InRetail Real Estate Corp. and Subsidiaries

Interim consolidated financial statements as of September 30, 2022 (unaudited) and December 31, 2021 (audited) and for the nine-month period ended as of September 30, 2022 and 2021.

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Interim consolidated financial statements as of September 30, 2022 and December 31, 2021 and for the nine-month period ended September 30, 2022 and 2021.

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Interim consolidated statements of financial position

As of September 30, 2022 (unaudited) and December 31, 2021 (audited)

	Note	2022 S/(000)	2021 S/(000)
Assets			
Current assets			
Cash and cash equivalents	4	80,830	195,484
Investments at fair value through equity	5	181,326	191,266
Investments at fair value through profit or loss	6	51,058	81,782
Trade receivables, net	7	41,012	44,693
Other receivables	8	5,155	8,890
Accounts receivables from related parties	26	44,839	45,528
Prepaid expenses	9	6,905	2,619
Recoverable taxes	10	10,726	10,086
Total current assets		**421,851**	**580,348**
Non-current assets			
Other receivables	8	4,892	4,892
Accounts receivables from related parties	26	561,008	460,571
Deferred income tax, net	18	7,866	6,208
Recoverable taxes	10	15,125	20,076
Facilities, furniture and equipment, net	11	9,267	9,734
Investment properties	12	4,569,901	4,430,543
Right-of-use assets, net	16(b)	141,180	138,604
Intangible assets, net		13,925	13,604
Derivative financial instrument	13	85,569	109,754
Total non-current assets		**5,408,733**	**5,193,986**
Total assets		**5,830,584**	**5,774,334**

	Note	2022 S/(000)	2021 S/(000)
Liabilities and equity			
Current liabilities			
Trade payables	14	39,060	48,209
Other liabilities	15	43,524	69,070
Accounts payable to related parties	26	34,838	1,880
Current portion financial obligations	17	67,270	157,953
Lease liability	16(c)	6,839	4,796
Total current liabilities		**191,531**	**281,908**
Non-current liabilities			
Trade payables	14	6,088	6,809
Other liabilities	15	13,050	13,760
Income tax related to special purpose entity	25(e)	468,215	416,979
Lease liability	16(c)	238,888	230,007
Long-term financial obligations	17	2,137,013	2,163,896
Deferred income tax liabilities, net	18	37,128	33,717
Total non-current liabilities		**2,900,382**	**2,865,168**
Total liabilities		**3,091,913**	**3,147,076**
Equity			
Capital stock	20	1,475,706	1,475,706
Unrealized results		2,688	30,521
Retained earnings		1,260,277	1,121,031
Total equity		**2,738,671**	**2,627,258**
Total liabilities and equity		**5,830,584**	**5,774,334**

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 nine-month period ended as of September 30, 2022 and 2021

	Note	2022 S/(000)	2021 S/(000)
Rental income	21	336,626	246,589
Cost of rental income	22	(40,435)	(33,948)
Net rental income		**296,191**	**212,641**
Income from management services	21	149,541	121,839
Cost related to income from management services	22	(121,167)	(94,932)
Net management service income		**28,374**	**26,907**
Gross profit		**324,565**	**239,548**
Fair value adjustment for investment properties	12(b)	7,236	45,194
Administrative expenses	23	(29,534)	(25,101)
Selling expenses	23	(7,982)	(15,071)
Other operating income (expenses), net		9,350	(375)
Operating profit		**303,635**	**244,195**
Financial income	24	27,114	28,064
Financial expenses	24	(134,382)	(171,400)
Exchange difference, net	27(a)(ii)	(694)	(116,330)
Profit (loss) before income tax		**195,673**	**(15,471)**
Income tax	18(a)	(57,278)	3,688
Net profit (loss)		**138,395**	**(11,783)**
Profit (loss) per share:			
Basic and diluted profit (loss) for the period attributable to ordinary equity holders of the parent	20(b)	0.244	(0.021)

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 nine-month period ended as of September 30, 2022 and 2021

	2022	2021
	S/(000)	S/(000)
Profit (loss) for the period	138,395	(11,783)
Other comprehensive income		
Unrealized loss on investments at fair value through equity	(9,940)	(5,364)
Income tax related to special purpose entities	-	27,880
Total other comprehensive income of investments at fair value through equity	**(9,940)**	**22,516**
Unrealized (loss) gain on hedging derivative financial instrument	(17,893)	34,987
Income tax related to special purpose entities	-	10,836
Total other comprehensive income of derivative financial instrument	**(17,893)**	**45,823**
Other comprehensive income for the period, net of income tax effects	(27,833)	68,339
Total comprehensive income for the period	**110,562**	**56,556**

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 nine-month period ended as of September 30, 2022 and 2021

	Capital stock	Unrealized results	Retained earnings	Total Equity
	S/(000)	S/(000)	S/(000)	S/(000)
Balance as of January 1, 2021	**1,475,706**	**(24,572)**	**986,730**	**2,437,864**
Loss for the period	-	-	(11,783)	**(11,783)**
Other comprehensive income	-	68,339	-	**68,339**
Total comprehensive income	**-**	**68,339**	**(11,783)**	**56,556**
Other	-	-	-	-
Balance as of September 30, 2021	**1,475,706**	**43,767**	**974,947**	**2,494,420**
Balance as of January 1, 2022	**1,475,706**	**30,521**	**1,121,031**	**2,627,258**
Profit for the period	-	-	138,395	**138,395**
Other comprehensive income	-	(27,833)	-	**(27,833)**
Total comprehensive income	**-**	**(27,833)**	**138,395**	**110,562**
Other	-	-	851	**851**
Balance as of September 30, 2022	**1,475,706**	**2,688**	**1,260,277**	**2,738,671**

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 nine-month period ended as of September 30, 2022 and 2021

	2022 S/(000)	2021 S/(000)
Operating activities		
Revenue	541,793	378,733
Payments of goods and services to suppliers	(140,358)	(112,160)
Payments of salaries and social benefits to employees	(32,777)	(30,662)
Taxes paid	(77,410)	(45,492)
Recovery of taxes	15,821	11,123
Other payments, net	(35,434)	(4,964)
Net cash flows from operating activities	**271,635**	**196,578**
Investing activities		
Collection of dividends	3,529	3,495
Collection of loans granted to related parties	27,761	27,761
Sale of investments at fair value through profit or loss	436,723	329,136
Purchase of investments at fair value through profit or loss	(407,932)	(181,980)
Purchase of facilities, furniture and equipment	(759)	(74)
Purchase and development of intangible assets	(2,765)	(2,893)
Purchase of investment properties	(177,505)	(58,695)
Value Added Tax payment related to investment properties	(3,246)	(10,565)
Net cash flows (uses) from in investing activities	**(124,194)**	**106,185**
Financing activities		
Proceeds from interest-bearing loans and borrowings	25,000	167,000
Payment of interest-bearing loans and borrowings	(148,894)	(145,408)
Payment of lease liability	(3,630)	(4,018)
Interest payment of lease liability	(8,298)	(7,851)
Interests paid	(126,273)	(129,770)
Net cash flows used in financing activities	**(262,095)**	**(120,047)**
Net (decrease) increase of cash and short-term deposits	(114,654)	182,716
Cash and short–term deposits at the beginning of the period	195,484	19,987
Cash and short–term deposits at the end of the period	**80,830**	**202,703**
Non-cash transactions		
Fixed assets purchased through leasing and other financial obligations	3,321	3,001
Investment properties purchased through other non financial obligations with related parties	32,104	-
Addition of right-of-use asset	8,791	4,675

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 September 30, 2022 and December 31, 2021 (audited) and for the nine-month period ended as of September 30, 2022 and 2021.

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 September 30, 2022 , Intercorp Perú holds directly and indirectly 67.57 percent of the capital stock of InRetail Perú Corp. (71.54 percent as of December31, 2021), 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.

Pandemic

In March 2020, the World Health Agency "WHO" declared the coronavirus outbreak as a pandemic. The Company and its Subsidiaries have taken all the appropriate measures to safeguard the health of workers and ensure their critical processes.

In this regard, on March 15, 2020, the Peruvian Government declared a state of emergency nationwide. Among the first actions taken within this National State of Emergency, that included the closing of the borders, compulsory social confinement, the closing of businesses deemed non-essential (exceptions were production, distribution and commercialization of food and pharmaceuticals, financial services and healthcare).

During 2022, 2021 and 2020, in order to continue containing and mitigating the spread of COVID-19, the Peruvian Government issued a series of Supreme Decrees, extending the Nacional State of Sanitary Emergency, defining alert levels: moderate, high, very high and extreme; that are granted to each of the regions of Peru, based on an evaluation carried out by the Ministries of Health, with a series of restrictions that vary depending on the level of each region.

In February 2021, after the Peruvian Government concluded its negotiations with different laboratories for the acquisition of vaccines, the distribution of doses to face Covid-19 in our country began. The vaccination schedule was carried out according to age groups, since not all citizens were exposed to the same level of risk of infection. The vaccination process has been developed throughout 2021, and at the end of October 2021, the protocol for applying the booster dose of the vaccine against Covid-19 was established.

Although the vaccination process was advancing rapidly as part of the plan designed to face a possible "third wave", it finally formally began in Peru at the beginning of 2022. As a measure to protect the health of citizens, the Peruvian Government, issued a series of Supreme Decrees, extending the State of Sanitary Emergency and State of NationalvEmergency, until the end of August 2022.

The Government has arranged a series of measures that significantly relax the restrictions initially established to face the COVID-19 pandemic in Peru, and which are in force as of October 1, 2022.

In this context, the Company did not suspend or paralyze its operations and continued to carry out its activities through remote work. . The Company restarted its operations in June 2020. While it is true that the Company and its Subsidiaries have not been immune to the negative effects of the COVID-19 pandemic, the impact of such effects on their business has not been as substantial, as in other sectors and businesses.

As a result of the pandemic, the Company's assets have not presented impairment that have not been included in the financial statements and have not had any change in accounting judgments as of September 30, 2022 and December 31, 2021.

In the opinion of the Company's Management and its Subsidiaries, the Company has sufficient liquidity and debt capacity to meet its obligations; as well as to continue operations.

The consolidated financial statements as of September 30, 2022, were approved by the Board of Directors on November 15, 2022.

2. Subsidiaries activities

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

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

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

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

Additionally, as of September 30, 2022 and December 31, 2021, 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 (21 as of September 30, 2022 and December 31, 2021) and maintaining and developing relationships with the tenants. Real Plaza operates under the name of "Real Plaza Shopping Mall".

As of September 30, 2022 and December 31, 2021, Real Plaza manages shopping malls in Chiclayo, Piura, Chimbote, Trujillo, Huancayo, Arequipa, Juliaca, Huánuco, Cusco, Cajamarca, Pucallpa and Lima.

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

3. Summary of significant accounting policies

3.1 Basis of preparation and presentation

The interim consolidated financial statements of InRetail Real Estate have been prepared in accordance with the International Accounting Standard 34 "Interim financial reporting". Also, the accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the InRetail Real Estate´s annual consolidated financial statements for the year ended December 31, 2021 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, 2021.

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

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

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

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

3.2 New standards and interpretations adopted by InRetail Real Estate

Several standards and amendments have come into effect from January 1, 2022; however, in the opinion of InRetail Real Estate´s Management, they have no impact on the accompanying unaudited consolidated financial statements as of September 30, 2022.

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 IFRS 3 “Business combinations”: Reference to the Conceptual Framework
In May 2020, the IASB issued Amendments to IFRS 3, intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ´Day 2´ gain or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 “Levies”, if uncured separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of the first application, the InRetail Real Estate Group will not be affected by these amendments on transition.

(ii) Modifications to IAS 1 "Presentation of financial statements" Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: (i) what is meant by a right to defer settlement; (ii) that a right to defer must exist at the end of the reporting period; (iii) that classification is unaffected by the likelihood that an entity will exercise its deferral right; and, (iv) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

The InRetail Real Estate Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

(iii) Amendments to IAS 16 “Property, plant and equipment”: Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16, which prohibits entities deducting fom the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the InRetail Real Estate Group.

(iv) Amendments to IAS 37 “Provisions, contingent liabilities and contingent assets”: Onerous contracts – costs of fulfilling a contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

The InRetail Real Estate Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

(v) IFRS 1 "First-time adoption of international financial reporting standards": Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

(vi) IFRS 9 "Financial instruments": Fees in the '10 percent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

(vii) IAS 41 "Agriculture": Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

(viii) 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.

(ix) 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.

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.

In the Management's opinion, these standards will not have a significant impact on the consolidated financial statements of the InRetail Real Estae 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 September 30, 2022 S/(000)	**As of December 31, 2021** S/(000)
Cash	51	51
Current accounts (b)	61,865	190,433
Time deposits (c)	18,914	5,000
Total	**80,830**	**195,484**

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

(c) As of September 30, 2022, time deposits are unrestricted, are maintained in Soles and US Dollar in local financial institutions, have maturities of up to one month since its inception and accrued annual interest between 6.50 and 6.70 percent in Soles and 2.52 percent in US Dollars (1.70 percent in Soles as of December 31, 2021).

5. Investments at fair value through equity

As of September 30, 2022, the Company has other investments at fair value through equity for an amount of US$45,513,000 equivalent to S/181,326,000 (US$47,840,000 equivalent to S/191,266,000 as of December 31, 2021).

6. Investments at fair value through profit or loss

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

Entity	As of September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
Mutual funds managed by Sura S.A. SAF	51,058	81,782
Total	**51,058**	**81,782**

As of September 30, 2022 and December 31, 2021, 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 September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
Rents receivable (b)	35,215	37,665
Unbilled services (c)	17,562	15,882
Documents receivable	13,115	14,429
Total trade receivables	**65,892**	**67,976**
Allowance for doubtful accounts (e)	(24,880)	(23,283)
Total trade receivables, net	**41,012**	**44,693**

(b) As of September 30, 2022 and December 31, 2021, trade accounts receivable are denominated in Soles and US Dollars, have current maturities and do not accrue interest.

(c) As of September 30, 2022 and December 31, 2021, mainly corresponds to unbilled lease services for variable and fixed rents, which are billed during the following month.

(d) As of September 30, 2022 and December 31, 2021 the analysis of trade receivables is as follows:

	Balance as of September 30, 2022		
	Non-impaired S/(000)	**Impaired** S/(000)	**Total** S/(000)
Unbilled services	17,562	-	17,562
Not past-due	11,355	1,481	12,836
Past-due			
From 1 to 90 days	10,897	3,189	14,086
From 91 to 120 days	425	1,116	1,541
From 121 to 180 days	563	1,646	2,209
From 181 to 270 days	205	2,625	2,830
More than 271 days	5	14,823	14,828
Total	**41,012**	**24,880**	**65,892**

	Balance as of December 31, 2021		
	Non-impaired S/(000)	**Impaired** S/(000)	**Total** S/(000)
Unbilled services	15,882	-	15,882
Not past-due	8,433	3,346	11,779
Past-due			
From 1 to 90 days	17,180	3,666	20,846
From 91 to 120 days	907	601	1,508
From 121 to 180 days	795	1,063	1,858
From 181 to 270 days	1,296	1,075	2,371
More than 271 days	200	13,532	13,732
Total	**44,693**	**23,283**	**67,976**

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.

(e) The movement of the provision for impairment as of September 30, 2022 and 2021 is as follows:

	2022 S/(000)	2021 S/(000)
Balance at the beginning of the year	23,283	20,068
Provision recognized as period expense, note 23(b)	12,611	15,227
Recoveries, note 23(b)	(10,218)	(10,511)
Exchange difference	(796)	-
Balance at the end of the period	**24,880**	**24,784**
Balance as of December 31, 2021		**23,283**

In the opinion of InRetail Real Estate´s Management, the provision for impairment appropriately covers the credit risk as of September 30, 2022 and December 31, 2021.

8. Other receivables

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

	As of September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
By type:		
Outstanding advances (b)	60	162
Claims (d)	4,892	4,892
Fund retained - Banco de la Nación (c)	4,689	8,374
Others	406	354
Total	**10,047**	**13,782**
By Term:		
Current	5,155	8,890
Non-current	4,892	4,892
Total	**10,047**	**13,782**

(b) As of September 30, 2022 and December 31, 2021, 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 September 30, 2022 and December 31, 2021, as no credit risk has been identified.

9. Prepaid expenses

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

	As of September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
Insurance paid in advance (b)	1,438	109
Municipal taxes prepaid (c)	4,079	2,265
Others	1,388	245
Total	**6,905**	**2,619**

(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 September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
By type:		
Tax credit for value-added-tax (b)	24,905	28,980
Income tax payment	245	373
Others	701	809
Total	**25,851**	**30,162**
By term:		
Current	10,726	10,086
Non-current	15,125	20,076
Total	**25,851**	**30,162**

(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.

11. Facilities, furniture and equipment, net

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

	Facilities S/(000)	Furniture and fixtures S/(000)	Transport units S/(000)	Equipment miscellaneous S/(000)	Total S/(000)
Cost					
Balance as of January 1, 2022	**7,318**	**4,230**	**342**	**26,123**	**38,013**
Additions	-	-	108	3,972	4,080
Balance as of September 30, 2022	**7,318**	**4,230**	**450**	**30,095**	**42,093**
Accumulated depreciation					
Balance as of January 1, 2022	**6,032**	**3,736**	**68**	**18,443**	**28,279**
Depreciation of the period, Note 23(b)	151	109	118	4,169	4,547
Balance as of September 30, 2022	**6,183**	**3,845**	**186**	**22,612**	**32,826**
Net cost as of September 30, 2022	**1,135**	**385**	**264**	**7,483**	**9,267**
Net cost as of December 31, 2021	**1,286**	**494**	**274**	**7,680**	**9,734**

(b) As of September 30, 2022 and December 31, 2021, there are no pledges or guarantees provided to third parties on the facilities, furniture and equipment of InRetail Real Estate.

(c) As of September 30, 2022 and December 31, 2021, 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.

12. Investment properties

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

	As of September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
Real Plaza Puruchuco shopping mall	633,666	637,415
Real Plaza Salaverry shopping mall (i)	499,068	498,139
Real Plaza Cusco shopping mall (i)	366,112	366,370
Real Plaza Chiclayo shopping mall	365,992	364,482
Real Plaza Piura shopping mall	300,742	299,035
Real Plaza Trujillo shopping mall	285,644	281,596
Real Plaza Centro Cívico shopping mall (i)	239,236	241,227
Real Plaza Primavera shopping mall	254,541	252,350
Real Plaza Huancayo shopping mall (i)	164,633	164,544
Real Plaza Pucallpa shopping mall	137,871	138,483
Real Plaza Huánuco shopping mall (i)	142,429	141,075
Real Plaza Santa Clara shopping mall	133,124	132,913
Real Plaza Pro shopping mall	134,629	134,999
Molina Shopping mall (iii)	134,723	-
Real Plaza Cajamarca shopping mall	116,423	115,014
Real Plaza Juliaca shopping mall (i)	93,391	94,934
Real Plaza Chorrillos shopping mall	86,928	86,409
Real Plaza Arequipa shopping mall (i)	79,825	79,506
Real Plaza Sullana shopping mall	55,969	54,327
Real Plaza Nuevo Chimbote shopping mall	51,085	50,992
Jirón de la Unión	12,393	12,179
Others (ii)	281,477	284,554
Total	**4,569,901**	**4,430,543**

(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 September 30, 2022 and December 31, 2021.

(iii) On July 5, 2022, the Company acquired through Interproperties Perú a property called "Molina Plaza Shopping Center", for a value of US$28,700,000 equivalent to S/110,179,300 at the date of purchase.

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

(b) The movement of this caption for the nine-month period ended as of September 30, 2022 and 2021 is as follows:

	2022	2021
	S/(000)	S/(000)
Balance at the beginning of the year	**4,430,543**	**4,224,337**
Additions	209,609	58,695
Disposal for sale to related party	(77,487)	-
Fair value adjustment	7,236	45,194
Balance at the end of the period	**4,569,901**	**4,328,226**
Balance as of December 31, 2021		**4,430,543**

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 September 30, 2022 and December 31, 2021, this item comprises a principal Call Spread and 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:

						2022	2021
Counterparty	**Nominal value**	**Due**	**Receives fixed rate at**	**Pays fixed rate at**	**Book value of the hedged item**	**Fair value assets**	**Fair value assets**
	US$(000)		%	%	S/(000)	S/(000)	S/(000)
J.P. Morgan	250,000	April 2028	-	1.05	937,500	71,512	79,606
J.P. Morgan	100,000	April 2028	5.75	8.75	398,400	14,057	30,148
Total						**85,569**	**109,754**

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

On July 1, 2021, the Company decided to replace US$100,000,000 of the Call Spread for US$100,000,000 of a Full Cross-Currency Swap on the issuance of its Senior Notes Unsecured, which establishes the currency exchange at an exchange rate of S/3.887 per dollar, which for the purposes of IFRS 9, qualifies as an effective hedging instrument.

The early settlement of the derivative financial instrument includes the partial settlement of the liability from the financing received from J.P. Morgan for the acquisition of the derivative financial instrument. As a result of this transaction, a total net expense of S/38,826,000 was recorded.

As of September 30, 2022 and December 31, 2021, the Call Spread covers US$250,000,000 of the exposure in foreign currency of the principal of the issuance and protects exchange rate variations between S/3.26 and S/3.75 per US$1.00. As of September 30, 2022 and December 31, 2021, the exchange rate has suffered increases that have not been covered by the Call Spread, 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 September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
Bills payable to third parties (b)	36,432	46,141
Provision of services unbilled (c)	8,716	8,877
Total	**45,148**	**55,018**
By term:		
Current	39,060	48,209
Non-current	6,088	6,809
	45,148	**55,018**

(b) As of September 30, 2022 and December 31, 2021, 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.

15. Other liabilities

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

	As of September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
By type:		
Interest payable (c)	4,446	32,050
Deferred income (b)	20,846	20,538
Value added tax	5,957	3,862
Deposits from third parties (d)	3,829	3,412
Workers' profit sharing	4	-
Remunerations and social benefits to be paid	6,101	3,758
Tax payables	2,894	1,945
Vacations	1,744	1,207
Other payables	10,753	16,058
Total	**56,574**	**82,830**
By term:		
Current	43,524	69,070
Non-current	13,050	13,760
Total	**56,574**	**82,830**

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

	As of September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
Key money (b.1)	17,487	17,149
Others	3,359	3,389
Total	**20,846**	**20,538**

(b.1) As of September 30, 2022 and December 31, 2021, corresponds to the payment of key money from several tenants that operate in the Real Plaza shopping malls.

(c) As of September 30, 2022, corresponds mainly to interest payable originated from the private offering of “Senior Notes Unsecured“ maturing in 2034 that accrue an annual interest rate of 7.875 (as of December 31, 2021 “Senior Notes Unsecured“ maturing in 2028 and 2034 that accrue an annual interest rate of 5.75, 6.5625 and 7.875 percent).

(d) As of September 30, 2022 and December 31, 2021, 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.

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 nine-month period ended as of September 30, 2022 and December 31, 2021, is as follows:

	Land	**Buildings infrastructure and facilities**	**As of September 30, 2022**	**As of December 31, 2021**
	S/(000)	S/(000)	S/(000)	S/(000)
Cost				
Initial balance	**160,721**	**933**	**161,654**	**151,797**
Additions	8,791	-	8,791	9,857
Final balance	**169,512**	**933**	**170,445**	**161,654**
Accumulated depreciation				
Initial balance	**22,263**	**787**	**23,050**	**15,274**
Additions, Note 22(a)	6,069	146	6,215	7,776
Final balance	**28,332**	**933**	**29,265**	**23,050**
Net book value	**141,180**	-	**141,180**	**138,604**

Depreciation expense for the nine-month period ended September 30, 2022 and 2021, was recorded as follows in the income statement:

	2022	**2021**
	S/(000)	S/(000)
Cost of sales, Note 22 (a)	6,215	5,743
Balance as of September 30,	**6,215**	**5,743**
Balance as of December 31, 2021		**7,776**

(c) The movement of the lease liability caption, as of September 30, 2022 and December 31, 2021, is as follows:

	As of September 30, 2022 S/(000)	**As of December 31, 2021** S/(000)
Initial balance	**234,803**	**212,085**
Additions	11,250	13,153
Increase for accrued interest, Note 24 (a)	8,298	10,714
Amortization	(8,331)	(16,555)
Exchange difference	(293)	15,406
Final balance	**245,727**	**234,803**
Current	6,839	4,796
Non-current	238,888	230,007
Final balance	**245,727**	**234,803**

Additionally, in the nine-month period ended as of September 30, 2022 and 2021, interest related to the lease liability of S/8,298,000 and S/7,851,000 respectively, has been accrued.

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	
						September 30, 2022	As of December 31, 2021	As of September 30, 2022	As of December 31, 2021	September 30, 2022	As of December 31, 2021
				US$ (000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Bonds issuance											
Senior Notes Unsecured (b)	USD	5.750	2028	350,000	-	1,329,840	1,327,464	-	-	1,329,840	1,327,464
Senior Notes Unsecured (c)	PEN	7.875	2034	-	141,000	135,733	135,668	-	-	135,733	135,668
Senior Notes Unsecured (b)	PEN	6.563	2028	-	313,500	310,857	310,569	-	-	310,857	310,569
				350,000	**454,500**	**1,776,430**	**1,773,701**	**-**	**-**	**1,776,430**	**1,773,701**
Leasings											
Related entities											
Banco Internacional del Perú-Interbank	USD	Between 3.950 and 4.530	2022-2024	76	-	157	134	73	71	84	63
Non-related entities											
Scotiabank Perú S.A.A. (e)	PEN	5.510	2025	-	380,000	313,268	336,480	30,999	30,954	282,269	305,526
Hewlett Packard S.A.	USD	Between 2.180 and 2.900	2022 - 2024	3,435	-	4,621	4,970	2,908	3,487	1,713	1,483
CSI Renting	USD	Between 2.330 and 9.500	2022- 2025	211	-	230	376	102	189	128	187
Inversiones Nueva Capital Peru S.A.	USD	12.000	2026	163	-	562	-	134	-	428	-
				3,885	**380,000**	**318,838**	**341,960**	**34,216**	**34,701**	**284,622**	**307,259**
Promissory notes and loans											
Related entities											
Banco Internacional del Perú-Interbank	PEN	6.780	2023	-	25,000	25,000	-	25,000	-	-	-
Banco Internacional del Perú-Interbank	PEN	1.850	2022	-	54,500	-	54,500	-	54,500	-	-
Non-related entities											
Scotiabank Perú S.A.A. (d)	PEN	5.250	2027	-	50,000	39,783	43,484	4,940	4,935	34,843	38,549
Banco de Crédito del Perú	PEN	3.500	2022	-	39,000	-	39,000	-	39,000	-	-
Scotiabank Perú S.A.A.	PEN	4.210	2022	-	19,000	-	19,000	-	19,000	-	-
Call Spread financing, Note 13											
JP. Morgan	USD	10.205	2028	18,147	-	44,232	50,204	3,114	5,817	41,118	44,387
				18,147	**187,500**	**109,015**	**206,188**	**33,054**	**123,252**	**75,961**	**82,936**
Total				**372,032**	**1,022,000**	**2,204,283**	**2,321,849**	**67,270**	**157,953**	**2,137,013**	**2,163,896**

(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/1,394,400,000 as of September 30, 2022 (S/1,399,300,000 as of December 31, 2021) 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$16,205,000 equivalent to approximately S/64,560,000 as of September 30, 2022 (US$17,968,000 equivalent to approximately S/71,836,000 as of December 31, 2021).

    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/2,643,000 as of September 30, 2022 (S/2,931,000 as of December 31, 2021).

    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 September 30, 2022 and December 31, 2021, 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 local market and abroad of “Senior Notes Unsecured” for S/141,000,000, due in July 2034, at a 7.875 percent nominal interest rate. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 7.988 percent, after considering the respective up-front fees that amounted to S/1,267,000 as of September 30, 2022 (S/1,332,000 as of December 31, 2021). Additionally, as of September 30, 2022 and December 31, 2021, the balance is presented net of S/4,000,000 corresponding to the notes of this issuance held by InRetail Shopping Malls. As of September 30, 2022 and December 31, 2021, the balance of this loan is S/135,733,000 and S/135,668,000, 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/217,000 as of September 30, 2022 (S/266,000 as of December 31, 2021).

    As of September 30, 2022, the Company amortizated a amount of S/10,000,000 (as of December 31, 2021, S/6,250,000).

(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/2,732,000 as of September 30, 2022 (S/3,519,000 as of December 31, 2021).

As of September 30, 2022, the Company amortized an amount of S/64,000,000 (As of December 31, 2021, S/40,000,000).

As of September 30, 2022 and December 31, 2021, InRetail Real Estate and subsidiaries have complied with the financial requirements ("covenants").

(f) Financial obligations are payable as follows:

	As of September 30, 2022	As of December 31, 2021
	S/(000)	S/(000)
2022	10,111	157,953
2023	69,939	43,853
2024	44,471	43,332
2025	256,583	256,214
2026	13,584	13,581
2027 onwards	1,809,595	1,806,916
Total	**2,204,283**	**2,321,849**

18. Income tax

(a) The Deferred Income Tax assets and liabilities presented in the consolidated statements as of September 30, 2022 and December 31, 2021, as well as those presented in the consolidated statement of income for the nine months periods ended September 30, 2022 and 2021, are detailed as follows:

Statements of financial position	**As of September 30, 2022**		**As of December 31, 2021**	
	Assets S/(000)	**Liabilities** S/(000)	**Assets** S/(000)	**Liabilities** S/(000)
Real Plaza S.R.L.	7,866	-	6,198	-
Inversiones Real Estate S.A.	-	632	-	632
Centro Comercial Estación Central S.A.	-	-	10	-
Inmobiliaria Puerta del Sol S.A.	-	36,496	-	33,085
Total	**7,866**	**37,128**	**6,208**	**33,717**

Statements of comprehensive income	**Income tax for the nine-month period ended September 30, 2022 and 2021**	
	2022 S/(000)	**2021** S/(000)
Current	(55,525)	2,124
Deferred	(1,753)	1,564
Total	**(57,278)**	**3,688**

19. Commitments

As of September 30, 2022, corresponds to guarantee letters in favor of third parties for approximately S/505,000 and US$2,990,000 (S/9,245,000 and US$3,150,000 as of December 31, 2021), which guarantee the compliance of obligations from contractual agreements related to the real estate projects of Interproperties Holding and Interproperties Holding II.

20. Equity

(a) Capital stock

As of September 30, 2022 and December 31, 2021, 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, 2021	568,201,039		568,201,039
Number as of September 30, 2021	568,201,039	270	568,201,039
Number as of January 1, 2022	568,201,039		568,201,039
Number as of September 30, 2022	568,201,039	270	568,201,039

	For the nine-month period ended September 30, 2022		
	Net profit (numerator)	**Shares (denominator)**	**Profit per share**
	S/		S/
Basic and diluted profit per share	138,395,000	568,201,039	0.244

	For the nine-month period ended September 30, 2021		
	Net loss (numerator)	**Shares (denominator)**	**Loss per share**
	S/		S/
Basic and diluted loss per share	(11,783,000)	568,201,039	(0.021)

21. Income from real estate service

(a) The composition of the balance for the nine-month period ended as of September 30, 2022 and 2021 is presented below:

	2022 S/(000)	2021 S/(000)
Rental income		
Rental income (b)	318,543	237,088
Rent of space for publicity	14,335	5,863
Key money	3,748	3,638
Total	**336,626**	**246,589**
Income from management services		
Common expenses (c)	67,833	58,531
Electricity and water (d)	47,672	37,635
Promotion and advertisement (e)	18,063	14,657
Parking	8,104	3,646
Management services	1,152	844
Others	6,717	6,526
Total	**149,541**	**121,839**

(b) As of September 30, 2022 and 2021, corresponds to rental income from the economic exploitation of the "Real Plaza" shopping malls.

The composition of the rental income is presented below:

	2022 S/(000)	2021 S/(000)
Fixed rental income	275,474	196,220
Variable rental income	43,069	40,868
Total	**318,543**	**237,088**

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

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

22. Costs of rental income and management services

(a) The composition of this caption for the nine-month period ended as of September 30, 2022 and 2021 is presented below:

	2022 S/(000)	2021 S/(000)
Cost of rental income		
Cost of variable lease (b)	12,820	7,917
Depreciation from right-of-use asset, Note 16(b)	6,215	5,743
Property tax and duties	15,948	14,813
Property insurance costs	4,802	4,937
Others	650	538
Total	**40,435**	**33,948**
Cost related to income from management services		
Electricity and water	40,817	31,710
Maintenance and administration of parking lot	18,945	14,820
Advertising and marketing	13,647	7,190
Personnel expenses	14,983	14,527
Cleaning services	10,010	7,780
Safety services	10,230	9,215
Leases, professional fees and communications	6,414	7,484
Other costs	6,121	2,206
Total	**121,167**	**94,932**

(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 nine-month period ended as of September 30, 2022 and 2021 is presented below:

	2022 S/(000)	2021 S/(000)
Administrative expenses	29,534	25,101
Selling expenses	7,982	15,071
Total	**37,516**	**40,172**

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

	2022		
	Selling expenses S/(000)	**Administrative expenses** S/(000)	**Total** S/(000)
Personnel expenses	7,519	12,618	20,137
Depreciation, Note 11 (a)	-	4,547	4,547
Amortization	-	2,439	2,439
Services provided by third parties	1,046	9,145	10,191
Allowance for doubtful accounts, Note 7 (e)	12,611	-	12,611
Recovery of allowance for doubtful accounts, Note 7 (e)	(10,218)	-	(10,218)
Recovery of allowance for doubtful accounts related	(3,113)	-	(3,113)
Other charges	137	785	922
Total	**7,982**	**29,534**	**37,516**

	2021		
	Selling expenses S/(000)	**Administrative expenses** S/(000)	**Total** S/(000)
Personnel expenses	7,078	11,964	19,042
Depreciation	-	4,071	4,071
Amortization	-	1,636	1,636
Services provided by third parties	650	6,892	7,542
Allowance for doubtful accounts, Note 7 (e)	15,227	-	15,227
Allowance for doubtful accounts related	2,560	-	2,560
Recovery of allowance for doubtful accounts, Note 7 (e)	(10,511)	-	(10,511)
Other charges	67	538	605
Total	**15,071**	**25,101**	**40,172**

24. Financial income and expenses

(a) The composition of this caption for the nine-month period ended as of September 30, 2022 and 2021 is presented below:

	2022 S/(000)	2021 S/(000)
Income		
Interest on deposits	1,335	286
Interest from loans granted to related parties	20,745	20,888
Dividend income	3,529	3,495
Income on investments at fair value through profit or loss	762	24
Income from reversal of leasing option expense	-	2,900
Others	743	471
Total	**27,114**	**28,064**

	2022 S/(000)	2021 S/(000)
Expenses		
Bond interest expenses	80,983	81,583
Premium for early settlement of Call spread, Note 13 (a)	-	38,826
Interest from leasing and others	18,198	19,588
Interest from swap	9,730	6,050
Debt structuring expenses	7,934	7,589
Accrual of the Call Spread premium	6,735	7,274
Interest from lease liabilities, Note 16 (c)	8,298	7,851
Other	2,504	2,639
Total	**134,382**	**171,400**

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 September 30, 2022 and December 31, 2021, 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.

(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 September 30, 2022 and December 31, 2021.

(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 2017 to 2021	From 2018 to 2022
Inmobiliaria Puerta del Sol S.A.	From 2017 to 2021	From 2018 to 2022
Inversiones Real Estate S.A.	From 2017 to 2021	From 2018 to 2022
Centro Comercial Estación Central S.A.	From 2017 to 2021	From 2018 to 2022

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 September 30, 2022 and December 31, 2021, the accrued income tax amounted to S/468,215,000 and S/416,979,000, 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 September 30, 2022 and December 31, 2021.

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 September 30, 2022 and December 31, 2021:

	As of September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
Receivables		
InRetail Perú Corp. (d)	402,500	409,517
Tiendas Peruanas Oriente S.A.C.	352	359
Tiendas Peruanas S.A.	2,739	4,466
EP de Franquicias S.A.C.	4,273	5,171
Homecenters Peruanos S.A. (e), (f)	81,214	28,055
Supermercados Peruanos S.A. (e), (f)	87,620	33,359
Bembos S.A.C.	2,865	3,016
Interseguro Compañía de Seguros S.A.	418	1,366
Cineplex S.A.	13,123	4,815
Banco Internacional del Perú S.A.A.- Interbank	881	1,986
Servicio Educativo Empresarial S.A.C.	2,037	3,695
Alert del Perú S.A.	1,904	1,971
Corporación Peruana de Restaurantes S.A.C.	1,648	2,047
EP de Restaurantes S.A.C.	1,415	1,685
Others	2,858	4,591
Total	**605,847**	**506,099**
Current	44,839	45,528
Non-current	561,008	460,571
Total	**605,847**	**506,099**

	As of September 30, 2022 S/(000)	As of December 31, 2021 S/(000)
Payables		
Banco Internacional del Perú S.A.A.- Interbank (g)	33,225	-
Supermercados Peruanos S.A.	684	205
Homecenters Peruanos S.A.	400	251
IR Management S.R.L.	283	338
Tiendas Peruanas S.A.	42	695
Agora Servicios Digitales S.A.C.	188	358
Others	16	33
Total	**34,838**	**1,880**
Financial Obligations		
Leasing:		
Banco Internacional del Perú - Interbank	157	134

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

(b) As of September 30, 2022 and December 31, 2021, InRetail Real Estate holds balances with its related entity Banco International del Perú S.A.A. – Interbank in the cash and cash equivalent caption for an amount of S/63,025,000 and S/183,845,000, 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 September 30, 2022, the Company collected an interest fee of S/27,761,000 (S/27,761,000 as of December 31, 2021) which is presented in the consolidated statement of cash flows.

For the nine months ended September 30, 2022 and 2021, an interest of S/20,745,000 and S/20,745,000 was earned, respectively, which was recorded in the “financial income” caption of the consolidated statement of comprehensive income. As of December 31, 2021, accumulated interest receivable of S/7,017,000, is maintained.

(e) As of September 30, 2022 and December 31, 2021, 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/33,794,000 and S/30,325,000, respectively (S/30,639,000 and S/27,432,000 as of December 31, 2021, 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/50,518,500 receivable from Supermercados Peruanos S.A. and from S/50,518,500 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/3,307,000 from Supermercados Peruanos S.A. and S/370,000 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, generating a gain of S/12,872,000 that is presented in the caption “Other income (expenses), net”, of the consolidated income statement. See Note 26 (e).

(g) As of September 30, 2022, mainteined a balance payable with Banco Internacional del Perú S.A.A.- Interbank for US$8,334,000 equivalent to S/33,204,000 payable in one year for the acquisition of a property located in the district of Surquillo.

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 September 30, 2022 and December 31, 2021, 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 September 30, 2022 and December 31, 2021, assets and liabilities maintained in foreign currency were the following (expressed in thousands US Dollars):

	As of September 30, 2022	**As of December 31, 2021**
	US$(000)	US$(000)
Assets		
Cash and cash equivalents	4,665	29,321
Investment at fair value through profit or loss	1,785	10,515
Investments at fair value through equity	45,513	47,840
Trade receivables, net	680	1,381
Other receivables	10	5
Accounts receivables from related parties	1,611	1,323
Total assets	**54,264**	**90,385**
Liabilities		
Trade payables	(2,513)	(2,183)
Other liabilities	(62)	(5,577)
Accounts payable to related parties	(8,268)	(3)
Lease liability	(44,498)	(41,350)
Financial obligations	(346,296)	(345,960)
Total liabilities	**(401,637)**	**(395,073)**
Hedge amount	350,000	350,000
Net asset position	**2,627**	**45,312**

As of September 30, 2022 and December 31, 2021, 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 the Full Cross-Currency Swap over an amount of US$100,000,000 as of September 30, 2022 and December 31, 2021 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 September 30, 2022, the market end of period exchange rate for transactions in US Dollars was S/3.978 per US$1.00 bid and S/3.984 per US$1.00 ask (S/3.975 per US$1.00 bid and S/3.998 per US$1.00 ask as of December 31, 2021).

For the nine-month period ended as of September 30, 2022 and 2021, InRetail Real Estate has incurred in the following results for exchange difference:

	2022 S/(000)	**2021** S/(000)
Exchange difference generated by hedged assets and liabilities	1,400	(61,900)
Compensation of exchange difference for hedging derivative	(1,400)	61,900
Exchange difference generated by unhedged assets and liabilities	(694)	(116,330)
Net loss	**(694)**	**(116,330)**

(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 September 30, 2022 and December 31, 2021, 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 though 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.

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 nine-month period ended September 30, 2022 and 2021. 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

(a) The Company's management and Susbidiaries continue monitoring the evolution of the situation and the guidance of national and international authorities, since events beyond Management's control may arise that require modifying the established business plan. Further spread of COVID-19 and subsequent measures taken to limit the spread of the disease could affect the ability to conduct business in the normal way and therefore affect financial condition and results of operations.

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.