QUARTERLY EARNINGS REPORT

CONSOLIDATED FINANCIAL STATEMENTS

AS OF June 30, 2020

PLAZA S.A.

CONTENTS

1. - MARKET ANALYSIS

Description and analysis of the business

Plaza S.A. is a holding Company that operates shopping centers under the mallplaza brand in Chile, Peru and Colombia, which total a leasable area of 1,701,000m^2.

It manages the companies that build, manage, operate and lease the premises and advertising spaces of its 17 mallplaza shopping centers from Chile. Its lessees include a diversified offer of products and services, being significant department stores, specialty stores, entertainment and culture, movie theaters, games for children, Viva libraries, restaurants and fast food outlets, supermarkets, automobile sales, offices, health and education. It also leases advertising space at its shopping centers. These leases cover 1,374,000m^2 of leasable areas.

Plaza S.A.'s subsidiary Mall Plaza Colombia S.A.S. has shopping centers in Cartagena de Indias, Manizales and Barranquilla, as well as a fourth project in Cali. As of June 30, the leasable area in Colombia totals 122,000m^2.

Plaza S.A. also manages 3 shopping centers in Peru belonging to Mall Plaza Peru S.A., where it owns a 33.33% interest. These malls offer a leasable area of 205,000m^2 and are located in the cities of Lima, Arequipa and Trujillo.

Finally, Plaza S.A. is also carrying out the required studies and analyzes to develop new projects in Chile, Peru and Colombia over the coming years.

Description and analysis of the industrial sector

a) The Competition: According to surveys conducted in homes and various shopping centers, the main competitors to Plaza S.A. are shopping centers of all kinds, such as malls, power centers, strip centers and traditional stores located close to mallplaza's shopping centers.

b) Its relative participation and evolution: Its market share of the retail trade is estimated at 5.3%. This participation is based on total sales at mallplaza shopping centers, excluding sales in the automotive, supermarket, home and healthcare sectors, and compared to an estimate of retail trade for those areas. Plaza S.A. participates in the new automobile sales sector through premises operated by its subsidiaries Autoplaza SpA, located in its malls in Chile, and Salón Motorplaza S.A. located in five shopping centers in Peru.

2.- ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

a) **Assets** (in millions of Chilean pesos)

	Jun-20	Dec-19	Change Jun20-Dec19
Current assets	409,029	154,870	164%
Non-current assets	3,256,523	3,229,045	1%
Total Assets	**3,665,552**	**3,383,915**	**8%**

Current Assets

Increase of 164% in Current Assets, equivalent to MMCLP 254,159, explained by higher Cash and cash equivalents CLP 245,266 million associated with issuance of Series P and S Bonds, and obtaining loans to deepen liquidity, higher Accounts receivable from current related entities for CLP 23,381 million, and Other current non-financial assets CLP 5,865 million associated with a higher VAT tax credit due to lower transitory income due to pandemic and renewal of insurance policies. This is offset by lower trade debtors and other current accounts receivable CLP -20,085 million due to lower rents due to the closure of premises due to health emergencies, higher income in December due to business seasonality and higher uncollectible provisions for risk from business partners.

Non-current assets

Growth of 1%, equivalent to CLP 27,478 million explained by the increase in Investment Properties CLP 22,813 million, mainly explained by expansion works completed in MP Norte, final stage in MP La Serena and MP Oeste, and remodeling works in MP Vespucio. In addition, completion works at MP Buenavista, Colombia, offset by translation differences. Higher Other non-financial non-current assets CLP 3,739 million associated with higher linear income to be amortized, offset by a decrease in advance payments due to translation effect, and higher Investments accounted for, using the equity method, CLP 2,380 million related to translation effect in Peru, offset by losses for the period at Mall Plaza Perú SA. This is offset by lower Non-current tax assets CLP -2,877 million due to the short-term transfer of part of the Arica Law loan.

Investment properties at Fair Value

Plaza S.A. values its investment properties at fair value and used this value as the attributable cost on the IFRS re-adoption date of January 1, 2015, in accordance with IFRS 1. The cost model has been applied since the IFRS conversion, and this value has been depreciated linearly on a monthly basis. It has not been revalued to fair value from period to period in the Income Statement. The value of investment properties as of June 30, 2020 is CLP 3,075,123 million, representing 84% of the total consolidated assets of Plaza S.A.

CLP million Millions of Chilean pesos

Liabilities (in millions of Chilean pesos)

	Jun-20	Dec-19	Change Jun20-Dec19
Current liabilities	259,793	202,438	28%
Non-current liabilities	1,478,872	1,268,906	17%
Total Liabilities	**1,738,665**	**1,471,344**	**18%**
Equity	1,926,887	1,912,571	1%
Total Equity and Liabilities	**3,665,552**	**3,383,915**	**8%**

Current liabilities

Current liabilities increased by CLP 57,355 million or 28% due to increased other current financial liabilities of CLP 101,534 million associated with short-term loans. This was offset by decreases in trade and other payables of CLP -34,947 million following dividend payments, decreases in current employee benefit provisions of CLP -4,993 million associated with bonuses, and decreases in other current non-financial liabilities of CLP -2,712 million associated with lower VAT payable on lower revenue from partial shopping center closures due to the pandemic.

Non-current liabilities

Non-current liabilities have increased by CLP 209,966 million or 17%, mainly due to increases in other non-current financial liabilities of CLP 215,621 million associated with the issuance of the Series P and S bonds, and new long-term loans. These were offset by a decrease in non-current employee benefit provisions of CLP -3,642 million, associated with executive bonuses, and a decrease in deferred tax liabilities of CLP -2,549 million, due to increases in tax losses and doubtful debt provisions.

Equity (in millions of Chilean pesos)

	Jun-20	Dec-19	Change Jun20-Dec19
Share capital	175,123	175,123	0%
Retained earnings	1,531,955	1,527,046	0%
Share premium	123,573	123,573	0%
Other reserves	(52,354)	(59,236)	(12%)
Non-controlling interests	148,590	146,065	2%
Total Equity	**1,926,887**	**1,912,571**	**1%**

Equity grew by CLP 14,316 million, due to the increase in retained earnings of CLP 5,635 million and non-controlling interests of CLP 2,525 million, due to capital contributions in Colombia, and a positive effect on other reserves of CLP 6,416 million associated with SWAPS contracts of CLP 9,746 million, offset by CLP -3,331 million due to translation differences, all of which was partially offset by an increase in the dividend of CLP -260 million.

Ratios

	Jun-20	Dec-19	Change Jun20-Dec19
Liquidity Ratio	1.57	0.77	0.80
Acid Ratio	1.08	0.18	0.90
Debt ratio	0.90	0.77	0.13
Net Financial Debt (1)/ Equity	0.47	0.44	0.03
Net Financial Debt (1) / EBITDA(2)	5.29	3.57	1.72
EBITDA / Financial Expenses (3)	3.34	6.52	(3.18)
EBITDA / Net Revenue (4)	62.0%	77.0%	(15.0%)
Current liabilities / Total liabilities	14.9%	13.8%	1.1%
Assets / Non-Cur. Fin. Debt + Cur. Liab.	2.91	3.43	(0.52)
Unencumbered assets (5) / Net Financial Debt (1)	3.42	3.50	(0.08)
Return on Equity (6)	2.5%	5.5%	(3.0%)
Return on Assets (7)	1.4%	3.1%	(1.7%)
Return on Operating Assets (8)	3.8%	6.2%	(2.4%)
Earnings per Share (9)	$24.31	$51.06	($26.75)

(1) Current and non-current financial debt, less cash and cash equivalents and other investments of cash surpluses available in under 30 days.
(2) EBITDA for the rolling 12 month periods ended June 30, 2020 and December 31, 2019, respectively.
(3) EBITDA and financial expenses (Total bank expenses and fees together with interest on financial debt) for the rolling 12 month periods ended June 30, 2020 and December 31, 2019, respectively.
(4) EBITDA and revenue net of common expense recovery for the rolling 12 month periods ended June 30, 2020 and December 31, 2019, respectively.
(5) Investment properties that are free of mortgages or encumbrances.
(6) Net income for the rolling 12 month periods ended June 30, 2020 and December 31, 2019, over average equity (Average lineal equity for the last 4 quarters).
(7) Net income for the rolling 12 month periods ended June 30, 2020 and December 31, 2019, over average assets (Average lineal assets for the last 4 quarters).
(8) Earnings from operating activities for the rolling 12 month periods ended June 30, 2020 and December 31, 2019, over average investment properties (Average lineal investment properties for the last 4 quarters).
(9) Compares earnings per share for the rolling 12 month periods ended June 30, 2020 and December 31, 2019.

The liquidity ratio (Current assets / Current liabilities) increased from 0.77 as of the end of December 2019 to 1.57 as of June 2020, which is a variation of 0.80 points, caused by an increase within current assets of cash and cash equivalents of CLP 245,266 million associated with the issuance of the Series P and S Bonds and new loans to secure liquidity. The acid ratio is defined as cash and cash equivalents over current liabilities, and increased from 0.18 as of December 2019 to 1.08 as of June 2020.

The debt ratio is defined as [current liabilities + non-current liabilities] / equity and increased from 0.77 to 0.90, due to an increase in total liabilities caused by higher other current and non-current financial liabilities. In addition, the net financial debt to equity ratio increased from 0.44 as of December 2019 to 0.47 as of June 2020, associated with the increase in net financial debt that increased other current and non-current financial liabilities.

The financial debt ratio is net of cash, cash equivalents and other cash surpluses invested for under 30 days, over rolling 12 months EBITDA, and it increased from 3.57 as of December 2019 to 5.29 as of June 2020, associated with an increase in net financial debt compared to the previous period and a decrease in rolling 12 month EBITDA caused by partial mall closures. The financial expense ratio is EBITDA over financial expenses, and was 3.34 as of June 2020, a decrease from 6.52 as of December 2019.

The current liabilities over total liabilities indicator increased from 13.8% as of December 2019 to 14.9% as of June 2020. This was mainly due to an increase in current liabilities of 28.3% due to additional short-term financial debt to secure liquidity.

The assets over non-current financial debt and current liabilities ratio decreased from 3.43 to 2.91 as of June 2020, due to the increase in other current and non-current financial liabilities.

The unencumbered asset ratio is investment properties free of mortgages or encumbrances over financial debt less cash and cash equivalents, and it decreased to 3.42 as of June 2020 from 3.50 as of December 2019.

The return on equity is defined as rolling 12 months net income over average equity, and it was 2.5% as of June 2020, a decrease over the 5.5% as of December 2019, due to decreased rolling 12 months net income (-53.6%) and increased average equity (2.0%).

The return on assets is rolling 12 months net income over average assets, and it decreased from 3.1% as of December 2019 to 1.4% as of June 2020, due to decreased rolling 12 months net income (-53.6%) and increased average assets (4.2%).

Earnings from operating activities is defined as earnings from 12 months operating activities over average investment properties, and it decreased from 6.2% as of December 2019 to 3.8% as of June 2020. This is due to a decrease of -38.1% in earnings from 12 months operating activities, and a 1.5% increase in average investment properties.

Finally, the rolling 12 month earnings per share decreased by $26.75, to $24.31 per share as of June 2020, while it was $51.06 as of December 2019, mainly due to the decrease in rolling 12 month earnings due to partial mall closures in October and November 2019 and March to June 2020.

3.- ANALYSIS OF THE STATEMENT OF INCOME BY FUNCTION

Income Statement (in millions of Chilean pesos)

Statment of Net Income	Fot the six months ended June 30				Fot the three months ended June 30			
	2020	2019	Var.	%	2020	2019	Var.	%
Operating revenue	96.972	157.406	-60.434	-38%	22.556	80.191	-57.635	-72%
Costo of Sales	(40.007)	(36.875)	(3.132)	8%	(18.806)	(18.546)	(260)	1%
Gross Profit	**56.965**	**120.531**	**-63.566**	**-53%**	**3.750**	**61.645**	**-57.895**	**-94%**
Administrative expenses	(22.810)	(16.557)	(6.253)	38%	(15.330)	(8.499)	(6.831)	80%
Other Income by function	250	443	(193)	-44%	54	0	54	#¡DIV/0!
Other expenses by function	(1.514)	(954)	(560)	59%	(777)	(444)	(333)	75%
Financial Income	1.273	1.391	(118)	-8%	708	608	100	16%
Financial Cost	(16.508)	(16.130)	(378)	2%	(8.378)	(8.001)	(377)	5%
Share of net Income (losses) of equity method associates and joint ventures	(90)	1.297	(1.387)	-107%	-756	637	-1.393	-219%
Exchange differences	(168)	(14)	(154)	1.100%	(13)	(11)	(2)	18%
Indexation adjustments	(11.661)	(10.025)	(1.636)	16%	(4.010)	(10.076)	6.066	(60%)
Net Income before taxes	**5.737**	**79.982**	**(74.245)**	**-93%**	**-24.752**	**35.859**	**(60.611)**	**(169%)**
Income tax expense	(864)	(19.064)	18.200	(95%)	5.976	(7.204)	13.180	(183%)
Net Income attributable to non-controlling interests	(762)	2.856	(3.618)	-127%	(1.796)	1.341	(3.137)	-234%
Net Income attributable to owners of the controller	**5.635**	**58.062**	**(52.427)**	**-90%**	**-16.980**	**27.314**	**(44.294)**	**(162%)**
EBITDA (1)	**60.088**	**128.173**	**-68.085**	**-53%**	**1.688**	**65.282**	**-63.594**	**-97%**

(1) EBITDA includes gross profit and administrative expenses and excludes depreciation and amortization.

Analysis of the Statement of Income by Function for 2Q2020

Operating revenue

When comparing 2Q2020 with 2Q2019, the decrease in operating revenue was -72%, mainly due to lower rental income associated with partial mall closures in 2Q2020 as a result of the pandemic.

Cost of sales

Cost of sales increased by 1% compared to 2Q2019, after savings in operating expenses and higher costs due increases in real estate taxes and insurance expenses.

Operating costs were down by about 30% compared to the same quarter last year, mainly associated with partial shopping center closures and renegotiations with suppliers. Savings in operating costs associated with common areas were passed on to our business partners.

Gross profit

Gross profit for 2Q2020 decreased by -94% with respect to 2Q2019, or CLP -57,895 million. This decrease is mainly explained by a reduction of CLP -57,635 million in operating revenue due to partial mall closures in 2Q2020 as a result of the pandemic.

Administrative expenses

Administrative expenses for 2Q2020 increased by CLP -6,831 million, or 80%, compared to 2Q2019, mainly due to the increase in the doubtful debt provision of CLP -7,499 million due to portfolio impairment, offset by lower remuneration due to lower bonuses and reduced marketing expenses. By eliminating the effect of a higher doubtful debt provisions, administrative expenses decreased 8% in the quarter compared to 2019.

EBITDA

EBITDA for 2Q2020 decreased by CLP -63,594 million, or -97%, compared to 2Q2019. Operational efficiency is EBITDA over operating revenue and was 7%, mainly associated with lower revenues from the partial closure of shopping centers due to pandemic (average operation of 25% of the GLA in the quarter).

Financial Costs

In 2Q2020 increased by CLP -377 million, compared to the same period of the previous year, mainly due to higher average financial debt and lower activation of financial expenses due to the opening of a Barranquilla shopping center, Colombia, in the second half of 2019.

Other income by function

Other income by function for 2Q2020 increased by CLP 54 million compared to 2Q2019, mainly due to the recovery of uncollectable debts written-off in previous years.

Other expenses by function

Other expenses by function increased by CLP -333 million or 75%, compared to 2Q2019, mainly due to higher write-offs within investment properties associated with remodeling projects, higher intangible costs at discontinued projects, and higher taxes, fines and miscellaneous interest.

Financial income

In 2Q2020, financial income increased by CLP 100 million, which represents an increase of 16% compared to the same period of the previous year due to higher cash surpluses associated with higher levels of liquidity.

Indexation adjustments

Indexation adjustments are changes in the Chilean peso value of financial debt in Chile denominated in Unidades de Fomento (UF). They do not represent cash flows and are merely accounting adjustments. Indexation adjustments for 2Q2020 generated a gain of CLP 6,066 million compared to 2Q2019, due to a smaller change in the value of the UF of 0.35% in 2Q2020 compared to 1.22% in 2Q2019.

Under IFRS, these financial statements do not include any inflation adjustments for assets, liabilities and equity, which have been recorded at their nominal values since December 31, 2014. Only those assets and liabilities that are denominated in a currency other than the

Chilean peso have been adjusted. This mainly applies to financial liabilities in UF in the consolidated financial statements of Plaza S.A.

Earnings Attributable to Owners of the Controlling Company

These earnings were CLP -16,980 million for 2Q2020, a decrease of 162% compared to 2Q2019, or CLP -44,294 million. The reduction in earnings is mainly due to the fall in gross profit of CLP -57,895 million, associated with the decrease in operating revenue of CLP -57,635 million. Also the increase in administrative expenses of CLP -6,831 million associated with the increases in doubtful debt provisions of CLP -7,499 million, offset by the income tax expense reducing by CLP 13,180 million and indexation adjustments reducing by CLP 6,066 million.

Analysis of the Statement of Income by Function for the first half of 2020

Operating revenue

Operating revenue decreased by 38% with respect to 2019, mainly due to lower rental income associated with partial mall closures during March to June 2020 as a result of the pandemic.

Cost of sales

Cost of sales increased by 8% compared to the first half of 2019, due to higher real estate taxation surcharges, higher insurance expenses and higher depreciation due to opening new malls in the second half of 2019. Operating costs decreased by 14% compared to the same period last year, due to partial shopping center closures as a result of the pandemic and renegotiations with suppliers.

Gross profit

Gross profit for the six months ended June 2020 was CLP 56,965 million, which represents a decrease of 53% over the same period for the previous year. This reduction is mainly due to the 38% decrease in operating revenue of CLP -60,434 million compared to 2019, while the cost of sales increased by CLP -3,132 million or 8%, due to higher depreciation, higher real estate taxation surcharges and increased insurance premiums.

Administrative expenses

Increased in CLP -6,253 million, equivalent to 38%, associated with a higher provision for uncollectible CLP -7,090 million due to more flexible collections from business partners due to temporary closure of premises due to the pandemic period, in addition to higher expenses for commercial patents and technological services, partially offset by lower remuneration due to lower management bonuses and organizational restructuring, and lower marketing activities during the Coronavirus. By eliminating the effect of a higher doubtful debt provisions, administrative expenses decreased 5% in the semester compared to 2019.

EBITDA

EBITDA for the half year ended June 2020 was CLP 60,088 million, a decrease of CLP -68,085 million or 53% compared to 2019, with operational efficiency measured as EBITDA over operating revenue of 62%.

Financial costs

They increased CLP -378 million compared to the same period of the previous year, mainly due to higher average financial debt, concentrated towards the 2nd quarter 2020.

Other income by function

Other income by function for the half year ended June 2020 decreased by CLP -193 million, compared to the same period for the previous year, due to lower gains on sales of land, as sales in 2019 were non-recurring.

Other expenses by function

Other expenses by function increased by CLP -560 million or 59% compared to the same period for the previous year, mainly due to higher write-offs within investment properties associated with remodeling projects and discontinued projects.

Financial income

Financial income decreased by CLP -118 million, which represents a drop of 8% compared to the same period of the previous year, due to lower interest on related company loans, offset by higher interest from short-term investments.

Indexation adjustments

Indexation adjustments are changes in the Chilean peso value of financial debt in Chile denominated in Unidades de Fomento (UF). They do not represent cash flows, and are merely accounting adjustments. Indexation adjustments for the half year ended June 2020 generated an increased loss of CLP -1,636 million compared to the same period in 2019, due to a higher change in the value of the UF of 1.37% as of June 2020 compared to 1.22% as of June 2019.

Under IFRS, these financial statements do not include any inflation adjustments for assets, liabilities and equity, which have been recorded at their nominal values since December 31, 2014. Only those assets and liabilities that are denominated in a currency other than the Chilean peso have been adjusted. This mainly applies to financial liabilities in UF in the consolidated financial statements of Plaza S.A.

Earnings Attributable to Owners of the Controlling Company

These were CLP 5,635 million, a decrease of -90% compared to the half year ended June 2019. The reduction in earnings is mainly due to the fall in operating revenue of CLP -60,434 million, due to partial mall closures during March to June 2020, and the increase in administrative expenses of CLP -6,253 million associated with the increase in doubtful debt provisions, and the cost of sales increase of CLP -3,132 million due to higher depreciation and real estate taxation surcharges. It was partially offset by a decrease in the income tax expense of CLP 18,200 million and indexation adjustments.

4. - ANALYSIS OF THE STATEMENT OF DIRECT CASH FLOW

Cash flow (in millions of Chilean pesos)

	Jun-20	Jun-19	Change Jun20-Jun19
From operating activities	49,320	112,918	(56%)
From investing activities	(81,836)	(36,531)	124%
From financing activities	279,032	(99,765)	(380%)

Operating activities

Operating activities generated positive cash flow of CLP 49,320 million, a decrease of 56% (CLP -63,598 million) compared to June 2019. This is due to decreases in collections on the sale of goods and services of CLP -78,057 million, and higher payments to and on behalf of employees of CLP -6,219 million. It was offset by decreases in income tax payments of CLP 13,386 million, and reductions in other payments for operating activities of CLP 9,219 million mainly due to lower VAT payments.

Investing activities

Investment activities generated negative cash flow of CLP -81,836 million during 2020, due to increased payments for investment activities of CLP -45,305 million compared to 2019. This is mainly due to an increase in loans to related companies of CLP -28,530 million, higher long term asset acquisitions and investment properties of CLP -10,585 million, and reduced proceeds from the sale of assets of CLP -4,842 million, compared to the same period for the previous year.

Financing activities

Financing activities generated a positive cash flow of CLP 279,032 million, which represents an increase of CLP 378,797 million compared to the same period for the previous year, mainly due to increased loans of CLP 253,132 million, increased bond obligations following the issue of the Series P and S bonds of CLP 175,909 million, and dividends payment reductions of CLP 17,899 million, offset by increases in loan payments of CLP -65,658 million and increases in bond repayments of CLP -4,073 million compared to the same period for the previous year.

5. - RISK MANAGEMENT

Plaza S.A. is exposed to certain risks that could adversely impact its business and financial performance to a greater or lesser extent. Therefore, the Company has developed plans to identify, evaluate, mitigate and monitor the risks it faces, using the COSO ERM (Enterprise Risk Management) risk management model, and risk control segmentation methodology known as the Three Barriers of Defense. This model applies to the three countries where mallplaza manages shopping centers. The first and second defense barriers are composed of those responsible for each process and on a regular basis Management perform an assessment of the Company's risks in line with the business value and operational chains, in order to keep up to date with the risks that may impact the development or objectives of Plaza S.A. and its subsidiaries. The Company also recognizes its third defense barrier as the Controller's Office, whose objective is to verify compliance with policies and procedures, independently from Management, and who directly report to the Directors' Committee.

1. Financial risks

Plaza S.A. is exposed to the following principal financial risks: (i) liquidity risk, (ii) credit risk, and (iii) market risk. The Plaza S.A. board has approved centralized policies and procedures to manage and minimize its exposure to these risks. Procedures have also been established to monitor the evolution of these risks, and these internal policies and procedures are continuously reviewed to adapt them to changes in the Company's businesses and markets.

(i) Liquidity risk

The Company manages liquidity risk by keeping sufficient cash and cash equivalents to meet its routine operating expenses.

Plaza S.A. and subsidiaries also have available financing options, such as lines of credit with banks, corporate bonds and other negotiable instruments.

Plaza S.A. monitors its liquidity risks by carefully planning its cash flow forecasts, covering its main commitments, such as operational cash flow, debt repayments, interest payments, dividend payments, tax payments, and other payments, which are financed in advance where necessary after taking into consideration potential volatility in the financial markets.

The Company manages its exposure to liquidity risks by only investing cash surpluses in products that mature in less than 90 days with AA or higher credit ratings. It has policies that restrict the choice of investment instruments and the credit quality of its counterparties.

Plaza S.A. manages its capital structure in a manner that provides its business with continuity and stability. It continuously monitors its capital structure and that of its subsidiaries, in order to maintain an optimal structure that reduces the cost of capital and maximizes the Company's financial value. Plaza S.A. monitors its capital using a consolidated net financial debt to equity ratio.

(ii) Credit risk

Credit risk is the risk of loss for Plaza S.A. and subsidiaries if a customer or other counterparty does not comply with their contractual obligations. Plaza S.A. and subsidiaries have a diversified customer portfolio together with guarantees to cover doubtful debt risks.

The Risk and Collections area of the Corporate Administration and Finance department is responsible for minimizing the risks within receivables, by evaluating the risk associated with tenants and managing the collection of receivables. Plaza S.A. has a centralized process that evaluates the risks associated with its customers and classifies each customer, which is governed by its commercial risk policies and the risk analysis procedure. This process analyzes the customer's financial situation to evaluate the associated risks, and establish guarantees where necessary.

The Company requests guarantees from its customers based on this risk analysis carried out by the Corporate Administration and Finance department.

Plaza S.A. only carries out hedging transactions with counterparties that have a minimum risk classification of AA, according to their local risk classification. A credit analysis is always undertaken before initiating any transactions.

(iii) Market risk

The main market risks to which Plaza S.A. is exposed are (a) exchange rates, (b) interest rates and (c) inflation.

(a) Exchange rate risk

The Company is exposed to two sources of risk from adverse movements in the price of currencies. The first is from financial debt issued in currencies other than the functional currency of the business, while the second is from investments abroad. Therefore, the Company sources its financing only in the business currencies of each country, and if this is not possible, hedging derivatives are used.

(b) Interest rate risk

Plaza S.A. has most of its financial debt at fixed and long-term interest rates, in order to avoid exposure to fluctuations in variable interest rates that would impact financial expenses.

(c) Inflation risk

The majority of Company revenue is indexed to the respective inflation rates in Chile, Peru and Colombia. Its revenue in Chile is denominated in Unidades de Fomento (UF). As most of the consolidated financial debt after hedges is indexed to the same currency, the Company therefore has a natural economic hedge that protects it from the inflation risk in its consolidated debt after hedges. Revenue is indexed to UF in Chile, or inflation in Peru and Colombia.

The Company uses hedging instruments such as forward contracts, swaps and cross currency swaps in order to manage the risk to in financing caused by the volatility of currencies and rates other than UF in Chile or indexed to inflation in Peru and Colombia. The role of these hedges is to cover the Company’s cash flow commitments.

2. Property damage and personal injury risks

The Company has a significant number of physical facilities that are required to operate its business. These facilities are exposed to events that could impact its business, such as fires, natural disasters, floods, earthquakes, storms, assaults, looting, violent demonstrations, other damaging incidents, store closures and suspensions by order of authorities during states of emergency or pandemics, and other events. These events may also injure people at the Company's facilities, including customers, employees, suppliers, contractors and other visitors. This risk is mitigated by complying with construction and physical safety standards, such as anti-seismic and fire protection systems. The risk of harm to people is mitigated by an occupational health and safety program, which is continuously monitored. The impact of these events is outsourced through insurance policies that cover the operational risks associated with all its investment properties and its shopping centers in operation and construction, and the revenue streams associated with them, through first class insurance companies.

3. Risks of changes to laws and regulations

Changes in the regulatory framework could affect revenue or costs for Plaza S.A. and subsidiaries. For example, a change in employment regulations could restrict shopping center opening hours on public holidays. Profitability could be affected by a negative change in the regulations associated with land or construction. These regulatory changes are monitored and analyzed by various Company departments, in order to anticipate them and ensure efficient compliance.

4. Environmental risks - climate change

Plaza S.A. is a real estate owner, so it could face liabilities for contaminating local communities. Therefore, it has established policies and procedures to ensure compliance with current environmental regulations and ensure that its urban centers are operated on a sustainable basis, based on best practice.

5. Economic cycle risks

Generally sales by our tenants are highly correlated with trends in gross domestic product and consumption. If people's disposable income falls due to an economic contraction, this could affect the occupation rate and revenue from shopping centers. However, the commercial policy of Plaza S.A. is mostly focused on fixed charges and is not associated with the sales of its tenants. Therefore, revenue at Plaza S.A. is less sensitive to economic cycles that affect sales at stores. The revenue collection process is well established with indicators and targets that are continuously monitored. Furthermore, the Company’s rental revenue arises from several operators, some of whose business cycles experience an inverse correlation compared to others, such as supermarkets, home improvement stores, service stores, specialized stores, medical and healthcare facilities, offices, education and entertainment centers, cinemas and restaurants, and other operators.

6. Information security and technology risks

There are potential risks associated with digital security breaches, through cyber-attacks, malware, computer viruses, and email attachments, and other breaches. Plaza S.A. manages the security and integrity of its IT networks and related systems to minimize the effect of a potential interruption in system continuity, by relying on companies specializing in these risks.

7. Retail e-commerce sales risks

Retail e-commerce sales via the internet have increased in recent years, which could potentially affect the flow of visitors to shopping centers. Plaza S.A. manages this risk by widely diversifying its proposal to visitors, by concentrating on a significant mix of non-retail uses for its shopping centers, such as restaurants, playgrounds, cinemas, healthcare facilities, education centers, service centers, offices and car sales. The remaining retail space is distributed between department stores, supermarkets, home improvement stores and specialist retail stores. This diversification ensures that Mallplaza's shopping centers provide a multitude of reasons for people to visit, as they can enjoy multiple interactions that enhance their visits to the shopping center.

8. Loss of talented people risks

The company depends on the experience and expertise of its executives, employees and directors for the daily management of its businesses, and the execution of its investment plans. The Company has established a talented people development and retention process that is continuously monitored, in order to attract and retain talented people, whose departure could impact our ability to effectively compete and continue to grow.

9. Availability of land risks

A significant requirement to continue our growth is the availability of land suitable for developing shopping center projects. Therefore, Plaza S.A. has already acquired various plots of land that would enable it to develop such projects over the next few years. These projects will only be developed when the Company forecasts that demand will be sufficient and that these projects will be profitable.