

CORPORACIÓN DE FERIAS Y EXPOSICIONES  
S.A. USUARIO OPERADOR DE ZONA FRANCA

**MANAGEMENT REPORT 2016**



## **JUNTA DIRECTIVA CORFERIAS 2016 -2017**

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**MANAGEMENT REPORT 2016  
OF THE BOARD OF THE BOARD OF DIRECTORS AND EXECUTIVE  
PRESIDENT**

The success of CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA (“CORFERIAS”) is the result of the directives of the Board of Directors, the Management Committee, and all those who work with us; and we express our sincere thanks to them for their leadership, work and commitment.

2016 was a year of great challenges, in which CORFERIAS continued to move forward in areas as important as the start of the construction of the hotel on its own land, the opening of the Puerta de Oro facility in Barranquilla, the creation of a new events scenario (the Great Coferias Tent on Avenida de las Americas); the promotion and successful commercialization of the Agora Bogotá international Convention Center (CICB) which will open its doors in 2017; and the development of major infrastructure works to improve the relationship between CORFERIAS and its surroundings, such as the renewal of our presence on Avenue de la Esperanza, amongst many other achievements.

Here, we present the progress made in each of the objectives defined in the context of our strategic planning where the guiding principles have been defined as the modernization of the entity, the consolidation of the culture of innovation, internationalization of our activities, strengthening of discipline of service, intimacy with the client, and sustainable growth.

## **1. MODERNIZATION**

### **1.1. INFRASTRUCTURE**

Continuing with the process of modernization of the exhibition center, important steps were taken to implement the CORFERIAS Master Development Plan,. In addition to pursuing the construction of the AGORA Bogotá International Convention Center, border, work started on the construction of the Hilton CORFERIAS Hotel, and the Active Border along the Avenida de la Esperanza; space was created for the holding of public events and shows on the land adjoining Avenida de las Américas.

Further, the Master Development Plan was updated, to incorporate a specific proposal for joint and coordinated development of the land of Empresa de Acueducto, and the CORFERIAS land on Avenida de las Americas, a proposal that has been widely publicized in the Bogotá city government.

### 1.1.1 AGORA BOGOTÁ INTERNATIONAL CONVENTION CENTER



AGORA BOGOTÁ – A view of progress seen from Avenida de la Esperanza looking west

With the decisive commitment and support of all partners (the Bogotá Chamber of Commerce, the Colombian government and CORFERIAS) the project achieved major advances during 2016, and its open opening is expected soon, in the first half of 2017.

In terms of budget, and under the leadership and management of the Bogotá Chamber of Commerce, strict controls been exercised. The year ended with more than 90% of the work contracted, and these contracts are within the overall budget defined for the project.

CORFERIAS, as operator of the Convention Center, has been promoting and commercializing its whole range of spaces, and for this, it has built up a sales and marketing team to be responsible for this task in 2016.

The CRM, developed for by CORFERIAS, currently has 1300 tested records, and generates a average of 15 opportunities a month for each of the commercial tam in addition to those which the team obtain through their own activities and through contacts received. We attended three international fairs and two national fairs in which 67 opportunities were generated.

Over 200 trade visits were made, bringing in national and international events for Agora and some 30 inspection visits and two familiarization trips were made with customers.

The quotations module, administration of areas and accounting liaison-ERP-function in a totally integrated manner, and follow the criteria of "revenue management".

In marketing, customer loyalty actions were developed for intermediaries, and a sensitivity strategy was generated with the Convention Center, for which a helmet tour was designed, taking target groups of decision-makers to familiarize themselves with work from the inside.

We maintain our affiliations to ICCA (International Congress and Convention Association), the Bogotá Convention Bureau, and ACCCLATAM (the Association of Convention Centers in Central America, the Caribbean and Latin America.)

The software license was acquired for "Social Tables", an application which provides a graphic visual of the distribution of public rooms, and supports the commercialization process. It means that any type of distribution which a potential customer requires can be "rendered" in 3-D format.

Finally, there was a process of socialization of the project with hotels in Bogota, and a model of commissions for intermediaries was constructed.

### 1.1.2 HOTEL AND OFFICES



THE HOTEL. Seen from Avenida de la Esperanza along Carrera 37 northwards

The hotel comes as the ideal complement to the many activities associated with events and conventions in the sector, and is a fundamental part of the development

of the CORFERIAS Master Development Plan. Importantly, the hotel and the offices of CORFERIAS will be located on the south-east corner of the exhibition center.

This project will have a constructed area of about 49,950 m<sup>2</sup>, and includes a 17-storey building, formed by a three-floor platform in which the ground floor contains access for vehicles and pedestrians to the hotel, and independent access to the CORFERIAS offices and some shops. On Floor 2, there are public rooms for meetings, and service and support areas for the hotel, such as kitchens; a 14-story tower then rises above this platform, in which there is a reception area, restaurant, spa and swimming pool, and other areas on Floor 4. The next two floors, (5 and 6) are CORFERIAS offices, and as of Floor 7 and up to Floor 16, there are 410 hotel rooms. On Floor 17, there are some technical areas serving the whole building. The project also has two basements, with about 190 parking spaces, and technical and support areas.

This hotel was conceived and promoted by CORFERIAS, and is being built in alliance with Pactia, one the most important property investment programs in the country. It is the result of a joining of forces of the experience and knowledge of, concrete and the Argos group, which was selected as an investor-partner after a wide-ranging and rigorous process, which started with a public invitation, which aroused interest among some 160 entities around Colombia and elsewhere.

Further, around in towards the middle of the year, a management contract concerned with the Hilton chain, in which the importance of the hotel was recognized as an "headquarter hotel", to support the fair and events activity, with the transfer of the chain's knowledge for the operation, and its commitment to its development and positioning

Based on the alliance between CORFERIAS and Pactia, progress has been made towards the closing of the project, with a budget of around \$260,000 million (about US\$ 85 million), in which it was agreed that:

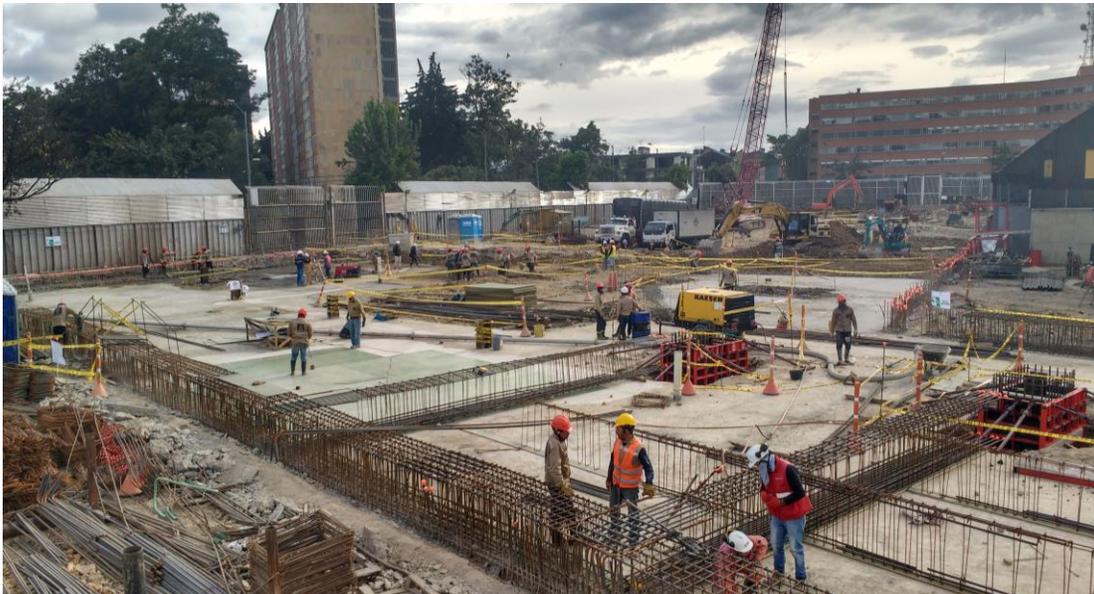
- CORFERIAS would keep 30% ownership, and Pactia 70%
- Each party commits to making the contributions required to develop the project in proportion to its interest. Part of CORFERIAS' 30% share will include expenses incurred to date to develop the project, and the contribution of the plot of land, in area of some 6000 m<sup>2</sup>. The valuation of the land was contracted with an independent expert, who took account of the enhanced values in the area, the business model of the hotel, and the circumstance that CORFERIAS, within the construction, will reserve for itself two floors of offices, two commercial spaces, and about 30% of the underground car parks. With these guidelines, the value of the land was estimated at \$27,000 million as CORFERIAS' contribution, and this was accepted by Pactia.
- The level of debt was determined at 58%, that is \$145,000 million, it was made clear that each party would be indebted in proportion to its interest, which for CORFERIAS means a debt of \$43,500 million, and for Pactia, \$102,000

million.

- Based on offers received from various financial entities, Grupo Aval (Banco de Bogotá- AV Villas) was selected as offering the best financial conditions, with regard to interest rate, repayment terms, grace periods, advantages in amortization of the loan or prepayments, and policies for these conditions to be applied.

In 2016, progress was made in developing the architectural project and the technical projects, particularly within structural design, such that it was possible to initiate the piling of deep foundations of the building in September.

The Hilton CORFERIAS hotel projects that it will "go live" in the first quarter of 2019, with work in progress of more than 61% by December 2017.



THE HOTEL: Work in progress

### **1.1.3. PROJECTS FOR THE ACTIVE BORDER ON AVENIDA DE LA ESPERANZA: PUBLIC SPACE ON AVENIDA PEDRO LEON TRABUCHY (AK40) AND LAND NEXT TO CALLE 25.**

At the beginning of the fourth quarter of 2016, construction began for the project known as "Active Border-Phase 1", in which the intention is to develop infrastructure or some 30,000m<sup>2</sup>, to improve the relationship between CORFERIAS and its surroundings on Avenida de la Esperanza, reshaping its presence in that area of the city, and resolving relations which should exist between CORFERIAS, the Agora Bogota Convention Center and the hotel.



ACTIVE BORDER- View of the project from Floor 2 to the west

This project seeks to consolidate the southern edge of the exhibition center through the integration of public and private spaces, by activating this side of the exhibition center with a green causeway, an avenue of trees at ground level, and shops on the second level, creating a new face towards Agora Bogota and the city. The project implies a development of a longitudinal building between the great Hall of CORFERIAS (Pavilion 10) and pavilion 1, with an intervened area of some 11,400 m<sup>2</sup>, and the following characteristics amongst others:

- 3273 m<sup>2</sup> of space for public enjoyment
- Six meeting rooms holding between 60 and 140
- Three restrooms on the ground floor, with a capacity for 12 (men, women, and disabled)
- seven commercial spaces of 81 m<sup>2</sup> on Floor 2
- Two restrooms on Floor 2, each with capacity for 16 (men, women, disabled and family toilets).

During 2016, architectural designs for the Active Border were completed, along with the technical studies, and the Construction License No. 16-5-0301 was obtained on 10 June 2016. The public space intervention license was also obtained- No. 014 of 16 March 2016 - authorizing the construction of the avenues and paving on Avenida de la Esperanza, Avenida Pedro Leon Trabuchy (AK40) and Calle 25.

Among the preliminary activities prior to construction, the commercial offices in Pavilions 2B and 2C were transferred to Pavilion 5, and the PLUS offices located in Pavilion 2 were redesigned and transferred to the Mezzanine of Pavilion 10,. These transfers meant that the necessary demolitions to start the construction of the Active Border could begin in August 2016.



ACTIVE BORDER – Work in progress

In addition to the Active Border project, designs for Stage II (2012-2018) were completed in 2016, for the regularization and management plan of failures, taking account of the fact that in December 2018 the term to construct them expires.

These projects include the Active Border, the pedestrian bridge between the exhibition center and the convention center, the paved areas along AK40, and the paving and Plaza of the land next to Calle 25.

With regard to progress on the consolidation of public space around the exhibition center (Lot 1), the architectural designs for the paving along AK40 were completed, including landscaping and street furniture. The architectural designs for the paving, avenue and plaza along the public space of Calle 25 were completed, including a mobile perimeter enclosure.



LAND ADJOINING CALLE 25. Looking east

Opposite the pedestrian link between CORFERIAS and the Convention Center - which in terms of infrastructure is a major elevated connector bridge over 4 m high - CORFERIAS designed the work, attending to design and engineering requirements for it to be prepared at the beginning of 2017.



PEDESTRIAN LINK BETWEEN LOTS 1 AND 2 – Work in progress

#### 1.1.4. MULTIPURPOSE AMERICAS SCENARIO

Following the outline plan of 2015 to turn the land on the Avenida de las Americas as a scenario for artistic and cultural events, and based on architectural designs from the Technical Department and Infrastructure Department, work began on the construction of a new tent for events in January 2015. It has an area of 5000 m<sup>2</sup>, and can seat 7,200. it was open for operation in March 2016.

The "Grand Tent of the Americas-CORFERIAS" is a cultural scenario created to attend to events which special area in CORFERIAS, it is of a kind that Bogota as a city has no other offer.

During the second half of 2016, construction began on more than 40 mall-style restrooms, access control areas, free areas for commercial activation, changing rooms for performers, with toilets and showers and complementary service areas for the Grand Tent of the Americas, which enables it to offer a complete and stand-alone service for mass events.



GRAND TENT OF THE AMERICAS – during the Bogotá Iberoamerican Theater Festival

The Tent was the scenario for major events in 2016, such as the Ibero-American Theater Festival of Bogota, and the Folk Ballet of the University of Guadalajara, and Cirque Eloize, Delirio with its show La Pinta, Disclosure, Cattle Auctions, the Buddy Valastro Sweet Fair, and another 15 large-format events.



As a commercialization strategy for the tent, well-known businessmen had been invited to various events, so that they can familiarize themselves with the infrastructure. The strategy means that we have been careful with the type of event and the type of business to which we rent our infrastructure.

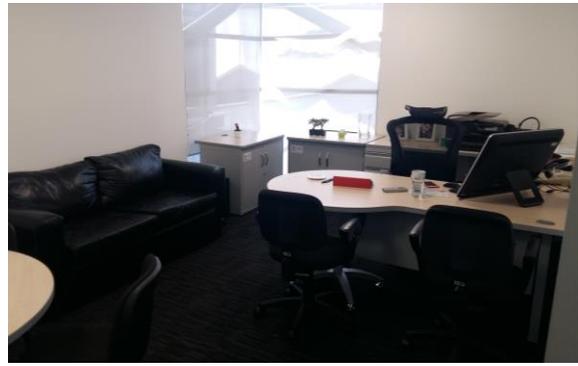
#### **1.1.5. CONTINUOUS IMPROVEMENT PLAN FOR THE EXHIBITION CENTER.**

With the beginning of construction work on the Hotel CORFERIAS and Active Border projects, activities in the Technical Department for internal works were concentrated on the relocation of activities and services from the buildings which were demolished to make way for these projects. The work done by the Technical Department in 2016 can be seen in the following projects:

- Remodeling Pavilion 5A, for commercial, marketing and assembly work



-Remodeling of Floor 2 of the foyer of the auditorium for the Commercial and Marketing Departments offices, and the Convention Center and Communications Center offices.



- Construction of the service and PLUS (unified service) platform) offices in the mezzanine of Pavilion 10.



- Remodeling of the Conference Room in the south connector building of the Great Hall.



### 1.1.6. MOBILITY IN THE AREA OF INFLUENCE

CORFERIAS presented a mobility, traffic and transport study to the Bogotá City Planning Department, with actions required to implement part of the modernization projects for the exhibition center, the construction of the Agora Convention Center and the development of the hotel on Lot 1, including the new conditions for the place, with a scope of diagnosis, the definition of actions for mitigation, and a technical study which makes the first approach to the evaluation of activities in order to obtain

the Bogotá City Administration's collaboration with the execution of works, indicating which would be the most important priority items.

## **1.2. MODERNIZATION PROCESSES, TECHNOLOGY AND GOVERNMENT**

### **1.2.1. SYSTEM OF QUALITY MANAGEMENT AND INTERNAL CONTROL**

**CORFERIAS has a Quality Management System certified as ISO 9001/2008.**

2016, Corvallis received follow-up audit No. 1 from the Bureau Veritas certification agency, in which there was again evidence of the commitment of all those who wish to make the project possible, and no nonconformities or observations were identified in that exercise.

Further, in order to contribute to continuous improvement of the organization, two internal audit cycles were completed during the year, and the result was that the opportunities for improvement which were satisfactorily implemented by process leaders, with the accompaniment of the Quality and Processes area.

A survey was also made of information on the current state of the environmental, socio-cultural and economic component, in which CORFERIAS was tested against the requirements of standard NTS-TS 006-1, Management Systems for Sustainability of Organizers, and Professionals for Congresses, Fairs and Conventions, in order to start the process of implementation.

Finally, a diagnosis was made of the needs of implementation of Decree 1072 - Health and Safety at Work Management System, which began with a survey to identify hazards, and evaluate risks and controls, which is continuously fed by the determination of operational controls required by the standard.

With regard to risk management, a review was made in 2016 of process risks identified, in order to maintain the dynamics of control, to bring down levels of risk, and comply with the objectives of each process and the strategic objectives of CORFERIAS. Regular evaluations were made with those responsible, for the results of such risks, in order to take relevant actions and contribute to continuous improvement. Further again, the Risks Committee held meetings to organize the development of risk management, and set priorities.

### **1.2.2. SECURITIES EXCHANGE ACTIVITY.**

The Exchange Activity Committee for CORFERIAS shares, formed by the minority shareholders belong, has been developing a work plan, which was focused on taking specific measures on strategy, to give greater visibility to exchange information about CORFERIAS. Recommendations were made on the way in which the public information should be published on the CORFERIAS website.

As part of the activities during 2016, we should mention that CORFERIAS again satisfied the requirements of the Colombian stock exchange (BVC) to renew its investor relations certification. This recognition was approved on 10 October 2016, and is valid for one year, and it will be possible to obtain renewal for 2017.

CORFERIAS thus continues to belong to the group of 32 Colombian companies which, as securities issuers, have adopted best practices demanded by BV C, in matters of information disclosure and investor relations (IR).

### **1. 2 .3. RELIABILITY OF INFORMATION FOR THIRD PARTIES**

CORFERIAS maintained its strategy of validation and certification of its range of statistics through the statutory audit firm KPMG Ltda, to ensure that its information is accurate, transparent and reliable in respect of activity indicators.

As a result, this annual management report publishes certified statistical data in the Fair Activities chapter. This means that customers, allies, exhibitors and the public in general can rely on this most useful tool in decision-making about participation in one or another fair. It is also an instrument which makes the process of measuring the evolution of fairs and their impact easier.

### **1.2.4. FREE ZONE**

In 2016, we consistently complied with the general Free Zone regulations. The four quarterly reports were delivered on time, as a demonstration of the degree of compliance with commitments demanded by the Free Zone regime.

As required by those regulations, the Free Zone was object of external audit by the specialist firm Ernst and Young, which validated compliance with the master plan for general development of the Free Zone been satisfactorily complied with in June 2016.

From a regulatory point of view, the Government issued Decree 390 in March, setting out customs regulations which partly replaced Decree 2685/1999, which had previously regulated the sector, but the chapter on Free Zones was not modified on this occasion.

Finally, in December, the Ministry of Industry, Trade, and Tourism issued Decree 2147, modifying the Free Zone regime, and the new regulations began to apply as of January 8, 2017. The new regulations represent the need to make certain procedural (and not substantive) adjustments, to the way we have been operating so far.

## 2. INNOVATION

### 2.1. CORFERIAS, PROFESSIONAL FAIR AND EVENTS OPERATOR IN PUERTA DE ORO, BARRANQUILLA ,

In 2016, CORFERIAS started operations in its new Exhibition Center in Barranquilla, with six fairs, 10 events, and more than 100,000 visitors received in the first five months of operation.

The fairs related to the sectors of gastronomy, property development, agri-industry, construction, spirits, and the home. 590 exhibitors were involved.

*Sabor Barranquilla* (A taste of Barranquilla), the first fair in the Puerta de Oro, was organised by FENALCO and the Red Cross, and caught the eye of city and country alike, attracting more than 25,000 visitors, and making it the most sought-after mass fair in the Colombian Caribbean area.

The *Vitrina Inmobiliaria del Caribe* (Caribbean Property Showcase), was organized together with the Construction Chamber of Atlantico and presented an offer of more than 5000 properties, attracting its target of 5000 visitors, and bringing great satisfaction to the various exhibitors, who met their sales targets.

*Agroexpo Caribe*, (the Caribbean Agricultural Fair), in its first version, was joined with the 69th National Cebu Association show, the most important cattle-breeders' event in the country, with some 1,500 animals, making the Puerta de Oro a major scenario for the sector, with a gate of 15,000. Further, in the context of that fair, there was the Agroindustrial Congress of ACOPI, the II National Congress of Fruit and Vegetables of Asohofrucol; and a Grade-B horse fair, mounted by Asoequinos which produced an attractive academic agenda, led by strategic allies.

The spirits faire - *Expodrinks* - organized together with Supertiendas Olímpica, attracted more than 5000 visitors, with a very high level satisfaction from visitors and exhibitors, all enjoying the most important brands in the sector.

The construction fair *Construferia del Caribe*, also in association with Camacol, version XXI, attracted 4000 professional visitors, with an offer which reflected the very best classes of enterprise, in a high impact sector for the regional and national economy.

For 2017, there is a portfolio of 11 fairs with existing yearly fairs such as the Vitrina Inmobiliaria, Sabor Barranquilla, Expodrinks, Feria del Hogar (Fair for the Home), and some new sectors such as logistics and multimodal transport, pets, education, crafts, vehicles, weddings and industry.

The events were part of a wide range of themes, and were developed by important institutions such as the Barranquilla Chamber of Commerce with "Caribe Biz Forum",

and the celebrations of its centenary; the first international maritime and river technologies congress, organized by Colombia's Oceans Commission, and a mass event on innovation -IDO- arranged by the national apprenticeship service SENA, the Mayor of Barranquilla and the Governor of Atlántico, with more than 14,000 students taking part. There were also events on renewable energy, oil palm growing and livestock breeding, organized by entities such as the industrialists' association ANDI, the palm growers' association Palmex and the cattle-breeders' association Fedegan. In 2017, amongst others, there will be the international freight transport Congress, the National Congress of Fedepalma, and ANDI's Caribbean City Congress of Colombia, which points to the positioning of CORFERIAS with Puerta de Oro as an attractive option for major industrial institutions around the country, which had for many years not held any event in Barranquilla.

All of this was achieved in a phase of pre-opening of the exhibition center, CORFERIAS having signed a supplement to its contract to start the process of formal reception of infrastructure in 2017, subject to progress in the works. In other words, the months of operation between August 19 - the first fair - and the date of final reception of infrastructure in 2017, will not be counted as part of the 20-year operating agreement.

This successful start in 2016 was achieved and strengthened by the Caribbean region team, who were added to the organization chart: the Head of Infrastructure, with a partial team composed of an Infrastructure Supervisor and an Installation Supervisor; Administration and Financial Officer, transferred from the Internal Audit team in Bogota; Service Coordinators; a Security Leader; a Logistics Leader; four Commercial Coordinators; an Events Coordinator; Food and Beverages Coordinator; and, to reinforce the communications team, a Communications Analyst in Barranquilla in addition to a "Community Manager", and a Press Analyst in Bogota. Currently, there are 30 people supporting all phases of the operation.

With regard to public-private management, the initial efforts and the success of the start-up of Puerta de Oro has meant that relations with the Mayor of Barranquilla and the Governor of Atlántico and the Chamber of Commerce have been strengthened, and these are our most important partners in for infrastructure.

The Mayor played an active part in information to the public on the importance of the project, and there was institutional presence at all events. The Governor of Atlántico gave his decisive support to the fairs, such as Sabor de Barranquilla, and Agropexpo and Feria del Hogar, where his office played a leading part and took advantage of the occasion to disseminate its public policies for these sectors. The Chamber of Commerce, with its event "Caribe Biz Forum" mentioned above, led major industry associations and businessmen, with the use of facilities in this format, which has had a great success, and with the centenary celebration events, which demonstrated the versatility of Puerta de Oro to manage different kinds of events.

Work continued to be done hand-in-hand with these three institutions, and Pro Barranquilla, to strengthen the Conventions Bureau. The bureau, with its well-known

track record as agency for attracting investment, took over management of the bureau, from the private sector. The mayor, whose office recently started a organizational restructuring, created an Economic Development Department, which works with the Culture and Tourism Department,, CORFERIAS and the Chamber of Commerce to examine the development of the tourism value chain (TEN-Tourism for Events and Business), more deeply through knowledge of the portfolio of events, and further, the effort to make them more visible to the public and to business. So, work will continue to be done to incubate and consolidate the fair culture in the city in the region, and this in turn will make the service economy more dynamic.

## **2.2. PROCESS OF STRENGTHENING INNOVATION IN THE FAIR PORTFOLIO.**

CORFERIAS continues to work on the structuring of a number of actions which are articulated to each other, to consolidate innovation in the context of a range of products, strategically involving actors, allies and experts in sectors and industries associated with our portfolio. The following were some of the most important:

**Sector Observatory.** Several working discussions and field days were held with sector leaders, and others with partners and allies in some fairs such as, *Camacol*, *Andigraf*, *Centro de Investigación y Desarrollo Tecnológico – CIDET – Federación Nacional de Cafeteros* (the coffee federation), and others. Results were very good in terms of how to evidence new innovation and trends in all sectors in the context of our fares.

In this line of action, the fairs *Expoconstrucción & Expodiseño 2017* will bring the novelty of the Sustainable Domotech. The purpose is to show in practical terms and in direct experience, some new technologies, services and processes which are eco-sustainable, and in demand in the construction sector worldwide. And something which is currently of great interest and relevance to business chains in the sector in Colombia and the region.

**Network of Allies.** As part of an objective to continue to strengthen the various scenarios for updating our fair portfolio offers to businesses in a range of economic sectors in Colombia and the region, CORFERIAS and the Bogotá Chamber of Commerce, together with other industry leaders, are working on some sector initiatives which are designed to be the engines of sustainable long-term economic development for the region.

As a result, large-scale fairs such as the *Alimentec Fair* - the international food fair , IX edition made a presentation with the "Gastronomy Cluster" of the Bogota Chamber of Commerce, of the trends in the first forum for trends and innovation in pastry and chocolate making, in the *I Show of Bakery, Confectionery and, chocolate and ice cream making*.

At the same time, was the two-part by the Colombian Association of the gastronomic industry -ACODRES- which had a robust academic agenda including local and international speakers, and was designed to provide tools for business development

of the restaurant sector; and it was of interest for investors and professionals in the gastronomy and food and beverages businesses.

In the context of the Bogotá International Fair, CORFERIAS, the "Energy Cluster" of the Chamber of Commerce and CIDET designed a high-value academic agenda for the VIR Expoenergía Show, in which businessmen could play an active part in the lectures and working groups designed, to gain a wider knowledge of a range of programs and projects led by the sector.

**Innovacenter.** CORFERIAS has a firm purpose to consolidate a culture of dynamic innovation in terms in the medium term. The various processes associated with the design of new products and strengthening of existing ones were updated and standardized, as approach to the strategic mission to be performed by INNOVACENTER as a "nursery" for the generation and attraction of practicable ideas to further the development and consolidation of our portfolio of fairs and events.

**The innovation capsule.** Two Innovation Capsules were held in 2016. The E+S+S Fair, in August and the Bionovo Fair in October. These initiatives were designed to generate an opportunity to exhibit the most innovative products and services in each sector, and to become a showcase of communications for exhibitors and visitors; at the same time, it was designed to enable participating businesses to gain greater recognition and positioning in the market.

The Innovation Capsule in the E+S+S Fair was designed to emphasize the exhibitors' most innovative products. The result, was the participation of 33 proposals from the best-known brands in the sector, forming part of the three principal sectors of the "Efficiency, Security, Safety" Fair.

In the Bionovo Fair, the capsule came in the framework of a "Biodiverse Zone", with the special support of the Humboldt Institute and the Biotechnological Institute (INBU) of Universidad Nacional. The intention was to present 15 dynamic gigantographs to show the geographical beauty and natural wealth and diversity of our ecosystems, complemented by photographic records of Universidad Nacional's biotechnological research programs. It was a dynamic and interactive demonstration of why Colombia occupies second place in biodiversity among the 12 megadiverse nations of the planet, and of the potential which this new Fair has in the long term for Colombia and Latin America.

### **2.3. NEW PRODUCTS SINCE 2016, IDEAS BEING EXPLORED**

The work on new products in 2016 was focused on support for the operation in Barranquilla with 6 fairs in 2016 and 11 to come in 2017. In addition, two new fairs were structured for 2017 in Bogotá, one of the specialist nature, the other a mass fair, reaching out to an increasingly relevant market.

The specialist fair, CREATEX, focuses on being a platform of knowledge, updating and supply of goods and services for the development of small and medium businesses in the textile and garment industry. It will be held in association with the Garment Chamber (*Cámara Colombiana de Confección y Afines*), which brings together the most important businesses in the sector, and seeks to promote the industry in Colombia and elsewhere in the world, working for quality, productivity, and the defense of the particular interests of the sector through public-private alliances, in order to facilitate economic and industrial development of the garment industry in Colombia.

The mass fair LBDTRADE will be the first fair to bring together goods, services, knowledge and networking to the LGBT community. It will be held in association with the LGBT Traders Chamber (*Cámara de Comerciantes LGBT de Colombia*), which serves that population, and is a reference for statistical information and business advice for LGBT entrepreneurs who need special and sensitive support for their needs.

CORFERIAS growth strategy is to launch new products based on a permanent process of exploration, and it has been implementing a process of strategic acquisitions.

As part of that strategy, in 2016 it acquired the M&M Fair (*Mueble -Madera*), an event with a track record in the market of some 22 years; through its 13 versions it has consistently grown stronger as one of the most important events in Colombia and the Andean region in the offer of machinery, materials and services for the woodworking industry and furniture manufacturers. In its most recent version, more than 200 exhibitors took part using over 15,000 m<sup>2</sup>, and there were exhibitors and buyers from some 28 countries. The event took four days, and Colombian and international buyers in the sector attended, along with more than 14,000 visitors.

Finally, exploration work on new sectors was consolidated towards 22 new ideas for new products for 2018, and they are in the process of investigation determine the viability and relevance to areas such as design, sustainability, digital economy, sustainable energy and other initiatives aligned with trends and styles of life today, among those whom we expect to be our visitors.

#### **2.4. FAIR ACTIVITY**

In a year of uncertainty in business, CORFERIAS has had to deal with many limiting factors in difficult circumstances, which ended up affecting our fair activities. This was a mirror- reflection of Colombia's economy as a whole. In the wake of the collapse of oil revenues, and with a strong dollar which made imports of raw materials and food more expensive, with the truckers' strike, reduction in consumption of goods such as vehicles, technological items, materials and clothing - even package tours- affected many exhibitors and visitors when it came to taking part in the fairs.

## **INTERNATIONAL BOOK FAIR**

**In association with the Colombian Book Chamber**

The 29th Bogotá International Book Fair in Bogota invited the Netherlands to be the guest country, with its slogan "Hello, Holland is Literature". They produced a sample of the creative industries through design, architecture and urban development. More than 150,000 titles available in the 23 pavilions, over the 14 days of the Fair, with 300 top-level Colombian and foreign authors. A total of 1240 events, with the presence of 21 countries and almost half a million visitors. The business rounds supported by Pro-Colombia created the expectation of exports for US\$9.5 million. 67 buyers from 17 countries and 98 Colombian exporters took part. Diversity was evident in this book fair, most particularly because it gave special room to communications from for the young, managed directly by the world's major publishers, such as the publication of proposals of "YouTubers" and other distinguished young literary figures.

## **INTERNATIONAL ENVIRONMENT FAIR-FIMA.**

This was considered to be the most important scenario for Colombia in the promotion and marketing of materials, goods, services, and the dissemination of high-impact environmental policies that favor the preservation and conservation of the environment. At the V Version there were 16,272 visitors and 133 local and foreign exhibitors, over the three days of the Fair. FIMA 2016 was also the framework for the VII National Youth Encounter for the Environment, with the participation of more than 3,000 young people from all over the country, presenting the best of young initiatives focused on environmental conservation, biodiversity, and peace.

## **ALIMENTEC**

**in association with Koelnmesse**

**Powered by** 

With 33,934 visitors, of whom 12,298 were international buyers from the Netherlands Antilles, Aruba, Barbados, Bolivia, Brazil, Canada, Chile, Costa Rica, Ecuador, Salvador, Spain, USA, and others, the international food fair ALIMENTEC closed its IX Edition with business expectations worth more than US\$31 million.

This year, the alliance formed with Koelnmesse and its Fair ANUGA, the leading event in world for the food and beverages industry, made this version a propitious scenario to establish business with professional buyers in the industry, to make effective, contacts with the major manufacturers, wholesalers and distributors represented in the 438 exhibitors who took part.

## **MEDITECH-ODONTECH**

**In association with the Colombian Association of Hospitals and Clinics-ACHC.**

Speakers came to this fair from France, Spain, USA, Netherlands, Sweden, Australia, Brazil, Puerto Rico and Chile, as leaders in hospital development worldwide, They made presentations to those attending XII Congress of Hospitals and Clinics, an experience which today make these countries the leaders of global processes in the health sector, and in the internal management of hospitals and clinics. In parallel, there was the event **IV Odontech**, a specialized event for the odontological sector, the scenario in which manufacturers, representatives and distributors of, materials, products and services showed off their latest advances and trends in technology. The 217 businesses which took part to the trade show offered the latest products and services related to the health sector to 11,151 visitors.

## **CATTLE SHOW**

Despite the fact that this event took place at the same time as truckers´ strike, we provided some decisive support to businesses in the-sector and with the support of major associations, we held the National Cattle Show. In that context, we also held the 27<sup>th</sup> National Simmental Fair, the 9<sup>th</sup> National Simbrah Congress; the 7<sup>th</sup> National Angus and Brangus Fair; the III National Hereford and Bradford Show; the VI National Blonde d´Aquitaine Fair and the International Sheep Symposium and the Sheepbreeders Association Fair. There were 74,125 visitors, 6,307 local buyers and 249 foreign buyer and 93 exhibitors who offered innovative and efficient products for the development of Colombia´s cattle-breeding industry. The Fair was held at the same time as the "**COLONIES FAIR**", which was an event combining culture, folk activities, gastronomy and trade, which brought together well-known regions of Colombia to promote their show of culture, gastronomy and crafts.

## **USED CARS**

### **in association with Carro Ya – El Tiempo - FENALCO**

This was the second edition of Bogotá Car Expo, was presented as a showcase to promote used-car sales, with the support and confidence of the best-known dealers to respond to growing demand in the market.

This was an ideal commercial space to promote used-car sales, and to exhibit complementary products and services specifically for used-car sector. There was an exhibition of more than 1000 vehicles, with purchase options, during the four days of the event for the 19,000 visitors who attended it.

## **EFFICIENCY + SECURITY + SAFETY**

### **in association with PAFYC**

The fair with the best track record in the region is the right place to launch new technologies. This was an event which lasted three days and brought in 8,296 professional visitors from around Colombia, and 379 buyers from abroad, offering integrated tailor-made solutions for equipment, products and services and latest-generation services. With the participation of experts, there were some memorable technical and academic sessions for updates in physical, electronic and industrial

security, with the latest advances and trends in comprehensive security and its environment.

## **BEAUTY AND HEALTH**

279 exhibitors from all lines brought their products to 55,592 visitors who came to discover the novelties in the sector. There were also specialized seminars in aesthetics and personal care. The Fair had an interesting academic agenda for businesses in the industry, in issues such as health regulations in the cosmetics industry, the use of trade agreements, international trends, consumer comporment and "neuro marketing", amongst other things. The agenda was organized by the Bogotá Chamber of Commerce, ANDI, the Program for Productive Transformation, and the "Cosmetics Cluster". Again, with the support of Procolombia and the Bogotá Chamber of Commerce, there was a business round involving 149 exhibitors and 43 i buyers from countries such as Argentina, Costa Rica, Curacao, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Peru, Trinidad and Tobago and the United States. In total, business worth US\$1,176 390 was closed at this Fair.

## **EXPO OIL AND GAS**

**in association with the Colombian Chamber of Oil and Gas Goods and Services-CAMPETROL.**

Despite the situation of the sector, the "Expo Oil and Gas Conference" was held with the participation of 99 exhibitors and large numbers of delegates from China, the US, Argentina, Mexico, Brazil, amongst others. Some 2,869 visitors also attended. This was an event in which the oil and gas sector was called together to discuss the challenges and opportunities in the future of the sector, and the need for investment and work between public and private sectors.

## **FERIA DEL HOGAR**

This is a scenario which traditionally presents a wide variety of articles for the home in a single place. In this XXXI edition, 700 exhibitors took part, filling the entire Center.

## **GRAND PROPERTY SHOW.**

**In association with Bogota's Property Exchange**

This event, in which 68 exhibitors took part, is considered today to be the most important shop-window for property in the country. It brings together under a single roof most important construction companies, promoters, property companies and urban developments in Colombia and other countries, with an attractive, broad-based offer of investment projects in property assets, whether residential, offices, hotels, shops, or industries. The national offer covered Boyacá, Tolima, the Caribbean coast and projects in Cartagena, Santa Marta, Tolú-Coveñas; Santander, the Coffee Belt, Valle del Cauca Chocó; and outside Colombia, there were opportunities in Panama, Portugal, Mexico, Curacao and U.S.A. amongst others;

and for the first time, two days of live auctions, a major opportunity for the 24,945 visitors who came to see this version of the event

### **EXPOESPECIALES in association with the Coffee Federation**

This event has now become a favorite for special coffees, the most important in Latin America and the Caribbean, under the slogan "Colombia, land of diversity". The IX edition of this Fair received 13,813 visitors from Colombia and 208 from abroad. There were 110 exhibitors, involving producers, industry representatives, manufacturers, machinery and equipment distributors, researchers, external experts, roasters, and marketers, amongst others. As has been traditional, and as part of the fair, the Colombian Barista Championship and the National Tasters Championship were held during this event.

### **SOFA – SHOW OF LEISURE AND FANTASY In association with "Click on Design "**

The 243 exhibitors in the categories of comics, video games, professional disguises, all-in wrestling, virtual reality, robotics, graffiti and alternative sports showed the 147,670 visitors to this new version of the Show of Leisure and Fantasy the possibilities of making good use of free time. SOFA's VII edition is consolidated as a platform for alternative cultural management and an epicenter in entertainment trends in Colombia. It is a space created to show that leisure is an opportunity to further personal growth, artistic creation, and social connection.

### **THE BOGOTÁ INTERNATIONAL FAIR - FIB**

The Bogotá International Fair brings out the best in technology and equipment for industry with the best exponents of the industrial sector in Colombia and 19 or more countries in Latin America, Europe and the Caribbean. This was the XXXI edition, of CORFERIAS' flagship event. International buyers came from 40 countries, who agreed that this is an event which dynamizes the consolidation of business, fosters loyalty, and underpins trust for new consumers through sales and strategic alliances.

As a result of the recognition that it is the best of Industrial exhibitions FIB has succeeded in attracting large numbers of exhibitors and visitors who take part in the specialized Shows that are part of the event, for example: COLOMBIAPLAST-EXPOEMPAQUE organized by ACOPLASTICOS, which has succeeded in strengthening trade relations of the plastics, rubber, filling and packaging sectors in Colombia and abroad, and in this version, reported growth of 17% of occupation. Also, EXPOMETALICA, involving steelworks, metals engineering, and related industries, and all those companies who sell local or imported goods in this chain formed part of the Show, which in this version also had a show of the mining sector, along with an agenda focused on analysis of mining and construction in the future, the management and situation of water in the mining sector, a space organized by ANDI. The Colombian Association for Air-conditioning and Refrigeration -ACAIRE-

organized an exclusive pavilion EXPOACAIRei, to show technologies, through activities associated activities welfare, competitiveness and growth in the industry. There was a project for the "Tunnel of Experiences", which consisted of four scenarios, and the visitors use their senses to discover what the processes of the ventilation, air-conditioning, heating and refrigeration sector represent.

### **INTERNATIONAL AUTO SHOW in alliance with FENALCO**

The admission of more than 180,000 visitors over 12 days shows that once again, this is the most important showcase for Auto sales in Colombia and Latin America, bringing under a single roof vehicles, motorcycles, accessories, financial facilities, insurance companies and innovation related to the Auto sector. The Show is seen by the industry as a favorable space to reactivate sales. The XV version of the Bogota International Auto Show met the expectations of launches and sales of vehicles and motorcycles of more than 54 brands present in the 23 pavilions of the fair.

### **EXPOARTESANIAS in association with Artesanías de Colombia**

79,629 visitors were admitted to this Fair during its 14 days, to discover the arts of craft-workers and the most recent developments in the sector; further, they had the opportunity to discover Colombian cookery, to see demonstrations of activities or techniques such as woodcarving, weaving, and the making of musical instruments. This craft fair recorded more than \$15,000 million, with 380 international buyers, 792 meetings arranged, and the business expectations of US\$3,033,893 .EXPO ARTISANIAS is today considered the most important craft fair in Colombia and Latin America, and brought 848 exhibitors or products with a high level of content in design, exclusivity and quality.

### **EXPOPET**

In this III edition, Expopet attracted 172 exhibitors and 38,330 visitors, who also formed part of the activities agenda arranged such as the "Second Dog Circuit", with the support of the Colombian Canine Association ACCC, the participation of six international judges, and the arrival of more than 500 dogs of different breeds. There was the third Felines Exhibition; the third Canicross championship for indoor relays, with more than 300 pairs; the third Agility Cup, the Festival of Pitbullmania; the second Sporting Ornithology Championship; the Cold Nose Festival; Mi Croillo Más Bello, amongst other activities all made Expopet the perfect scenario for professionals and sector, and pet lovers.

**KPMG CHART. CERTIFIED INFORMATION 2016, KPMG LTDA**

<b>Biennials</b>	<b>Exhibitors</b>	<b>Visitors</b>	<b>Local buyers</b>	<b>Buyers from abroad</b>	<b>Area (M2)</b>
<b>FIMA</b>	133	16.272	11.081	28	3.799,43
<b>Alimentec</b>	438	31.934	12.298	648	11.723,28
<b>Meditech</b>	180	11.151	9.873	253	5.046
<b>Odontotech</b>	37	11.151	9.873	253	463,5
<b>Colonies Fair</b>	203	74.125			4.582,65
<b>Cattle Show</b>	93	74.125	6.307	249	3.148,55
<b>Bogotá International Fair</b>	705	37.772	31.510	2042	20.369,47
<b>Expo Oil &amp; Gas</b>	99	2.869	1.920	138	1.198,50
<b>International Auto Show</b>	180	184.724			44.573,40

<b>Annuals</b>	<b>Exhibitors</b>	<b>Visitors</b>	<b>Local buyers</b>	<b>Buyers from abroad</b>	<b>Area (M2)</b>
<b>Book Fair</b>	527	489.727	1.254	390	21.696,97
<b>E+ E + S</b>	132	8.296	7.350	379	2.496
<b>Beauty &amp; Health</b>	279	55.592	28.958	401	7.276,39
<b>Great Property Show</b>	168	24.945			5.336,61
<b>Home Fair</b>	700	184.460			25.030,75
<b>Expospeciales</b>	110	13.813	8.508	208	2.892

<b>Bionovo</b>	80	2.452	1.627		1.030,50
<b>SOFA</b>	243	147.674			8.231,71
<b>Expopet</b>	172	38.330	7.985		3.293,91
<b>Expoartesanías</b>	848	79.629		380	10.589,57

## 2.5. FAIRS RENTED.

During 2016, we took part in the consolidation of sector fairs such as the "Footwear and Leather Show", and the tourism association ANATO's "Tourist Showcase"; we were allies in the production of very important fairs for sectors and for the country, such as the industrial show Muestra Industrial del Mueble y la Madera, for furniture; the Bogota Art Fair ArtBo, the Expoestudiante and Expologística amongst others. We ended the year with 11 high-quality fairs. With the integrated work of the organizers and CORFERIAS, we will continue to generate value and encouraging news for participants.

## 2.6. EVENTS

During the year, the Events Unit faced challenges in gaining greater occupation of the Center, and in arranging events at times of the year for which there was room for them. In total, there were 80 events held during the year.

During the events which were held as own products in 2016, there was one outstanding "Lego Fun Fest", attended by some 69,000 visitors. Children were allowed to let their imaginations fly, and develop their creativity. They came with their families and friends, through the experience construction with Lego blocks. Actions such as this, at times of low occupation of the Center also strengthened this business unit.

Large-format events in which CORFERIAS provides comprehensive services, such as the Congress of Cities and United Local Governments (CGLU), and the market for cultural industries of the South (MICSUR) are examples of the strategy designed to provide comprehensive attention to the needs of major events.

CGLU is held every three years in different parts of the world. The 2016 version was ticketed for Bogotá, and this was its first Latin American venue; more than 3,500 international delegates and 70 mayors from around the world attended. MICSUR was led by the Bogota Chamber of Commerce and Ministry of Culture, and this exceeded all expectations in terms of attendance, receiving some 3,000 visitors from 12 countries in South America, and buyers from North America, Europe, Asia and Africa.

The Center also hosted the voting for the Plebiscite for Peace, an event which had not been planned when defining the occupation calendar beginning of the year. It was a major challenge in adjustment times of setting up and taking down the event between the Bogotá International Fair and CGLU. Once again, CORFERIAS showed its great flexibility and adaptability in this situation.

The Annual General Meeting of Ecopetrol, and the Multisector Macro-round of Procolombia are public sector events which have reduced in size considerably, and which showed part of the challenges assumed in 2016 with the policies of cost-cutting in the various organizations involved.

## **2.7. PRICING STRATEGY**

CORFERIAS maintains the strategy set out in 2015, setting its prices based on the perception of customer value.

As a complement to the strategy defined in fair activity, work was done in on the implementation of the system of Revenue Management for the Agora Bogotá Convention Center, which will also be used as an input for Puerta de Oro and CORFERIAS events.

During 2016, a person dedicated to food, management, and the updating of CRM databases joined the Agora Bogotá team, which was adapted to be of specific use to Agora's commercial objectives; the CRM developed CORFERIAS today has more than 1300 clean records, and generates an average of 15 opportunities, for each of the commercial teams.

The ERP - the model for quotations, task management and accounting liaison - is now fully functional with regard to quotations, which in turn is following Revenue Management criteria.

As a pricing strategy for Agora's selling and negotiating activities, a careful analysis was made of occupation trends in Bogotá, and confirmation times for events, in order to cross-reference them with sale prices to the final customer. It should be noted that the strategy of this kind starts from understanding that Agora's offer is not elastic, and is perishable, and therefore we must be sure that sales are not just more but better in the right channel, and at the right price. This strategy understood as "revenue management" is widely known in hotels and the transport sector, but had never previously been applied in Latin America to events centers.

Today, we have finished implementing the support technology which will enable us to quote based on historic events which predict the elements indicated, and generate better commercialization strategies, increasing our cross sales.

### **3. INTERNATIONALIZATION**

#### **3.1. STRATEGIC ALLIANCES WITH No. 1 IN THE WORLD OF FAIRS**

2016 represented a year of execution in the first CORFERIAS-Koelnmesse joint version of Alimentec-Anuga; it was a year of operational matching operational cultural matching of the different allies from the internationalization strategies being pursued.

In the case of Koelnmesse with Alimentec, in the first treatment joint venture we had growth of 77% in international activity, with 124, companies and exhibitors from Argentina, Brazil, Czech Republic Canada, France, India, Italy, South Korean, Spain, Turkey, and United States. In particular Czech Republic, France, Turkey, and South Korea came for the first time as a delegation. Foreign visitors came from coming from Brazil, Ecuador, Chile, Mexico, Panama, Spain, United States and Venezuela. The growth of visitor numbers was 96%.

With regard to Andinapack, joint work was done with the German team in the new concept and sector structure of the Fair, and the distribution of spaces and tariffs; and commercialization began in the second half of 2016, ending the year with more than 60% of budgeted sales already closed: a situation without precedent in the history of the Fair.

With Coges -Eurosatoryy, for the Expodefense fair, a web-platform was created to allow exhibitors and visitors much quicker interaction with regard to contracts, services and other logistical processes. Once the platform is applied to this fair, it will be expanded to be used in other various fairs in its portfolio, and therefore generate strong added value for our customers by providing better relations with them. International promotion and commercialization began at the end of 2016, delegations of international exhibitors who will be present at the 2017 version have expressed great interest. In particular, there will be a present for the first time of delegations from Belgium, and, Hungary, Russia, Serbia and Spain.

#### **3.2. STRENGTHENING OF INTERNATIONAL PULLING POWER, AND NETWORK OF ALLIES ABROAD.**

During 2016, CORFERIAS continued in its joint work with the Bogota Chamber of Commerce-CCB and Procolombia, to promote the participation of buyers from abroad in the following fairs:

- International Book Fair
- Environment Fair - FIMA
- Meditech-Odontech
- International Security Fair E+S+S

- Beauty and Health
- Bogota International Fair
- Bionovo
- Expo Oil & Gas
- Expoartesaniás.

As a result of this teamwork, 4,982 professional buyers were received from 72 countries. The leaders in attendance were: Venezuela, Ecuador, United States, Panama, Mexico, Peru, Spain, Brazil, Chile and Costa Rica, who were provided with the service of arrangement of trade agendas and business rounds. This benefited 1,237 or more exhibitors with a satisfaction level of 87%; some 6,511 meetings were arranged, and expectations of business totaled some US\$ 72 million.

Additionally, and to increase the participation of exhibitors, we continued to strengthen the network of international agents. Today, the network created byl CORFERIAS is formed as follows:

<b>Country</b>	<b>No. of international representatives</b>
Argentina	1
Australia	1
Austria	2
Brazil	2
China	10
France	2
Germany	4
Holland	1
India	4
Italy	2
Mexico	2
Poland	1
Portugal	1
South Africa	1
Turkey	4
United Kingdom	1
United States	10
<b>Total 42</b>	

The work with international allies, and the management of direct invitations secured the participation of 485 foreign companies as exhibitors, in the following specialist fairs: Alimentec, Meditech-Odontech, Beauty and Health, Grand Property Show, Bogotá International Fair, Expo Oil & Gas and Expopet.

This participation by new foreign businesses represented additional income for CORFERIAS of \$4,778 million in 2016. This reaffirms our status as a services exporter.

### **3.3. RECOGNITION OF THE UNION OF INTERNATIONAL FAIRS (UFI)**

In the context of the world Congress of the Union of International Fairs, organized in Bogotá in 2014 with the presence of 360 delegates from 44 countries, CORFERIAS was named as part of the Trio of Presidents of the UFI, as its Executive President, a position held for the first time in 90 years of history by a company in the Americas.

This achievement reflects the recognition that CORFERIAS has earned internationally, since UFI is the most important entity in the world fairs industry, with 85 country- members, and 640 of the most important centers and operators in the world.

In this position, in 2014, CORFERIAS acted as Incoming President of UFI, and in 2015 as President t, and in 2016 as Outgoing President.

At the last World Congress, held in November in Shanghai, China, there was particular recognition of CORFERIAS as a Latin American leader in the world, and in particular, the role of leadership of the Executive President of CORFERIAS, who received a resounding tribute during the Congress for his three-year membership of the UFI Trio of Presidents.

### **3.4. INTERNATIONAL EXHIBITIONS DAY**

CORFERIAS joined the UFI initiative to celebrate 8 June as World Fairs Day, this being the opportunity to support the positioning and dissemination of impact would have on the economy of the countries impacted.

In the context of this Day, a conversazione t was held on "The Fair Industry, a Development Factor", an event moderated by the Director of the newspaper Portafolio Ricardo Ávila Pinto. The members of the panel were:

- Gerald Böse - Director of Koelnmesse, Germany
- Ricardo Baquerizo - Director of Expoplaza Ecuador and President of Afida
- Sergio Gutiérrez - Director General of Espacio Riescos, Chile
- Andrés López Valderrama – Executive President of CORFERIAS.

The event and its conclusions were recorded on the Portafolio social networks, and its messages were replicated on fair center networks around the world, constructing a single voice around the Day.

Simultaneously, CORFERIAS mounted a special event for all its enablers,

discussing the importance of the Day and the significance of CORFERIAS as part of the fair industry.



#### **4. A DISCIPLINE OF SERVICE AND INTIMACY WITH THE CUSTOMER - SERVICE STRATEGY**

In 2016 CORFERIAS continued to strengthen service initiatives designed to construct value relationships with customers and provide memorable experiences.

##### **4.1 THE SERVICE MODEL AND CULTURE**

CORFERIAS intends to continue with its internal work of the identification and examination of "Moments of Truth", and in 2016 validated and valued from the point of view of the exhibitor and visitor. The service cycle and the comprehensive identification of critical points and point of greatest value and impact in the fairs service were consolidated. As part of the initiatives to form relationships with the customer and have a positive impact in the "Moments of Truth", some opportunities for improvement were generated in processes of registration, information points, and online ticketing.

Work continued in strengthening the competence "Serve with Conviction", and identifying the basic elements of what it means to be an Enabler in CORFERIAS. This gave rise to the structuring of five pillars of the culture of service, and work on this needs to be continued in 2017 through experience in formation and emotional communication.

Among the initiatives of the Know-Your-Customer plan, focused on the sale and rental of services, work was done in 2016 on the strategy implemented in the context of diversity of service channels, emphasizing the proactive work of the CRM bases

for each fair, and the strengthening of the service portfolio. As a result of the strategy, sales of services were achieved for a total of \$2,650 million, representing growth of 24.5% compared to 2015.

Again, CORFERIAS works to improve its service channels addressed to visitors. During 2016, sales of online ticketing began, and in total, some 46,000 tickets were sold, the most popular being for SIFA, the International Book Fair, the International Automotive Show, and the Home Fair.

Finally, and as part of CORFERIAS' strategy, as professional fairs and operator in Puerta de Oro, actions were developed as required to provide initial implementation of service model there. This provided coverage and attention to the basic service portfolio, the service channel, processes of registration and information, ticketing and access, processes for operations and logistics, and the system of comments and feedback from customers. During this year, a service team was formed by Barranquilla, and profiles were aligned and enablers were trained to guarantee the transfer of knowledge.

#### **4.2. CONSOLIDATION OF THE NETWORK OF ALLIES AND SUPPLIERS**

Strategic alliances with a range of allies were consolidated during 2016. They include Alpopular as logistics operator for goods; Davivienda, as the focus for finance, and ETB for telecommunications. This network enabled us to offer a comprehensive portfolio of services to exhibitors and visitors.

With regard to the logistics operations – Alpopular - important results were achieved in 2016 when we provided services to 75 customers, and among the most important of the fairs for them was the Bogotá International Fair the International Auto Show, and Meditech.

Further, through ETB, a telecommunication service infrastructure was offered with accompaniment in the maintenance of operations, to secure Internet speed and bandwidth.

Through the alliance with Davivienda, credit solutions were maintained, varying by type of fair for customers (visitors), through the generation of credit operations in a number of fairs and with large volumes at the International Auto Show, and the Great Property Show.

As part of the implementation of added-value services in infrastructure and logistics, a new provider for installation services was introduced, bringing in modern, up-to-date designs, and larger inventories to cater for the needs of exhibitors, and to secure service quality.

In relation to services for visitors, the agreement made with Cercanos was promoted and developed. Cercanos is a special transport company, with a "selected driver", which means that visitors and exhibitors can be offered options for quality transport,

with top level service.

CORFERIAS will continue to work on the specification and development of strategic alliances designed to work jointly with companies that offer exhibitors and visitors special services, to complement the CORFERIAS business, with high service standards.

#### **4.3 C-FIEL: Loyalty plan for visitors to mass fairs.**

The C-FIEL Club is designed to strengthen and consolidate the visitor loyalty program for mass fairs. A range of activities were developed to allow visitors to enjoy spaces for specific experiences, and a wide range of prizes, worth \$ 581,502.118, up 25% on the previous year. In total, 19,126 invoices were recorded in 2016, for a total value of \$24,024,935,749. The club closed with 7,367 active members, and 11,445 others pre-registered in the program.

C-FIEL was present at the International Book Fair, the Colonies Fair, Beauty and Health, the Home Fair, the International Auto Show, the Crafts Fair, and for the first time, Expopet. At Expopet, space made available for people to have their photographs taken free with their pets, amongst other activities.

For the second year running, the C-FIEL magazine was published, with special editions for the Book Fair, Beauty and Health, and the Home Fair. In particular, the last of these, because this was the main fair for the Club: it is where the largest number of prizes are given away, and brings the greatest volume of invoicing and visitors. The prize plan for this fair included trips for two to Dubai and Panama, a car, a motorcycle, \$60 million in decorations for the home, amongst other prizes. There were also BTL activities in some shopping malls, promoting the event.

The dissemination of benefits and prizes is fundamental to the success of the C-FIEL program, and during 2016 new advertising materials were produced including some "totems" placed in outside areas to publicize all information related to the program to visitors. Also, there were flyers, calendars, a Christmas tree, hoardings, pendants, screens and balloons, all telling visitors about Exhibitor-Allies of the Club. And there was dissemination of the program and prizes plan on the social networks and fair webpages.

In order to strengthen the alliance with Davivienda further, there was encouragement to register purchases made with the shared brand card at the Beauty and Health fair, the International Auto Show, and Expoartesania, events which were designed with an exclusive prize plan for cardholders who registered their purchases. There were also several campaigns through "push mails" and information registration points to make these benefits known.

#### **4.4. THE CUSTOMER'S VOICE**

As part of its service cycle, CORFERIAS underlines the importance of consolidating appropriate relations with exhibitors and visitors, with particular emphasis on the value of attention to information coming from regular communications channels which can be used to measure the experiences of users day by day.

In 2016, this analysis reflected general satisfaction among exhibitors and visitors at fairs and events, with a score of 8.2 (on a scale of 1 to 10)

As part of the dynamics of continuous improvement, and because the analysis of customer comments is fundamental to us , 659 comments were acted on in 2016, 79% of them from visitors, 17% from exhibitors, and 3% from the neighboring community. CORFERIAS will continue with its dynamic efforts at improvement, and development of actions designed to evolve from the service model, to continue to offer memorable experiences.

#### **4.5. FOOD AND BEVERAGES OPERATIONS**

2016 was the second year of operations of the Food and Beverages operations.

The catering for events accounted for 51% of this activity in terms of revenues, and the individual market the remaining 49% through the brands Gud Fud, Restaurante el Arco, Gud Snack and Un Break Cafe, bringing total sales of \$5,590.4 million. The CORFERIAS The Free Zone service attended to 749,000 people.

The outstanding events of 2016 were the Young in the Environment of Territory and Peace, which required us to attend to a young public with breakfast, lunch, and an evening meal, and coffee breaks for a total of 54,700 people; MICSUR, CGLU, Colombia 4.0 and Police Bingos, for 9,000.

In terms of satisfaction levels, surveys of business customers evaluated services received and rated them “excellent” in 93.7% of cases, and “good” in another 5.6%.

In the target for technological modernization through the ICG application, the invoicing and stock control process was stabilized.

Staffing was strengthened to improve service standards and optimize processes.

### **5. THE SOCIAL DIMENSION**

#### **5.1. COMMUNITY RELATIONS PLAN**

The neighboring community is a priority interest for CORFERIAS. A number of actions were taken in 2016 to have a positive impact on our surroundings, and these activities were coordinated with the local Mayor of Teusaquillo, and the Community Action Boards of the Zone 107 Planning Unit, Quinta Paredes.

This relationship was promoted in order to build up our long-term relations with the

residents of the seven city districts around us, and to contribute to their sustainable development.

So, at the request of the Quinta Paredes Community Action Board, CORFERIAS intervened the local park "Juan Poeta", to make it once again a space for recreation and community integration. There was also an artistic recovery of the outside wall of the Great Tent of the Americas, with as a result of the contribution of Maestro Alfredo Araujo-Santoyo, who was joined by young people from the district of Puente Aranda and other volunteers.

The CORFERIAS Service Office took part in a campaign to clean up the railway corridor between Carrera 40 and Avenida de las Americas. Some 106 ft.<sup>3</sup> of refuse was collected, that is, 10 truckloads of special waste and rubble. The activity was led by the local mayor of Puente Aranda, and by the refuse collection service Aseo Capital, Hospital del Sur, the City Environment Office, the National Police, and the community of the district of Camilo Torres.

The facades of houses located along the Calle 21 bis pathway were painted, and in collaboration with the strengthening of security in the Centro Urbano district, CORFERIAS facilitated the acquisition and installation of a security system of three cameras, to monitor streets permanently in the area, in coordination with the police.

The Community Relations Office works to maintain free and transparent dialogue, and to find concerted solutions to the commonest problems in the area. Several meetings were held during the year with Community Action Board leaders and local authorities. In this scenario, those who attended made proposals related to priorities of UPZ-107.

## **5.2. PROGRAMME C-GOOD NEIGHBOR**

During 2016, we issued a new "C-Good Neighbor" credential to almost 4,000 affiliates, and in addition we received 1,300 new affiliations. Events and activities were coordinated throughout the year for the members of this Program, which they enjoyed in the company of their families. Popular and cultural film cycles were projected in the auditorium.

There were also popular Theater Cycles. Evidently, artistic expressions were appreciated by our neighbors, and the National Folk Dance Company "Herencia Viva" came in to perform "Orígenes", a tour of Colombia's regions that demonstrates the riches of Colombian folk culture.

As usual, members of the Program have made free visits to the general-interest fairs which CORFERIAS organized in 2016: the International Book Fair, the Colonies Fair, the Great Book Outlet, Beauty and Health, SOFA, the International Auto Show and Expoartesánías were the calendar of fairs for the local community. As a special event, to celebrate Christmas, Members received an invitation to attend the Carlos

Vives concert during the Almax programs.

We continue with the publication of **enlaC**, a community newspaper written and distributed by CORFERIAS. It deals with issues related to CORFERIAS itself, and of course, those that impact our surroundings,. Further, **enlaC** publishes news and projects in the Teusaquillo area, and others which are of interest to the neighbors. This medium is regularly in a digital edition, which can be accessed on the Internet in [www.enlac-CORFERIAS.com](http://www.enlac-CORFERIAS.com)

### **5.3. SUPPORT FOR FOUNDATIONS:**

CORFERIAS is constant in its contributions to the transformation of our society, and lends its spaces in solidarity to non--profit organizations and some State entities engaged in work with vulnerable groups.

During 2016, some of those present at our fairs were: Habitat for Humanity Colombia, Fundación AMESE -support for women with breast disorders – Fundación Taller A2S, Fundación Hematológica Colombiana, Create, the Bogotá City Ombudsman, and the family welfare Institute ICBF, amongst others.

Also during 2016, CORFERIAS continued to make contributions to Fundación Social Pro Bogotá, which works to help the elderly, children, and adolescents in conditions of vulnerability in the depressed areas of Soacha and Ciudad Bolívar. The support is mainly in the form of contributions to the activities of community diners and children's homes which the Foundation has in Caracolí and Quiba in Ciudad Bolivar and L:oma Linda y Casa Loma in Soacha.

### **5.4. COMMITMENT TO SUSTAINABILITY:**

CORFERIAS is constant in its commitment and support to compliance with the Ten Principles of the United Nations World Pact in the areas of human rights and business, labor standards, environment and anticorruption. In June 2016 it presented and published the Communication on Progress-COP, which appears on the CORFERIAS website under the "Social Responsibility" section.

For its part, Corporación Fenalco Solidaridario awarded CORFERIAS its certificate of Social Responsibility, as a socially responsible enterprise, committed to society and the planet. The award is the result of the preparation of a diagnosis of aspects of environment, the State, community and society, customers and consumers, suppliers, competence, employers and shareholders, and was seen as an invitation to continue developing programs and initiatives in economic, social and environmental dimensions.

CORFERIAS joined the post-consumption program for computer equipment and peripherals, led by Ecomputo, a collective of businesses which has taken responsibility for collecting up waste electrical and electronic operators (RAEES), and for disassembling them and classifying them as clean or reusable, or hazardous.

The equipment which can still be useful is repaired and reconditioned to increase its life-cycle, and when ready for use, it is donated to Banco Nacional de Alimentos, which in turn delivers it to vulnerable or poor families. In the context of this program, 413 units were delivered to avoid the negative effects on the environment and health. The CORFERIAS offices have a container for this purpose also, in which dead batteries can be placed, difference to providing environmentally safe treatment for them. The campaign has spread to the nearby community.

The agreement with Fundación Niños de los Andes was continued in 2016, and 478 empty ink and toner cartridges were delivered to contribute to the purposes of the Foundation, and incidentally, to prevent these elements - considered to be hazardous waste - from being sent to the infills.

As part of the actions taken in the environmental dimension, a color code was designed for CORFERIAS to improve the separation of solid waste. Five ecological stations were installed in the connecting corridors of the Grand Show, and marking of all bins was changed, to provide clear and more easily understandable signposting. For visitors and exhibitors to deposit the reviews in the right bins. Finally, a company expert in solid waste management "Corpoambiente " gave a talk to the CORFERIAS cleaning contractor, with instructions on types of waste, final disposal and environmental impact.

In order to encourage use efficient use of electricity, and to articulate us to the national campaign for energy-saving, with the support of Communications and Advertising area, a series of practical hints were designed and disseminated for all staff, to be familiar with them and apply them both at work and in their own homes.

## **5.5. QUALITY OF LIFE OF ENABLERS.**

### **CREDIT LINES**

The Human Resources Management area continues to provide economic support to strengthen welfare and improve the quality of life of employees and their families.

The modes of credit available are: home purchase, vehicle purchase, education and domestic calamity.

**Education loans:** 43 enablers took up this benefit, as support for their professional and academic development. This year, coverage increased 35%, that is, 15 more than the year before. This mode of credit allows the financing of up to 100% of enrolment for technical, technological and cultural programs, diploma courses and undergraduate study. For postgraduate study, financing covers up to 50% of enrolment fees, at 0% interest.

**Home purchase:** Three enablers took up this type of loan, for a total of \$154,920.000, replacing their credit burden with other lenders, and with economic savings in the interest rate which was established at DTF +3 points.

**Domestic calamity.** 19 employees took this form of credit, when suffering unforeseen circumstances in their families, such as the need to purchase high-cost medicines, damage to their homes, floods, fire, and medical treatment for the family group.

**Vehicle purchase:** One employee took this benefit, purchasing a vehicle at a rate of DTF + 2 points.

## **5.6. WELFARE AND OCCUPATIONAL HEALTH PLAN**

With the support of the COLSUBSIDIO Family Compensation Fund, a diagnosis made of the welfare needs of various employees, and based on that, two lines of action were defined: the promotion of self-care, and the promotion of the physical health of the employee; and the prevention of occupational illness.

In the first line, some sports activities were introduced: a mixed bowls tournament, a five-a-side men's and women's football championship, a ping-pong tournament, and the popular *rana*. More than 350 staff took part. There was also a "Health Week", for which employees were able to have access to medical services for self examination of the breast, nutrition, optometry, bone densitometry, and odontology, at no cost.

As part of the actions in the line for the prevention of occupational illnesses, there was a regular Occupational Health Day held on premises, covering 95% of indefinite-term contract employees with more than one year's service. As a result, Accompaniment Days were organized by ARL Bolivar to mitigate the risk of osteopathic muscular disease, which was identified as being the commonest in the CORFERIAS population.

## **6. ORGANIZATIONAL DYNAMICS**

### **6.1. HUMAN RESOURCE MANAGEMENT**

During 2016, there was a comprehensive review of the various processes and procedures followed in Human Resource Management, in order to optimize CORFERIAS resources and to increase satisfaction levels in relation to the area of services to internal customers. Those of greatest impact were the optimization of the selection process, performance evaluation, and management of mission personnel.

#### **Optimization of the selection process:**

As a strategy to secure quality in personal joining the service, and their adaptation to their posts, as of 2016, the immediate superiors of vacant posts played an active part in the process from the moment of recruitment until the final decision to hire.

Sources of recruitment were broadened, and this brought a faster response to areas requesting personal, and the optimization of the funds set aside for the process; and

the innovation and constant updating of specialized digital tools for human resource processes.

A review was made of the existing method of evaluation, and the evaluation procedures to be used in each case were established, depending on the level of the post involved in the selection process. This implied the updating of psycho-technical tools, and guaranteed that they would match the profiles defined.

These changes in the way that we select employees meant a significant number of vacancies (29) were covered by existing employees, and this meant a commitment to them that opportunities would be available for growth and development within CORFERIAS.

### **Performance evaluation**

A new model of performance evaluation was defined, focusing on the identification of strengths and opportunities for improvement in performance. The scope of the evaluation was broadened, in terms of both coverage and content.

Evaluation involves all CORFERIAS employees, regardless of the post, and new spaces of analysis were introduced: the enabler-superior evaluation: the superior-enabler evaluation: inter-area evaluation, perception of service. some digital forms were designed to facilitate application and to ensure that employees have access to execution.

This process also considers the individual delivery of results, and an inventory of needs for formation training of employees which would then be the input for the development of the "formation and training plan for 2017".

### **Performance of Mission personnel**

In 2016, a model was designed for the engagement and administration of the mission personnel, providing support work for CORFERIAS events, in the areas of access, security, registration, installation, parking, and food and beverages. This led to appropriate compliance in terms of economic and legal requirements for mission personnel, and temporary employment agencies.

This model required the creation of Timing Coordination in the Human Resources area, in order to centralize administration, and follow-up and control compliance with supply contracts of mission personnel. This new structure meant that in 2016 3,902 jobs could be filled in CORFERIAS Bogotá, and 508 in Puerta de Oro, Barranquilla.

### **Puerta de Oro**

The personnel structure was consolidated, and that allowed the operation of Puerta de Oro to start. The new employees in the core areas of the business, such as Infrastructure, Service and Commercial, received specific training and skills for their

jobs, with hands-on experience of participation and knowledge of best practices in fair developments in Bogota.

At the same time, the process for contracting mission personnel was defined and implemented, to provide support services during fairs and events in Puerta de Oro, where the search for suitable personnel was conducted among vulnerable communities that surround the Exhibition Center, to comply with our social commitment to support development in the areas of influence around us.

## **FORMATION OF COMPETENCES**

### **English**

In 2016, there was a structural change in the process of formation of technical competences, expanding coverage by 146%. During 2015, 36 enablers joined this formation process, and this was expanded to 86 in 2016.

The program conducted as follows: two working groups were formed, the first from those who needed to be fluent in a second language to perform their duties, with particularly, in the management and commercial teams (40 enablers), and the second, formed by those who had a personal objective to learn a new language (46).

The academic learning plan for the language was structured based on the Common European Framework, and the target was for 2016 and 2017, that those who began the process reach a competence level of "B2-Advanced".

## **SERVICE WITH CONVICTION**

All CORFERIAS enablers took part in the objective of strengthening the culture of service and continuous improvement, in the activity "The Challenge of Knowledge", which began in 2015, in order to provide a light-hearted approach to concepts of corporate culture, with the creation of the habit of using means of documentary consultation provided by CORFERIAS; and with that, to be able to provide responsible solutions to internal and external customers.

During this year, the decision was taken to harness teamwork in order to demonstrate knowledge acquired through the various processes, experience, and the tools available. At the end of the program, there was a closing ceremony with prizes, and the Planning and Corporate Affairs Division was the winning team.

## **TECHNICAL UPDATES-EXTERNAL TRAINING**

In 2016, funds were set aside for enablers to participate in workshops, seminars and diploma courses, in efforts to update knowledge, and for that knowledge to be applied in CORFERIAS operations. The principal themes of the updates were: tax planning, international financial reporting standards (IFRS), free zone law, logistics management, and purchasing management.

## **6.2. COMPREHENSIVE MANAGEMENT OF COMMUNICATIONS AND ADVERTISING**

In 2016, the Communications and Advertising area focused attention on four strategic lines of action.

- Corporate communications
- Bogota and Puerta de Oro Barranquilla fairs communications
- Events communications
- Internal communication.

### **THE CORPORATE COMMUNICATIONS DIMENSION**

The phase of internal positioning was implemented by employing visuals developed in different spaces of contact which enablers have within CORFERIAS, such as fencing, offices, "wallpapers", screen protectors, calendars, diaries, corporate communication channels ("push mail"), intranet and noticeboards), and at the same time, under the concept of the campaign "We're there too", the internal communications strategy was reshaped along with the external strategy, for graphic and conceptual unity.

### **BOGOTA FAIRS COMMUNICATION DIMENSION**

In 2016, the Communications Strategy was focused on the generation of digital content, the dynamics of the revolution in social networks, and in interrelationship of content, through management of the press which. together with advertising strategy, brought all these efforts together to attract visitors to the mass, specialized and mixed fairs.

Important alliances were agreed with media such as Caracol, El Tiempo, La W, La X, Todelar and RCN, and this gives us a greater spread, with the budget allocated to each event.

### **PUERTA DE ORO BARRANQUILLA**

With the start-up of the Barranquilla operation, we took up the challenge to call on the Caribbean region to attend events programmed in the new exhibition center and operated by CORFERIAS. The balance was positive, taking account of the fact that the region has no culture of fairs, but despite this, we succeeded in bringing more than 100,000 visitors to 6 fairs in 5 months.

Strategies were focused on communications with the Caribbean identity, so that Puerta de Oro should be seen as a platform to foster business in the Greater Caribbean Basin. So, fairs such as Expodrinks, Agroexpo, VIMO and Construferia were well-received by the public, and the challenge in 2017 is to increase the number

of those attending with a positive "word-of-mouth" reaction. The corporate message of CORFERIAS was one of cooperation and teamwork with Puerta de Oro and with partners and the owners of the Center, in order to position Barranquilla as the business capital of the Greater Caribbean.

The media messages were mass-transmitted upon the arrival of CORFERIAS, and left a good impact on the region, with positive reactions from industry, opinion leaders, the media, partners and allies.

### **6.3. STRENGTHENING OF DIGITAL COMMUNICATION AND SOCIAL NETWORKS**

As part of strategy and following the transformation now taking place all over the world, we continue to strengthen communications with exhibitors and visitors through new information technologies. During 2016, we concentrated in a continuing offer of value content, progressive interaction with the public of interest to enrich their experience with CORFERIAS and its fairs.

The digital platform used to develop the 2016 Plan was composed of social networks, "email marketing", websites of fairs, the corporate website and the Coferias app (IOS and Android). The digital strategy was supported with content such as in interactive infographics, photos, streaming, videos, GIF, video blogs, and more.

The actions taken in the CORFERIAS-Bogotá social networks of Bogota reached 420,346,005 individuals, of whom 1,453,426 interacted from Facebook and Twitter. This result was a growth of 20% in the number of followers compared to 2015. The network with greatest growth in 2016 was the YouTube channel (133% over 2015), with the production of 255 videos recorded 1,048,067 reproductions, and the implementation of seven video blogs with 113,485 reproductions.

In 2016, CORFERIAS-Caribe officially opened its social networks with Facebook, Twitter and Instagram, which reached 11,912 followers at the close of the year, reaching 4,152,108 individuals. There were also 48 videos made, which brought 165,874 reproductions.

Additionally, CORFERIAS was promoted on social networks on the slogan "We're there too", reaching 7,349,810 individuals. The strategy included 15 videos, with a total of 5,261 reproductions. The email marketing process of CORFERIAS Bogotá and Caribbean was enhanced by a newsletter which provided communication and incentives to contact CORFERIAS, through content before and during events. . Percentage opening in 2016 was 33%.

The corporate portfolio site website scored a 20% increase in visits compared to 2015, visits to the fair webpages grew 61%. The fair webpages of CORFERIAS-Caribbean (Sabor Barranquilla, VIMO, Agroexpo-Caribe, Expodrinks, Construferia Caribe, Feria del Hogar Caribe) brought 240,794 visits.

Finally, the Agora-Bogota Convention Center website was redesigned. During 2016, there was 10% increase in visits compared to the previous year.

**6.4. MANAGEMENT OF THE NATIONAL AND INTERNATIONAL PRESS, AND MEDIA RELATIONS.**

The national press published 7,298 items for 21 fairs, 5% more than 2015.

Some fairs won great media impact, such as the International Book Fair in Bogota, with 2,497 items published.

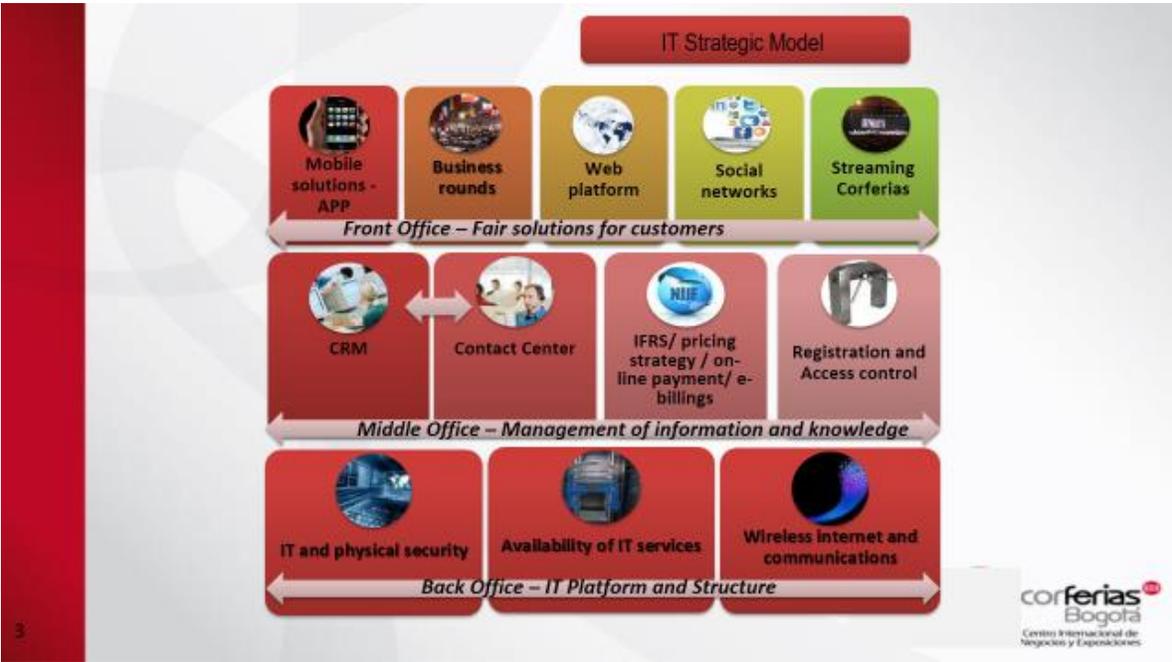
In international communications, there were 882 items published in foreign media, 68 more than 2015, and an increase of 8% year-on-year.

National media published 617 items for fairs managed by CORFERIAS in Puerta de Oro.

Media swaps, as a new mode, continues to strengthen the media plan in each of the fairs, and to obtain significant benefits in spread and visibility.

During 2016, media messages published as a result of swap deals (advertising in exchange for space at fairs) was popular. In particular, the fairs that received the greatest support in advertising messages in of this kind were the International Book Fair, the Great Property Show, the Bogotá International Fair, and Expoartesanas.

**6.5. TECHNOLOGICAL MODERNIZATION.**



During 2016, work was done to stabilize and strengthen processes with internal platforms developed to secure proper control and services for fair and event operations.

The management of knowledge of the portfolio of fairs and events. Information system was designed and implemented to contain and manage all the briefs for each of the fairs conceptualized and developed in CORFERIAS in a single integrated site.

**Phase 1. Zero-paper CORFERIAS.** Systematization and implementation of formulations or paper documents (human resources, technology, marketing, e-marketing), improving operational efficiency in processes. Online purchasing system of tickets for multiple access to facilities. Improvement and positioning of the system, with a strong growth in the use of digital platforms for ticket purchasing. Implementing a system to acquire a ticket for the Center on the CORFERIAS website.

**Mobile application for events.** Based on implementation, a development for promotion and use of large format events was introduced, so that customers requiring CORFERIAS support such as in MICSUR and preparation of events such as the world Nobel Peace Prize Summit.

**CORFERIAS Web Services Console.** The new version of the model for the content supporting the web platform was implemented.

**Events calculator (revenue management).** The process of development of a calculator was conceptualized and introduced, to enable quotations, contracts and reservations to be generated for events held by CORFERIAS and Agora. This calculator has a predictive algorithm which provides for quantitative and quantitative variables to determine the best offer, in an intelligent manner.

**Modular Computer Center-Mobile Data center.** The redundant modular and portable datacenter system was started up, to process information for new buildings and business lines, in order to have a computer center to replace the present one, which will be demolished, It will also be able to operate during the construction of the Hotel and the Active Border, and then is will be lodged more permanently, and act as the definitive system for the Computer Center of the new buildings.

**Disaster monitoring and recovery system.** One of our most important actions in 2016 was to design and implement the Zabbix monitoring system. This is a high/availability disaster recovery with automatic backup for systems CORFERIAS considers critical.

**Ofimatic solution in the Corferias cloud:** Corporate Ofimatic and communications tools were updated to function in the cloud, giving us greater flexibility and mobility for our enablers with the migration to the Microsoft Office 365 solution.

**Management of communications systems: adaptation and migration in the transfer to the new CORFERIAS offices.** The new communications system was implemented for the transfer of the Call Center offices and the operators/suppliers solution c enable it to function in the new environments

**New CRM/Contact Center.** As part of continuous improvement, the strengthening and migration of CRM and contact center platforms was conceived and designed to continue with the optimization of the efficiency of resources, and processes of attraction and administration of customer knowledge. This process should be completed by June 2017.

**Security monitoring system.** The CORFERIAS monitoring system was updated and its coverage was widened, to have more than 400 security cameras, with intelligent tracking systems, and video analysis.

**Boardroom.** As part of our added-value solutions for customers, CORFERIAS designed and implemented an automated tele--presence room, allowing connectivity to other remote systems, and guaranteeing its effectiveness in audio and video.

## 7. THE FINANCIAL DIMENSION

2016 was a year of great economy and political uncertainty. Specifically for Colombia, 2016 was a year in which the economy slowed down sharply in the second half. This was due to factors of climate, and other major costs generated by the truckers strike, lower consumption and private investment, and a poor performance in the oil and mining sectors, agriculture, transport and public services<sup>1</sup>: all of this, in the context of the prospects of successful peace-talks<sup>2</sup>.

Annual inflation in the first half of the year accelerated strongly, from 6.77% (close of 2015), to a maximum of 8.97% in July - the highest since October 2001. This was mainly due to the devaluation of the Colombian peso, the effects of El Nino on food prices, and of electricity; and the problems of supply caused by the truckers strike. In the second half, the dissipation of much of these shocks caused a reduction in inflation, down to 6.5% in October, and finally closing at 5.75%. This was lower than 2015, but significantly above the target range of 2%-4% set by the Central Bank<sup>3</sup>.

Due to continuous expectations of inflation above the target range, and expectations of a higher current account deficit over the year, the Central Bank announced successive increases in its reference rate up from 4.5% in September 2015 to 27.75% in July 2016.

Finally, issues such as the truckers strike, the rising costs of products, lower consumption in the home, and the performance of the oil and gas sector meant that

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<sup>1</sup> *Proyecciones Económicas Colombia Q1/17. Recuperación con Desafíos a la Vista. Grupo Bancolombia*

<sup>2</sup> *Proyecciones Económicas Corficolombia 2017*

<sup>3</sup> *Proyecciones Económicas Colombia Q1/17. Recuperación con Desafíos a la Vista. Grupo Bancolombia*

CORFERIAS suffered a number of important cancellations of exhibitor participations in 2016, during the truckers strike (Colonies Fair, Cattle Show), a fall-off in the number of participants (both exhibitors and visitors) in specific fairs such as Oil & Gas, and rates of interest on loans taken.

## **7.1. GENERAL CONSIDERATIONS OF THE BALANCE SHEET AT DECEMBER 31, 2016.**

The analysis of the information below corresponds to the consolidated financial statements of Corporacion de Ferias y Exposiciones Usuario Operador de Zona Franca and its affiliate CORFERIAS Inversiones S.A., prepared to be IFRS-compliant.

### Cash and other current financial assets

Cash and other financial assets fell \$5,200 million, due to contributions made in the projects for the Hotel, Agora and the Active Border.

### Short-term debtors.

Current receivables increased by \$9,800 million, in balances pending from fairs held in the last quarter of 2016, and an account due from the partner in the Almax event at the end of the year.

### Non-current assets

Non-current assets increased 12% compared to 2015, as a result of the contribution of the plot of land for the Hotel project (investment properties), and other investments made in the Americas parking facility, Active Border and the Hotel, which appear as part of property and equipment.

### Liabilities.

In 2016, CORFERIAS closed the year with total liabilities of \$124,501 million, an increase of \$48,200 million compared to the previous year.

This increase is mainly due to an increase to other liabilities of \$18,200 million, which records the contributions paid by the investor in the hotel for this project, and those which, by the nature of the cooperation agreement signed by the parties, are recorded as a liability.

Further, there is an increase of \$ 9,900 million in DTF-indexed borrowings, acquired with banks at five years term, to finance the investment plan and the growth of the deferred tax liability of \$ 9,600 million, with the updating of the income tax rate as a result of the most recent tax reform, and higher payables (\$5,500 million) due to suppliers, partners and provisions for fairs made at the end of the year and other non-financial liabilities (\$4,300 million,) which are the advance payments made by

exhibitors in 2016 for in 2017 fairs, such as Expoconstruccion, Andinapack and Sponsors.

## **7.2. GENERAL CONSIDERATIONS ON THE STATEMENT OF RESULTS.**

In 2016, CORFERIAS faced major challenges in its fair activities, such as the closing of the ticket offices for the Book Fair on Saturday, April 23, due to the mass arrival of followers of Youtube German Garmendia, with the crowd concentrated in a particular area of the facility. There was also the truckers strike in the middle of the Cattle Show and the Colonies Fair; then came Hurricane Matthew during the Caribbean Agroexpo, held in the Puerta de Oro, and the restructuring of the Oil&Gas fair. Despite this, fair activity close the year only 4% down on 2015.

With regard to events, year closed with a profit of \$11,153 million, down 5% on 2015; however, it must be remembered that in 2015 there were three election processes, but only one in 2016.

In order to face down the challenges mentioned above, and to cover the pre-operating expenses Puerto D'Oro and Agora, CORFERIAS implemented a cost/cutting plan, which meant that the Free Zone overhead, without depreciation and amortizations, increased only 2% over 2015, a rate well below inflation.

In other financial income, there is an item of \$ 21,500 million, which is almost 1\$4,000 million more than that recorded in 2015. This is due to the appreciation of the value of the plot of land contributed to the Hotel project, as a result of negotiations with the investing partner.

Net profit was finally \$33,919 million, 6% or \$ 1,800 million above the level of 2015.

## **8.6. LEGAL MATTERS**

In the cases described here, CORFERIAS is represented by specialized external attorneys with broad experience in each of the areas of law involved in each dispute. The cases in which Corfearias is a party, or has been engaged as an interested third party, are the following:

- **CORFERIAS v. DIAN. Sanction for Falsity, Income Tax filing 2009**

The tax authority DIAN-Fiscal I control of the Regional Office for Major Taxpayers is pursuing a process of audit of Colferias for income for income tax filings for 2009. It made a Special Assessment against CORFERIAS in June 2012, rejecting some deductions for productive fixed assets. In August 2013, it brought the court case against CORFERIAS for the improper return of sums of money derived from the deductions mentioned. Ordinary process was exhausted, and in August 2015 CORFERIAS sued for nullity and the restoration of law before the appeal courts (The Cundinamarca Administrative Tribunal:-Section IV).

In November 2015, the Tribunal issued a first/instance decision, in which it declared the nullity of the administrative acts which were of the claims, and in the interest of the restoration of law, it declared the tax filing made by CORFERIAS to be in firm. Nonetheless, DIAN appealed against the first instance decision, and the appeals admitted on January 21, 2016 by the Council of State. On July 19, 2016 final pleadings were lodged, and the decision of the Council of State is awaited.

- **CORFERIAS V. DIAN.** Sanction for an alleged improper return of income and related taxes for 2009. DIAN, in March 2014, imposed a fine on CORFERIAS for an allegedly improper return with regard to income and related taxes for 2009, ordering CORFERIAS to repay the sum of \$1,612,282,000, and payment of penalty interest due.

The request for reconsideration was made, and the result was contrary to CORFERIAS interests. In July 2015, the claim for nullity and restoration of law was laid before Section IV of the Administrative Tribunal of Cundinamarca/. This was admitted on September in September 2015 and contested by DIAN on December 6, 2016: the case came up for decision, and on December 7, 2016 the date was set for the initial hearing on March 15, 2017.

- **LABOR CASES.** There are six ordinary labor cases currently before the courts, in which CORFERIAS is the defendant against a total of 17 claimants who say that it should be declared there was an employment relationship between them and CORFERIAS and should be so treated: that CORFERIAS should be ordered to pay, amongst other things, employment benefits (severance, interest on severance, mandatory service bonus), holidays, indemnity for alleged dismissal without cause, indemnities for late payment, and contributions to the Comprehensive Social Security System, with penalty interest.

The stages of process have followed the course of legal procedure. In some cases, CORFERIAS contested the claims, or changes to it, are in the process of being admitted;. In others, the date and time has been set for the mandatory conciliation hearing, at which, if there is no conciliation as a result, the decision will be made on preliminary exceptions, and the courts will proceed to order remedies and the formal declaration of litigation to continue with the case. Finally, in one of the cases before the courts a decision has been reached in the first instance acquitting CORFERIAS against all the claims made, and stating that there was no employment relationship - as the claimants wished to show - and this decision was appealed by the plaintiffs.

- **ORDINARY CIVIL CASE.**

As a result of the death of the mare *Polka del Juncal* on Colferias premises on July 21, 2007 during the AGROEXPO 2007 Fair, horses owner sued CORFERIAS for third-party civil liability in the event. In a decision of January 21, 2013 the Civil Appeals Court of Bogotá totally acquitted CORFERIAS, but the plaintiff made a case for the special recourse to cassation, which was contested by CORFERIAS external attorneys on September 24, 2014. The case is currently pending a decision on the cassation claim.

- **CORFERIAS v TACTICAL INT LTDA**

This is a singular enforcement case for a very small amount, in which a settlement was achieved on the grounds that the principal obligation of CORFERIAS had been satisfied. Nonetheless, payment of legal fees is pending, and these were included in the settlement agreement: but the debtor failed to pay. In the face of this, the attorney responsible continued in the case in the courts, and the decision was in favor of CORFERIAS. Currently, we are verifying the viability of enforcing the injunctions requested, but the debtors are totally insolvent, and the assets currently embargoed are worth less than \$1 million (US\$300).

- **CORFERIAS V SUPERINTENDENCY OF INDUSTRY AND TRADE (BOOK FAIR, CLASS 35)**. CORFERIAS entered an action for nullity and restoration law before the Council of State against the administrative act issued by the Superintendency of Industry and Trade, denying CORFERIAS the registration of the trademark FERIA INTERNACIONAL DEL LIBRO in Class 35. The case is currently in the evidence/ gathering stage, pending reception of witness statements and the mandatory analysis of the prejudicial opinion of the Andean Community Tribunal of Justice, received on April 25, 2016.

- **CORFERIAS v SUPERINTENDENCY OF INDUSTRY AND TRADE (AGROEXPO CLASS 35)**

CORFERIAS sued for nullity and restoration of law against the Superintendency of Industry and Trade, to annul the grant of registration of the trademark EXPOAGRO to Corporacion Colombiana Internacional, and received a pre-judicial interpretation from the Andean Tribunal on January 12, 2016. The case is currently pending completion of the evidential stage, and final pleadings.

- **CORFERIAS V. SUPERINTENDENCY OF INDUSTRY AND TRADE (TRADEMARK MEDITECH CLASS 35)**. CORFERIAS sued for nullity and restoration of law before the Council of State due to the improper denial registration of the trademark "MEDITECH" to identify services in Class 35 International, by the Superintendency of Industry and Trade. The case is

currently pending completion of the evidence-gathering stage and referral of files for final pleadings: and there is a mandatory pre-judicial interpretation by the Andean Tribunal of Justice to be considered, received on February 4, 2016.

- **CORFERIAS v. HOTEL CORFERIAS INN.** In 2013, CORFERIAS discovered a trademark infringement, in a commercial establishment with the name "Hotel CORFERIAS Inn", providing accommodation close to the Exhibition Center. Therefore asked the owner of the establishment to remove the sign containing the expression "CORFERIAS", but received no reply. CORFERIAS sought a direct settlement, and called a conciliation hearing, but this failed.

CORFERIAS then sued for trademark infringement before the Superintendency of Industry and Trade requesting an injunction. The Superintendency admitted the claim and this meant that the owner would be obliged to remove the expression "CORFERIAS " from the name of his business. Subsequently, breach of the injunction was declared, because instead of removing the expression "CORFERIAS", the name of the establishment was changed for: "*Tu Kasa Inn CORFERIAS Inn*"

CORFERIAS therefore continued with the action before the Superintendency for trademark infringement in Classes 43, 35 and 41, and on May 24, 2016 the Superintendency of Industry and Trade stated that:

- i. The trademark of CORFERIAS is a notorious or renowned trademark, it is considered that this is a trademark which crosses the threshold of notoriety, so widely recognized that any sign which is similar or identical for any product or service would cause a risk of confusion in the market.
- ii. The owner of the establishment CORFERIAS Inn has committed a trademark infringement, and therefore he must:
  - a. Suspend any use of the expression "CORFERIAS" or similar signs, and remove that expression from his hotel establishment
  - b. Withdrawal anything related to trademark CORFERIAS from headings, leaflets, advertising, etc.
- iii. The injunctions are of a permanent nature (withdrawal of signs).

This decision was appealed, and the second instance decision is awaited. The application for appeal was admitted by the Superior Tribunal of Bogotá / Civil Bench, in the regular of procedure in this type of process, the opinion of the Andean Community Tribunal of Justice was requested, and therefore, until this opinion is received the case is suspended, under an Order of September 30, 2016.

**OTHER.** CORFERIAS is a third party interested in two cases pursued before the Council of State, corresponding to 2 actions for nullity and restoration of law brought by the Corporación de Eventos, Ferias y Espectáculos of Cali – Corfecali – against

the Superintendency of Industry and Trade, for an alleged improper denial of the registration of the mixed trademark Festival de Salsa y Verano, to identify services in Classes 35 and 41.

## **8.2. AUDIT COMMITTEE AND ANTI-MONEY LAUNDERING MEASURES**

The Audit Committee of the Board met as required by Law 964/2005 in exercise of its functions as a supervisory organ in compliance with the Audit Program, and to ensure that the financial information published by CORFERIAS was in accordance with the law. It approved the financial statements for 2016 presented to the Annual General Meeting.

In relation to the asset-laundering prevention system (SIPLA), a number of actions were taken during the year to comply with the SIPLA manual and Code of Ethics. Further, training was given to officers joining CORFERIAS, and reports on compliance with SIPLA were sent to the Audit Committee and the Board of Directors. Regular mandatory reports were sent to the Ministry of Finance special unit UIAF, Internal Audit and Statutory Audit performed their audits on the System.

We are happy to be able to say that according to the Compliance Officer's report for 2016, no suspicious operation was detected in the operations performed by CORFERIAS stockholders, for the nationalization of goods arriving from abroad, or in activities involved in the ordinary course of CORFERIAS business.

## **8.3. COPYRIGHT AND INTELLECTUAL PROPERTY.**

CORFERIAS has complied with the application of Law 603 of July 2000 on copyright and intellectual property, since all trademarks of its products have their respective registrations to accredit ownership. Software used on CORFERIAS computers is duly licensed, and the supply of these tools has been contracted from by suppliers recognized in the market and authorized by the manufacturers of the products. CORFERIAS makes regular checks on the legality of software installed on its equipment.

## **8.4. ASPECTS OF "FACTORING"**

In compliance with Articles 87.1 and 87.2 of Law 1676/2013, supplementing Article 7 of Law 31/2008, CORFERIAS certifies that during 2016 it did not undertake any activities designed to frustrate the free circulation of invoices issued by sellers and providers.

## **8.5. IMPORTANT POST CLOSING EVENTS**

No important events were recorded between December 31, 2016 and the date of presentation of this report to the Board of Directors.

## **8.6. OPERATIONS WITH PARTNERS AND MANAGEMENT**

Operations with partners and management of CORFERIAS are recorded in the notes to the Financial Statements.

### **8.7. PAYOUT OF PROFITS**

The payout of all profits from the previous period has been strictly complied with, and dividends have been delivered to shareholders in the manner and on the dates established by the General Meeting.

### **8.8. CORPORATE GOVERNMENT.**

In compliance with the Articles, the Annual General Meeting was called for March 29, 2016, and there was a quorum to deliberate and decide, in the terms of the law and the Articles. Shareholders exercised the right to vote and the points of the agenda subject to vote were approved, including the election of members of the Board for a period of two years. At December 31, 2016 the Board is formed by eight principal directors, of whom two are independent members, and eight deputy directors, also including two independent members. The members of the Board of Directors of CORFERIAS maintain a high level of commitment to it, and attend Ordinary and Extraordinary Meetings punctually and regularly. All meetings are minuted as required by the Articles.

The Audit Committee, as an organ supporting the Board of Directors, is formed by three Directors, two of whom are independent, and all of them are appointed by the Board, They remain in office for at least one year from the date of their appointment. The independent members choose a Chairman. The principal function of the Audit Committee is to act as support to corporate management in the definition of policies and in the ordering of the design of procedures and internal control systems, and to supervise the structure of internal control and evaluate the reasonableness of procedures and controls in place in CORFERIAS.

Finally, it should be noted that in 2016 the financial information and relevant events were disclosed to the market in a timely manner and reported to the Financial Superintendency in accordance with local regulations.

### **8.9. OTHER**

CORFERIAS complies with Comprehensive Social Security regulations and parafiscal requirements. At December 31, 2016 CORFERIAS was in good standing for payments due.

## **9. CHALLENGES FOR 2017**

Following 2020 strategic planning guidelines, compliance with progress in projects, the value proposal established for the business units, strategic objectives proposed, and projects formulated. CORFERIAS is moving forward with its initiatives designed

to follow the route "towards comprehensive leadership in the Fairs and Events industry".

In particular, in 2017, progress will be made in each of the strategic projects designed to secure the vision proposed on the basis of performance parameters established for the coming years. The projects are shown in the chart below, and are currently in execution. They have been grouped into three lines 1) infrastructure projects, 2) Strategic management, and 3) Organizational perspective



Thus, as important challenges, we have the completion of the construction for the Agora Convention Center, closing issues such as (i) acquisition of houses to complete the city block, and (ii) improvement of the adjoining public space.

With regard to projects such as the Hotel and the Active Border along the Avenue de la Esperanza , - works which began in 2016 - the challenge is to ensure that at December 2017, 61% progress has been made in the Hotel, and the Active Border will have gone live, as a construction that will generate quality of life in public spaces related to Agora, and, inside it, the solutions for our Fair visitors and exhibitors .

In addition, there are challenges such as (i) the consolidation of the Great CORFERIAS Tent as an alternative solution for large format events; (ii) functional and aesthetic improvements to existing pavilions, and (iii) design and development of facades for Pavilions 1 and 3.

As part of the strategic development, and with due advance planning to execute these projects, CORFERIAS has structured a financial plan for the next five years, which considers the projects now pursued, and those which they expect to execute or implement, specifying sources and uses of funds.

As premises for financial planning, consideration was given to matters such as (i) potential growth of CORFERIAS during this time, validation of this trend with risks related to macroeconomic conditions, and tax policy in Colombia;(ii) new dynamics of the business units for events considering aspects such as the strengthening of added- value services; (iii) evolution of the food and beverages service; (iv) the operation of the Agora Bogotá Convention Center and the Puerta de Oro facility in Barranquilla, amongst others.

Additionally, the investment plan required for the coming years was quantified, taking account of the hotel's indebtedness in the construction stage, and strategies and actions were defined to finance these projects and investments, noting that the primary resource will be cash generated by the growth potential considered; the secondary resource will be indebtedness; and the third, the dividend distribution policy.

With regard to the optimum level of indebtedness, which will allow us to attend to the investment plan over time, some metrics or parameters of the evaluation of the financial sector were used to consider interest coverage and debt servicing, cash flow, and capacity to pay.

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR  
DE ZONA FRANCA AND SUBSIDIARY**

Notes to the Consolidated Financial Statements  
At December 31, 2016 and 2015

**1. Reporting entity**

**Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca** ("the Parent") is a stock corporation incorporated by Public Deed 3640 of July 18, 1955, Notary 2, Bogota, Its Articles expire in July 2099. The consolidated financial statements at December 31, 2016 includes the Parent and its subsidiary. The corporate business of the Parent is to foster industrial and commercial development at regional, national and international levels, and to form closer ties of friendship and cooperation between Colombia and friendly nations; to organize national and international fairs and exhibitions for industry, commerce, agriculture and livestock breeding and science, on its own premises or elsewhere, in Colombia or abroad, and to promote and organize Colombia's participation in thousand exhibitions held abroad, directly or through its subsidiary Corferias Inversiones S.A.S..

The Parent is a subsidiary of the Bogotá Chamber of Commerce, which owns 79.74% of the shares.

The Parent was declared a Permanent Special Free Zone User-Operator in Resolution 5425 of June 20, 2008. According to Public Deed 2931 of July 25, 2008, Notary 48, Bogota, registered on July 28, 2008 as. No. 1231243 book X, the company changed its name from Corporación de Ferias y Exposiciones S.A. to, **Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca** with registered offices in Bogota at Cra 37 No., 24-67.

**Corferias Inversiones S.A.S.** is a company incorporated by private document on April 30, 2012; its articles do not expire, and its activities began in June 2012. Its business is to conduct any lawful activity in Colombia and elsewhere, which would allow it to facilitate or develop trade or industry. Today, its activities involve the administration of parking areas of the properties "Torre Parquaderos", "Avenida Americas" and "Parqueadero Verde". Further, and in accordance with the contract to operate the Puerta de Oro Exhibition Center in Barranquilla, it is exclusively responsible for the operation, exploitation, conservation and maintenance of that Center and the movable and immovable assets that form the exhibition and convention center Puerta de Oro.

Corferias Inversiones S.A.S. has its registered offices in Bogota at Calle 37. 24-67, and in Barranquilla-Atlantico, Calle 77 B No.. 57-103. The Parent holds 100% of the capital of Corferias Inversiones S.A:S. It also has the capacity to direct its accounting, administrative and financial policies.

## **2. Basis of preparation**

### **(a) Technical standards framework**

The consolidated financial statements have been prepared in accordance with international financial reporting standards accepted in Colombia (COL-IFRS), established in Law 1314/2009, regulated by Regulatory Degree 2420/2015, amended by Decree 2496/2015 and Decree 2131/2016. COL-IFRS is based on International Financial Reporting Standards (IFRS) together with the interpretations issued by the International Accounting Standards Board IASB. The basic standards correspond to those officially translated into Spanish and issued by IASB on December 31, 2013.

For legal purposes in Colombia, the principal financial statements are the separate financial statements.

### **(b) Basis of measurement**

The consolidated financial statements have been prepared on a historic cost basis, except for the following important items included in the Statement of Financial Position:

- Financial instruments at fair value with changes in Results are measured at fair value;
- Investment properties are measured at fair value;
- In relation to employee benefits, the assets for benefits defined are recognized as the total assets of the plan, plus past unrecognized service costs; less unrecognized actuarial gains, and the present value of the obligations for defined benefits.

### **(c) Functional currency and currency of presentation**

The items included in the financial statements are expressed in the currency of the primary economic environment where the entity operates (Colombian pesos) .

The performance of the Parent and subsidiary is measured and reported to the public in pesos. Therefore, management considers that the Colombian peso is the currency that represents the economic effects of operations, events and underlying conditions most faithfully, and therefore the financial the financial statements are presented in Colombia pesos as the functional currency.

All information is presented in "thousands of pesos", and has been rounded to the nearest whole unit.

### **(d) Significant Accounting Estimates and Judgment**

The preparation of the consolidated financial statements using COL-IFRS requires management to use judgment, estimates and suppositions that affect the application of accounting policies and the amounts of assets, liabilities and contingent liabilities

on the closing date, and the income and expenses of the year. The real results may differ from these estimates.

The relevant estimates and suppositions are regularly reviewed. The reviews of accounting estimates are recognizing the period in which the estimate is reviewed, and in any future period affected.

Information on critical judgment in the application of accounting policies which have the most important effect on the financial statements are described in the notes that follow:

- Note 9 -. Estimates of impairment of financial assets
- Note 16 - Classification of investment properties
- Note 20 and Note 23 - Estimates of provisions.

### **3. Significant accounting policies**

The accounting policies established as described below have been consistently applied in preparation of the consolidated financial statements in accordance with COL-IFRS, unless otherwise stated.

#### **(a) basis of consolidation**

##### **(i) The Subsidiary**

A subsidiary is a company over which the parent directly or indirectly exercises control, through dependence. The parent controls the subsidiary when its involvement in it is exposed, or is entitled to variable yields derived from its involvement in its interests, and has the capacity to influence those yields through the power that it exercises over it. The parent has the power when it possesses current and substantive rights which give it the capacity to direct relevant activities.

In this case, the Parent consolidates the financial information of the Subsidiary over which it exercises control, and holds an interest of 100%

In compliance with COL-IFRS, the method of consolidation applied is that of equity participation, where:

- Similar items of assets, liabilities, equity, income, expense and cash flows of the Parent are combined with those of the subsidiary.
- The carrying value of the investment in the subsidiary is eliminated in accordance with the percentage of interest.
- All assets, liabilities, equity, income, expenses and cash flows within the group, related to transactions between group entities, are eliminated.

The Parent and its subsidiary established the same accounting policies, in the recognition and measurement of transactions of the same class and nature.

The financial statements of the subsidiary used in the consolidation process correspond to the same period, with the same data presentation as those of the Parent.

## **(ii) Loss of control**

When control of the subsidiary is lost, the asset and liability accounts of the subsidiary are written out, along with any related non-controlled participation and other components of equity. Any resulting profit or loss is recognized in Results. If any interest is retained in the former subsidiary, this will be measured at fair value on the date of which control was lost.

## **(iii) Interests in investments in associates**

### **a) investments in associated entities**

*Associated entities* are those in which the Parent has significant influence, but does not exercise sole or joint control over financial and operating policies. It is assumed that there is significant influence when the parent possesses between 19% and 50% of the voting rights of the other entity. The Parent has significant influence over the CICB Escrow.

Investments in associates are measured in accordance with IAS 28, using the equity method. It should be noted that the equity method is an accounting method in which the investments in associates are initially recorded at cost, and subsequently adjusted for functional changes experienced, in accordance with the percentage interest.

It is presumed that the entity does not exercise significant influence if it directly or indirectly possesses (for example, through subsidiaries) less than 20% of the voting rights of the investee, unless it can be clearly shown that such influence exists. The existence of another investor which holds a majority or substantial interest does not necessarily prevent an entity from exercising significant influence.

The existence of influence by a parent is usually made evident in one or more of the following ways:

- a) Representation on the Management Council or equivalent management body in the investee entity;
- b) Participation in the policy-making, process including participation in decisions on dividends and other distributions;
- c) Transactions of relative importance between the entity and the investee;
- d) Exchange of management personnel; or
- e) Supply of essential technical information.

#### **(iv) Operations eliminated in consolidation**

Intercompany balances and operations and any unrealized income or expense which arises from transactions between the Parent and subsidiaries are eliminated during preparation of consolidated financial statements. Unrealized gains from operations with companies whose investment is recognized using the equity method eliminated from the investment in proportion to the Parent's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### **(b) Foreign currency**

##### **Foreign currency operations**

Foreign currency operations are converted to the functional currency of the Parent on the date of each operation. Monetary assets and liabilities denominated in foreign currencies on the reporting date are converted to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currencies, which are measured at fair value, are converted to the functional currency exchange rate on the date of which fair value is determined.

Gains and losses from foreign currency conversion in monetary items all the difference between the carrying value of the functional currency at the beginning of the period adjusted for interest and cash payments during the period, and the carrying value in foreign currency converted at the closing exchange rate.

Foreign currency differences arising on upon conversion are generally recognized in results.

Closing rates used:

Country	31-Dec-16	31-Dec-15
Colombia	3.000,71	3.149,47

#### **(c) Financial instruments**

##### **(i) Financial assets,**

##### ***Recognition, initial measurement, subsequent measurement and classification.***

The initial recognition of financial assets is at fair value; in the case of financial assets not carried fair value with changes in Results, the value is increased by the transaction costs directly attributable to the acquisition of the financial asset.

Financial assets are classified subsequently at fair value or at amortized cost, based on:

- (a) the business model of the entity to manage financial assets, and
- (b) the characteristics of contractual cash flows of the financial asset.

### ***Financial assets at fair value***

The initial fair value of financial instruments will normally be the transaction price, that is, the fair value of the consideration delivered or received such as cash or cash equivalent, and customer receivables.

The financial assets at fair value with changes in Results include financial assets not designated at the time of classification as being at amortized cost.

The Parent presents investments measured at fair value with changes in results.

### **a) Cash and cash equivalents**

Cash and cash equivalents of the Parent and subsidiary are composed of cash balances and sight deposits with original maturities at 90 days or less, which are characterized by strong liquidity, easily convertible into defined amounts of cash, and subject to an insignificant risk of changes in value. Cash and cash equivalents are used as the means of payment to extinguish liabilities acquired by the current and the subsidiary.

Cash and cash equivalents may include:

- General cash;
- Petty cash in functional and foreign currency;
- Current accounts and savings accounts in banks, in functional and foreign currencies;
- Term deposits (TDs) maximum 90 days term;
- Unit funds.

To comply with the definition of cash equivalents, an investment must normally have "short" maturity period: no more than three months from the date of acquisition of the investment; and it must have carry a very low risk of changes in value.

Further, for funds to be considered as "cash equivalents", not only must they be easily convertible and have a short maturity: but they must also be considered by the Parent of the subsidiary as a means of paying off liabilities.

Note 1. The term "*easily convertible*" implies that an investment (cash equivalent) may be converted into cash quickly, without prior notice and without being liable to an important penalty upon conversion. So, cash deposited in a bank account for an unspecified period, but which may be only be withdrawn with prior notice, must be carefully evaluated in order to determine whether it meets the definition of *cash and cash equivalents*, considering factors such as the existence of restrictions on withdrawals, whether there is significant risk of change in value during that period, and the intention to use the resources which the Parent and subsidiary hold.

Note 2. The maturity period of three months is considered solely at the time of acquisition of the investment. An investment purchased with a maturity period of more than three months without the option for early amortization, will not be considered to be *cash equivalent*, nor will it be so after purchase, when the remaining maturity period measured from the date of the previous set of accounts, is three months or less.

**b) Receivables**

Receivables are often non-derivative financial assets with certain or determinable payments, but are not quoted on an active market. Initial recognition is at fair value, as is subsequent measurement, less any impairment. Receivables classified as being at less than 365 days are not the object of amortized cost except where the effect of the discount is important. Nonetheless, receivables in the form of employee loans are measured initially and subsequently at amortized cost.

**c) Impairment of customer receivables**

Financial assets not recorded at fair value with changes in Results are evaluated the end of each period of report, to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence that a loss event has occurred after the initial recognition and that this loss event has had a negative effect on future cash flows of the asset which may be reliably estimated.

The objective evidence of impairment of a financial asset may include arrears in payment or default by the debtor, the restructuring of an amount owed in terms which the Parent and subsidiary would not consider in other circumstances, as indications that a debtor is filing or will file for bankruptcy, or the instrument will disappear from an active market.

The impairment policy for receivables in the Parent and subsidiary are a function of fair and exhibition activity, and other events, and in accordance with failure to pay on an established date. Under these circumstances, the indications that a given security is unrecoverable are only present from documents which, 90 days after the end of the fair or event have elapsed are still pending payment. for up to 10% of the total. Now, if the ageing of the account is over 150 days, the probable loss will be 70%-90% of the total.

Type of receivable	Maturity	Probability of Loss
Customer receivables	0 - 90 days	0%
	91 - 150 days	10%
	151 - 365 days	70%-more than 4 minimum salaries
		90%-less than 4 minimum salaries
	Over 365 days	100%

Accounts Receivable from State agencies with Certificates of Budget Availability are not subject to estimates of impairment, since this Certificate guarantees payment of the receivable.

### ***Financial assets at amortized cost***

A financial asset is measured at amortized cost using the effective interest method, and net of impairment loss. Employee receivables are measured at amortized cost, given that the conditions of payment are agreed with the employees.

#### **d) Measurement of investments**

The fair value of investments not quoted on a public market is initially and subsequently measured at cost, as being the best estimate of value. Measurement of investments quoted on exchanges is based on the quoted price of the share on the closing date.

#### **e) Writing-out of financial assets**

A financial asset or, as appropriate, part of a financial asset or part of a similar group of financial assets, is written out when:

- contractual rights over the asset's cash flows expire;
- contractual rights over the assets cash flows are transferred, or an obligation is assumed to pay a third party the entire cash flow without significant delay, through a transfer agreement;
- substantially all the risks and benefits inherent in the ownership of the assets have been transferred; and
- substantially all risks and benefits inherent in the ownership of the asset have not been transferred or retained, but control over the asset has been transferred.

#### **(ii) Financial liabilities and financial obligations**

##### ***Initial and subsequent measurement of financial liabilities and financial obligations***

A financial liability of the Parent and subsidiary is measured at amortized cost, after initial recognition, when it is expressed in terms of fair value. Interest is calculated using the effective interest method, exchange differences are recorded in the Statement of Results.

#### **a) Other financial liabilities**

Financial liabilities are initially recognized at fair value. They are originated in the Parent and subsidiary as money received in advance from customers for participation in Fairs, They are formed by advance payments of allies to implement

the Parent's projects.

### ***Writing out liabilities***

Financial liabilities are written out if the liability has been extinguished, and this may occur when:

- it is discharged (the liability is paid);
- it is cancelled (the debt is condoned); or
- rights expire (an option passes its maturity date)

### **(iii) Capital**

Ordinary shares are classified as equity. Incremental costs attributable directly to the issue of shares are recognized as a deduction from equity, net of any tax effect

### **(d) Other non-financial assets**

Other non-financial assets of the Parent and subsidiary are those from which they expect to receive a service instead of a financial or equity instrument. The Parent and the subsidiary provide expense advances to employees or suppliers, or insurance acquired, and the latter are amortized over the life of the policy. Prepaid expenses are recorded for the value which they were required.

### **(e) Property and equipment**

#### ***Recognition, initial measurement and classification***

The Parent and subsidiary recognize property and equipment as those which they use in the production or supply of goods and services or for administrative purposes, and which they expect will be used over more than one period, when the associated risks and benefits have passed to the entity, through:

- Purchases from third parties;
- Construction, subcontracted to third parties;
- Constructions and installations developed directly by the entity, or in combination with subcontracted third parties;
- Costs incurred, subsequently as additions to an asset; or
- Costs incurred, subsequently to substitute or replace an asset or part of an asset.

Items of property and equipment are recognized at cost less accumulated depreciation and impairment losses. The costs of certain items of property and equipment are determined with reference to the appreciation of the former generally accepted accounting practices.

Property and equipment are recognized in the books if and only if it is probable that the future economic benefits associated with them will flow into the entity, and their costs can be reliably determined.

The cost of property and equipment comprises:

- Acquisition price, including import duties and non-recoverable indirect taxes, less trade discounts and rebates;
- Costs directly attributable to placing the asset in the place and conditions required for it to operate in the manner expected by management;
- The initial estimate of the cost of dismantling or withdrawal of the item, and rehabilitation of the place where it is located;

While parts of an item of property and equipment (important components of immovable goods) have different useful lives, they are recorded as separate items

### **Subsequent measurement**

After initial recognition, the Parent and subsidiary apply the cost model to measure all property and equipment

The cost model requires that, after initial recognition, property and equipment are to be valued at cost less accumulated depreciation and accumulated impairment loss.

### ***Subsequent costs***

The carrying value of a replaced part is written out. Daily maintenance costs on property and equipment are recognized in Results, as and when incurred

The Parent and subsidiary incur additional costs related to the assets on dates subsequent to capitalization of an item of property and equipment. These costs can be capitalized when they correspond to additions, for which they must comply with the following criteria for recognition:

- they increase the capacity to generate future economic benefits, or
- they increase the expected useful life.

### ***Depreciation***

Useful life commences on the date of acquisition, which is when the asset is in a position to be used as planned by management, even though the asset has not yet been put into service.

Depreciation is calculated on cost less residual value. Residual value is calculated only for real property.

The residual value of buildings is 10% of cost.

Depreciation is recognized in Results, using a straight-line method and in accordance with useful life estimated for the different items of property and equipment.

Estimated useful life by category is as follows:

- Real property:
  - ✓ Component 1: Construction chapters corresponding to 22% of the cost of building, with maximum useful life for 30 years
  - ✓ Component 2: construction chapters corresponding to 78% of the cost of building, with a maximum useful life of 80 years.
  
- Movable assets:
  - ✓ Office equipment: 10 years
  - ✓ Computer and communications equipment: 5 years
  - ✓ Transport fleet and equipment: 10 years
  - ✓ Machinery and equipment, 10 years:

Components are determined in accordance with the elements that have a significant cost in relation to the total cost of the asset. On this basis, two materially important and representative components are defined, with different useful lives.

The Parent and subsidiary review residual values, useful lives and the depreciation method for property and equipment at each closing date. Changes in criteria initially established are recognized, where appropriate, as a change in estimates.

### ***Impairment***

At each reporting date, the Parent and subsidiary review the carrying value of non-financial assets to determine if there is any indication of impairment. If there is such an indication, they proceed to estimate the recoverable value of the asset, and recoverable amounts are estimated on each occasion.

### ***Writing out property and equipment***

The carrying value of an item of property and equipment is written out of the accounts upon disposal, or when no future economic benefits are expected to be obtained from its use.

### **(f) Intangible assets**

Intangible assets of the Parent and subsidiary are those non-monetary assets with no physical expression, which can be individually identified, either because they are separable, or because they arise from a legal right or contractual right. The initial measurement of intangible assets recognizes cost.

An intangible asset is the object of recognition when:

- a) it is probable that economic benefits attributed to it will flow to the entity;
- b) the cost of the asset can be reliably measured..

The following characteristics must also satisfied:

- a) Identification. The asset is separable, that is, it can be separated or taken out of the entity and sold, transferred, given for exploitation, rented or exchanged, whether individually or together with a contract,; there must be an identifiable asset or liability which to which it is related, regardless of whether the entity has the intention of making the separation; or it arises from contractual or other rights of a legal nature, regardless of whether those rights are transferable or separable from the entity, or other rights and obligations, control over the resulting question, and existence of future economic benefits.
- b) Control. There will be control over a defined asset if the holder has the power to obtain future economic benefits proceeding from resources resulting from it, and further, that access by third parties to such benefits can be restricted.
- c) Future economic benefits. This includes income from ordinary activities, as the proceeds of the sale of goods and services, cost savings, and other yields derived from the use of the intangible assets by the Entity.

### ***Acquisition***

Generally, when an intangible asset is purchased, it can be expected that there will be economic benefits from it, even if it is not precisely known when they will flow, nor how great the benefit may be, but the possibilities are clear.

Further, costs can usually be measured reliably given the form of cash or other monetary assets with which it is purchased. Therefore, the requirements for the identification of an intangible asset are satisfied by the acquisition of intangible asset separately.

The cost of an intangible asset acquired will comprise:

- a) The acquisition price, including non-recoverable taxes related to the acquisition; and
- b) Any costs directly attributable to the preparation of the asset for the use planned for it

### ***Amortization***

Amortization is calculated on the cost of the asset.

Amortization is recognized in Results, based on the method of linear amortization over the estimated useful life of the intangible assets, from the date on which they are available for use.

The estimated useful life for current periods and comparative periods are the

following:

- Trademarks acquired: 15-25 years
- Software licenses: 1-5 years

Methods of amortization and useful lives are reviewed in each financial period, and adjusted where necessary.

### ***Writing out***

An intangible asset is written out when:

- a) it is disposed of,; or
- b) no future economic benefits are expected to be obtained by use or disposal.

The loss or gain arising from writing out intangible assets will be determined as the difference between the net amount obtained from disposal, and the carrying value of the asset. This will be recognized in results for the period when the item is written out of the accounts (unless IAS 17 requires different treatment, in the event in the case of a sale with subsequent rental). Gains are not classified as income from ordinary activities.

### ***Impairment***

On each reporting date, Parent and subsidiary review the carrying value of non-financial assets to determine if there is any indication of impairment. If there is any such indication, the recoverable amount of the asset will then be estimated, and the recoverable amounts are estimated on each occasion.

### **(g) Investment properties**

Investment properties are real property maintained in order to obtain income from leases or to obtain capital appreciation of the investment, or both. But this does not apply to sales in the normal course of business, use in production, or the supply of goods or services, or for administrative purposes. Investment properties are measured initially and subsequently at fair value, with changes in Results.

### **(h) Inventories**

The inventories of the Parent and subsidiary are initially and subsequently measured at cost, since they are high-rotation items and form part of the finished products at the points of sale, such as raw materials, disposables, packaging, materials, spares, accessories, and working clothes and tools etc.

The cost of stocks comprises all costs related to acquisition and transformation, and costs incurred to put them into usable condition and their present location including materials consumed, labor, and manufacturing costs.

Trade discounts, rebates obtained and other similar items are deducted to arrive at acquisition price.

## **(i) Employee benefits**

### **(i) Defined-contribution plans**

The obligations for contributions to defined-contribution plans are recognized as an expense as the related service is provided. Contributions paid in advance are recognized as an asset, to the extent that they may be open to cash reimbursement or a reduction of future payments.

### **(ii) Defined-benefit plans**

The liability for retirement pension represents the present value of all future disbursements which the Parent will have to make to employees who meet certain legal requirements in relation to age, service, and others. The present value of the liability for account of the Parent is determined annually, based on actuarial studies.

The Parent reports the related expense for these commitments in accordance with actuarial studies calculated by applying the Projected Credit Unit method. Actuarial gains and losses arising from adjustments due to experience and changes in actuarial hypotheses are charged to Results for the period in which they arise.

The cost of past services which correspond to variations in benefits are recognized immediately in Results.

### **(iii) Termination benefits**

Termination benefits are recognized as an expense when employees, as a consequence of the decision of the Parent and the subsidiary to terminate their contract of employment prior to the retirement age, or of the employee's agreement to offer voluntary resignation in exchange for these benefits. If the benefits are not expected to be fully liquidated within 12 months after the end of the period reported, they are the object of discount.

### **(iv) Short-term employee benefits**

Short-term employee benefits are not the object of discount, and are recognized as expenses when the related service is rendered. They are expected to be settled within twelve months of the end of the reporting period.

The obligation is recognized for the amount expected to be paid if the Parent or subsidiary has a current mandatory or implied obligation to pay that amount as a result of services rendered by the employee in the past, and the obligation can be reliably estimated.

The short-term employee benefits include salaries, mandatory and voluntary bonuses, holidays, severance accruals, life insurance and payroll taxes payable to State agencies. These benefits are accumulated by accrual, and charged to Results.

### **(j) Provisions**

Provisions are recognized when the Parent has a current mandatory or implied obligation as a result of a past event, for which it is probable that the Parent will be obliged to settle an obligation, and a reliable estimate may be made of the amount of that obligation. The amount recognized as a provision is the best estimate of the considerations required to settle present obligations on the date of the statement of financial position, taking account of risks and uncertainties surrounding the obligation.

In the case of the litigation, the Parent will base itself on the estimates of experts, who, depending on the need, will report on the status and amount of the claims, and specify the probability of winning or losing the case.

### **(k) Recognition of income**

#### **(i) Rendering of services**

Income from the rendering of services is recognized when there is a reliable measurement of the result of the operation, the probability that benefits will be received, the determination of the degree of completion, determination of costs, method to calculate the degree of completion, if necessary.

In the food and drinks business, income is accrued when the service has been provided satisfactorily, because this is a definitive exchange operation

The Parent and subsidiary undertake the following operations in the course of their principal activities:

- **Activities in property, business and rental.** These are activities related to the rental of spaces, and the provision of events of non-fair event services. The services are offered by the Parent.
- In the subsidiary, the service of rental of parking spaces generating recorded income.
- **Entertainment and leisure.** This involves activities derived from the rental of spaces and the provision of services in the organization and arrangement of fair events of the Parent.

- **Food and beverages.** This is part of the initiatives to move forward in the delivery of value-added services, and to expand the offer of solutions in food and beverages for the general public at fairs. The food and beverages operation has been conceptualized, developed, and implemented.
- **Administration of parking spaces.** Income from parking spaces is recognized at the time the service is provided.

## **(ii) Financial income, financial costs**

Financial income and financial costs of the Parent and subsidiary include the following:

- Interest income;
- Interest expense;
- Dividend income;
- Dividends for preference shares classified as financial liabilities;
- Net gain or loss on disposal of financial assets available for sale;
- Net gain or loss on financial assets recorded at fair value, with changes in results; and
- Gain or loss on the conversion of financial assets and financial liabilities in foreign currency..

Dividend income is recognized in Results on the date on which the Parent's right to receive payment is determined.

## **(j) Taxation**

Tax expense or income is composed of current and deferred income and related taxes, and the equity tax (CREE).

Current and deferred taxes are recognized as income or expense, and are included in Results, except where they are related to items in Other Comprehensive Results (OCR), or directly against equity, in which case current or deferred tax is recognized in OCR, or directly in equity, as the case may be.

### **Current tax**

Current tax is calculation the basis of tax regulations in force at the time of the Statement of Financial Position. Management regularly evaluates the position taken in tax filings, with regard to situations in which tax laws are open to interpretation, and where necessary, provisions are made for amounts which are expected to have to be paid.

The Parent and subsidiary make a calculation based on taxable income to determine their provision for income and related taxes.

The effect of timing differences implies the determination of a higher or lower level of current tax payable, calculated at current rates, and is recorded as an asset or liability deferred tax, as applicable, provided that there is a reasonable expectation that these differences will revert.

In accordance with Section 191.11 of the Tax Code, no Equity Tax needs to be recorded for events and convention centers in which the Chambers of Commerce have a majority interest, and those formed as State industrial and commercial enterprises, or mixed economy companies in which the State's interest is more than 51%, provided that they are properly registered at the Ministry of Trade, Industry and Tourism.

As of 2014, transfer price regime filings and supporting documentation must be produced for operations between companies located in free zones, and their related parties in Customs territory.

Corferias is authorized to be a Permanent Special Free Zone User-Operator in Resolution 5425 of June 20, 2008. Therefore, its income tax liability has been calculated at the rate of 15% since 2008.

With the start-up of the food and beverages business, the Parent and subsidiary began to be liable for Consumption Tax, which applies to the provision of food served at tables in restaurants and bars.

### ***Deferred tax***

Deferred tax assets and liabilities are measured using the rates of tax to be applied in the periods which they expect to realize the assets or pay the liabilities, based on regulations and types approved or about to be approved, and once consideration has been given to the fiscal consequences to be derived from the way in which the Parent and subsidiary expect to recover the assets, or settle their liabilities.

Deferred tax is recognized using the liability method, determined in relation to timing differences between the fiscal basis and the book value of assets and liabilities included in the financial statements.

Deferred tax liabilities are amounts to be paid in the future, by reason of profits tax related to tax timing differences, while deferred tax assets are amounts to be recovered for profits tax due to the existence of deductible timing differences, negative tax bases which may be offset, or deductions pending application. The timing difference is understood to be that which exists between the book value of assets liabilities and the fiscal base.

#### **(ii) Recognition of tax timing differences**

Liabilities for deferred tax derived from tax timing differences are recognized in all cases, except:

- where there is the initial recognition of a revaluation of an asset or liability in an operation which is not a business combination, and the date of transaction does not affect the result or the tax base: or
- where there are differences associated with investments in subsidiaries, associates and joint ventures in which the Parent and subsidiary have the capacity to control the time of reversion, and it is not probable that reversion will take place in the foreseeable future.

Deferred tax assets that do not meet the above conditions are not recognized in the Consolidated Statement of Financial Position. The Parent and the subsidiary reconsider the situation at the close of the period, to see whether conditions are met to recognize deferred tax assets which have previously not been recognized. The opportunities for tax planning are only considered in the evaluation of recovery of deferred tax assets if the Parent and subsidiary have the intention of adopting them, what is probable that they will do so.

### (iii) Measurement

The Parent and subsidiary review the carrying value of deferred tax assets of the close of the period, in order to reduce the value to the extent that is not probable that there will be a sufficient positive tax base in the future to offset them.

Non-monetary assets and liabilities of the Parent and subsidiary are measured in terms of the functional currency. If tax losses or gains are calculated in another currency, the exchange rate variations give rise to timing differences and to the recognition of deferred tax asset liability or asset, and the result is charged or credited to Results for the period.

### (iv) Offsets and classification.

The Parent and subsidiaries only offset deferred assets and liabilities if there is a legal right to make the offset for tax purposes, and the assets and liabilities correspond to the same tax authority and to the same passive subject, or indeed, to different passive subjects who claim to settle or realize tax current tax assets and liabilities for the same amount, or to realize assets and settle liabilities simultaneously, in each of the future tax periods in which they expect to settle or recover significant amounts of deferred tax assets or liabilities.

Deferred tax assets and liabilities are recognized in the Consolidated Statement of Financial Position as non-current assets or liabilities, regardless of the expected date to realize or settle them.

### **(k) Profit per share**

The Parent and subsidiary present basic data on profit per share. Basic profit per share is calculated by dividing the result attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for shares in Treasury.

### **(l) Related parties**

According to IAS 24, a *related party* is a natural or corporate person related to the Parent and/or subsidiary preparing its financial statements, in which that party can exercise control or joint control over the reporting entity. The party must exercise significant influence over the reporting entity; or the party is considered to be part of key management personnel of the reporting entity, or of the entity controlling the reporting entity.

The Parent and subsidiary recognize balances of assets, liabilities, income and expenses incurred in each period corresponding to operations with related parties, such as an associate, key management personnel and shareholders.

The compensation of key management personnel includes salaries and short-term benefits, and "*key management personnel*: means the Management Committee and the Board of Directors.

The terms and conditions of operations with key management personnel and related parties are not more favorable than those available, or which could reasonably be expected to have been available, for similar operations with non-key-management personnel on an arm's-length basis.

The details of operations with related parties appears in Note 35.

### **(m) Recognition of expenses**

The Parent and subsidiary recognize costs and expenses as and when economic events occur, so that they are systematically recorded in the appropriate accounting period (accrual), regardless of cash or financial flows (cash).

Expenses are recognized immediately when the disbursement does not generate future economic benefits, or it does not meet the requirements for being recorded as an asset.

## **4. New regulations and interpretations not adopted**

New standards applicable as of January 1, 2016.

Following the terms of Decree 2496 of December 2015, the following is an explanation of the standards issued at applicable as of 2017 (except IFRS 9 and

IFRS 15, applicable as of January 1, 2018). The impact of these standards is in the process of evaluation by the Parent and subsidiaries management.

IFRS	Subject	Detail
IAS 1- Presentation of financial statements	Disclosure initiative. In relation to the presentation of financial statements, this amendment clarifies disclosure requirements.	<p>Some relevant changes in the amendments are:</p> <ul style="list-style-type: none"> <li>- Materiality requirement IAS 1</li> <li>- Indication of specific lines in the Statement of Results , OCR ,and changes in the financial Position that can be disaggregated</li> <li>- Flexibility with regard to the order in which the financial statements are presented.</li> <li>- An entity does not need to disclose specific information required by an IFRS if the resulting information is not material.</li> </ul> <p>The application of the amendment need not be disclosed</p>
IFRS 9-Financial instruments	Financial instruments (revised version, 2014)	<p>The proposed replacement refers to the following phases:</p> <p>Phase 1. Classification measurement of financial assets and liabilities.</p> <p>Phase 2. Impairment methodology. In July 2014, IASB completed the reform of the accounting of financial instruments, and IFRS 9 -Accounting of financial instruments (revised version, 2014), to replace IAS 39. Financial instruments: recognition and measurement, after the expiry of the previous standard</p>
IFRS 15-Income from contracts with customers	Income from contracts with customers	<p>Establishes a five-step model to apply to income from contracts with customers. This will replace the following interpretations of income after the date it becomes it comes into force:</p> <p>IAS 18-Income;  IAS 11-Construction contracts;  IFRIC13-customer loyalty programs;  IFRIC 15-Agreements for property construction;  IFRIC 18-transfers of assets from clients.</p>
IAS 16-Property and equipment	Clarification of acceptable depreciation methods	Entities are forbidden to use the depreciation method based on the income for items <u>property and equipment</u>
IAS 38 Intangible assets	Clarification of acceptable methods of amortization	<p>Establishes conditions related to the amortization of intangible assets:</p> <p>a) when the intangible asset is expressed as a measure of income;  b) when it can be shown that the income and</p>

		consumption of economic benefits of assets are closely related.
Annual improvements: cycle 2012-2014	These amendments reflect issues discussed in IAS and subsequently included as IFRS amendments	<p>IFRS 5. Non-current assets held for sale and discontinued operations. Changes in methods of disposal of assets</p> <p>IFRS 7. Financial instruments, information to be disclosed (with changes arising from changes to IFRS 1)</p> <p>Changes related to service agreements Applicability of changes to IFRS 7 in disclosures of offsets in interim condensed financial statements,</p> <p>IAS 19 Employee benefits. Discount rate. Matters of regional markets. IAS 34- Interim financial information. Disclosure of information included elsewhere in the interim financial report.</p>

## 5. Determination of fair value

Some accounting policies and disclosures of the Parent require the measurement of fair value of financial and non-financial assets and liabilities,

The Parent and subsidiary have a control framework established in relation to the measurement of fair value.

### ***Hierarchy of fair value***

The table below analyzes recurrent assets and liabilities recorded at fair value  
Levels are defined as follows

Level 1. Unadjusted prices in active markets for assets or liabilities identical to those which the entity may have access at the measurement date. The Parent applies this level to in its investments in Acerías Paz del Río.

Level 2. Data other than quoted prices included in Level 1, which are observable for the asset or liability whether directly (that is, prices) or indirectly (that is, price – derived).

Level 3. Data for the asset or liability not based on observable market data (non-observable variables).

If the variable is used to measure fair value of an asset or liability can be classified in two different levels of hierarchy of fair value, then the measurement of fair value

is classified entirely on the same level of hierarchy of fair value which the variable of the lowest level significant to the overall measurement.

The Parent recognizes transfers between levels of hierarchy of fair value at the end of the period on which the period reported, during which the change occurred.

## **6. Financial instruments**

### ***Management of financial risk***

The Parent and subsidiary are exposed to the following risks related to the use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents information with regard to the exposure of the Parent and subsidiary to each of the risks mentioned, objectives, policies and procedures of the Parent and subsidiary to measure and manage risk, and to manage capital.

(i) Framework of risk management

### ***Framework of risk management (unaudited information)***

The Parent and subsidiary seek continuous improvement in their processes, and establish a risk management model for each of the macro processes, classifying them within a methodology approved by the Risks Committee, in which there is an evaluation of the probability of their occurrence and of the impact which they may have on objectives, macro processes and the product (fairs and events); existing controls are identified and evaluated, to permit minimization of the impact at the time of occurrence of a risk, and with this, the residual risk is determined.

For this purpose, risks are assigned priorities through a valuation exercise, identifying them as being high, medium or low. With the setting of these priorities in risks, the risks committee analyses the main information and defines of risks that management should manage with greatest priority.

(ii)Credit risk

Credit risk is the risk of financial loss faced by Parent and subsidiary if a customer or counterpart in financial instrument does not perform its contractual obligations, and principally, this is originated in customer receivables and the investment instruments of the Parent and the subsidiary.

The risks identified in the Parent and subsidiary are:

### ***Trade debtors and other receivables***

The exposure to credit risk is affected principally by the general characteristics of each customer. The Parent and subsidiary have established an impairment policy as a function of fair activities and events, and in accordance with failure to pay on established date.

Estimates of non-recoverability with regard to trade debtors and other receivables are used to record impairment losses.

### ***Debt instruments***

The Parent and subsidiary limit their exposure to credit risk by investing only in liquid debt instruments, and only with counterparts that have a credit rating of at least AA+.

### ***Cash and cash equivalents***

Cash equivalents are held at banks and financial institutions rated between A+ and AAA, according to rating agencies authorized to operate in Colombia.

### **(iii) Liquidity risk**

Liquidity risk is the risk which the Parent and subsidiary may have in complying with obligations associated with their financial liabilities, which are mainly settled by the delivery of cash.

The approach of the Parent and subsidiary to liquidity management is to ensure that as far as possible they will always have sufficient liquidity to meet their obligations when due; they aim to keep a level of cash and cash equivalents for amounts exceeding the expected cash outflows from financial liabilities.

The Parent and subsidiary monitor the level of incoming cash expected from trade debtors and other receivables, matching them with expected cash flows to trade creditors, other accounts payable, and investment projects.

The Parent and subsidiary have a low liquidity risk level, because the collection from firms is affected in advance of the event itself, and this guarantees cash inflows.

### **(iv) Market risk**

Market risk is the risk of changes in market prices, for example, exchange rates, interest rates, or share prices: This may affect the income of the Parent and subsidiary, or the value of financial instruments held.

The Parent and subsidiary are exposed to a minimum market risk, since all their cash and cash equivalent are invested in sight deposits. The only quoted equity held by the Parent, and it is exposed to changes in value, is its interest in Acerías Paz del

Rio, but these investments do not represent a significant percentage of assets.

The Parent and subsidiary are exposed to exchange risk, principally in operations for the purchase and sale of goods and services agreed in a currency other than the functional currency (Colombian pesos - COP), and contracts which are prepared in foreign currency form a very small proportion of the total value of income and expenses, and they are collected and/or paid at a term of not more than 60 days.

The bank borrowings of the Parent and subsidiary have been taken in the functional currency (COP), at a term of five years, and interest is has been agreed at index rates subject to market levels (DTF, IBR).

## 7. Cash and cash equivalents

The following is the detail of cash and cash equivalents:

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Cash	\$ 33.110	34.874
Current accounts	742.069	1.310.891
Savings accounts (1)	- 2.659.447	7.782.950
Trust rights (2)	- <u>2.149.133</u>	<u>964.185</u>
	<u>\$ 5.583.759</u>	<u>10.092.900</u>

At December 31, 2016 and 2015 there are no restrictions on cash and cash equivalents.

(1) The reduction in savings and current accounts is due to reduction in fairs and events of the Parent and subsidiary, and lower levels of receivable collection. This was caused by changes in the market during 2016 which affected the economy. Importantly also, in 2016, the subsidiary took a loan for \$2,000,000 from Banco AV Villas

(2) The increase in trust rights is due to deposit made in by the Parent. Subsidiary has invested funds in the unit fund Fondo Colectivo Abierto Rentar in December 2016. The subsidiary has invested in another unit fund, that of Davivienda Corredores S.A. \$24,249, which generated earnings of 7.054% in the year

## 8. Other current financial assets

The following is the detail of other current financial assets:

	<u>Effective</u> <u>annual rate</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Term deposits (1)	5,5%	\$ -	700.000
Unit fund holdings (2)	7,6%	<u>100.047</u>	<u>-</u>
		<u>\$ 100.047</u>	<u>700.000</u>

(1) During 2016, was redeemed a TD in Banco AV Vilas at the close of 2015, it was a six-month deposit, with an average rate of 5.5%

(2) On December 26, 2016 the Parent made a remittance of \$100,000 to Fiducoldex to set up an escrow account for the contributions it was to make for the acquisition of nearby land for the future Agora Convention Center. Once the property is acquired, the funds will be contributed to the CICB escrow.

## 9. Accounts Receivable

The following is the detail of Accounts Receivable:

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
Customers (1)	\$ 13.328.024	9.065.534
Sundry debtors (2)	7.482.090	1.632.130
Due from employees (3)	- 499.392	438.140
Doubtful accounts	- <u>940.100</u>	- <u>582.753</u>
	- 22.249.606	- 11.718.557
Less: impairment	<u>(1.564.952)</u>	<u>(923.916)</u>
	<u>\$ 20.684.654</u>	<u>10.794.641</u>

The impairment of receivables at the end of the period reported is the following:

<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
-	-

91 - 150 days	\$	66.839	34.794
151 - 365 days	-	558.013	306.369
Over 365 days	-	<u>940.100</u>	<u>582.753</u>
	\$	<u>1.564.952</u>	<u>923.916</u>

The variation in the provision for receivables during the year is as follows

	<b>Impairment</b>
<b>Balance at December 31, 2014</b>	\$ 2.181.465
Receivables impairment	579.303
Recoveries	(322.738)
Written off	<u>(1.514.114)</u>
<b>Balance at December 31., 2015</b>	923.916
Receivables impairment	922.844
Recoveries	<u>(281.808)</u>
<b>Balance at December 31, 2016</b>	\$ <u>1.564.952</u>

(1) Corresponds to invoices issued to customers for participation in fair events, non-fair events, and exhibitor services rendered

(2) The variation is mainly represented by balance drawn of \$3,243.462 by Parent to its partner in the *Cine y Música* Fair It also represents recognition of income pending billing for 2016 fairs, for \$455.434 and recognition of progress in 2016 for \$.1.596.676 and for 2015 \$139.897. Finally, it includes an amount paid by the Parent on behalf of the CICB escrow, for \$1,528,077, corresponding to the payment of the Urban Outline tax and the Urban Development tax, made at the request of the trustors of the CICB project, while procedures were in train to change the name of the holder of the construction license for the land. Also, note that this amount was budgeted as part of the investment in the construction, project. There were also expenses associated with the escrow for November and December, for \$243.442.

(3) Outstanding balances of employee receivables originated in employee loans for home purchase, vehicles, education, and prepaid medicine contracts.

## 10. Inventories

The following is the detail of inventories

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
Raw materials	\$ 35.081	17.555
Goods not made by Corferias	21.343	32.176
Materials, spares and accessories (1)	- - 614.000	13.832
Containers and packaging	- - <u>35.720</u>	<u>16.587</u>
	\$ <u>706.144</u>	<u>80.150</u>

At December 31, 2016 and 2015 there were no restrictions on inventories.

Among these assets are elements of the food and beverages units, construction materials, stationery, electrical items and others. The increase in inventories is due to the purchase of items of decoration in October 2016. In March 2016, the subsidiary began the operation of food and beverages, which implies a distribution and management of inventories.

(1) In 2016, the balance includes decorations and signposting for \$545.526, construction items for \$34.398, spirits for \$ 20.839, and cleaning materials of \$4.590. In 2015, the balance contains elements of decoration and signposting for \$11.792 and cleaning supplies for \$2.040

## 11. Other non-financial assets

The following is the detail of other non-financial assets

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
Prepaid expenses	\$ 594.085	462.892

This item corresponds to insurance taken by the Parent and subsidiary, such as life insurance, performance bonds, insurance against material damage, and third-party liability. It also contains interest calculated at amortized cost for home loans and vehicle purchase loans to employees. Further again, it includes salary advances for employees, and advances pending legalization, made to suppliers and contractors.

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
Insurance	\$ 219.505	266.361

Employee loan interest	167.988	186.190
Advances to employees and suppliers	<u>206.592</u>	<u>10.341</u>
	<u>\$ 594.085</u>	<u>462.892</u>

The following is the details of the movement of insurance in 2016

Other non-financial assets	Balance at Dec. 31, 2015	Purchases	Amortization in the period	Balance at Dec. 31, 2016
Insurance	266.361	319.738	(366.594)	219.505

The following is the details of the movement of insurance in 2015

Other non-financial assets	Balance at Dec. 31, 2014	Purchases	Amortization in the period	Balance at Dec. 31, 2015
Insurance	215.188	414.208	(363.035)	266.361

## 12. Other financial assets

The following is the detail of other financial assets

Investments in:	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
	-	-
Alpopular Almacén General de Depósito S. A.	\$ 10.334.261	10.220.514
La Previsora S.A Compañía de Seguros	3.080.415	3.037.186
Centro de Ferias y Exposiciones de Bucaramanga	174.448	174.448
Acerías Paz del Río S. A.	<u>16</u>	<u>16</u>
	<u>\$ 13.589.140</u>	<u>13.432.164</u>

At December 31, 2016 and 2015 there were no restrictions on these investments

The investments in Alpopular Almacén General de Depósitos S.A. (“Alpopular”), La Previsora Compañía de Seguros S.A. (“La Previsora”) and Centro de Exposiciones y Convenciones de Bucaramanga are financial instruments in which the Parent has no control or significant influence. They are recognized at cost both initially and subsequently.

Shares

2016

2015

Issuer	Business	% interest			Dividends declared in shares 2016				Dividends declared in shares 2015
			No.	Class	No.	Class	No.	Class	
Alpopular Almacén General de Depósitos S.A.	Warehousing	28,9	24.271.976	Ordinary	418.062	23.853.914	Ordinary	413.123	
La Previsora S.A. Compañía de seguros	Insurance	0,13	1.769.323	Ordinary	-	1.769.323	Ordinary	432.292	
Centro de Ferias y Exposiciones de Bucaramanga	Fairs and Events	1,17	16.021	Ordinary	-	16.021	Ordinary	-	
Acerías Paz del Río S.A.	Steel production		1.885	Ordinary	-	1.885	Ordinary	-	
			<u>26.059.205</u>		<u>418.062</u>	<u>25.641.143</u>		<u>845.415</u>	

### 13. Investments in associates

The following is the detail of investments in associates

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
	-	-
Investments in associates	\$ <u>62.810.968</u>	<u>61.307.795</u>

At December 31, 2016 and 2015 there were no restrictions on investments in associates.

(1) At December 31, 2016 the Parent had an investment in associates, given the significant influence which it exercises over the CICB escrow, which was formed to manage funds delivered by the Bogotá Chamber of Commerce, Fontur and Corferias S.A. to execute the CICB-Agora development. The escrow was formed in November 2014 with the Fiduciaria Bogotá S. A., with an interest of 19%. Over the year, the Parent made initial contributions for \$1.530.590. Also, there is recognition of gains or losses applying the equity method; in 2016, the loss on investment in the escrow was \$27.590, due to an exchange difference generation by banks in foreign currency, in 2015, there was a gain of \$11.443 which were used on the unit which the money was invested.

### 14. Intangibles

The detail of intangibles is as follows:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
	-	-
Trademarks acquired (1)	\$ 7.745.990	3.272.190

Software licenses (2)	1.953.612	373.109
Accumulated amortization	(301.433)	(130.015)
		3.515.28
	\$ 9.398.169	4

(1) In December 2016, the trademark of the Feria Mueble y Madera was purchased for \$4.100.000, from Arbol de Tinta S.A.S., and the was in addition to the trademark of Andinapack for \$373.800. In April 2015, the Parent acquired the Andinapack fair trademark from Patricia Acosta Ferias y Congresos Ltda; for \$1,682,100. The trademarks acquired will start to the amortized once they are available to be exploited by the Parent.

(2) During 2016, the Parent and subsidiary made an investment in computer programs and licenses for \$2,487,443, as a function of managing security cameras, optimizing collaborative tools, and renewing licenses for physical servers and cloud services.

The following is the detail of the movement of intangibles in 2016

Intangibles	Opening balance Dec. 31, 2015	Purchases	Amortization in the period	Dec. 31, 2016
Software licenses	373.109	2.487.443	(906.940)	1.953.612
Trademarks acquired	3.142.175	4.473.800	(171.418)	7.444.557
<b>Total Intangibles</b>	<b>3.515.284</b>	<b>6.961.243</b>	<b>(1.078.358)</b>	<b>9.398.169</b>

The following is the detail of the movement of intangibles in 2015:

Intangibles	Opening balance Dec. 31, 2014	Purchases	Amortization in the period	Dec. 31, 2015
Software licenses	206.367	365.877	(199.135)	373.109
Trademarks acquired	1.590.090	1.682.100	(130.015)	3.142.175
<b>Total Intangibles</b>	<b>1.796.457</b>	<b>2.047.977</b>	<b>(329.150)</b>	<b>3.515.284</b>

## 15. Property and equipment

The following is the detail of property and equipment at December 31:

Land (1)	\$	234.003.546	242.241.373
Construction in progress (2)		44.757.334	32.030.390
Buildings (3)		160.436.183	143.897.241
Machinery and equipment (4)		7.634.000	6.520.725
Office equipment (5)		4.587.099	2.905.737
Computer and communications equipment		2.727.619	2.746.554
Transport fleet & equipment		<u>155.494</u>	<u>192.264</u>
	\$	<u>454.301.275</u>	<u>430.534.284</u>

At December 31, 2016 and 2015, there were no restrictions on these assets.

- (1) Land fell \$8,237,827 due to the constitution of a condominium as part of the Corferias commitment in the Investors' Agreement for the Hotel Project. The condominium was recognized as Investment Property.
- (2) Construction in progress increased mainly with the development of the Hotel Project for \$21,676,417 for the construction and start-up of the hotel, approved by the Operator Hilton and the investor P.A.Pactia; there was also the construction of the parking facility Av Americas for \$3,514,882, the construction of the Active Border project for \$3,833,244 and civil works in the Fairs Center for \$2,855,118. There was a reduction with the activation of the Verde parking facility for \$15,339,010 and other activities in the Fairs Center, including administrative and commercial offices and the President's office for \$3,813,382; and \$325 was written off.
- (3) The increase in construction and buildings came from the activation of projects formerly in progress. This included access control systems of \$2,079,700, the Verde carparking facility for \$15,339,010; the improvement of Pavilion 65A, the main auditorium, the international business center and new foreign trade offices for \$1,739,511.
- (4) The increase is due to the activation of Tent of the Americas and the installation of a systems payment point for Bogota in the subsidiary. A dividing curtain, cable-ducts and other machinery to implement the Puerta de Oro were acquired by the subsidiary in Barranquilla.

The following is the detail of the movement of property and equipment in 2016:

Property and equipment	Balance at Dec. 31, 2015	Purchases	Withdrawn	Transfers	Depreciation in the period	Balance at Dec. 31, 2016
Land	242.241.373	-	-	(8.237.827)	-	234.003.546

Construction in progress	32,030,390	31,879,661	(325)	(19,152,392)	-	44,757,334
Buildings	143,897,241	57,583	-	19,100,038	(2,618,679)	160,436,183
Machinery & equipment	6,520,725	2,095,093	(10,576)	-	(972,071)	7,633,171
Office equipment	2,905,737	2,307,404	(47,102)	52,355	(637,590)	4,580,804
Computer and communications equipment	2,746,554	741,807	(1,234)	-	(752,385)	2,734,743
Transport fleet and equipment	192,264	-	-	-	(36,770)	155,494
<b>Total property and equipment</b>	<b>430,534,284</b>	<b>37,081,548</b>	<b>(59,237)</b>	<b>(8,237,826)</b>	<b>(5,017,496)</b>	<b>454,301,275</b>

The following is the detail of the movement of property and equipment in 2015:

Property and equipment	Balance at Dec. 31, 2014	Purchases	Withdrawn	Transfers	Depreciation in the period	Balance at Dec. 31, 2015
Land	302,137,654	-	-	(59,896,281)	-	242,241,373
Construction in progress	17,863,342	15,275,873	(1,108,825)	-	-	32,030,390
Buildings	146,924,004	612,267	(194,627)	-	(3,444,403)	143,897,241
Machinery & equipment	4,030,966	3,182,323	(4,556)	-	(688,008)	6,520,725
Office equipment	2,437,818	981,098	(2,145)	-	(511,034)	2,905,737
Computer and communications equipment	1,307,135	1,894,851	(991)	-	(454,441)	2,746,554
Transport fleet and equipment	229,034	-	-	-	(36,770)	192,264
<b>Total property and equipment</b>	<b>474,929,953</b>	<b>21,946,412</b>	<b>(1,311,144)</b>	<b>(59,896,281)</b>	<b>(5,134,656)</b>	<b>430,534,284</b>

At December 31, 2016 assets in use but fully depreciated represented 0.086% of total book assets. Fully depreciated assets in use consist of machinery and equipment, office equipment, computer equipment and communications equipment.

The following is the detail of fully-depreciated assets in use in 2016 and 2015:

Detail	Cost
2016	
Machinery & equipment	\$ 84,307
Office equipment	30,408
Computer equipment	220,134
Communications equipment	36,306
Buildings	17,186
<b>Detail</b>	<b>Cost</b>

2015	
Machinery & equipment	88.868
Office equipment	32.646
Computer equipment	239.280
Communications equipment	36.532

## 16. Investment properties

The following is the detail of investment properties

	<u>Dec. 31,</u> <u>2016</u>
	-
Investment properties - plot of land	\$ <u>27.000.000</u>

At December 31, 2016 there were no restrictions on investment properties.

During 2016, the Parent made an investment agreement with the PA Pactia SAS investment trust, for the construction, development, start-up and operation of the Hotel Project. As a result, and in compliance with the Parent's obligations, a contribution was made of a plot of land worth \$27,000,000. The land was recorded in the books for the value of \$8,237,827; however, taking account of the valuation made on July 21, 2016 by experts, who evaluated the characteristics of the land and its future use, they determined that a fair value as a contribution to the construction of the hotel construction business through the association between the Parent and PA Pactia would be \$27,000,000, representing a profit of \$18,763,481.

The value of the plot of land was determined through an independent expert report from Borrero Ochoa y Asociados, who are engaged in projects and valuations, and are specialists in matters of valuation and consultancy, being also members of the Bogotá Property Exchange, and the national association Fedelonjas. The firm has 17 years' experience making valuations for more than 196 companies in Colombia. The valuation also took account of the market value of the land, the impact of the business node formed by CICB-AGORA, the Corferias Fairs Center, and its closeness to the airport and new urban centers which have appreciated sharply in value.

## 17. Financial debt

The following is the detail of financial obligations

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
	-	-
Short term financial debt	\$ 4.400.000	2.009.407

Long-term financial debt	<u>13.200.000</u>	<u>5.600.000</u>
	\$ <u><u>17.600.000</u></u>	<u><u>7.609.407</u></u>

On October 26, 2016 the Parent took a loan of \$5,000,000 from Banco AV Villas at DTF+3.58% EAR with amortization of capital and interest quarterly in arrears. On December 29, 2016, it took two further loans from the same bank, one of \$3,000,000 at DTF+3.58 EAR with amortizations of capital and interest quarterly in arrears and the other for \$2,000,000 at DTF+3.65%EAR with amortization of capital and interest quarterly in arrears.

Year	Opening balance	New debt	Capital repaid	Interest paid	Closing balance	Interest Payable
2016	5.609.407	10.000.000	1.609.407	440.209	14.000.000	3.086.964
2015	5.100.000	4.009.407	3.500.000	449.738	5.609.407	681.556

The increase in the Parent's borrowings was due to the execution of the projects of Active Border and the construction of the Hotel and the lands on Av. Americas

On December 22, 2016 the subsidiary took a loan of \$2,000,000 from Banco AV Villas at DTF+3.65 AER for 5 years and amortization of capital and interest quarterly in arrears; and on December 30, 2015 it took a loan of \$2,000,000 from Banco AV Villas at DTF+3.8% AER.

Year	Opening balance	New debt	Capital repaid	Interest paid	Closing balance	Interest Payable
2016	2.000.000	2.000.000	400.000	186.431	3.600.000	892.460
2015	-	2.000.000	-	-	2.000.000	-

The increase of borrowings by the subsidiary was due to cash requirements for the operations of Puerta de Oro in Barranquilla.

At December 31, 2016 and 2015 the Parent and subsidiary had given no guarantees for their borrowings.

## 18. Accounts Payable

The following is the detail of Accounts Payable

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
	-	-
Payables in Colombia	\$ 1.580.984	424.436
To contractors (1)	5.359.591	2.404.112
Costs and expenses payable (2)	13.971.715	12.839.994
Dividends or capital yields payable (3)	222.074	196.260
Tax withholdings	2.129.601	922.965
Turnover tax withholdings	126.289	80.372
Payroll withholdings and contributions	70.476	108.880
Sundry creditors	54.496	59.552
Salaries payable (4)	5.260	47.049
Severance accrual (4)	629.544	503.719
Interest on severance accrual (4)	74.231	62.103
Holiday accruals (4)	318.578	222.521
Discretionary benefits (4)	136.385	90.107
Withholdings from third parties under contracts	<u>457.562</u>	<u>427.594</u>
	\$ <u>25.136.786</u>	<u>18.389.664</u>

(1) For 2016 and 2015, among current Accounts Payable there are balances corresponding to invoices pending payment to contractors by the Parent and subsidiary, for advertising and commissions of \$931.503 and \$361,308, respectively. In addition, there are profits pending payment for the execution of fairs in association with strategic allies for \$2,200,043 and \$ 566,722, respectively. There are also other items such as stand installations, electrical installations and interpretation services provided for events: the auto fair and the craft fair (Expoartesaniás), held at the end of 2016 and 2015, and Almax and IDO SENA held in 2016.

(2) The costs and expenses payable correspond to:

	<u>Dec. 31,</u> <u>2016</u>	-	<u>Dec. 31,</u> <u>2015</u>
	-	-	-
Financial costs	\$ 190.390		-
Fees	902.857		270.236
Technical services	48.474		-
Maintenance services	1.479.755		31.542
Rent	262.400		115.899
Transport and freight charges	100.439		14.031
Public services	16.580		-
Insurance	67		74.472
Travel expense	-		501
Entertainment and public relations	3.912		4.705
Other (*)	6.098.873		4.655.290
Other payables (**)	<u>4.867.968</u>	-	<u>7.673.318</u>
	<u>\$ 13.971.715</u>		<u>12.839.994</u>

\*In 2016, accounts payable correspond to sundries, principally the purchase of the trademark Mueble y Madera, for which there is a balance payable of \$1,947,500. There is also the closure of the escrow agreement for ARTBO of \$696,447 and finally the liquidation of the defense fair Expodefensa for \$ 605,838. The remaining balance of \$2,849,088 corresponds to Accounts Payable from the company's operations, to be paid in 2017.

\*\*Other accounts payable, established in order to attend to expenses which contractors and suppliers had not invoiced by the end of the period, for services rendered in December.

(3) In 2016, dividends were declared for \$ 16,042,900 of 2015 profits, and during the year dividends were paid for \$ 16,042,900, with a final balance in the period of \$222,074 in dividends

(4) Corresponds to the provision for employee benefits paid in for the year for \$1,163,998, for 2016; and \$925,499 for 2015.

## 19. Taxes payable

The following is the detail of the tax liability:

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
	-	-
Income and related taxes	\$ 151.497	1.296.169
Sales tax payable	1.032.581	1.185.801
Turnover tax	350.001	336.089
Tourism tax	75.354	69.863
Public performance tax	1.987	-
National consumption tax	<u>98.446</u>	<u>54.770</u>
	<u>\$ 1.709.866</u>	<u>2.942.692</u>

These are balances payable for taxes at December 2016 and 2015 under current tax regulations applicable to the Parent and subsidiary.

The lower balance of income tax due is due to a downturn in fair activity of the Parent, with a consequent fall in revenues.

## 20. Employee benefits

The following is the detail of provisions for employee benefits

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
	-	-
Defined-benefit obligations at the beginning of the period	\$ 1.791.146	1.882.462
Interest cost	143.854	135.684
Benefits paid directly by Corferias	(209.000)	(195.000)
Gain (loss) due to actuarial assumptions	<u>274.000</u>	<u>(32.000)</u>
Defined-benefit obligations at the end of the period	<u>\$ 2.000.000</u>	<u>1.791.146</u>

The actuarial studies for pensions include the following actuarial suppositions.

## Hypotheses used

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Discount rate	7,60%	8,50%
Pension increase rate	3,00%	3,50%
Inflation rate	3,00%	0,00%

## Payments expected over the next 10 years (\$ millions)

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Year 1	217	203
Year 2	222	209
Year 3	226	213
Year 4	228	216
Year 5	228	217
Next 5 years	1.051	1.024

<i>Measurement date</i>	<i>December 31, 2016</i>
<i>Discount rate</i>	<i>For financing the year end December 31, 2015 and estimated cost for year ending December 31, 2016: 7.6%. For financing the year end December 31, 2016 and estimated cost for year ending December 31, 2017: 7.0%</i>
<i>Inflation</i>	<i>For financing the year end December 31, 2015 and estimated cost for year ending December 31, 2016: 3.0%. For financing the year end December 31, 2016 and estimated cost for year ending December 31, 2017: 3.50%</i>
<i>Pension increase rate</i>	<i>For financing the year end December 31, 2015 and estimated cost for year ending December 31, 2016: 3.0%. For financing the year end December 31, 2016 and estimated cost for year ending December 31, 2017: 3.5%</i>
<i>Retirement age</i>	<i>Men: 62 years. Women: 57 years</i>

The liability for defined-benefit plans was calculated using the "projected credit unit" method. The method consists of quantifying the benefits each participant in the plan, to the extent that he or she is entitled to them, taking account of future salary increases and a formula of the plan for the allocation of benefits. Valuations are made individually for pensions. Through the application of actuarial hypotheses, calculations are made of the amount of the benefit projected, which depends on the estimated date of termination, length of service completed, and salary at the time the benefit is due.

In order to make the calculation, a single scenario was adopted from actuarial hypotheses for a range of reasonable possibilities. However, the future is uncertain, future experience of the plan will be different from the suppositions made, to a greater or lesser extent.

Likewise, in order to attend to the terms of Decree 1625 of October 11, 2016 with regard to actuarial calculations, the present value of the pension liability for account of the Parent is also determined annually on the basis of studies in accordance with Superintendency regulations, and Article 2 of Ministry of Finance Decree 2783 of December 20, 2001.

The reserve at December 2016 is \$1,848,100 and for 2015, \$1,788,403, representing a variation of 334% over the year. According to the staff groups reported, the result is as follows:

<b>Personnel</b>	<b>Group Size Reserves</b>		
Shared pension	2	4	1,813,298
Shared beneficiary	5	1	34.802
<b>Total reserve at December 31, 2016</b>	<b>5</b>	<b>5</b>	<b>1,848,100</b>

Amortizations will be charged to Results, following Ministry of Finance Decree 4565 of December 7, 2010

The Parent adopted Article 1 of Ministry of Finance Decree. 65 of December 2010, electing to amortize the actuarial calculation generated by mortality tables of men and women annuitants updated by the Superintendency in Resolution 55 of July 30, 2010, since the Parent had already amortized 100% of the actuarial reserve at December 31, 2009.

Finally, and following the requirements of Decree 2131/2016, the following disclosure is made of variables used and the differences between the calculation of post-employment liabilities determined under IAS 19, and the parameters of Decree 6025/2016.

Under IAS 19, the hypothesis used to determine obligations for defined benefits the discount rate was 7%; the rate of increase of pensions and salary inflation of salary of 3.5%; and under Decree 4565 of December 7, 2010, the calculation of the pension liability uses the technical interest rate, 4.8%. Therefore, the difference between calculation made using local government requirements and COL-IFRS is \$151,900 for 2016 and \$2,743 for 2015.

## 21. Other financial liabilities

The following is the detail of other financial liabilities:

	<u>Dec. 31,</u> <u>2016</u>	-	<u>Dec. 31,</u> <u>2015</u>
	-	-	-
Deposits received for fairs and events (1)	\$ 3.479.670	-	1.352.139
Deposits received for project management	16.429.149	-	-
Income received for third parties	<u>4.062</u>	-	<u>286.487</u>
	<u>\$ 19.912.881</u>		<u>1.638.626</u>

(1) The following is the detail of deposits received for fairs and events:

	<u>Dec. 31,</u> <u>2016</u>	-	<u>Dec. 31, 2015</u>
	-		
Feria Internacional de Bogotá	\$ 13.523		356.429
Agroexpo	480.293		2.531
Feria Internacional del Libro	43.228		31.697
Feria del Hogar	101.405		70.552
Expoartesánías	83.359		59.788
Gran salón Inmobiliario	45.084		18.963
Sofa	720		2.171
Expoconstrucción & Expodiseño	1.713.119		21.416
Expo Oil & Gas	-		3.133
Expodefensa	-		702
Eficiencia y Seguridad	5.595		35.282
Exposición Nacional Ganadera	25.637		24.799
Feria Internacional de Transporte	-		4.578
Artbo	41.615		15.159
Meditech	435		436.516
Minor non-Fair Events	43.741		13.767

Alimentec	24.466	145.062
Expoestudiante Nacional	-	410
Belleza y Salud	91.582	7.450
Fima Feria del Medio Ambiente	702	21.588
Expande	-	17.400
Automatisa	38.151	-
Salón Internacional del Automóvil	1.701	-
Andigráfica	61.163	-
F-AIR	16.897	-
Expo Oil & Gas	58.142	-
MICSUR	18.486	-
Andinapack	408.378	-
Otros	391	62.746
Feria de Construcción Puerta de Oro	1.868	-
Oferta Inmobiliaria Puerta de Oro	622	-
Sabor Barranquilla	3.437	-
Agroexpo Caribe	58.623	-
Feria del Hogar Caribe	4.522	-
Expodrinks	95	-
Suppla	41.035	-
Telefónica	39.655	-
John Maxwell en Colombia	<u>12.000</u>	<u>-</u>
	<u>\$ 3.479.670</u>	<u>1.352.139</u>

(1) Corresponds to deposits received from customers during the year for participation in fairs such as Expoconstrucción y Diseño for \$1,713,119 Agroexpo for \$480,293, Andinapack for \$408,378 (to be held in May, June and November 2017, respectively) amongst others. These funds are received up to one year in advance, and then applied to the invoice of the exhibitor's participation in the Fair.

(2) Deposits received for project management totaled \$16,429,149, mainly comprising the contribution received by P.A.Pactia as investor in the Hotel Project for \$16,395,979 in accordance with the investors' agreement signed in September 2016. The amount of this contribution and that of the Parent as investors is recognized as construction in progress and investment properties.

## 22. Non-financial liabilities.

The following is the detail of non-financial liabilities:

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Rent-Servientrega S.A.	\$ 39.759	36.745
Participation in fairs (1)	<u>8.351.206</u>	<u>4.019.246</u>
	<u>\$ 8.390.965</u>	<u>4.055.991</u>

(1) Corresponds in 2016 to advance revenues for participation in Parent Fair to be conducted in 2017. The most important of them are Andinapack for \$2,881,023, Expoconstrucción and Expodiseño for \$2,061,860, Agroexpo for \$335,436, Virtual Educa for \$346,907 and Sponsorships for \$1,463,475, all to be held in 2017. In 2015 the most important were for the Bogota International Fair, \$1,059,550, the Congress for Cities and Local Government for \$732,758, Mueble y Madera Industrial Show for \$650,000 and Sponsors for \$1,436,923, all held in 2016.

## 23. Other Provisions

The following is the detail of other provisions:

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Accruals and provisions	\$ <u>2.398.435</u>	<u>2.064.050</u>

Legal contingency provisions were increased in 2016 following a reports from outside counsel. A provision of \$2,064,050 was made in 2015 for contingencies considered likely to materialize.

## 24. Capital

At December 31, 2016 authorized capital was for 200,000,000 shares of par value \$10 (pesos) and subscribed and paid capital at December 31, 2016 and 2015 was

formed by 167,391,943 ordinary shares

At December 31, 2016 and 2015 the Parent held 104,146 shares in Treasury, their rights being suspended while in that situation.,

All shares issued are fully paid.

Holders of ordinary shares are entitled to receive dividends periodically as declared; and each shareholder has one vote in General Meetings.

## 25. Reserves

The following is the detail of reserves:

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
Mandatory reserve	\$ 839.707	839.707
Reserve for repurchase of own shares	1.164	1.164
Own shares repurchased	(1.041)	(1.041)
Voluntary reserves (1)	<u>69.449.661</u>	<u>53.405.790</u>
	<u>\$ 70.289.491</u>	<u>54.245.620</u>

Corporate entities are required to set aside 10% of their annual net profits to a Mandatory Reserve until that reserve reaches 50% of subscribed capital. The reserve may be reduced to less than 50% of subscribed capital in order to absorb losses in excess of undistributed profits, but may not be used to pay dividends or cover expenses or losses while the entity has undistributed profits.

- (1) At the Annual General Meeting held on March 29, 2016 it was decided to increase the voluntary reserve by \$16,043,871 in order to leverage projects such as the modernization of the Verde and Americas parking facilities. The amount set aside in 2015 was \$11,471,949.

## 26. Results of the convergence process

	<u>2016</u>	<u>2015</u>
	-	-
Results of the IFRS convergence process	\$ <u>324.077.638</u>	<u>324.254.758</u>

In 2016 and 2015 the variation is caused by adjustment of investments to cost and adjustments to deferred taxes, as follows:

	<b>Movement</b>
<b>Balance at December 31, 2014</b>	\$ 325.266.798
Deferred tax adjustment	(1.191.281)
Investments adjustment	179.241
<b>Balance at December 31, 2015</b>	<u>324.254.758</u>
Deferred tax adjustment	(27.878)
Investments adjustment	<u>(149.242)</u>
<b>Balance at December 31, 2016</b>	<u>\$ 324.077.638</u>

## 27. Income from ordinary activities

The following is the detail of income from ordinary activities:

	<u>2016</u>	<u>2015</u>
Food and beverages (1)	\$ 5.039.115	3.990.196
Property, business and rental activities(2)	18.029.014	20.262.038
Entertainment and leisure	99.878.741	94.521.936
Parking facility administration (4)	<u>3.138.917</u>	<u>2.727.422</u>
	<u>\$ 126.085.787</u>	<u>121.501.592</u>

(1) Food and beverages. This records revenues from the Parent and subsidiary's food and beverages service. Note that as part of the initiatives to move forward in the delivery of value-added services for the public in fairs and events conducted by the subsidiary, as of March 2016 the operation of food and beverages was implemented in Corferias Inversiones S.A.S.

(2) Property activities, Business and Rentals, This records revenues from the rental of space and the rendering of services related directly to the non-fair activities of the Parent and subsidiary. The events bringing in the greatest revenues in 2016 were MICSUR for \$3,079,590, CGLU for \$1,291,327, Plebiscito por la Paz \$1,159,854, Lego Fun Fest for \$1,123,578; and Delirio la Pinta, \$ 381,513.

(3) .Entertainment and Leisure. These revenues are earned from the rental of space and the rendering of services in the organization and conducting of Parent and subsidiary fairs. The Fairs with the greatest revenues in 2016 were the Bogotá International Fair, \$12,611,917, the Homes Fair for \$11,525,506; International Auto Show for \$9,899,069, the International Book

Fair for \$78,445,474, Expoartesanas for \$5,466,305 and Alimentec for \$5,112,039

The execution of the Fairs operating contract for Puerta de Oro, Barranquilla between the subsidiary and Centro de Eventos y Exposiciones del Caribe S.A.S. is designed to dynamize trade and business activity in the Caribbean Basin and in August 2016 fairs were launched there, opening with Sabor Barranquilla, which earned \$861,816; Feria de Construcción Puerta de Oro, \$851,425; Oferta Inmobiliaria Puerta de Oro, \$839,225; and "I DO SENA", \$756,874

- (4) Finally, the subsidiary reported revenues from the operation of parking facilities for \$3,138,917 in 2016 and \$2,727,422 in 2015, earned from exhibitors and visitors.

## 28 Other income

The following is the detail of other income:

	<u>2016</u>	<u>2015</u>
	\$	
Dividends and other capital yields (1)	1.047.484	1.240.177
Income from the equity method	-	11.443
Commissions	49.899	58.174
Profit on PP&E contributions (2)	18.763.481	-
Recoveries (3)	1.257.392	5.691.976
Other income	<u>400.748</u>	<u>207.579</u>
	\$	
	<u>21.519.004</u>	<u>7.209.349</u>

(1) Corresponds to dividends earned by the Parent arising from investments held in Alpopular, and La Previsora. These dividends or surpluses are recognized when declared. In 2016, an increase was recognized as a result of payments received for profits as follows: from Alpopular, \$ 1,020,725, of which \$306, 217 represented in shares and \$714,507 in cash, and from La Previsora, \$26,759, in cash.

(2) Recognition of fair value of the plot of land delivered as a contribution to the hotel construction by Parent to the project for \$27,000,000, appears in investment properties using the fair value model. This plot of land was recorded in the books for \$8,237,827. However, taking account of the fact of the valuation made on July 21, 2016 by the firm Borrero Ochoa y Asociados, evaluated the characteristics of the land and its future use, determined that the value of the land to the contribution to the hotel construction business through the association between the Parent and a private company was \$27,000,000.

(3) Includes other income due to recovery of expenses during 2016, from the previous period, such as receivables recovered for \$281,808 and payables for \$805,377; and recovery costs and expenses of \$ 163,408. In 2015, payables recovered were of the order of \$893,008, receivables recovered were \$322,738, and litigation provision recoveries of \$4,476,230.

(4) Other sundry income, such as repayments for sick ness benefit, retail sales and elements of third parties, recoveries of telephone services, in indemnities for damage by third parties.

## 29. Overhead

The following is the detail of overhead:

	<u>2016</u>	<u>2015</u>
	-	-
Payroll expense (1)	\$ 19,031.919	16,114.349
Fees	3,158.661	1,676.037
Taxes (2)	4,195.254	4,044.120
Rent	485.761	556.247
Contributions and affiliations	668.019	266.922
Insurance	95.052	33.044
Insurance amortization	366.594	363.035
Services (3)	3,850.660	3,984.020
Legal expenses	58.093	155.892
Maintenance and repairs	1,286.162	1,564.200
Remodeling and installation (4)	1,794.675	1,863.298
Travel expense	631.686	367.995
Depreciation	5,017.496	5,134.656
Amortizations	1,078.358	329.150
Sundry	1,820.411	2,410.466
Other (5)	<u>1,953.977</u>	<u>1,806.281</u>
	\$ <u><u>45,492.778</u></u>	<u><u>40,669.712</u></u>

The following is the detail of payroll expense:

	<u>2016</u>	<u>2015</u>
	-	-
"All-in" salaries	\$ 4.497.018	3.909.015
Pensions	417.560	195.472
Salaries and other personnel expenses*	7.564.707	6.355.550
Payroll taxes and employee benefits	3.227.888	2.773.769
Bonuses	395.169	419.043
Subventions **	118.058	90.810
Pension fund contributions	1.292.244	1.083.086
Health and occupational risks contributions	999.922	862.772
Other employment expenses ***	<u>519.353</u>	<u>424.832</u>
	<u>\$ 19.031.919</u>	<u>16.114.349</u>

Comprises salaries, overtime, commissions and sickness benefits. For this period, there is an increase of 2015 corresponding to the contracting of 19 employees for the subsidiary's operations in Puerta de Oro, Barranquilla at the end of the period.

\*\*Provides for subsidies for employees for transport and prepaid medicine

\*\*\*Comprises items such as uniforms for employees, staff training, sporting and recreation activities, et cetera

(2) Represents turnover tax, property tax, tourism tax, events tax, bank transaction tax, and the Fire Brigade surcharge.

(3) Comprises services such as cleaning, security, temporary staff, technical assistance, public services, and other overhead expenses for setting up events

(4) Comprises ornamental arrangements, signposting, installations and other services for setting up events.

(5) Expenses generated at the end of the period not fooled by suppliers and contractors, in particular, overhead for \$1,031,132 in 2016 and \$1,217,006 in 2015. There are also expenses for receivables impairment totaling \$922,844 in 2016 and \$579,303 in 2015.

### 30. Selling expenses

The following is the detail of selling expenses:

	<b>2016</b>	<b>2015</b>
Payroll expense (1)	\$ 4,744,796	4,157,418
Fees (2)	5,280,899	1,572,847
Taxes	365,760	45
Rent (3)	1,567,143	987,673
Contributions and affiliations (4)	5,344,222	6,840,990
Insurance	24,361	39,327
Services (5)	16,166,017	12,933,324
Legal expenses	201,668	18,061
Maintenance and repairs	324,779	176,056
Remodeling and installation (6)	10,711,139	9,103,650
Travel expense	1,287,871	830,640
Sundry (7)	4,349,769	3,599,324
Other (8)	<u>3,323,299</u>	<u>5,894,163</u>
	<u>\$ 53,691,723</u>	<u>46,153,518</u>

(1) The following is the detail of payroll expense

	<b>2016</b>	<b>2015</b>
	-	-
"All-in" salaries	\$ 104,908	-
Salaries and other personnel expenses *	2,802,392	2,537,095
Payroll taxes and employee benefits	994,622	895,704
Bonuses	132,777	94,303
Subventions **	67,825	69,170
Pension fund contributions	371,158	316,568
Health and occupational risks contributions	261,862	234,693
Other employment expenses ***	9,252	9,885

	4.744.796	4.157.418
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\*Comprises salaries, overtime, commissions and sickness benefit. This period, there is an increase of 2015 for the contracting of staff by the subsidiary operations in Puerta de Oro, Barranquilla. At the end of the period the subsidiary had 34 employees, of whom 31 worked in Barranquilla and 3 in the parking facility in Bogotá.

\*\*Includes subvention for employees for transport, and prepaid medicine

\*\*\*Comprises items such as employee uniforms, staff training, sports and recreation, incentives, et cetera.

(2) The increase in fees is due the execution of \$2,860,402 for artistic performances at the Cine and Música fair held in December 2016

(3) Comprises rental of machinery and equipment, items of decoration for fairs and events in Bogotá and Barranquilla

(4) Represents the participation of entities for the holding of a range of events by the Parent, in particular, the Colombian Book Chamber for \$1,482,017, and the holding of the international book fair; Fenalco Nacional for \$1,031,016 for the International Auto Show and Koelnmesse GmbH for \$ 1.002,079 for the Alimentec Fair.

(5) Comprises services such as cleaning, security, temporary staff, technical assistance, publicly services for the events of the Parent and subsidiary.

(6) Corresponds to ornamental arrangements, signposting, installations and other services to set up and take down fair events of the Parent and subsidiary.

(7)Corresponds to items such as stationery, decorations and signposting, cafeteria, taxes, and other necessary expenses for fairs.

(8) These are expenses generated at the end of the period and have not been invoiced by suppliers or contractors, in particular, provisions for the liquidation of firm partners, which were in 2016 \$3,323,299, principally for fair events such as the International Auto Show, Cine y Música, Expoespeciales, and the craft fair, Expoartesánías, and in 2015 \$4,677,157 mainly for fairs such as Andinapack, Expodefensa, Expoartesánías, the Caribbean Home fair and the Caribbean Construction fair.

### 31. Other expenses

The following is the detail of other expenses:

	Years ended on December 31,	
	2016	2015
Loss on sale and withdrawal of property and equipment	\$ 59.237	1.311.144
Loss on equity method	27.490	-

Other expenses (1)	<u>1.033.224</u>	<u>2.540.762</u>
	\$ <u>1.119.951</u>	- <u>3.851.906</u>

- 1) Corresponds to recognition of the provision for legal contingencies of \$334,1385 for 2016 and \$2,064,050 for 2015; also includes donations tpo Bogotá Convention Bureau for \$150,000

### 32. Financial income

The following is the detail of financial income:

Years ended on December 31,

	<u>2016</u>	<u>2015</u>
Savings account interest	\$ 395.744	380.693
Exchange difference	842.155	1.613.715
Discounts	<u>323.501</u>	<u>286.286</u>
	\$ <u>1.561.400</u>	<u>2.280.694</u>

Corresponds to income from yields on savings accounts held by the Parent and subsidiary and the exchange difference caused by the adjustment of receivables and payables in dollars at the closing rate for the year. It also includes supplier prompt-payment discounts.

### 33. Financial expenses

The following is the detail of financial expenses:

	<u>2016</u>	<u>2015</u>
Bank charges	\$ 3.100	29.460
Commissions	263.466	184.713
Interest	430.970	64.442
Exchange difference	935.325	799.552
Other	<u>16.259</u>	<u>10.931</u>
	\$ <u>1.649.120</u>	- <u>1.089.098</u>

Corresponds to expenses with various banks for interest and commissions and the

exchange difference arising from the dollar accounts.

### 34. Tax expense

The following is the detail of tax expense for the years ended on December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
	-	-
Current income tax	3.652.969	4.379.858
Capital gains tax	-	223.920
CREE of Corferias Inversiones S.A.S.	144.832	77.501
CREE surcharge of Corferias Inversiones S.A.S.	48.554	3.056
Income tax, previous periods	<u>177.331</u>	<u>1.187</u>
	<b>4.023.686</b>	<b>4.685.522</b>
Deferred tax for the year	<u>7.482.234</u>	<u>1.254.046</u>
<b>Total income tax expense</b>	<b><u>11.505.920</u></b>	<b><u>5.939.568</u></b>

#### Reconciliation of tax rates:

The tax regulations applicable to the Parent and subsidiary state that:

- The Parent was authorized, to be a Permanent Special Free Zone User-Operator in Resolution 5425 of June 20, 2008. Therefore, its income tax rate is 15% from 2008 to 2016, and 20% as of 2017, under Law 1819/2016.

The income tax expense for the subsidiary, following rules applicable to 2016, is:

#### *In Colombia*

- i. Taxable income is taxed at 25% in 2016.
- ii. As of January 1, 2013, Law 1607 of December 2012 created the equity tax (CREE), as a contribution by corporate and similar organizations for the benefit of workers, the generation of employment and social investment. The CREE tax for 2015 and 2016 and successive years is 9%. This tax was repealed as of January 1, 2017 by Law 1819/2016.
- iii. As of 2016, a surcharge is added to the CREE tax, for 5% in 2015, 6% in 2016, 8% for 2017 and 9% 2018. The surcharge was repealed as of January 1, 2017 by Law 1819/2016.
- iv. As of January 1, 2017, Law 1819/2 2016 eliminated the CREE tax and sets

an income tax rate die 2017 of 34% with a surcharge of 6%; for 2018, the rate is 33% with a surcharge of 4%; and for 2019 and after, the rate is 33%.

- v. The taxable base for income tax and CREE may not be less than 3% of net assets at the close of the previous year.
- vi. As of 2017, the rate for presumed income is 3.5%

The following is a detail of the reconciliation between the income tax expense of the Parent and subsidiary calculated at current tax rates, and the tax expense effectively recorded in the Statement of Results.

	<u>2016</u>	<u>2015</u>
Profit before tax	\$ 45.425.632	38.026.339
Theoretical tax	6.990.530	5.793.938
Presumed fiscal interest	27	-
Non-deductible expenses of previous periods	8.501	101.509
Non-deductible expenses, fines, litigation, sanctions	52.005	310.677
Non-deductible expense - property tax	216.358	182.589
Other non-deductible expenses	714.078	1.721.140
Non-deductible taxes	106.288	-
Non-taxable dividends	(157.123)	(168.273)
Recovery of costs and other non-taxable income	(125.430)	(352.544)
Marginal interval CREE	(48.000)	(40.000)
Effect of rate differences	3.937.283	222
Adjustment to CREE surcharge, previous year	-	1.187
Difference between >IFRS and fiscal profits	(365.929)	(1.375.992)
Adjustment to tax liability previous year	177.331	-
Effect of non-taxable base for capital gains on sale of intangibles	-	(234.885)
<b>Total income tax expense</b>	<b>\$ <u>11.505.920</u></b>	<b><u>5.939.568</u></b>

## Movement of deferred taxes

The differences between the bases of assets and liabilities for COL-IFRS and the taxable bases for the same assets and liabilities give rise to timing differences which generate deferred taxes calculated and recorded at December 31, 2016 and 2015, based on rates current for the years in which they would revert.

The effects of the timing differences implying the determination of higher or lower taxes in the current year, calculated at current rates, are recorded as a deferred tax asset or liability, as the case may be, provided that there is a reasonable expectation that such differences will revert. For the Parent, in 2016 the rate was updated to 20% in accordance with Law 1819/2016, and for 2015, the current rate was 15%.

	Balance at December 31, 2015	Credit, charged to Results	Balance at December 31, 2016
<b>Tax effects of deductible differences</b>			
Accounts receivable	\$ 87.425	144.458	231.883
Inventory of goods not made by Corferias	-	4.168	4.168
Trademarks	17.260	(17.260)	-
Property and equipment	5.557.930	1.711.022	7.268.952
Licenses	98.300	14.729	113.029
Costs and expenses payable	49.930	254.504	304.434
Employment obligations	4.632	907	5.539
Employee benefits	411	29.969	30.380
<b>Subtotal taxable timing differences</b>	<b>\$ 5.815.888</b>	<b>2.142.497</b>	<b>7.958.385</b>
<b>Tax effects of taxable tax differences</b>			
Investments in associates	(5.945.902)	(4.325.284)	(10.271.186)
Sundry debtors	(20.985)	(330.140)	(351.125)
Inventory of spares and accessories	(1.768)	(122.968)	(124.736)
Trademarks	(8.190)	(567.939)	(576.129)
Land	(20.688.406)	828.296	(19.860.110)

Accumulated depreciation	(10.822.827)	(2.812.935)	(13.635.762)
Investment properties	-	(2.237.400)	(2.237.400)
Deposits received for fairs and events	(151.041)	(39.923)	(190.964)
Monetary correction	(87.870)	(16.546)	(104.416)
Other	<u>(108)</u>	<u>108</u>	<u>-</u>
<b>Subtotal taxable timing differences</b>	<b>\$ <u>(37.727.097)</u></b>	<b><u>(9.624.731)</u></b>	<b><u>(47.351.828)</u></b>
<b>Total</b>	<b><u>(31.911.209)</u></b>	<b><u>(7.482.234)</u></b>	<b><u>(39.393.443)</u></b>

		-	
	<b>Balance at December 31, 2014</b>	<b>Credit, charged to Results</b>	<b>Balance at December 31, 2015</b>
<b>Tax effects of deductible differences</b>			
Investments in shares	\$ 1.191.281	(1.191.281)	-
Accounts receivable	175.029	(175.029)	-
Inventory of raw materials	299	87.126	87.425
Trademarks	9.565	7.695	17.260
Property and equipment	5.635.222	(77.292)	5.557.930
Licenses	130.040	(31.740)	98.300
Other assets	107.086	(107.086)	-
Costs and expenses payable	332.231	(282.301)	49.930
Employment obligations	1.380	3.252	4.632
Employee benefits	<u>7.059</u>	<u>(6.648)</u>	<u>411</u>
<b>Subtotal taxable timing differences</b>	<b>\$ <u>7.589.192</u></b>	<b><u>(1.773.304)</u></b>	<b><u>5.815.888</u></b>

	<b>Balance at December 31, 2014</b>	<b>Credit, charged to Results</b>	<b>Balance at December 31, 2015</b>
<b>Tax effects of taxable tax differences</b>			
Investments in associates	-	(5.945.902)	(5.945.902)

Sundry debtors	(36.340)	15.355	(20.985)
Inventory of spares and accessories	(4.185)	2.417	(1.768)
Accumulated amortization	-	(8.190)	(8.190)
Land	(26.749.675)	6.061.269	(20.688.406)
Accumulated depreciation	(10.006.416)	(816.411)	(10.822.827)
Monetary correction	(97.428)	9.558	(87.870)
Deposits received for fairs and events	(159.178)	8.137	(151.041)
Other	(1.853)	1.745	(108)
<b>Subtotal taxable timing differences</b>	<b>\$ (37.055.075)</b>	<b>(672.022)</b>	<b>(37.727.097)</b>
<b>Total</b>	<b>(29.465.883)</b>	<b>(2.445.326)</b>	<b>(31.911.209)</b>

	Balance at December 31, 2014	Credit, charged to Results	Reclassified to equity	Balance at December 31, 2015
<b>Tax effects of deductible differences</b>				
Investments in shares	\$ 1.191.281	-	(1.191.281)	-
Accounts receivable	175.029	(175.029)	-	-
Inventory of raw materials	299	87.125	-	87.425
Trademarks	9.565	7.695	-	17.260
Property and equipment	5.635.222	(77.292)	-	5.557.930
Licenses	130.040	(31.740)	-	98.300
Other assets	107.086	(107.086)	-	-
Costs and expenses payable	332.231	(282.301)	-	49.930
Employment obligations	1.380	3.252	-	4.632
Employee benefits	7.059	(6.648)	-	411
<b>Subtotal taxable timing differences</b>	<b>\$ 7.589.192</b>	<b>(582.024)</b>	<b>(1.191.281)</b>	<b>5.815.888</b>

Tax effects of taxable tax differences	Balance at December 31, 2014	Credit, charged to Results	Reclassified to equity	Balance at December 31, 2015
Investments in associates	\$ -	(5.945.902)	-	(5.945.902)
Sundry debtors	(36.340)	15.355	-	(20.985)
Inventory of spares and accessories	(4.185)	2.417	-	(1.768)
Accumulated amortization	-	(8.190)	-	(8.190)
Land	(26.749.675)	6.061.269	-	(20.688.406)
Accumulated depreciation	(10.006.416)	(816.411)	-	(10.822.827)
Monetary correction	(97.428)	9.558	-	(87.870)
Deposits received for fairs and events	(159.178)	8.137	-	(151.041)
Other	(1.853)	1.745	-	(108)
<b>Subtotal taxable timing differences</b>	<b>\$ (37.055.075)</b>	<b>(672.022)</b>	<b>-</b>	<b>(37.727.097)</b>
<b>Total</b>	<b>(29.465.883)</b>	<b>(1.254.046)</b>	<b>(1.191.281)</b>	<b>(31.911.209)</b>

In 2015 an adjustment was made to the Parent's deferred tax for \$1,191,281, referring to investments held by the Parent, Therefore, \$1,219,158 was recognized as retained profits in the Opening Statement of Financial Position, and \$27,877 in retained profits.

The Parent and subsidiary offset their asset and liability deferred taxes under Paragraph of IAS12, applying tax regulations then current in Colombia on the legal right to offset current tax assets and liabilities,

At December 31, 2016 and December 30, 2015 the Parent and subsidiary have no tax uncertainties that would require a provision to be made.

### 36. Related Parties

The Parent and subsidiary consider that *related parties* are its principal shareholders, directors and companies in which they hold more than 10% of the capital or they have economic, administrative or financial interests; and companies in which shareholders or directors have an interest of more than 10%

#### Receivables from related parties

The following is the detail of receivables from related parties:

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
Bogotá Chamber of Commerce (1)	\$ 204.758	1.478.305
Key management personnel (2)	213.437	111.309
PA Centro Internacional (3)	1.771.520	1.419.253
Shareholders	<u>59.163</u>	<u>310.253</u>
	<u>\$ 2.248.878</u>	<u>3.319.120</u>

(1) Corresponds to technical advisory services for \$90,000 in the MICSUR event, and \$14, 7584 the craft exhibition (Expoartesánias) in 2016, for rent, technical advisory services and exhibition support. In 2015, this represents technical advisory service during the ARTBO event.

(2) In 2016 and 2015, this represents loans made to the Management Committee, for home purchase, vehicle purchase and other purposes of personnel welfare. All of these loans were offered on the same conditions as to other Parent employee.

(3) The variation represents receivables for withholdings made in November and December 2016 for the purchase of goods and services for the Agora Convention Center, under the escrow for \$250,623. It also includes the Urban Development License for the Convention Center, for \$108,824. In 2015, this amount corresponds to a payment made in December 2015 by the Parent on behalf of the CICB escrow for \$1,419,253, for the Urban Outline tax of the Convention Center.

#### Accounts payable to Related Parties

The following is the detail of accounts payable to related parties:

	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
	-	-
Bogotá Chamber of Commerce (1)	\$ 696.447	2.260.795
Alpopular Almacén General de depósitos	1.062	-
Key management personnel (2)	338.055	290.722
Shareholders (3)	<u>437.866</u>	<u>1.071.139</u>
	<u>\$ 1.473.430</u>	<u>3.622.656</u>

(1) Corresponds to a balance payable from the liquidation of the profits of ARTBO 2016 and 2015, as shown in the closedown statement.

(2) Represents commissions pending payment to personnel for activities in 2016 and 2015

(3) The balance corresponds to accounts payable to shareholders for dividends for prior periods, for \$215,844 in 2016. It also represents collection of the administrative and financial services provided to the International Security Fair ESS, for \$132,782 in 2016 and \$299,514 in 2013, and the calculation of profits for that Fair for \$488,737 in 2015.

#### **Bogotá Chamber of Commerce**

	<u>2016</u>	<u>2015</u>
Income		
Property, business and rental activities	\$ 775.913	22.132
Entertainment and leisure	<u>2.162.026</u>	<u>2.056.220</u>
	\$ <u>2.937.939</u>	<u>2.078.352</u>
Overhead		
Payroll	\$ 2.045	387
Fees	6.304	-
Insurance	6.575	8.539
Legal expenses	<u>6.083</u>	<u>4.237</u>
	\$ <u>21.007</u>	<u>13.163</u>
Selling expenses		
Legal expenses	\$ <u>158</u>	<u>216</u>

#### **Alpopular Almacén General de Depósitos**

	<u>2016</u>	<u>2015</u>
Investments	\$ <u>10.334.261</u>	<u>10.220.514</u>
Income		
Property, business and rental activities	\$ 879	382

Entertainment and leisure	-	100
Dividends and other capital yields	<u>1.020.725</u>	<u>1.183.568</u>
	\$ <u>1.021.604</u>	<u>1.184.050</u>
<b>Overhead</b>		
Rent	11.331	10.773
Legal expenses	<u>-</u>	<u>2.656</u>
	\$ <u>11.331</u>	<u>13.429</u>
<b>Key management personnel</b>		
	<u>2016</u>	<u>2015</u>
<b>Overhead</b>		
Payroll	\$ 3.591.936	2.973.924
Fees	240.824	243.734
Travel expenses	20.495	24.103
Other	<u>1.198</u>	<u>144</u>
	\$ <u>3.854.453</u>	<u>3.241.905</u>
<b>Selling expenses</b>		
Travel expense	\$ <u>5.074</u>	<u>25</u>
	-	-
<b>PA Centro Internacional CICB</b>		
	<u>2016</u>	<u>2015</u>
Investments	\$ <u>62.810.968</u>	<u>61.307.795</u>
<b>Overhead</b>		
Legal	\$ <u>-</u>	<u>123.741</u>
<b>Shareholders</b>		

	<u>2016</u>	<u>2015</u>
Income		
Hotels and restaurants	\$ 25.680	29.417
Property, business and rental activities	197.374	137.790
Entertainment and leisure	<u>4.257.261</u>	<u>6.823.189</u>
	<u>\$ 4.480.315</u>	<u>6.990.396</u>
Overhead		
Payroll	\$ 357.845	343.881
Rent	3	-
Contributions and affiliations	5.350	5.000
Services	245	-
Travel expenses	245.057	149.310
Other expenses	<u>19.652</u>	<u>32.390</u>
	<u>\$ 628.152</u>	<u>530.581</u>
Selling expenses		
Fees	\$ 132.782	223.278
Rent	-	342.839
Contributions and affiliations	363.578	1.123.003
Services	68.107	244.588
Remodeling and installation	-	40.515
Travel expense	638.239	362.843
Other	<u>180</u>	<u>35.952</u>
	<u>\$ 1.202.886</u>	<u>2.373.018</u>

### 36. Profit per share

The calculation of basic profit per share at December 31, 2016 was based on the profit of \$33,919,712, attributable to ordinary shareholders, and the weighted

average number of ordinary shares outstanding was 167,391,943.

### **37. Subsequent events**

There were no situations arising between December 31, 2016 and the date of the Statutory Auditors report which could have an impact on the financial statements.

### **38. Financial statements**

The Consolidated Financial Statements and accompanying Notes were approved by the Board of Directors in Minute 1350 of January 25, 2017, to be presented to the Annual General Meeting, which may approve or modify them.