250,000,000 of the financial obligations in foreign currency of the "Senior Notes Unsecured" and protects variations in the rate of change between S/3.26 and S/3.75 for US\$1.00. From the date of issue of the "Senior Notes Unsecured" for the purposes of IFRS 9, it was classified as an effective hedging instrument.
- (b) In July 2021, the Company acquired a Full Cross-Currency Swap covering US\$100,000,000 of the exposure in foreign currency of the issuance of its financial obligations of the Senior Notes Unsecured, which establishes the currency exchange at the exchange rate of S/3.887 for US\$1.00, which for the purposes of IFRS 9, it qualifies as an effective hedging instrument.
- (c) On April 4, 2023, InRetail Shopping Malls (a subsidiary of the Company) acquired a Call Spread that covers US\$100,000,000 of the foreign currency exposure of the principal of the issuance of "Notes" debt instruments and protects exchange rate fluctuations between 3.90 and 4.30 per US\$1.00. The Call Spread premium is financed in a term equal to that of the issue.

As of March 31, 2024 and December 31, 2023, the Call Spread covers US\$250,000,000 of the foreign currency exposure of the principal of the issuance and protects exchange rate fluctuations between S/3.26 and S/3.75 for US\$1.00 and Call Spread covers US\$100,000,000, protects variations between S/3.90 and S/4.30.

As of March 31, 2024 and December 31, 2023, the exchange rate has suffered decreases that have not been covered by the Call Spread of US\$100,000,000, said exchange rate variation is recorded in the consolidated statement of income. 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 March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Bills payable to third parties (b)	40,895	47,727
Provision of services unbilled (c)	7,793	9,477
Total	48,688	57,204
By term:		
Current	45,127	53,430
Non-current	3,561	3,774
Total	48,688	57,204

- (b) As of March 31, 2024 and December 31, 2023, 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 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 March 31, 2024	As of December 31, 2023
	S/(000)	S/(000)
By type:		
Deferred income (b)	22,545	21,118
Value added tax	5,922	9,132
Tax payables	2,917	3,226
Remunerations and social benefits to be paid	5,305	5,328
Deposits from third parties (d)	4,235	4,324
Interest payable (c)	4,015	29,978
Vacations	1,622	1,503
Workers' profit sharing	-	528
Other payables	26,875	21,058
Total	73,436	96,195
By term:		
Current	59,545	82,232
Non-current	13,891	13,963
Total	73,436	96,195

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

	As of March 31, 2024	As of December 31, 2023
	S/(000)	S/(000)
Key money (b.1)	17,315	18,130
Others	5,230	2,988
Total	22,545	21,118

(b.1) As of March 31, 2024 and December 31, 2023, corresponds to the payment of key money from several tenants that operate in the Real Plaza shopping malls.

(c) As of March 31, 2024 and December 31, 2023, corresponds mainly to interest payable originated from the private offering of "Senior Notes Unsecured" maturing in 2028 and 2034 that accrue an annual interest rate of 5.750, 6.5625 and 7.875 percent.

(d) As of March 31, 2024 and December 31, 2023, 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. Leases

- (a) The InRetail Real Estate Group maintains leasing contracts for land, buildings and facilities used for its operations. Leases of land, buildings and facilities generally have terms of 1 to 40 years. The InRetail Real Estate Group's obligations under its leases are guaranteed by the lessor's title of the leased assets.

Several leases include extension and termination options and variable payments. The InRetail Real Estate Group has also entered into certain leases of premises with terms of 12 months or less and leases of low-value office equipment. The InRetail Real Estate Group applies the short-term and low-value lease exemptions for this kind of leases.

- (b) The movement of this caption for the three-month period ended as of March 31, 2024 and December 31, 2023, is as follows:

	Land	Buildings infrastructure and facilities	As of March 31, 2024	As of December 31, 2023
	S/(000)	S/(000)	S/(000)	S/(000)
Cost				
Initial balance	167,771	-	167,771	170,444
Additions	8,308	-	8,308	4,478
Disposals and/or sales	-	-	-	(7,151)
Final balance	176,079	-	176,079	167,771
Accumulated depreciation				
Initial balance	36,098	-	36,098	31,344
Additions, Note 22(a)	2,037	-	2,037	8,176
Disposals and/or sales	-	-	-	(3,422)
Final balance	38,135	-	38,135	36,098
Net book value	137,944	-	137,944	131,673

Depreciation expense for the three-month period ended March 31, 2024 and 2023, was recorded as follows in the income statement:

	2024	2023
	S/(000)	S/(000)
Cost of sales, Note 22 (a)	2,037	2,048
Balance as of March 31,	2,037	2,048
Balance as of December 31, 2023		8,176

Notes to the interim consolidated financial statements (continued)

(c) The movement of the lease liability caption, as of March 31, 2024 and December 31, 2023, is as follows:

	As of March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Initial balance	228,450	235,818
Additions	9,983	7,974
Increase for accrued interest, Note 24 (a)	2,678	10,772
Amortization	(4,335)	(17,174)
Extinguishment of part of a lease liability	-	(4,283)
Exchange difference	220	(4,657)
Final balance	236,996	228,450
Current	7,440	6,880
Non-current	229,556	221,570
Final balance	236,996	228,450

Additionally, in the three-month period ended as of March 31, 2024 and 2023, interest related to the lease liability of S/2,678,000 and S/2,769,000 respectively, 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 currency	Interest Rate %	Final maturity	Original Amount		Total		Current		Non-current	
				US\$ (000)	S/(000)	As of March 31, 2024	As of December 31, 2023	As of March 31, 2024	As of December 31, 2023	As of March 31, 2024	As of December 31, 2023
				S/(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	-	1,256,306	1,251,166	-	-	1,256,306	1,251,166
Senior Notes Unsecured (c)	PEN	7.875	2034	-	141,000	135,873	135,849	-	-	135,873	135,849
Senior Notes Unsecured (b)	PEN	6.563	2028	-	313,500	311,484	311,377	-	-	311,484	311,377
				350,000	454,500	1,703,663	1,698,392	-	-	1,703,663	1,698,392
Leasings											
Non-related entities											
Scotiabank Perú S.A.A. (e)	PEN	5.510	2025	-	380,000	266,746	274,511	31,096	31,077	235,650	243,434
Hewlett Packard S.A.	USD	Between 2.900 and 8.500	2024 - 2028	3,149	-	8,801	7,832	3,017	2,769	5,784	5,063
CSI Renting	USD	Between 2.320 and 2.360	2025	69	-	87	103	66	65	21	38
Inversiones Nueva Capital Peru S.A.	USD	12.000	2026	163	-	327	362	161	157	166	205
				3,381	380,000	275,961	282,808	34,340	34,068	241,621	248,740
Promissory notes and loans											
Non-related entities											
Scotiabank Perú S.A.A. (d)	PEN	5.250	2027	-	50,000	32,371	33,608	4,949	4,948	27,422	28,660
Call Spread financing, Note 13											
JP. Morgan	USD	10.205	2028	18,147	-	32,169	35,259	3,379	6,584	28,790	28,675
JP. Morgan	PEN	11.200	2028	-	15,704	12,789	12,789	2,342	2,342	10,447	10,447
				18,147	65,704	77,329	81,656	10,670	13,874	66,659	67,782
Total				371,528	900,204	2,056,953	2,062,856	45,010	47,942	2,011,943	2,014,914

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, 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/1,302,350,000 as of March 31, 2024 (S/1,299,550,000 as of December 31, 2023) 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\$12,374,000 equivalent to approximately S/46,044,000 as of March 31, 2024 (US\$13,031,000 equivalent to approximately S/48,384,000 as of December 31, 2023).

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 6.563 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/2,016,000 as of March 31, 2024 (S/2,123,000 as of December 31, 2023).

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

As of March 31, 2024 and December 31, 2023, the covenants from the bond issuance have been complied satisfactorily and are within the agreed limits.

- (c) In July 2014, InRetail Real Estate Corp. issued, through InRetail Shopping Malls, an offering in the 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/1,127,000 as of March 31, 2024 (S/1,151,000 as of December 31, 2023). Additionally, as of March 31, 2024 and December 31, 2023, the balance is presented net of S/4,000,000 corresponding to the notes of this issuance held by InRetail Shopping Malls. As of March 31, 2024 and December 31, 2023, the balance of this loan is S/135,873,000 and S/135,849,000, respectively.

- (d) In October 2019, the Company entered into a new loan agreement with Scotiabank del Perú S.A.A. for S/50,000,000. In February 2020, the term of the debt was restructured for a period of seven years, payable in quarterly installments and with accrued annual interest rate of 5.25 percent.

This obligation was recorded in the consolidated financial statements at amortized cost with an effective annual interest rate of 5.442 percent after considering the respective initial charge of approximately S/129,000 as of March 31, 2024 (S/143,000 as of December 31, 2023).

As of March 31, 2024, the Company amortized a amount of S/17,500,000 (as of December 31, 2023, S/16,250,000).

- (e) In December, 2020, the disbursement of the financial lease mainly for the construction of the Puruchuco shopping center with Banco Scotiabank del Perú S.A.A. was completed, for a total amount of S/380,000,000 and which will be paid in quarterly installments that accrue an interest of 5.510 percent annually and with maturity in 2025.

This obligation was recorded in the consolidated financial statements at amortized cost with an effective annual interest rate of 5.899 percent after considering the respective initial charge of approximately S/1,254,000 as of March 31, 2024 (S/1,489,000 as of December 31, 2023).

As of March 31, 2024, the Company amortized an amount of S/112,000,000 (As of December 31, 2023, S/104,000,000).

Notes to the interim consolidated financial statements (continued)

As of March 31, 2024 and December 31, 2023, InRetail Real Estate and subsidiaries have complied with the financial requirements ("covenants").

(f) Financial obligations are payable as follows:

	As of March 31, 2024	As of December 31, 2023
	S/(000)	S/(000)
2024	35,224	47,942
2025	260,917	260,478
2026	18,127	17,662
2027	32,532	31,959
2028	1,574,280	1,568,967
2029 onwards	135,873	135,848
Total	2,056,953	2,062,856

18. Income tax

(a) The Deferred Income Tax assets and liabilities presented in the consolidated statements as of March 31, 2024 and December 31, 2023, as well as those presented in the consolidated statement of income for the twelve months periods ended March 31, 2024 and 2023, are detailed as follows:

Statements of financial position	As of March 31, 2024		As of December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
	S/(000)	S/(000)	S/(000)	S/(000)
Real Plaza S.R.L.	9,093	-	8,968	-
Inversiones Real Estate S.A.	-	640	-	640
Inmobiliaria Puerta del Sol S.A.	-	53,535	-	50,556
Total	9,093	54,175	8,968	51,196

Statements of comprehensive income	Income tax for the three-month period ended March 31, 2024 and 2023	
	2024	2023
	S/(000)	S/(000)
Current	(22,229)	(22,715)
Deferred	(2,854)	(1,573)
Total	(25,083)	(24,288)

19. Commitments

As of March 31, 2024, corresponds to guarantee letters in favor of third parties for approximately S/583,000 and US\$3,128,000 (S/568,000 and US\$3,157,000 as of December 31, 2023), which guarantee the compliance of obligations from contractual agreements related to the real estate projects of Interproperties Holding and Interproperties Holding II.

Notes to the interim consolidated financial statements (continued)

20. Equity

(a) Capital stock

As of March 31, 2024 and December 31, 2023, 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) 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, 2023	568,201,039		568,201,039
Number as of March 31, 2023	568,201,039	91	568,201,039
Number as of January 1, 2024	568,201,039		568,201,039
Number as of March 31, 2024	568,201,039	91	568,201,039
	For the three-month period ended March 31, 2024		
	Net profit (numerator) S/	Shares (denominator)	Profit per share S/
Basic and diluted profit per share	59,504,000	568,201,039	0.105
	For the three-month period ended March 31, 2023		
	Net profit (numerator) S/	Shares (denominator)	Profit per share S/
Basic and diluted profit per share	61,403,000	568,201,039	0.108

Notes to the interim consolidated financial statements (continued)

21. Income from real estate service

- (a) The composition of the balance for the three-month period ended as of March 31, 2024 and 2023 is presented below:

	2024 S/(000)	2023 S/(000)
Rental income		
Rental income (b)	125,390	111,761
Rent of space for publicity	7,989	6,025
Key money	1,383	1,405
Total	134,762	119,191
Income from management services		
Common expenses (c)	26,677	24,446
Electricity and water (d)	20,989	21,561
Promotion and advertisement (e)	7,821	7,306
Parking	3,615	3,235
Management services	1,217	440
Others	1,648	1,536
Total	61,967	58,524

- (b) As of March 31, 2024 and 2023, corresponds to rental income from the economic exploitation of the "Real Plaza" shopping malls.

The composition of the rental income is presented below:

	2024 S/(000)	2023 S/(000)
Fixed rental income	110,650	96,541
Variable rental income	14,740	15,220
Total	125,390	111,761

- (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 each tenant of the 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 three-month period ended as of March 31, 2024 and 2023 is presented below:

	2024 S/(000)	2023 S/(000)
Cost of rental income		
Cost of variable lease (b)	5,802	4,729
Depreciation from right-of-use asset, Note 16(b)	2,037	2,048
Property tax and duties	6,390	5,802
Property insurance costs	1,992	1,754
Others	325	282
Total	16,546	14,615
Cost related to income from management services		
Electricity and water	21,239	17,833
Maintenance and administration of parking lot	7,420	7,628
Advertising and marketing	4,843	4,397
Personnel expenses	5,258	4,981
Cleaning services	4,029	3,722
Safety services	4,034	3,857
Leases, professional fees and communications	3,430	3,221
Other costs	565	364
Total	50,818	46,003

(b) Corresponds 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 three-month period ended as of March 31, 2024 and 2023 is presented below:

	2024 S/(000)	2023 S/(000)
Administrative expenses	10,829	9,378
Selling expenses	3,377	1,875
Total	14,206	11,253

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:

	2024		
	Selling expenses	Administrative expenses	Total
	S/(000)	S/(000)	S/(000)
Personnel expenses	2,471	5,179	7,650
Depreciation, Note 11 (a)	-	1,431	1,431
Amortization	-	805	805
Services provided by third parties	312	3,215	3,527
Allowance for doubtful accounts, Note 7 (e)	4,042	-	4,042
Recovery of allowance for doubtful accounts, Note 7 (e)	(3,492)	-	(3,492)
Other charges	44	199	243
Total	3,377	10,829	14,206

	2023		
	Selling expenses	Administrative expenses	Total
	S/(000)	S/(000)	S/(000)
Personnel expenses	2,786	3,806	6,592
Depreciation	-	1,131	1,131
Amortization	-	933	933
Services provided by third parties	185	3,232	3,417
Allowance for doubtful accounts, Note 7 (e)	4,313	-	4,313
Recovery of allowance for doubtful accounts, Note 7 (e)	(5,440)	-	(5,440)
Recovery of allowance for doubtful accounts related	-	-	-
Other charges	31	276	307
Total	1,875	9,378	11,253

Notes to the interim consolidated financial statements (continued)

24. Financial income and expenses

- (a) The composition of this caption for the three-month period ended as of March 31, 2024 and 2023 is presented below:

	2024 S/(000)	2023 S/(000)
Income		
Interest on deposits	1,590	1,997
Interest from loans granted to related parties	6,902	6,864
Dividend income	-	4,306
Income on investments at fair value through profit or loss	2,719	752
Others	958	223
Total	<u>12,169</u>	<u>14,142</u>
	2024 S/(000)	2023 S/(000)
Expenses		
Bond interest expenses	26,677	26,708
Interest from leasing and others	6,061	5,010
Interest from swap	3,355	3,209
Debt structuring expenses	2,860	2,711
Interest from lease liabilities, Note 16 (c)	2,678	2,769
Accrual of the Call Spread premium	1,485	2,159
Other	630	787
Total	<u>43,746</u>	<u>43,353</u>

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 separated financial statements. As of March 31, 2024 and December 31, 2023, 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 the 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 the 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 March 31, 2024 and December 31, 2023.
- (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.	From 2019 to 2023	From 2020 to 2024
Inmobiliaria Puerta del Sol S.A.	From 2019 to 2023	From 2020 to 2024
Inversiones Real Estate S.A.	From 2019 to 2023	From 2020 to 2024

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 March 31, 2024 and December 31, 2023, the accrued income tax amounted to S/626,788,000 and S/605,267,000, 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 March 31, 2024 and December 31, 2023.

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 March 31, 2024 and December 31, 2023:

	As of March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Receivables		
InRetail Perú Corp. (d)	402,500	409,478
Homecenters Peruanos S.A. (e), (f)	71,982	78,728
Supermercados Peruanos S.A. (e), (f)	61,786	59,850
Tiendas Peruanas S.A.	7,761	9,419
EP de Franquicias S.A.C.	2,900	2,703
Cineplex S.A.	810	1,135
Bembos S.A.C.	2,120	2,672
Compañía Food Retail S.A.C.	3,961	3,173
Banco Internacional del Perú S.A.A.- Interbank	2,800	1,319
Alert del Perú S.A.	1,813	1,423
EP de Restaurantes S.A.C.	1,242	1,267
Makro Supermayorista S.A.	1,091	838
Corporación Peruana de Restaurantes S.A.C.	1,034	913
Boticas IP S.A.C.	1,031	625
Tiendas Peruanas Oriente S.A.C.	223	551
Servicio Educativo Empresarial S.A.C.	739	545
Interseguro Compañía de Seguros S.A.	300	296
Otros	1,589	3,313
Total	565,682	578,248
Current	45,090	59,536
Non-current	520,592	518,712
Total	565,682	578,248
	As of March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Payables		
Supermercados Peruanos S.A.	994	789
Intercorp Perú Ltd.	534	552
InDigital XP S.A.C.	258	129
Interseguro Compañía de Seguros S.A.	232	357
IR Management S.R.L.	83	1,137
Homecenters Peruanos S.A.	56	87
Tiendas Peruanas S.A.	11	1,307
Agora Servicios Digitales S.A.C.	-	108
Banco Internacional del Perú S.A.A.- Interbank	-	58
Others	487	416
Total	2,655	4,940

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 March 31, 2024 and December 31, 2023, 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/150,269,000 and S/81,345,000, 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 March 31, 2024, the Company collected an interest fee of S/13,881,000 (S/27,761,000 as of December 31, 2023) which is presented in the consolidated statement of cash flows.

For the three months ended March 31, 2024 and 2023, an interest of S/6,902,000 and S/6,940,000 was earned, respectively, which was recorded in the “financial income” caption of the consolidated statement of comprehensive income. As of December 31, 2023, accumulated interest receivable of S/6,978,000, is maintained.

- (e) As of March 31, 2024, 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/34,737,000 and S/31,353,000, respectively (S/34,058,000 and S/30,704,000 as of December 31, 2023, respectively). These accounts receivable are due to the fact that Interproperties Peru acts as an intermediary between the lessor (unrelated third party) and the related companies to whom the property is leased to.

Additionally, it includes S/19,592,000 receivable from Supermercados Peruanos S.A. and from S/36,454,000 Homecenters Peruanos S.A. for the sale of participation certificates that InRetail Shopping Malls held on one land. See Note 26 (f).

Also, there are other accounts receivable for S/7,457,000 from Supermercados Peruanos S.A. and S/4,085,000 to Homecenters Peruanos S.A.

- (f) On April 4, 2022, the Company sold the participation certificates held by InRetail Shopping Mall to Supermercados Peruanos S.A. and Homecenters Peruanos S.A. (Related companies) for a value of S/101,037,000, and S/57,003,000 as of March 31, 2024 and December 31, 2023 has been collected, which is presented in the consolidated statement of cash flows and maintaining account receivable of S/38,982,000 as of March 31, 2024 and December 31, 2023. See Note 12 (b).

On October 4, 2023, the Company sold the certificates held by Patrimonio en Fideicomiso D.S. N°093-2002-EF- Interproperties Holding II to Supermercados Peruanos S.A. and Homecenters Peruanos S.A. for an amount of S/17,063,000 having as underlying the land called "Zapallal". See Note 12 (b).

Notes to the interim consolidated financial statements (continued)

27. Financial risks management

The activities of InRetail Real Estate are exposed 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 on 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 obtainment of debt with fixed interest rate. As of March 31, 2024 and December 31, 2023, InRetail Real Estate does not maintain debts at variable rate, which would be exposed to the risk of change in the interest rate.

(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 March 31, 2024 and December 31, 2023, assets and liabilities maintained in foreign currency were the following (expressed in thousands US Dollars):

	As of March 31, 2024 US\$(000)	As of December 31, 2023 US\$(000)
Assets		
Cash and cash equivalents	15,089	8,557
Investment at fair value through profit or loss	13,364	11,398
Investments at fair value through equity	46,403	49,770
Trade receivables, net	1,016	1,076
Other receivables	24	17
Accounts receivables from related parties	999	1,072
Total assets	76,895	71,890
Liabilities		
Trade payables	(2,834)	(3,312)
Other liabilities	(603)	(315)
Accounts payable to related parties	-	(6)
Lease liability	(45,930)	(44,085)
Financial obligations	(348,733)	(348,700)
Total liabilities	(398,100)	(396,418)
Hedge amount	350,000	350,000
Net asset position	28,795	25,472

Notes to the interim consolidated financial statements (continued)

As of March 31, 2024 and December 31, 2023, InRetail Real Estate and its Subsidiaries have decided to reduce its exchange rate risk by entering into hedging operations through a Call Spread and a Full Cross-Currency Swap written over its “Senior Notes Unsecured”, which are considered an effective hedging instruments.

The Call Spread is written over a nominal amount of US\$250,000,000 and US\$100,000,000 and the Full Cross-Currency Swap over an amount of US\$100,000,000 as of March 31, 2024 and December 31, 2023, and will be effective until maturity of the “Senior Notes Unsecured”. See further detail in Note 13 and 17.

Transactions in foreign currency are performed at free market exchange rates. As of March 31, 2024, the market end of period exchange rate for transactions in US Dollars was S/3.714 per US\$1.00 bid and S/3.721 per US\$1.00 ask (S/3.705 per US\$1.00 bid and S/3.713 per US\$1.00 ask as of December 31, 2023).

For the three-month period ended as of March 31, 2024 and 2023, InRetail Real Estate has incurred in the following results for exchange difference:

	2024 S/(000)	2023 S/(000)
Exchange difference generated by hedged assets and liabilities	(2,000)	5,500
Compensation of exchange difference for hedging derivative	2,000	(5,500)
Exchange difference generated by unhedged assets and liabilities	328	14,336
Net gain	<u>328</u>	<u>14,336</u>

(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 March 31, 2024 and December 31, 2023, 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.

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.
- (c) Investment to fair value through equity
Fair value of investment through equity is derived from quoted market prices in active markets, if available. Fair value of unquoted available-for-sale financial assets is estimated using a discounted cash flow technique.

Fair value hierarchy

The InRetail Real Estate Group uses the following hierarchy for determining and disclosing the fair value of its financial instrument recorded in the statement of financial position:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the interim consolidated financial statements (continued)

The InRetail Real Estate Group does not maintain any financial instrument with fair value determination under level 3 and there were no transfers between levels during the three-month period ended March 31, 2024 and 2023. The InRetail Real Estate Group maintains the following financial instruments at fair value:

- Investments to fair value through equity which fair value was determined under level 1 hierarchy.
- Derivative instrument which fair value was determined under level 2 hierarchy.

29. Subsequent event

On April 26, 2024, the Company acquired land in the Piura city for an amount of S/36,000,000, from a related entity.

Except as indicated in the paragraph above, from April 1, 2024, to the date of presentation of this report, no significant event has occurred that affects the financial statements, in addition to what is reported in the notes to the consolidated financial statements.

30. 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.