**QUARTERLY EARNINGS REPORT**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF SEPTEMBER 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 1,767,000m$^2$.

It manages the companies that build, manage, operate and lease the premises and advertising spaces of its 17 mallplaza shopping centers from Chile. Its tenants include a diversified offer of products and services, being significant department stores, specialty stores, entertainment and culture, movie theaters, games for children, restaurants and fast food outlets, supermarkets, automobile sales, offices, health and education. It also leases advertising space at its shopping centers. These leases cover 1,376,000m$^2$ of leasable areas.

Plaza S.A.'s subsidiary Mall Plaza Colombia S.A.S. has shopping centers in Bogotá, Barranquilla, Cartagena de Indias and Manizales, as well as a fifth project in Cali. As of September 30, the leasable area in Colombia totals 164,000m$^2$.

Plaza S.A. also manages 4 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 227,000m$^2$ 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 eventually 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 4.2%. 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)

| | Sep-20 | Dec-19 | Change Sep20-Dec19 |
|---|---|---|---|
| Current assets | 326,159 | 154,870 | 111% |
| Non-current assets | 3,345,385 | 3,229,045 | 4% |
| **Total Assets** | **3,671,544** | **3,383,915** | **8%** |

### Current assets

Current assets increased by CLP 171,289 million, or 111%, due to higher cash and cash equivalents of CLP 187,311 million associated with issuing the Series P and S bonds and drawing down loans to secure liquidity, an increase in other current non-financial assets of CLP 7,189 million in higher recoverable VAT due to the pandemic temporarily lowering operating revenue and insurance policy renewals. This was offset by current trade and other receivables decreasing by CLP -20,755 million due to lower rental income as stores closed as a result of the pandemic, higher revenue in December due to business seasonality and higher doubtful debt provisions following renegotiations with customers, in addition to related party receivables decreasing by CLP -5,426 million.

### Non-current assets

Non-current assets increased by 4%, equivalent to CLP 116,340 million as investment properties increased by CLP 116,395 million, mainly due to the purchase of Mall Calima in Colombia and investments in MP Barranquilla, expansion at MP Cali, MP Norte, MP La Serena and MP Oeste, and remodeling works at MP Vespucio, offset by translation effects from the Colombian currency. Other non-current non-financial assets increased by CLP 3,944 million, due to increased amortizable revenue, offset by decreased prepayments due to translation effects from foreign currencies. This was offset by a decrease in equity method investments of CLP -2,988 million due to translation effects from foreign currencies and lower result for the period at Mall Plaza Perú S.A. Also a decrease in non-current tax assets of CLP -2,934 million, due to transferring part of the Extreme zone tax credit benefit (Arica) to short term.

### 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 September 30, 2020 is CLP 3,168,705 million, representing 86% of the total consolidated assets of Plaza S.A.

CLP million: Millions of Chilean pesos

### Liabilities (millions of Chilean pesos)

| | Sep-20 | Dec-19 | Change Sep20-Dec19 |
|---|---|---|---|
| Current liabilities | 258,239 | 202,438 | 28% |
| Non-current liabilities | 1,501,773 | 1,268,906 | 18% |
| **Total Liabilities** | **1,760,012** | **1,471,344** | **20%** |
| Equity | 1,911,532 | 1,912,571 | (0%) |
| **Total Equity and Liabilities** | **3,671,544** | **3,383,915** | **8%** |

### Current liabilities

Current liabilities increased by CLP 55,801 million or 28% due to increased other current financial liabilities of CLP 109,052 million associated with short-term loans. This was offset by decreases in trade and other payables of CLP -45,764 million following dividend payments in May 2020, decreases in current employee benefit provisions of CLP -4,682 million associated with decreased bonus provisions, and decreases in other current non-financial liabilities of CLP -1,433 million associated with lower VAT payable on lower revenue from partial mall closures due to the pandemic.

### Non-current liabilities

Non-current liabilities have increased by CLP 232,867 million or 18%, mainly due to increases in other non-current financial liabilities of CLP 237,952 million associated with the issuance of the Series P and S bonds, and new long-term bank loans. These were offset by a decrease in non-current employee benefit provisions of CLP -3,642 million, associated with executive performance bonuses for previous years, and a decrease in deferred tax liabilities of CLP -1,891 million, due to increases in tax losses and doubtful debt provisions.

### Equity (in millions of Chilean pesos)

| | Sep-20 | Dec-19 | Change Sep20-Dec19 |
|---|---|---|---|
| Share capital | 175,123 | 175,123 | 0.0% |
| Retained earnings | 1,530,049 | 1,527,046 | 0.2% |
| Share premium | 123,573 | 123,573 | 0.0% |
| Other reserves | (63,741) | (59,236) | 7.6% |
| Non-controlling interests | 146,528 | 146,065 | 0.3% |
| **Total Equity** | **1,911,532** | **1,912,571** | **-0.1%** |

Equity decreased by CLP -1,039 million, due to decreases in other reserves of CLP -4,505 million associated with foreign currency translation adjustments of MMCLP -14,485 million, offset by the positive effect of SWAP hedge contracts of CLP 9,513 million. This was offset by an increase in retained earnings of CLP 3,002 million, which is mainly net income for the period and an increase in non-controlling interests of CLP 463 million due to a share issue in Colombia, offset by net losses for the period.

## Ratios

| | Sep-20 | Dec-19 | Change Sep20-Dec19 |
|---|---|---|---|
| Liquidity Ratio | 1.26 | 0.77 | 0.49 |
| Acid Ratio | 0.86 | 0.18 | 0.68 |
| Debt Ratio | 0.92 | 0.77 | 0.15 |
| Net Financial Debt (1)/ Equity | 0.53 | 0.44 | 0.09 |
| Net Financial Debt (1) / EBITDA(2) | 8.47 | 3.57 | 4.90 |
| EBITDA / Financial Expenses (3) | 2.72 | 6.52 | (3.80) |
| EBITDA / Net Revenue (4) | 59.3% | 77.0% | (17.7%) |
| Current liabilities / Total liabilities | 14.7% | 13.8% | 0.9% |
| Assets / Non-Cur. Fin. Debt + Cur. Liab. | 2.87 | 3.43 | (0.56) |
| Unencumbered assets (5) / Net Financial Debt (1) | 3.11 | 3.50 | (0.39) |
| Return on Equity (6) | 0.8% | 5.5% | (4.8%) |
| Return on Assets (7) | 0.4% | 3.1% | (2.7%) |
| Return on Operating Assets (8) | 2.0% | 6.2% | (4.1%) |
| Earnings per Share (9) | $8.24 | $51.06 | ($42.82) |

(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 September 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 periods ended September 30, 2020 and December 31, 2019, respectively.
(4) EBITDA and revenue net of common expense recovery for the periods ended September 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 September 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 September 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 September 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 September 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 1.26 as of September 2020, which is a variation of 0.49 points, caused by an increase within current assets of cash and cash equivalents of CLP 187,311 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 0.86 as of September 2020.

The debt ratio is defined as [current liabilities + non-current liabilities] / equity and increased from 0.77 to 0.92, due to an increase in total liabilities caused by higher other current and non-current financial liabilities following the issuance of new debt to secure liquidity. In addition, the net financial debt to equity ratio increased from 0.44 as of December 2019 to 0.53 as of September 2020, due to the increase in net financial debt associated with the acquisition of Mall Plaza Calima in Colombia.

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 8.47 as of September 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, which reached 2.72 as of September 2020, a decrease over its value of 6.52 as of December 2019, due to partial mall closures during the second and third quarters of 2020.

The current liabilities over total liabilities indicator increased from 13.8% as of December 2019 to 14.7% as of September 2020. This was mainly due to an increase in current liabilities of 27.6% 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 2.87 as of September 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 3.11 as of September 2020 from 3.50 as of December 2019, due to the increase in net financial debt associated with the acquisition of Mall Plaza Calima in Colombia.

The return on equity is defined as rolling 12 months net income over average equity, and it was 0.8% as of September 2020, a decrease from the 5.5% reached as of December 2019, due to decreased rolling 12 months net income (-86.1%) and increased average equity (2.1%).

The return on assets is rolling 12 months net income over average assets, and it decreased from 3.1% as of December 2019 to 0.4% as of September 2020, due to decreased rolling 12 months net income (-86.1%) and increased average assets (6.5%) following the increase in cash and cash equivalents to secure liquidity, and the increase in investment properties following the acquisition of Mall Plaza Calima in Colombia.

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 2.0% as of September 2020. This is due to a decrease of -65.8% in earnings from 12 months operating activities, and a 2.8% increase in average investment properties following the acquisition of Mall Plaza Calima in Colombia in August 2020, and investments and remodeling works during the period.

Finally, the rolling 12 month earnings per share decreased by $42.82, to $8.24 per share as of September 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 again in March to September 2020.

## 3.- ANALYSIS OF THE STATEMENT OF INCOME BY FUNCTION

### **Income Statement** (in millions of Chilean pesos)

| Statment of Net Income | Fot the nine months ended September 30 | | | | Fot the three months ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | Var. | % | 2020 | 2019 | Var. | % |
| Operating revenue | 126.609 | 237.325 | (110.716) | (47%) | 29.637 | 79.918 | (50.281) | (63%) |
| Costo of Sales | (60.263) | (56.128) | (4.135) | 7% | (20.256) | (19.252) | (1.004) | 5% |
| **Gross Profit** | **66.346** | **181.197** | **(114.851)** | **(63%)** | **9.381** | **60.666** | **(51.285)** | **(85%)** |
| Administrative expenses | (31.322) | (24.596) | (6.726) | 27% | (8.512) | (8.039) | (473) | 6% |
| Other Income by function | 263 | 502 | (239) | (48%) | 13 | 59 | (46) | (78%) |
| Other expenses by function | (2.171) | (2.070) | (101) | 5% | (657) | (1.117) | 460 | (41%) |
| Financial Income | 7.991 | 1.863 | 6.128 | 329% | 6.718 | 472 | 6.246 | 1.323% |
| Financial Cost | (25.531) | (24.163) | (1.368) | 6% | (9.023) | (8.033) | (990) | 12% |
| Share of net Income (losses) of equity method associates and joint ventures | (41) | 1.954 | (1.995) | (102%) | 49 | 658 | (609) | (93%) |
| Exchange differences | (310) | 95 | (405) | (426%) | (142) | 109 | (251) | (230%) |
| Indexation adjustments | (12.013) | (13.626) | 1.613 | (12%) | (352) | (3.601) | 3.249 | (90%) |
| **Net Income before taxes** | **3.212** | **121.156** | **(117.944)** | **(97%)** | **(2.525)** | **41.174** | **(43.699)** | **(106%)** |
| Income tax expense | (1.097) | (28.973) | 27.876 | (96%) | (233) | (9.910) | 9.677 | (98%) |
| Net Income attributable to non-controlling interests | (1.614) | 4.521 | (6.135) | (136%) | (852) | 1.665 | (2.517) | (151%) |
| **Net Income attributable to owners of the controller** | **3.729** | **87.662** | **(83.933)** | **(96%)** | **(1.906)** | **29.599** | **(31.505)** | **(106%)** |
| | | | | | | | | |
| **EBITDA (1)** | **75.078** | **193.192** | **(118.114)** | **(61%)** | **14.990** | **65.019** | **(50.029)** | **(77%)** |

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

## Analysis of the Statement of Income by Function for 3Q2020

### Operating revenue

When comparing 3Q2020 with 3Q2019, the decrease in operating revenue was -63%, mainly due to lower rental income associated with partial shopping center closures in 3Q2020 as a result of the pandemic.

### Cost of sales

Cost of sales increased by 5% compared to 3Q2019 due to higher costs due increases in real estate taxes and insurance expenses, partially counter by savings in other operating expenses.

Operating costs were reduced by about 26% compared to the same quarter last year, mainly associated with lower visitor flow due to partial mall closures and renegotiations with suppliers. Savings in operating costs associated with common areas were fully passed on to our business partners.

### Gross profit

Gross profit for 3Q2020 decreased by -85% with respect to 3Q2019, or CLP -51,285 million. This decrease is mainly explained by a reduction of CLP -50,281 million in operating revenue due to partial shopping center closures in 3Q2020 as a result of covid-19.

## Administrative expenses

Administrative expenses for 3Q2020 increased by CLP -473 million (6%) compared to 3Q2019, mainly due to an increase in doubtful debt provisions of CLP -1,758 million, due to collection flexibility during the pandemic associated with the strategy of preserving good long term relationships with business partners, partially offset by lower remuneration due to reduced staff bonuses, a structural reorganization, and lower marketing costs. If the increase in doubtful debt provisions is excluded, administrative expenses for the quarter would have decreased by 16% compared to 2019.

## EBITDA

EBITDA for 3Q2020 decreased by -77% equivalent to CLP -50,029 million compared to 3Q2019, mainly associated with decreases in operating revenue due to partial shopping center closures as a result of the pandemic. Operational efficiency as EBITDA over operating revenue was 51%.

## Financial costs

Financial costs for 3Q2020 increased by CLP -990 million compared to the same period in the previous year, primarily due to the increase in average financial debt to increase liquidity slack and lower capitalized interest when the Barranquilla shopping center in Colombia opened.

## Financial income

Financial income for 3Q2020 increased by CLP 6,346 million, which represents 1,323% compared to the same period for the previous year, due to the Series C bond swap during 3Q2020.

## 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 3Q2020 generated a gain of CLP 3,249 million compared to 3Q2019, mainly due to a smaller change in the value of the UF of 0.04% in 3Q2020 compared to 0.52% in 3Q2019.

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.

## Net income attributable to owners of the parent company

This was a loss of CLP -1,906 million in 3Q2020, which was a decrease of CLP -31,505 million. This is mainly due to the decrease in gross profit of CLP -51,285 million, associated with lower operating revenue of CLP -50,281 million, offset by a decrease in income tax expense of CLP 9,677 million, the increase in Financial income of CLP 6,246 million and the decrease in indexation adjustments of CLP 3,249 million.

**Analysis of the Statement of Income by Function for the nine months to September 2020**

**Operating revenue**

Operating revenue decreased by 47% with respect to 2019, mainly due to lower rental income associated with partial mall closures during March to September 2020 as a result of the pandemic.

**Cost of sales**

Cost of sales increased by 7% compared to the same period in 2019, due to higher real estate taxation surcharges, higher insurance expenses and higher depreciation due to opening new malls in the same period in 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 as of September 2020 was CLP 66,346 million, which represents a decrease of 63% over the same period for the previous year. This reduction is mainly due to the 47% decrease in operating revenue of CLP -110,716 million compared to 2019, while the cost of sales increased by CLP -4,135 million or 7%, due to higher depreciation, higher real estate taxation surcharges and increased insurance premiums.

**Administrative expenses**

Administrative expenses increased by CLP -6,726 million or 27%, associated with a higher doubtful debt provisions of CLP -8,848 million due to collection flexibility from business partners while were temporarily closed due to the pandemic, also higher expenses for municipal licenses and technological services, partially offset by lower marketing costs, lower remuneration due to reduced staff bonuses, and organizational restructuring during the pandemic. If the increase in doubtful debt provisions is excluded, administrative expenses would have decreased by 9% compared to 2019.

**EBITDA**

EBITDA as of September 2020 was CLP 75,078 million, a decrease of CLP -118,114 million or 61% compared to 2019, with operational efficiency measured as EBITDA over operating revenue of 59%.

**Financial costs**

Financial costs increased by CLP -1,368 million, compared to the same period for the previous year, mainly due to increased average financial debt in 2Q2020.

**Financial income**

Financial income increased by CLP 6,128 million, an increase of 329% over the same period last year, due to the Series C bond swap during 3Q2020.

**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 as of September 2020 generated a gain of CLP 1,613 million compared to the same period in 2019, due to a lower change in the value of the UF of 1.41% as of September 2020 compared to 1.75% as of September 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.

**Net income attributable to owners of the parent company**

These earnings were CLP 3,729 million, a decrease of -96% compared to the nine month period to September 2019. The reduction in earnings is mainly due to the fall in operating revenue of CLP -110,716 million, due to partial shopping center closures during March to September 2020, and the increase in administrative expenses of CLP -6,726 million associated with the increase in doubtful debt provisions. These were partially offset by a decrease in income tax expense of CLP 27,876 million and an increase in financial income of CLP 6,128 million.

## 4. - ANALYSIS OF THE STATEMENT OF DIRECT CASH FLOW

**Cash flow** (in millions of Chilean pesos)

| | Sep-20 | Sep-19 | Change Sep20-Sep19 |
|---|---|---|---|
| From operating activities | 48,016 | 168,219 | (71%) |
| From investing activities | (83,025) | (68,476) | 21% |
| From financing activities | 223,858 | (117,835) | (290%) |

### Operating activities

Operating activities generated positive cash flow of CLP 48,016 million, a decrease of 71% (CLP -120,202 million) compared to September 2019. This is due to a decrease in receipts from sales of goods and services of CLP -144,129 million, offset by a decrease in other payments for operating activities of CLP 16,889 million mainly due to lower VAT and income tax payments of CLP 16,665 million.

### Investing activities

Investment activities generated negative cash flow of CLP -83,025 million during 2020, due to increased payments for investment activities of CLP -14,549 million compared to 2019. This is mainly due to an increase in payments to obtain control of subsidiaries of CLP -18,060 million, and a decrease in receipts from the sale of assets compared to the same period last year of CLP -4,842 million. This is offset by a decrease in purchases of long-term investment properties of CLP 6,254 million and loans received from related entities of CLP 2,830 million.

### Financing activities

Financing activities generated a positive cash flow of CLP 223,858 million, which represents an increase of CLP 341,694 million compared to the same period for the previous year, mainly due to increased loans of CLP 236,525 million, increased bond obligations following the issue of the Series P and S bonds of CLP 175,909 million, and a decrease in dividend payments of CLP 17,881 million, offset by increases in loan payments of CLP -84,684 million and increases in bond repayments of CLP -4,204 million compared to the same period for 2019.

## 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**
Plaza S.A. and its subsidiaries own land that could be used for commercial projects when the Company believes that the demand will be sufficient and that they will be profitable.