



Earnings Release

As of June 30,

2019



EARNINGS RELEASE

Webcast & Teleconference Information:

Friday August 30, 2019 1:00 p.m. Chile - EST

Participants Dial-IN:

US toll free: 1-(844) 602-0380

International: 1-(862) 298-0970

Conference ID: CENCOSUDSHOPPING

Replay:

Toll free: 1-877-481-4010

Internacional: 1-919-882-2331

Replay ID: 53539

Available until September 6, 2019 12:00 a.m. EST

Webcast available at:

<https://www.investornetwork.com/event/presentation/53539>



DISCLAIMER

The information contained in this presentation has been prepared by Cencosud Shopping S.A. ("Cencosud Shopping") for informational purposes only and should not be construed as a solicitation or an offer to buy or sell securities and should not be treated as giving investment advice or otherwise. No representation or warranty, express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein. The views expressed in this presentation are subject to change without notice and Cencosud Shopping has no obligation to update or keep current the information contained herein. The information contained in this presentation is not intended to be complete.

Cencosud Shopping and its respective affiliates, officers, directors, partners and employees accept no liability for any loss or damage of any kind arising from the use of all or part of this material.

This presentation may contain statements that are subject to risks and uncertainties and factors, which are based on current expectations and projections about future events and trends that may affect the business of Cencosud Shopping. You are cautioned that such forward-looking statements are not guarantees of future performance. There are several factors that can adversely affect the estimates and assumptions on which these forward-looking statements are based, many of which are beyond our control.



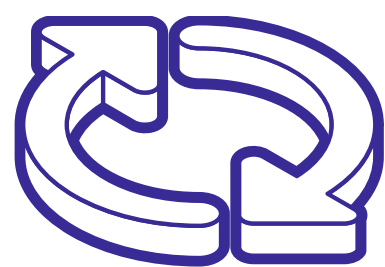
EXECUTIVE SUMMARY



- **Revenues¹** increased 298.6% year-on-year, reaching CLP 55,871 million, reflecting the incorporation of 32 assets in Chile in November 2018, 4 assets in Peru and 4 assets in Colombia.
- **Adjusted EBITDA margin** reached 94.7%, reflecting the Company's improved cost structure and efficiency efforts.
- **Tenants' sales** decreased 1.2% in 2Q19, reflecting greater promotional pressure in the market, specially at big box retailers, despite traffic increases 4.3%.
- **Same Store Rent** posted a positive performance in Chile, Peru and Colombia increasing 3.1%, 3.2% and 0.8%, respectively.
- **Consolidated Occupancy** remained stable at 99%, reflecting an improvement in Peru and a high occupancy level in Chile, partially offset by Colombia.
- Execution of works at Portal Angamos and Portal El Llano continues, with the latter in the commercialization stage. Both projects add a combined total of 10,520 sqm of additional GLA. Moreover, progress continues according to schedule at La Molina project in Peru and La 65 in Colombia.

1. Until October 2018 the Company only included Costanera Center Complex (with 2 office towers). Starting from November 2018, after the corporate reorganization, the Company operates 10 shopping centers, 23 power centers and Costanera Center office towers, all located in Chile. Afterwards the Company did a capital increase to incorporate 1 Shopping Center, 1 power center and 2 plots of real estate in Peru, and 1 Shopping Centers and 3 power centers in Colombia.

MATERIAL EVENTS



Local Bond Issuance: On May 17, 2019, The Company placed its first bond in the local market for a total amount of UF 10 million, rated AA+ by Feller-Rate and Humphreys. The financing was completed thru 2 Bond Series;

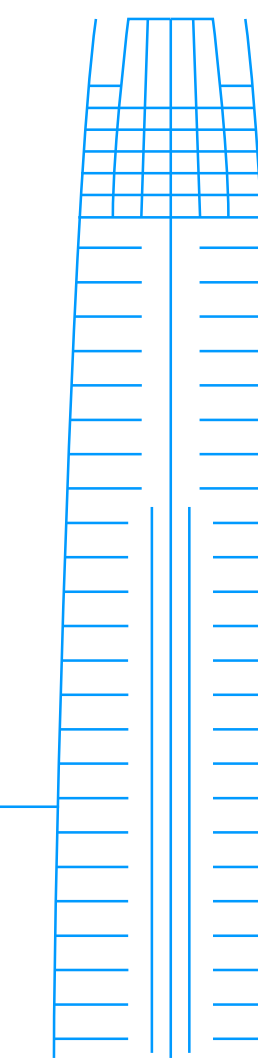
- Series A structured at 10 years, bullet, placed at a coupon rate of 1.79%, representing a spread of 64 bps over the reference rate.
- Series B structured at 25 years, bullet, placed at a coupon rate of 2.24%, representing a spread of 70 bps over the reference rate.



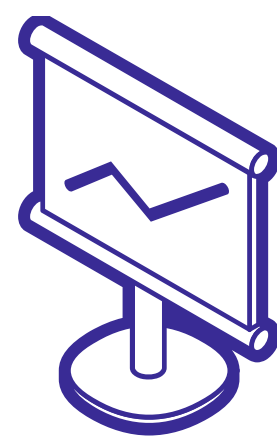
On May 20 2019, at the Extraordinary Shareholders Meeting, a dividend distribution of CLP 228,750 million was approved to be paid as of May 31, 2019.



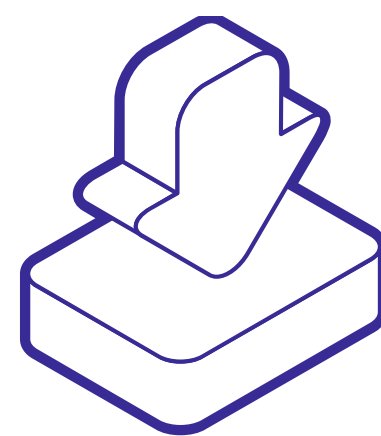
On June 20, 2019, Cencosud Shopping undertook a capital increase that was made with a contribution in kind to acquire the assets in Peru and Colombia. In Peru, 1 shopping center, 1 power center and two land were contributed; and 1 shopping center and 3 power centers in Colombia.



MATERIAL EVENTS



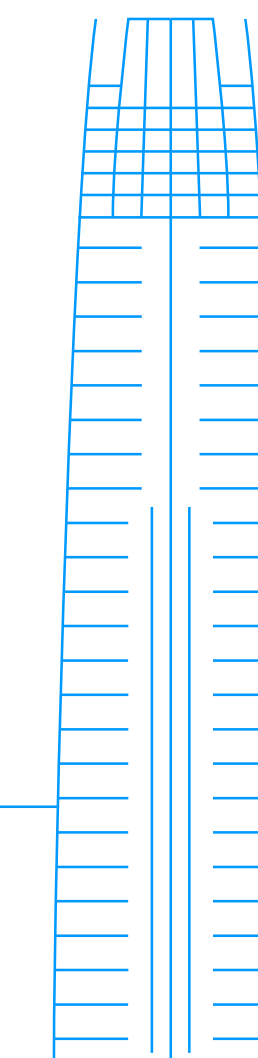
The **Cencosud Shopping IPO**, on June 27, 2019, represented the largest placement of shares to date on the Santiago Stock Exchange, placing 27% of the total capital of the new Company and raising USD 1,055 million.



On August 14, 2019, the Company was granted the partial reception of 25,000 sqm of new GLA to lease office space and start the operation of AC Marriot Hotel.



At the Extraordinary Shareholders Meeting held on August 23, 2019, it was resolved, among other agreements, to elect a **new Board of Directors** consisting of 5 members appointed by the controller and 2 independent members.



INCOME STATEMENT

CLP MM AS OF JUNE 30, 2019

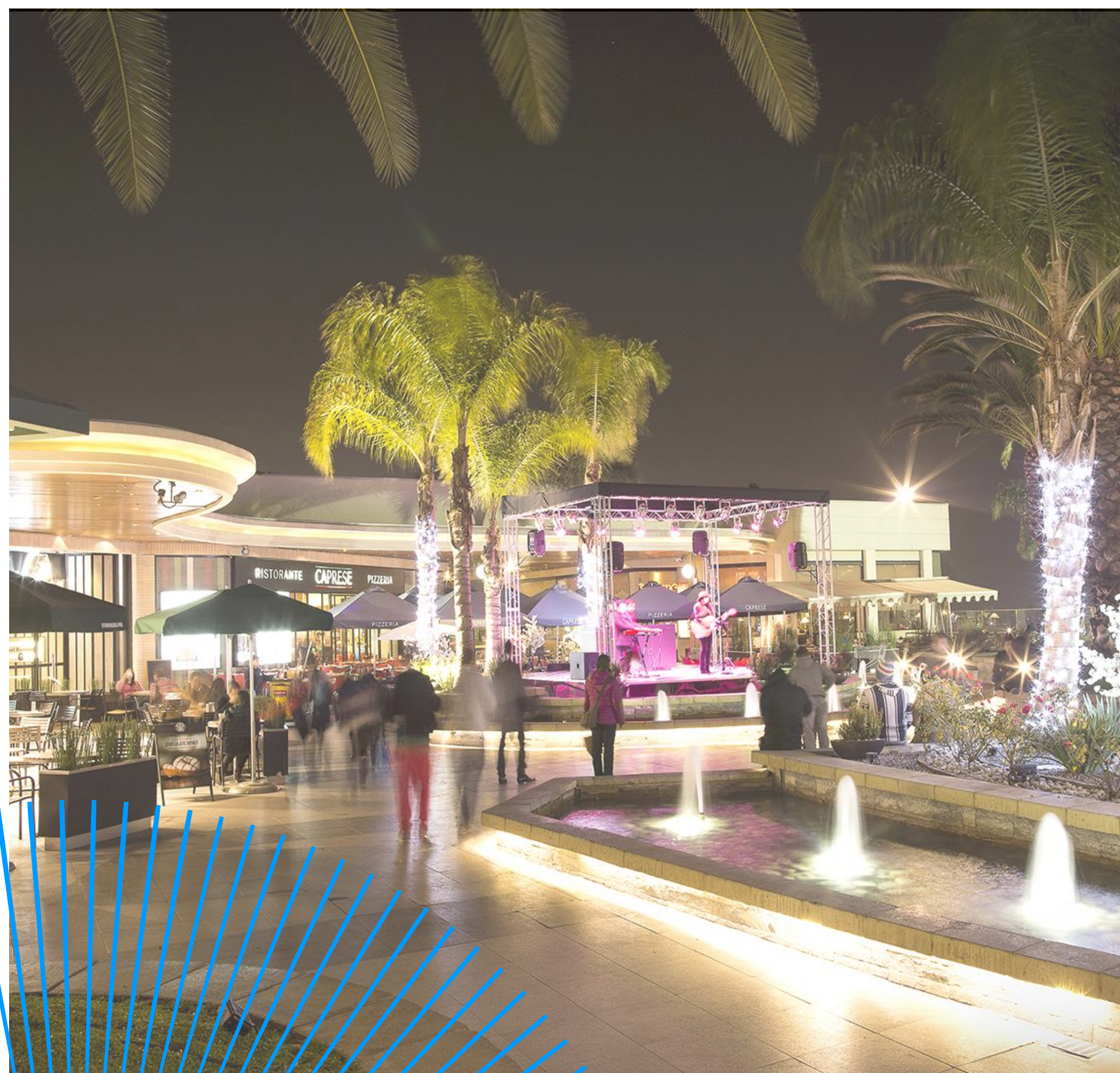
- Revenues¹ increased 298,6% against 2Q18, mainly due to incorporation of 32 assets in Chile in November 2018, along with 3 new shopping centers in Peru and 4 in Colombia, thru a capital increase completed on June 20, 2019 prior to the IPO.
- Operating Income increased 212,0% year-on-year, reflecting the incorporation of the assets previously mentioned, generating higher results and a greater revaluation of investment properties.
- Non-operating Income decreased 129.3% year-on-year due to increased financial costs associated with the higher debt resulting from the incorporation of the aforementioned assets and the adoption of IFRS16. A lower result from indexation units, which reflects the greater variation of the UF in 2Q19 compared to the same period in 2018, also contributed to this performance.

	2Q19	2Q18	Var. a/a (%)
Revenues	55.871	14.017	298,6%
Cost of Sales	-1.312	-2.160	-39,2%
Gross Profit	54.559	11.858	360,1%
Gross Margin	98%	85%	1.306 bps
Selling and Administrative Expenses	-1.898	-342	454,6%
Other revenues, by function	51.165	21.814	134,6%
Other gains (losses)	226	19	1113,7%
Operating Income	104.052	33.348	212,0%
Net Financial Costs	-13.762	-7.742	77,8%
Income (loss) from foreign exchange variations	-1	0	n.a.
Result of indexation units	-13.730	-4.248	223,2%
Non-Operating Income (loss)	-27.493	-11.990	129,3%
Income before income taxes	76.558	21.358	258,5%
Income taxes	-18.497	-8.074	129,1%
Profit (loss)	58.062	13.284	337,1%
Adjusted EBITDA	52.900	11.732	350,9%
Adjusted EBITDA margin	94,7%	83,7%	1.098 bps

1. The quarter results include one month of operation of the Peruvian and Colombian assets (June 2019)

INCOME STATEMENT BY COUNTRY

CLP MM AS OF JUNE 30, 2019



Shopping Centers	SECOND QUARTER				SIX MONTHS AS OF JUNE 30,			
	2019 CLP MM	2018 CLP MM	Δ %	ML Δ %	2019 CLP MM	2018 CLP MM	Δ %	ML Δ %
Chile	55.128	14.017	293,3%	293,3%	114.005	28.819	295,6%	295,6%
Peru	422	0	n.a.	n.a.	422	0	n.a.	n.a.
Colombia	322	0	n.a.	n.a.	322	0	n.a.	n.a.
Revenues	55.871	14.017	298,6%	298,6%	114.749	28.819	298,2%	298,2%
Chile	53.872	11.858	354,3%	354,3%	112.497	24.825	353,2%	353,2%
Peru	456	0	n.a.	n.a.	456	0	n.a.	n.a.
Colombia	230	0	n.a.	n.a.	230	0	n.a.	n.a.
Gross Profit	54.559	11.858	360,1%	360,1%	113.184	24.825	355,9%	355,9%
Selling and Administrative Expenses	-1.672	-324	416,7%	416,7%	-4.198	-1.165	260,3%	260,3%
Operating Income	104.052	33.348	212,0%	212,0%	320.297	59.899	434,7%	434,7%
Chile	52.313	11.732	345,9%	345,9%	108.424	24.071	350,4%	350,4%
Peru	391	0	n.a.	n.a.	391	0	n.a.	n.a.
Colombia	196	0	n.a.	n.a.	196	0	n.a.	n.a.
Adjusted EBITDA	52.900	11.732	350,9%	350,9%	109.010	24.071	352,9%	352,9%
Adjusted EBITDA %	94,7%	83,7%		1.098 bps	95,0%	83,5%		1.147 bps

NOI & FFO RECONCILIATION

IN MILLIONS OF CHILEAN PESOS

AS OF JUNE 30, 2019

NOI / ADJUSTED EBITDA	2Q19	2Q18	Var. a/a (%)
Revenues	55.871	14.017	298,6%
(+) Cost of Sales	-1.312	-2.160	-39,2%
(+) Selling and Adm Expenses	-1.898	-342	454,6%
(+) Other administrative expenses	226	19	1.113,7%
(+) Depreciation and Amortization	13	198	-93,4%
NOI	52.900	11.732	350,9%

FFO	2T19	2T18	Var. a/a (%)
Profit (loss)	58.062	13.284	337,1%
Other revenues	-51.165	-21.814	134,6%
Results of Indexation Units	13.730	4.248	223,2%
Foreign Exchange variations	1	0	n.a.
Income Taxes	18.441	8.048	129,1%
FFO	39.069	3.766	937,5%

BUSINESS PERFORMANCE

Locations	Total GLA ¹			Occupancy			Visits ('000)			Sales (ML MM)			Revenues ² (ML MM)			% NOI ³
	2Q19	2Q18	Var%	2Q19	2Q18	Δbps	2Q19	2Q18	Var%	2Q19	2Q18	Var%	2Q19	2Q18	Var%	2Q19
Costanera Center	144.829	144.829	0,0%	99,6%	99,5%	17	10.034	9.107	10%	132.730	137.025	-3%	14.178	14.017	1,1%	88,1%
Alto Las Condes	121.215	121.215	0,0%	99,7%	99,4%	27	5.025	4.841	4%	94.512	95.733	-1%	10.813		n.a.	105,8%
Portal Florida Center	123.188	123.188	0,0%	99,8%	99,7%	6	4.377	4.343	1%	57.228	56.844	1%	4.977		n.a.	97,1%
Portal La Dehesa	66.734	66.734	0,0%	99,4%	99,1%	30	1.862	1.958	-5%	36.625	39.285	-7%	3.369		n.a.	77,8%
Portal La Reina	38.198	38.198	0,0%	99,5%	98,4%	108	1.405	1.448	-3%	28.559	29.436	-3%	1.410		n.a.	99,9%
Portal Rancagua	43.705	43.705	0,0%	100,0%	99,5%	52	1.897	1.935	-2%	32.360	31.468	3%	1.804		n.a.	101,1%
Portal Temuco	55.953	55.953	0,0%	99,5%	99,8%	-31	2.800	2.734	2%	35.140	34.425	2%	2.384		n.a.	103,3%
Portal Ñuñoa	32.396	32.396	0,0%	92,2%	93,0%	-80	1.791	1.578	13%	19.104	18.471	3%	1.267		n.a.	87,2%
Portal Belloto	42.414	42.414	0,0%	99,7%	99,6%	11	2.416	2.355	3%	20.032	19.666	2%	1.345		n.a.	103,5%
Portal Osorno	22.891	22.891	0,0%	97,9%	97,3%	56	1.966	1.910	3%	14.970	14.186	6%	1.127		n.a.	87,2%
Power Centers	470.167	470.167	0,0%	99,7%	99,7%	-2	n.a.	n.a.	n.a.	245.498	248.729	-1%	12.453		n.a.	94,3%
Total Chile	1.161.690	1.161.690	0,0%	99,4%	99,3%	9	33.573	32.209	4,2%	716.761	725.267	-1,2%	55.128	14.017	293,3%	94,9%
Total Perú	50.073	50.073	0,0%	95,0%	92,8%	226	1.174	1.101	6,7%	99,3	105,2	-5,6%	2,0	0	n.a.	92,6%
Total Colombia	65.860	65.645	0,3%	94,9%	97,6%	-271	n.a.	n.a.	n.a.	77.220	77.316	-0,1%	1.533	0	n.a.	60,8%
Cencosud Shopping⁴	1.277.623¹	1.277.408	0,0%	99,0%	99,0%	3	34.747	33.310	4,3%	753.630	762.736	-1,2%	55.871	14.017	298,6%	94,7%

As of June 30, 2019, the Company has 1,277,623 m2 of GLA and an occupancy rate of 99.0% at the consolidated level. Visits showed a positive trend, up 4.3%, mainly driven by the Costanera Center, Alto Las Condes and Ñuñoa shopping centers.

1. As of June 30, 2019, Total GLA does not include 93,988 m2 that as of that date did not have the reception of works. On August 14, 2019, an additional 25,000 m2 have been received.

2. 2Q18 revenues only include leases collected at Costanera Center, being the sole asset of the company as of that date. In 2Q19, includes income generated by all assets, also considering those of Peru and Colombia incorporated in June 2019.

3. For Portal La Dehesa, La Reina and Ñuñoa the % NOI decreases due to an adjustment of 6 months by IFRS 16. Adjusted NOI of these locations would have been 91.7%, 114.4%, 97.4% respectively for the quarter.

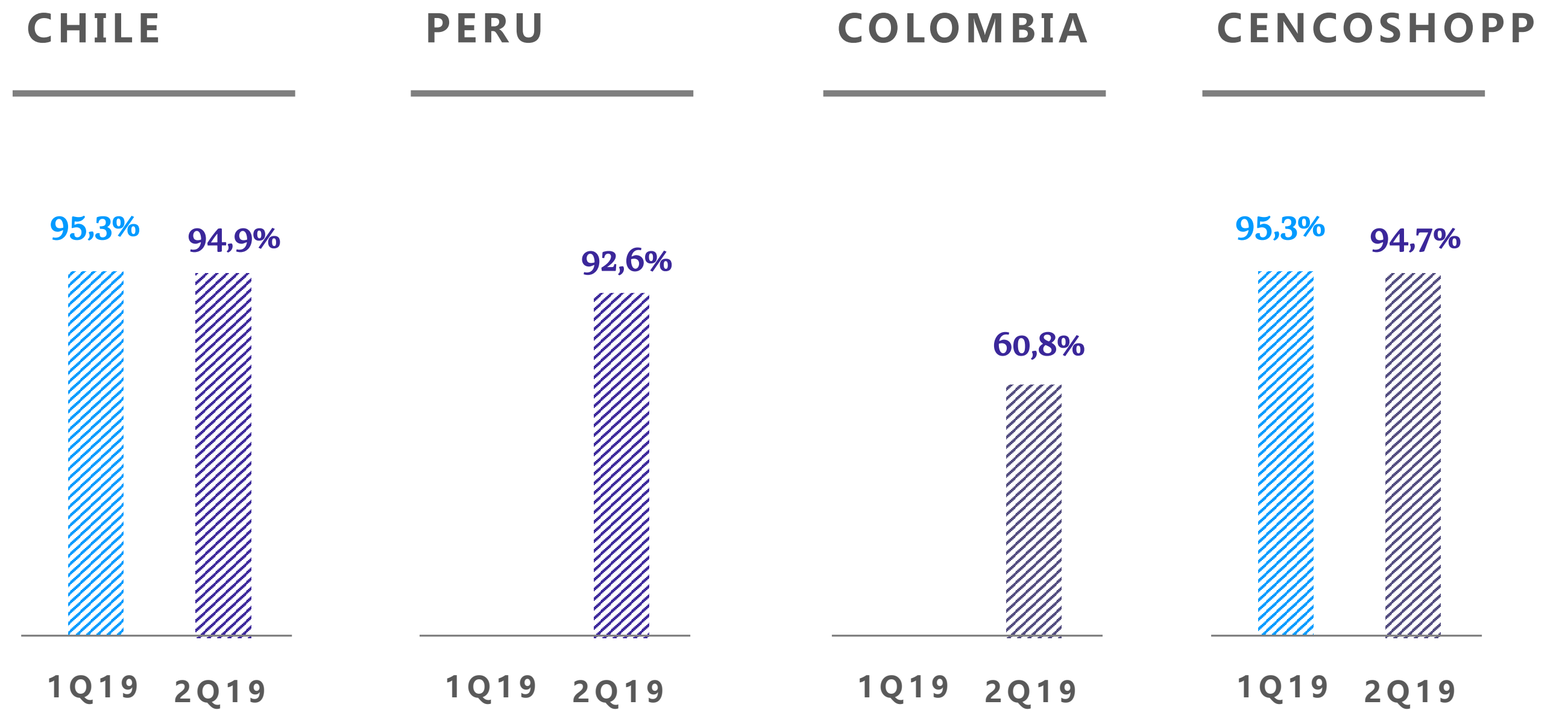
4. Sales and Revenue values in \$CLP MM.

ADJUSTED EBITDA MARGIN

% SECOND QUARTER 2019

Adjusted EBITDA margin reached 94.7%, reflecting the cost structure and economies of scale of the Company.

In Peru, EBITDA margin was positively impacted by the implementation of the IFRS16.

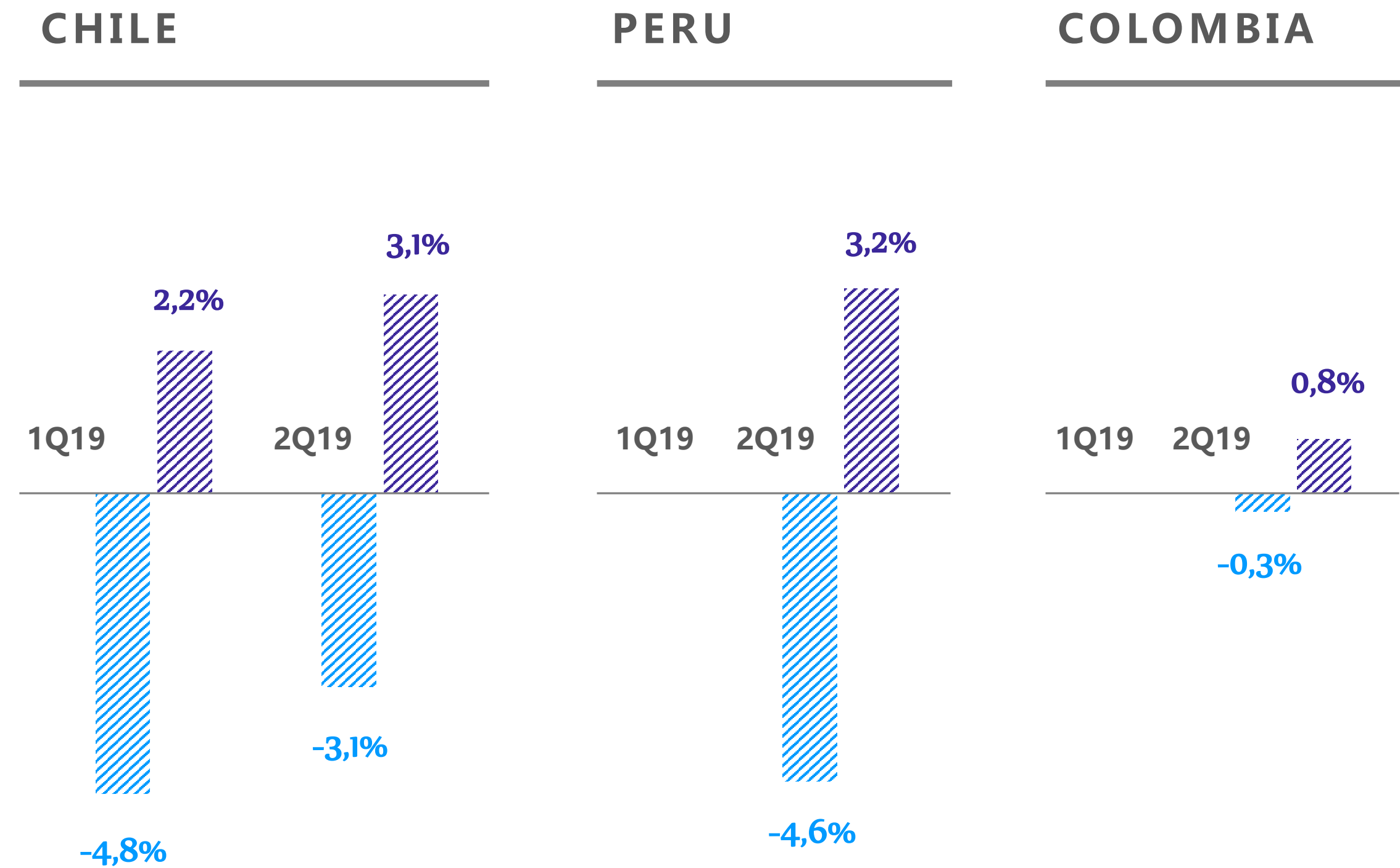


SAME STORE SALES & SAME STORE RENT

SECOND QUARTER 2019 VAR% AGAINST PREVIOUS QUARTER

- **Same Store Sales (SSS):** In Chile SSS declined 3.1% in the second quarter 2019 compared to a negative 4.8% in the first quarter of the same year,, reflecting weak internal consumption. In Peru, the high comparison base due to the Soccer World Cup in 2018 affected second quarter SSS.
- **Same Store Rent (SSR):** Despite lower SSS, SSR remained positive across all countries of operations.

 NOMINAL SAME STORE SALES (SSS)
 NOMINAL SAME STORE RENT (SSR)



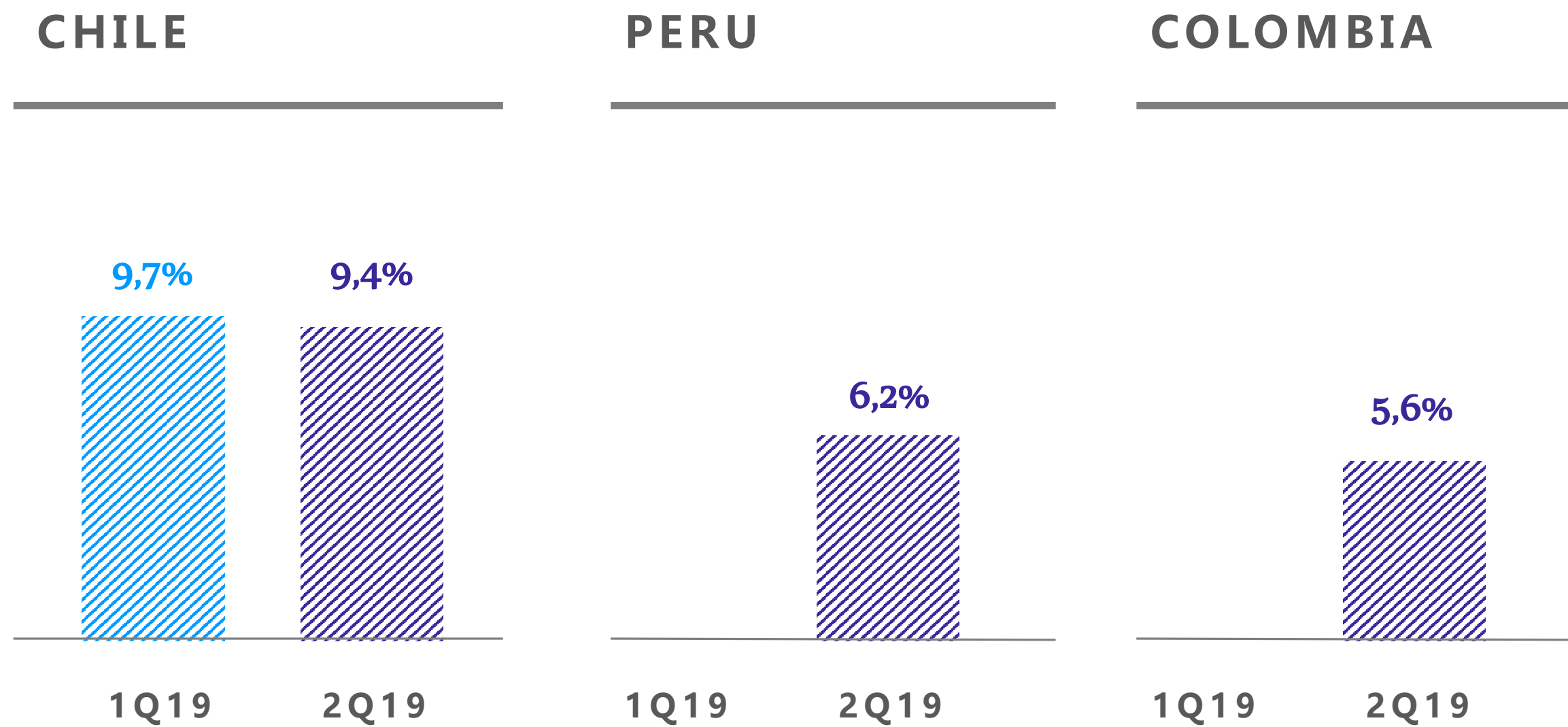
OCCUPANCY COST

% AS OF JUNE 30, 2019

Cencosud Shopping maintains a competitive occupancy cost at all countries of operations.

In Chile, **occupancy cost**¹ decreased against 1Q19 due to lower common expenses, reaching 9.4%.

Peru and Colombia presented a lower occupancy cost in comparison to Chile.



 OCCUPANCY COST

1. Occupancy cost is determined as (Fixed Income + Variable Income + Common Expenses + Advertising Fund)/ sales.

CONSOLIDATED BALANCE SHEET

ASSETS

As of June 30, 2019, Total Assets increased CLP 1,180,060 million when compared to December 31, 2018, explained by increases in Current Assets of CLP 653,265 million and of Non-current Assets by CLP 526,794 million.

The increase in Current Assets is explained by:

- Higher Cash and Cash Equivalents by CLP 697,058 million reflecting the funds from the capital increase and the IPO in June 2019.
- This was offset by lower Accounts Receivables Current by CLP 12,936 million, due to more stable levels of commercial debt after the IPO, lower Accounts Receivables of Related Parties by CLP 8,003 million due to improvements in the compensation process with the Holding Company, and lower Current Tax Assets by CLP 22,441 million due to the tax devolution process of some legal entities in Chile.

The increase in Non-Current Assets is explained by:

- Higher Investment Properties by CLP 523,609 million, reflecting the incorporation of assets in Peru and Colombia, along with greater value of assets due to improved operating results in Chile and a lower discount rate (WACC).

	Jun-19	Dec-18	Var. (%)
Current Assets	723.782	70.516	926,4%
Cash and Cash Equivalents	702.828	5.770	12.081,4%
Other non-financial assets, current	1.281	1.694	-24,4%
Trade receivables and other receivables	8.750	21.686	-59,7%
Receivables from related entities, current	5.714	13.717	-58,3%
Current tax assets	5.209	27.650	-81,2%
Non-Current Assets	3.454.320	2.927.526	18,0%
Intangible assets other than goodwill	441	195	125,9%
Property, plant and equipment	0	11.004	-100,0%
Investment Properties	3.392.947	2.869.338	18,2%
Deferred income tax assets	55.770	41.894	33,1%
Other non-financial assets, non-current	5.163	5.096	1,3%
Total Assets	4.178.102	2.998.042	39,4%

CONSOLIDATED BALANCE SHEET

LIABILITIES

As of June 30, 2019, Total Liabilities increased by CLP 309,270 million when compared to December 31, 2018, due to an increase of CLP 18,427 million in Current Liabilities and CLP 290,843 million in Non-current Liabilities.

- The variation in Current Liabilities is explained by the increase in Other non-financial liabilities current of CLP 15,292 million, due to the dividend provision and the increase in Accounts Payable to related entities current of CLP 7,290 million, reflecting higher debt with the Holding Company in Peru and Colombia. This was partially offset by lower Accounts Payable due to lower VAT debit payable.
- The variation in Non-Current Liabilities is explained by the increase in Other financial liabilities non-current of CLP 276,763 million due to the placement of two local bond series equivalent to UF 10 million, the increase of Leasing Liabilities Non-current of CLP 58,655 million reflecting the adoption of IFRS16, higher Deferred income tax liabilities, of CLP 88,871 million due to the increase in Investment Properties and the incorporation of the Peruvian and Colombian assets. This was offset by lower Accounts Payable to related entities of CLP 132,634 million as a result of lower debt with the Holding Company.

EQUITY

Total Equity as of June 30, 2019 increased by CLP 870,790 million when compared to December 31, 2018, mainly due to the capital increase of CLP 588,291 million and higher Issuance Premium of CLP 315,861 million reflecting the stock price premium. This variations were related to the capital increase after the IPO.

	Jun-19	Dec-18	Var. (%)
Current Liabilities	62.565	44.139	41,7%
Trade payables and other payables	17.684	29.513	-40,1%
Payables to related entities, current	19.365	12.075	60,4%
Other financial liabilities current	967	254	280,6%
Other provisions, current	925	211	338,9%
Current provision for employee benefits	1.012	1.140	-11,2%
Other non-financial liabilities, current	16.237	945	1.617,5%
Leasing Liabilities, current	6.063	0	n.a.
Current income tax liabilities	312	0	n.a.
Non-Current Liabilities	1.779.514	1.488.671	19,5%
Trade accounts payable to related entities, non-current	925.092	1.057.726	-12,5%
Deferred income tax liabilities	507.922	419.051	21,2%
Other financial liabilities, non-current	278.338	1.575	17.572,3%
Other provisions, non-current	0	874	-100,0%
Other non-financial liabilities, non-current	9.506	9.445	0,7%
Leasing Liabilities, non-current	58.655	0	n.a.
Total Liabilities	1.842.080	1.532.810	20,2%
Paid-in Capital	707.171	118.880	494,9%
Issuance Premium	315.861	0	n.a.
Retained earnings (accumulated losses)	1.295.716	1.335.139	-3,0%
Other reserves	12.222	12.972	-3,8%
Net equity attributable to controlling shareholders	2.330.970	1.466.991	58,9%
Non-controlling interest	5.052	-1.758	n.a.
Total Equity	2.336.022	1.465.233	59,4%
Total Liabilities and Equity	4.178.102	2.998.042	39,4%

CASHFLOW

IN MILLIONS OF CHILEAN PESOS AS OF JUNE 30, 2019

Cash flow variations for the period ended June 30, 2019 when compared to the same period the previous year are the following:

- Operating Activities:** cash flow increased by CLP 123,166 million explained by higher revenues from the sale of goods and services related to the incorporation of 32 new shopping centers in Chile, and the assets of Peru and Colombia in June 2019. Additionally, higher cash flow is explained by higher income tax reimbursements by CLP 30,685 million.
- Financing Activities:** Cash flow increased by CLP 591,011 million due to higher proceeds from paid-in capital of CLP 699,818 million after the IPO. In addition, the variation is explained by higher proceeds from borrowings at long—term due to the local bond issuance of CLP 278,338 million and higher borrowings from related entities of CLP 662,405 million, reflecting the loans with the Holding Company. This was partially offset by loan payments to related entities for CLP 818,093 million and Dividends paid for CLP 228,750 million.
- Investing activities:** Cash flow decreased by CLP 15,301 million due to the investments in projects underway (Portal Angamos and Portal El Llano in Chile, and La Molina and La 65 in Peru and Colombia, respectively).

	Jun-19	Jun-18	Var. a/a (%)
Cash flows from (used in) operating activities			
Revenue from sale of goods and provision of services	159.345	46.230	244,7%
Other operating revenues	263	0	n.a.
Types of payments from operating activities	0	0	n.a.
Payments to suppliers for goods & services	-40.354	-20.223	99,5%
Payments to and on behalf of personnel	-2.110	-361	484,2%
Other operating payments	-1.569	-862	82,0%
Cash flows from (used in) operating activities	115.575	24.784	366,3%
Interest received	0	1	-100,0%
Reimbursed Taxes (Paid taxes)	23.803	-6.882	-445,9%
Other cash inflows (outflows)	1.176	-513	-329,1%
Net cash flow from operating activities	140.555	17.389	708,3%
Cash flows from (used in) investing activities			
Borrowing to related entities	0	-19.844	-100,0%
Purchases of property, plant and equipment	-1.292	-728	77,6%
Purchases of intangible assets	-168	-9	1.716,5%
Purchases of other assets long term	-22.303	-714	3.021,9%
Collection from related parties	0	13.591	-100,0%
Other cash inflows (outflows)	758	0	n.a.
Net cash flow from (used in) investment activities	-23.005	-7.705	198,6%
Cash flows from (used in) financing activities			
Proceeds from paid in capital	699.818	0	n.a.
Proceeds from borrowings at long—term	278.338	0	n.a.
Borrowings from related entities	710.691	48.286	1.371,8%
Lease liability payments	-2.709	0	n.a.
Payment of borrowings from related entities	-877.872	-59.780	1.368,5%
Dividends paid	-228.750	0	n.a.
Net cash used in financing activities	579.517	-11.493	-5.142,2%
Net increase in cash and cash equivalents before the effect of variations in the exchange rate on cash and cash equivalents	697.067	-1.809	38.630,3%

INDEBTEDNESS

As of June 30, 2019, Total Liabilities amounted CLP 1,842,080 million, of which CLP 1,223,763 represented Financial Debt.

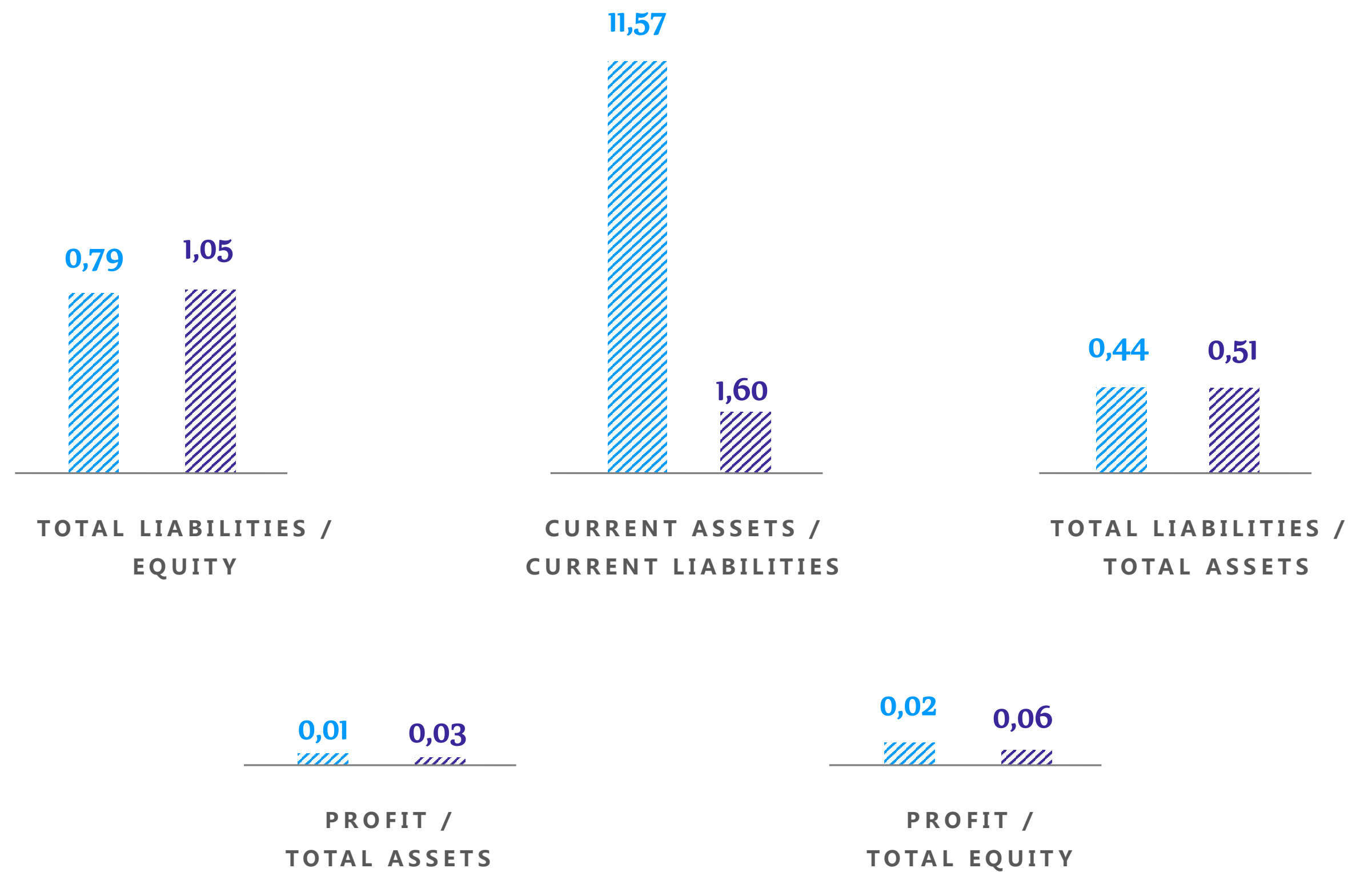
As of the end of 2Q19 there were 2 financing sources:

- Intercompany debt obtained from the holding Company Cencosud S.A. for a total amount of CLP 944,457 million.
- Other financial liabilities current and non-current, which represent the issuance of 2 local bonds placed in May 17, 2019 which amount to CLP 279,306 million.

Net Financial Debt = Other financial liabilities current + Other financial liabilities non-current + Accounts Payable to Related Parties Current + Accounts Payable to Related Parties non-current – Cash and Cash Equivalents

FINANCIAL RATIOS

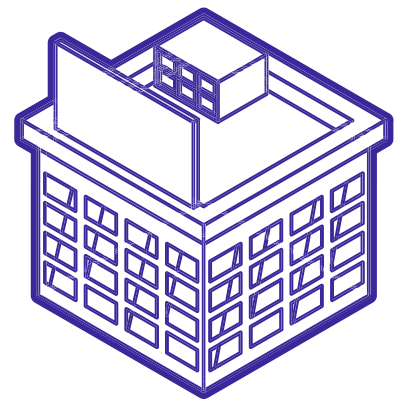
 JUN 19  DEC 18



PROJECTS IN COURSE

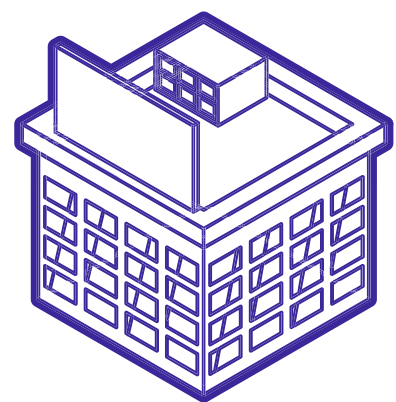
IN CHILE

EL LLANO, Santiago



- Current GLA **15,654 sqm**
- Total Investment: **US\$9.0mm**
- % progress: **95%**
- Additional GLA: **9,150 sqm**

ANGAMOS, ANTOFAGASTA



- Current GLA **26,177 sqm**
- Total Investment: **US\$6,0mm**
- % progress: **90%**
- Additional GLA: **1.370 sqm**

IMPROVEMENT POTENTIAL THROUGH THE OPTIMIZATION OF EXISTING LOCATIONS' GLA

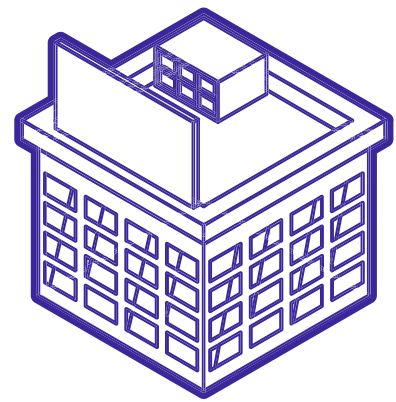
Available GLA in Chile of 40,000 sqm of which a significant portion is part of Costanera Center.



PROJECTS IN COURSE

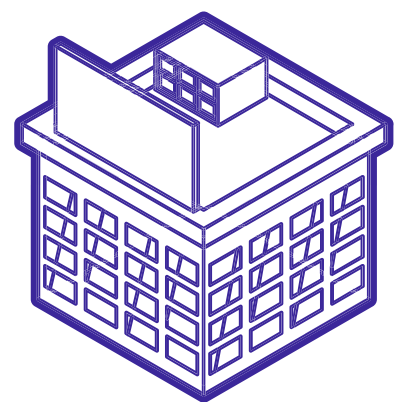
IN PERÚ & COLOMBIA

LA MOLINA, LIMA, PERÚ



- Current GLA: **4,291 sqm**
- Total Investment: **US\$109mm**
- % progress: **59%**
- GLA at completion: **35,700 sqm**

LA 65, MEDELLÍN, COLOMBIA



- Current GLA: **22,200 sqm**
- Total Investment: **US\$167mm**
- % progress: **37%**
- GLA at completion: **+78.000 sqm**

IMPROVEMENT POTENTIAL THROUGH THE OPTIMIZATION OF EXISTING LOCATIONS' GLA

- Potential available leasable area at Premier el Limonar (**Colombia**)
- Available GLA: **11,000 sqm**



INITIAL ADOPTION IFRS16 - LEASING

Consolidated interim financial statements of Cencosud Shopping S.A. as of June 30, 2019, present the modifications derived from the initial adoption of IFRS 16 - Leases as of January 1, 2019, and replace the current IAS 17 guidelines and the corresponding interpretations.

The adoption of IFRS 16 requires lessees to recognize a lease liability that reflects future lease payments and a "right to use the asset" for virtually "all lease agreements."

As a result of the adoption the Company:

- Investment Properties has increased due to leased locations, as well as leasing liabilities based on the present value of all future fixed lease payments in accordance with the new regulations.
- The nature of the expenses related to the lease has been modified, eliminating the operating expense for fixed leases generating a financial expense. No depreciation expenses are recognized. The lower value associated with the use of the asset is part of the net revaluation of the investment property.
- In the Cash Flow Statement, the variations of lease liabilities are presented in the financing activities section, instead of the operating activities section.
- Other financial liabilities (Leasing) existing as of December 31, 2018, have been reclassified as part of leasing liabilities.

The Company has chosen to recognize the effect of this implementation according to the modified retrospective approach for classification, measurement and impairment. As a consequence, comparative exercises have not been re-expressed. The initial impacts of adopting IFRS 16 before deferred taxes generated, as of January 1, 2019, the recognition of investment property assets and liabilities for current and non-current leases for CLP 54,308 million, representing 1.8% of the asset and 3, 5% of the liability, respectively.

	CLP MM
<u>As of January 1, 2019</u>	
Right of use assets	54.308
Right of use fair value	0
Lease liabilities	-54.308
Right of use deferred tax	0
Impact on Equity	0

2Q19	Excl/ IFRS 16	With/ IFRS 16
Chile	93,5%	94,9%
Peru	83,0%	92,6%
Colombia	60,8%	60,8%
Adjusted EBITDA Margin	93,3%	94,7%

RISK FACTORS

Main risks that could affect financial results of our operations and the measures we have implemented to mitigate them are the following:

- On real estate market offer: there is the possibility that in the Chilean market the offer of leasable surfaces exceeds demand, which would generate a vacancy risk and a decrease in rental prices, factors that could decrease the income of Cencosud Shopping S.A. To mitigate this risk, the Company seeks to enter into long-term lease contracts (between 5 and 20 years) and with separate maturities over time, which minimizes that risk. The current vacancy rate is close to 0.5%. The nature of the expenses related to the lease has been modified, eliminating the operating expense for fixed income generating a financial expense. No depreciation expenses are recognized. The lower value associated with the use of the asset is part of the net revaluation of the investment property.
- Legal and regulatory framework: a change in the current legal and regulatory framework could adversely affect the income and/or costs of Cencosud Shopping S.A. For example, a change in labor regulations could restrict the opening or closing hours of shopping centers, which could affect the income of the Company associated with the level of sale of their tenants. On the other hand, modifications to the regulatory plans or various interpretations of urban planning or construction regulations applicable to a property could affect the development, execution or implementation of real estate projects. Likewise, new environmental regulations could impose restrictions on operations or additional costs to the Company, for example in matters of environmental assessments, mitigation measures, waste management and recycling promotion. Regarding Colombia, it has faced more than ten tax reforms in the last 20 years; This instability of the tax regime could eventually damage the level of investment and consumption
- More information regarding Risk Factors is contained in the prospectus of bonds entered on August 26, 2019 in the Financial Market Commission (CMF). For more details of Financial Risks, review published Financial Statements (FECU).



EXCHANGE RATES

End of period Exchange rate

	2Q19	2Q18	Var%
CLP/PEN	206,24	198,33	4,0%
CLP/COP	0,21	0,22	-4,5%

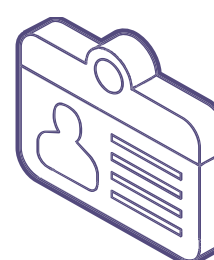
Average Exchange rate

	2Q19	2Q18	Var%
CLP/PEN	206,08	190,78	8,0%
CLP/COP	0,21	0,22	-4,5%

Inflation

País	2Q19	2Q18
Chile	2,2%	2,2%
Peru	2,5%	0,9%
Colombia	3,3%	3,2%

CONTACT



Natalia Nacif

Head of Investor Relations

Tel: +562 2959 0368

Natalia.nacif@cencosud.cl

