



corferias 

Generadores de  
Oportunidades y Progreso

# MANAGEMENT REPORT

2017

*Annual  
General  
Meeting*

AGORA  
BOGOTÁ  
CENTRO  
DE CONVENCIONES

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

**MANAGEMENT REPORT  
2017**

# MANAGEMENT REPORT 2017

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## DIRECTORS OF CORFERIAS 2017 - 2018

### President

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### Vice-President

Enrique Vargas-Lleras

### Principal

Jaime Mantilla-García

Enrique Vargas-Lleras

Gonzalo Echeverry-Garzón

Guillermo Botero-Nieto

María del Rosario Sintés-Ulloa (independent)

Mónica de Greiff-Lindo

José Blackburn-Cortés

Camilo Reyes-Rodríguez (independent)

### Alternate

Juan David Ángel-Botero

Juan Luis Hernández-Celis

Luis Fernando Ángel-Moreno

Juan Diego Trujillo-Mejía

Gilberto Gómez-Arango (independent)

Martha Yaneth Veleño-Quintero

Leonor Serrano de Camargo

Ricardo Ávila-Pinto (independent)

### Honorary

Reinhard Kling-Bauer

Jorge Perdomo-Martínez

Oscar Pérez-Gutiérrez

Hernando Restrepo-Londoño

Gonzalo Serrano-Orejarena

Enrique Stellabatti-Ponce

## MANAGEMENT COMMITTEE

Andrés López-Valderrama  
**Executive Chairman**

Mario Cajiao-Pedraza  
**Vice-President, Planning and Corporate Affairs**

Roberto Vergara-Restrepo  
**Director, International Business**

Mauricio Paredes-García  
**Deputy Director**  
**Risks and Operations**

Martín Camargo-Pérez  
**Deputy Director**  
**Technical and**  
**Infrastructure**

Marisol Suárez-Laverde  
**Deputy Director, Fairs**

Alexandra Torres-Asch  
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**Ágora Bogotá**

Natalia A. Riveros-Castillo  
**Company Secretary**

Juan Esteban Pérez  
**Executive Director - Puerta de Oro**

Elizabeth Arias-Ávila  
**Communications and Advertising Manager**

Patricia Sandoval-Marin  
**Internal Auditor**

## **MANAGEMENT REPORT 2017 FROM THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER.**

The success of operations of **Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca – CORFERIAS** lies in teamwork between the Board of Directors, the Management Committee, and all our staff, to whom we offer our most sincere thanks for their dedication and hard work.

During 2017, CORFERIAS continued to strengthen its portfolio of fairs for the benefit of the business sector, and consolidated the dynamics of innovation and internationalization; it successfully implemented a strategy to strengthen existing fairs, develop new business platforms, and consolidate the Regional Hub fairs.

In the area of infrastructure, and as a result of the joint efforts of the Bogota Chamber of Commerce, the Government and CORFERIAS, the construction of the Agora Convention Center was completed, as a piece of infrastructure which will undoubtedly be a landmark in the history of Colombia.

Aside from this important project, and as an integral part of the vision that we must create a Fairs, Events and Conventions Center in the CORFERIAS facility, improvements were made on the infrastructure along the south border of the area, with the construction of the Active Border on Avenida de la Esperanza, in which a pedestrian zone is integrated into a vegetation zone, and there are commercial spaces to attend to exhibitors and visitors, making CORFERIAS part of its surroundings, and in particular, with the Agora Bogota Convention Center.

Important progress was also made on the Hotel Hilton Corferias project within the CORFERIAS facility, completing more than 70% of construction work, on track for the hotel to be opened in the second half of 2018.

Work also continued with the operation of the Puerta de Oro facility in Barranquilla, where a number of fairs and events were held, consolidating its presence of CORFERIAS in the Caribbean region.

After the five years of the 2012-2017 Strategic Planning cycle - in which CORFERIAS obtained excellent results in the lines of modernization, internationalization, innovation, services and corporate social and environmental responsibility - a decision was taken to develop a new strategic and forward-looking planning exercise as a response to new challenges, and taking advantage of opportunities arising in new global trends in the fairs industry. 2017 was not only a year of important results: it was also the beginning of a new strategic cycle for CORFERIAS as a generator of opportunities and progress.

The following is a description of progress made in each of the objectives defined in our strategic planning framework, on different lines of action

### **1. MODERNIZATION**

#### **1.1. INFRASTRUCTURE**



During 2017, work on infrastructure development concentrated mainly on Agora Bogotá, the hotel, the offices, and the Active Border on Avenue de la Esperanza.

Agora Bogotá started the year with some major changes in the final stage of project execution, because of the start-up of operations had been scheduled for the last quarter of 2017, a timetable that demanded major efforts from all partners in the project involved in construction and operation (the Chamber of Commerce, hoteliers and the Government). The result was the successful holding of programmed events in this important Center as of October.

The CORFERIAS hotel entered the basic construction phase: foundation works were completed, and the construction of the superstructure started. Further, the target deadline for the completion of 61% of total investment by December 2017, set by the Government as a condition of tax benefits for this type of development was easily met.

The Active Border on Avenida de la Esperanza entered its final construction development phase, ensuring that it would be operational in the first quarter of 2018.

We offer below an individual account of progress and achievements in each of the projects throughout 2017.

### **1.1.1. HILTON HOTEL CORFERIAS AND OFFICES**



THE HOTEL – seen from Cra 37, to the south

Throughout 2017, project activities concentrated on the construction of the concrete superstructure for the 17 floors of the tower. Work was successfully completed as a result of the implementation of a mixed construction system with pre-stressed prefabricated elements, for the items in the concrete slabs and the use of prefabricated formers for columns. This system made it possible for the main concrete structure and floors to be put up very quickly, completing this phase of the project in the second week of December.

In general terms, the structure reached floor 17, the façade floor 12, walls and floor levelling floor 14, and networks floor 12: the project closed the year with more than 61% of the investment forecast completed, which was higher than the target expected.



Façade of Cra 37: Platform, first 4 levels and tower floors 5-17.



View from the corner of Avenida de la Esperanza. The bulk of the Ball Room **can** be seen in the corner.

### 1.1.2. ACTIVE BORDER, AVENIDA DE LA ESPERANZA

The idea behind this project is to develop infrastructure of some 13,000 m<sup>2</sup> to improve the relationship between CORFERIAS and its surroundings on Avenida de la Esperanza, by adapting its presence in the area of the city, and resolving the relationship that should exist between CORFERIAS, the Agora Bogotá Convention Center, and the Hotel Hilton Corferias.



ACTIVE BORDER (renewal of the south side of the facility, seen from the terrace of Agora).

With the completion of this project, the new relationship with Agora, the surrounding area on Avenida de la Esperanza was consolidated, providing a fresh presence for the exhibition center, and giving the city green zones, with the planting of trees and avenues, with a significant increase in space for public use.

Some of the features of the project are:

- 3273 m<sup>2</sup> of space for the public to enjoy
- 6 meeting rooms, with capacity to hold 60-140.
- Three restroom units on the ground floor, each for 12 persons (men, women, and disabled)
- 7 commercial spaces of 81 m<sup>2</sup> located on floor 2
- 2 ATMs
- 2 restroom units on the floor 2 (each serving 16 men, women, disabled, and family toilets).



Throughout the first half of 2017, work continued on the completion of the surface foundations, and the superstructure in brushed concrete, as one of the architectural features of the project. Water storage tanks were built, designed to collect rainwater for irrigation systems and the sanitation systems in the project. Progress was made in the construction of the internal service networks, and in the construction of external networks to ensure that the internal systems of the facility will be correctly installed.



During the second half of the year, work began on the construction of finishes, public spaces, waterproofing and floor-tiling, and the production and installation of woodwork, metalwork and windows.

In November, it was decided to extend the scope of the urban development work into the inside of the facility in order to improve the immediate surroundings of the project in relation to the free areas around it. This urban development work, and other remaining activities will be completed during the first quarter of 2018, when the when it is planned for the project to start operations.

### **1.1.3. INTERNATIONAL CONVENTION CENTER, AGORA BOGOTA.**

Agora, is a meeting-point of Colombians and visitors from other countries: it is an imposing item of infrastructure, which we could rightly describe as one of the most important convention centers in Spanish America.

Agora is the result of a solid institutional alliance between the Bogota Chamber of Commerce, CORFERIAS and the Government through FONTUR, as leaders of a remarkable public-private association.

The qualities of this mega-work place it at the forefront of the world's major convention centers. It has a total area of 65,000 m<sup>2</sup>, multifunctional areas distributed over five floors and 18 meeting rooms which are ideal for holding, congresses, meetings, exhibitions and public performances; and the largest of them is a single space, unique in the region, holding 4000.

The design of this iconic building follows principles of transparency, luminosity, and integration with its environment, with respect for green zones. It has state-of-the-art artificial lighting on the on the façade, and LEDs integrated into the operation of the building on miles of edges.

### 1.1.3.1. INFRASTRUCTURE



**AGORA BOGOTÁ- Looking west from Avenida de la Esperanza**

The work of the Bogota Chamber of Commerce, CORFERIAS, and the Government in the development of construction and infrastructure, successfully met the scheduled target to initiate to start operations on October 4, 2017, with the inauguration of the World Youth Summit "One Young world". Work is now being advanced towards completion of the project, and it is estimated that, although it is already in operation, there will still be adjustments and refinements of technical systems in the building and complementary construction activities to be made throughout 2018.



The private link on floor 2 between Agora and CORFERIAS was also built in 2017 and facilitates synergies between the two teams.

Further, on the corner of CORFERIAS Pavilion 10, a reception space was made for the link to articulate movement connecting the Convention Center with CORFERIAS, towards the *Oscar Pérez Gutiérrez* Grand Hall in the exhibition center, and the commercial spaces of the Active Border of Avenida de la Esperanza.



### 1.1.3.2. CORFERIAS OPERATION OF THE AGORA BOGOTA CONVENTION CENTER

CORFERIAS began to operate events in the Agora Bogotá Convention Center in October 2017, in response to the challenge to operate events confirmed for the last quarter of the year.

The first event was the World Youth Council- One Young world (OYW) - meeting a commitment of the Bogotá Chamber of Commerce, the organizer and local partner.

Remarkably, the event attracted more than 2000 people, who over five days shared and discussed their experiences in entrepreneurship and social transformation around the world, bringing together major world leaders, including Kofi Annan, Bruce Dickinson, Vinicio Cerezo, Hope, Cher, Ron Garan, and others; and more than 3,000 young people from 96 countries. The event exceeded COP 23,000 million, in spending for Bogota.

In addition to OYW and operating only reservations for existing events before June, between October and December, Agora Bogota held 24 events, receiving more than 18,000 visitors from Colombia and abroad.

CORFERIAS, as operator of the Convention Center, has been promoting and commercializing its range of spaces, and in the CRM, it has now registered some 2,000 potential customers, for 1,500 events generating 268 opportunities for the commercial area, of which 85% are local and 15% are international. We continue to work on our target to internationalize Bogota hand-in-hand with the Conventions Bureau.

As a result of this work, the Commercial Department services an average of five inspection visits a day, and generates more than 50 quotations a month.

We also note that at December 31, 2017, there were more than 180 events confirmed for 2018, and through the following years through to 2024, in particular, the World Assembly for the International Association against Sexual Exploitation of Children (ECPAT), the III Latin American and Caribbean Convention Centers Congress, the Latin American and Caribbean Congress for Aquaculture, and the Colombian Zoology Congress, all in 2018; the Summit of the Americas of the Colombian Odontological Federation-FOLA-; the World Parks Congress, the Latin American Congress for Occupational Health and the National Congress for Pneumology and Thoracic Surgery in 2019; the Latin American Convention of ICANN and INTERPORE for 2020; the World Neurosurgery Congress in 2021, the International Conference of Auditors in 2023; and the Scientific Meeting of the International Society of Hypertension in 2024.

As support for the commercial efforts and the promotion of the Convention Center, we attended the following international fairs and events. The Travel Mart business Round (Bogota), IMEX (Las Vegas), Zona Mice (Bogota) FIEXPO (Chile), ICCA CLA (Panama) and ACCCLATAM 2017 (Punta del Este). This last event is the Latin America and the Caribbean Convention Centers Congress, which Agora Bogota will host in 2018. We should also note that CORFERIAS as operator entered as an affiliate of the International Association Convention Centers (AIPC), and continues to be a member of the International Congress and Convention Association (ICCA).

In the area of quotations, management of areas and accounting links – ERP - is a totally integrated function, and follows criteria of revenue management; it affords the commercial team with tools to make effective and competitive, and at the same time supports speeded-up customer service. At the end of the first quarter of 2018 this system will be automated, and fully operative.

Finally, there was a process of sharing the project with other with hotels in the city, and a model of commissions for sales agents was produced.

When the Convention Center came into operation, it became necessary to engage staff to attend to the operational events, and the scheme was as follows (i) in operations, a team was formed to handle infrastructure and the operation of the building, with five full-time professionals (infrastructure, maintenance coordinator, furniture and montage coordinator, maintenance officer, and infrastructure assistant); (ii) temporary staff, varying in numbers depending on needs between 5 and 30 throughout the year (iii) the sales area, with an Account Executive, a Service Director, a Market Intelligence Officer and Floor Supervisors were contracted; and (iv) Other hirings in the food and beverages area.

#### 1.1.4. PLAN FOR CONTINUOUS IMPROVEMENT OF THE FACILITIES.

Throughout 2017, and in complement to the development of the major projects mentioned, actions were taken to improve physical plant; the aim was to maintain the fairground in optimal operating conditions, in all the different areas, and to preserve the image and presentation of the premises.

Therefore, there were interventions in the area of the Food Plaza, particularly in the service areas, in order to optimize functional conditions. There was a general renewal of the CORFERIAS gardens to harmonize them with the incorporation of new green areas contributed by the Active Border, Agora and the Green Parking area. In addition, the works to improve and preserve the internal road network, and pillars in levels 1, 3 and 4 of the car park towers were intervened, to provide an effective solution to the various difficulties experienced in some spaces.



#### 1.1.5. PUERTA DE ORO, BARRANQUILLA



The official or legal handover of this area was completed in 2017, and the contractual term of 20 years for the alliance began to be counted. The technical handover also started, and is still in progress, since the intention is to work hand-in-hand with an independent external firm, with a clear scope and status for each of the components of infrastructure to be administered.

In Puerta de Oro, CORFERIAS worked to consolidate the central offices inside the Barranquilla facility. The result was that we found adequate accommodation for the working team of 41 staff, and an improvement in operations, due to the fact of being inside the Center, so that the rented offices could now be moved. Puerta de Oro, using a Temporary Union contractor responsible for the construction of the premises, made good progress in the execution and setting up of the control center that monitors the fairground. It contains the security control systems, CCTV camera controls, AA systems control and the building management system.

Improvements were also made to the loading area used for setting up and taking down events, including the installation of a door which made that space independent and controlled.

#### 1.1.6. HARMONIZATION OF THE EAB AND CORFERIAS MASTER PLANS.

CORFERIAS continued with the process of sharing with the city authorities the need and convenience of an overall vision of the area where it works. The intention is to integrate itself into its surroundings, and to guarantee that the fairground, the Convention Center and the neighbouring properties such as that of the water utility EAB

and the CORFERIAS ground on Avenue de las Americas should enjoy an appropriate relationship with each other.

Approaches continued with city agencies to present the project, and to shape the will to sign agreements as appropriate, and initiate the procedures required for implementation.

The prime objective is to ensure that EAB and CORFERIAS can come together to pursue a partial plan for the whole area, securing harmonious development in which each of the each of them can achieve their objectives

### **1.1.7. MOBILITY IN THE AREA OF INFLUENCE**



As a result of work with the Mayor of Bogota and the Local Mayor of Teusaquillo, there was a full intervention and recovery of Carrera 38 between Avenida de la Esperanza and the future Avenida del Ferrocarril. The work not only improves accessibility and the functioning of the new Convention Center Agora Bogotá substantially, but also and in complement, it will recover an important piece of public space for the city and the its immediate surroundings, in excellent condition, and it will help to generate future a future circuit around the Convention Center to facilitate the arrival and departure of vehicles there.

Further, CORFERIAS presented plans for traffic management to the City Planning Department, setting out actions required to implement and construct the project to modernize its facility, the construction of the Agora Convention Center, the hotel and the Active Border.

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

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

CORFERIAS maintains a system of quality management certified to ISO 9001-2008. In 2017, it conducted an internal audit cycle, in which a range of opportunities for improvement were discussed with those responsible for processes, and action plans were generated to provide continuous improvements to the system, and to prepare CORFERIAS for an exercise of external audit. Follow-up Audit II was conducted by the certification agency Bureau Veritas, and this again showed the commitment of all enablers, and no non-conformities or observations were identified.

The Quality and Process area provided academic formation related to the updating of the 2015 version of ISO 9001, in order to continue with the plan for transition to the new version, which contains additional topics such as the identification and treatment of risks and opportunities, the management of stakeholders, and the management of the CORFERIAS knowledge, amongst other topics. This transition plan had been worked on previously, and

jointly with the CORFERIAS risk management system.

In 2017, the C-Integra tool for risk management was published, and each of the risk matrices was identified for all the CORFERIAS processes, in order to maintain the dynamics of control and compliance with objectives for each process and the overall strategic objectives of CORFERIAS. An evaluation of those risks was made with the individuals responsible for processes, so that appropriate action could be taken as a contribution to continuous improvement. The Risks Committee maintained the dynamics of meetings held, in which specific controls were reviewed and new risks were identified. Further, new actions related to ISO-9001-2015 were shared, focused on the handling of opportunities, in which this Committee also takes part.

There was also a risk-based audit of internal controls on a range of macro processes, controls to corroborate mitigation were assessed. New risks were identified, and there was feedback for continuous improvement of internal processes, involving advisory services which proved effective and comprehensive.

In the course of these activities, the intention was that best practices would be strengthened, reflected in the observance of established policies and procedures, strengthening and emphasising the importance of corporate values, and contributing to the achievement of objectives through reasonable assurances in the pursuit of corporate purpose.

In the first four months of the year, the strengthening of the internal control system continued and training and sensitization strategies were developed to focus on the importance of self-control for each enabler in the performance of functions assigned to each post.

### 1.2.2. RISK MANAGEMENT



During 2017, we pursued the objective to continue to consolidate the risk management model in activities, implemented in each area in accordance with NTC-ISO 31000. As part of their scope, it was decided to work on the methodology at strategic level, for both processes and products; and the results were highly satisfactory.

At strategic level, the risks identified in each of the projects under execution were managed and monitored and activities conceived within the plans for execution, obtaining effective and efficient control in implementation in each case.

At process level, risk management enabled all processes that form part of the business to be monitored, and opportunities to be identified, generating the expected cycle of continuous improvement. In relation to products, all the fairs in the Bogotá fair calendar were made the object of this methodology. Finally, there was special emphasis on the importance of working on sensitization of enablers and the network of service contractors in CORFERIAS; several workshops were held to generate awareness of the importance of this issue in the ordinary course of work.

### **1.2.3. RELIABILITY OF INFORMATION TO GIVEN TO THIRD PARTIES**

CORFERIAS has always been committed to its shareholders and other stakeholders, and therefore it has asked an outside firm - in this case, the Statutory Auditors appointed by the shareholders - to validate and certify the various figures which appear in its statistics and studies, in order to ensure and transmit transparent and reliable information about the indicators of fairs and events activities.

So, and as the commitment had already been made in the Management Report, the figures are certified by the Statutory Auditor KPMG Ltda., in the chapter for fair activities. This has been done so that customers, and allies, partners, exhibitors and the public in general can have a tool which will be most useful for decision-making about participation in the CORFERIAS fairs. It is also a useful instrument in measuring the evolution of fairs and the impact they generate on the local and national economy.

### **1.2.4. THE FREE ZONE**

During 2017, CORFERIAS complied with the regulations now in force for Free Zones. The four quarterly reports were delivered on time, showing a degree of progress in compliance with the commitments of the two General Development Master Plans being constructed in the Free Zone. Here, there is evidence in the most recent closing of the progress made in the Agora Bogotá Convention Center, and the Permanent Special Free Zone of CORFERIAS.

Following the various regulations regarding the Free Zones, the specialist firm Ernst and Young, conducted an external audit which validated satisfactory compliance with the General Development Master Plan for the Free Zone in June 2017.

From another regulatory point of view, the Ministry of Trade, Industry and Tourism issued Decree 2147 of December 23, 2016, modifying the Free Zone regime. Some of the new regulations began to come into force on January 8, 2017, and others were left pending implementation, scheduled to become effective for March 8, 2018. These are provisions of law which CORFERIAS has steadily been introducing, as and when required by its status of Permanent Special Free Zone.

As operator in Barranquilla, CORFERIAS acts through its affiliate, CORFERIAS INVERSIONES S.A.S. and has made progress in the range of procedures required to obtain Temporary Free Zones in order to be able to hold fairs in Barranquilla and encourage foreign trade activities there. There are international exhibitors who can benefit from this in fairs such as FICA - the Caribbean Industrial Fair - or AUTOFEST - the Caribbean car and motorcycle fair; these fairs have an international nature and are held strictly in accordance with current regulations.

Finally, we note that CORFERIAS took part an invitation from the Civil Aviation Authority of Colombia, to hold the F-AIR COLOMBIA 2017 fair, and was selected. The fair was held in Rionegro, Department of Antioquia, and CORFERIAS provided logistical support to obtain, regulate and implement a Temporary Free Zone to hold the fair, meeting the all commitments expected of an operator; and the result was a resounding success, in the words of the report of the contracting Authority.

### **1.2.5. SECURITIES EXCHANGE PERFORMANCE**

The Exchange Performance Committee met three times in 2017, attended by three members appointed by the AGM to represent the minority shareholders. The Committee has been focusing on specific measures for the strategy to lend greater visibility to exchange information on portfolios, including ongoing follow-up to the publication of relevant information, so that CORFERIAS itself will have higher visibility, and can at any given

moment be a very attractive to the investor public.

As part of the activities last year, CORFERIAS again accredited itself to meet the requirements of the Colombian securities exchange BVC, to renew the requirements certification for investor relations, approved on September 22, valid for one year, open to renewal in 2018.

CORFERIAS continues to belong to the group of 31 Colombian companies that, as securities issuers, have voluntarily adopted best practices required by BVC in information disclosure and investor relations.

## 2. INNOVATION

### 2.1. ENHANCING INNOVATION IN THE FAIR PORTFOLIO

As part of its strategy for enhancing innovation, CORFERIAS continues to work to ensure that the fair portfolio remains aligned to value proposals for fairs and events, designed to offer customers suitable contacts and interaction through comprehensive trade shows, scenarios for networking, and rigorous processes of invitation to secure the effective meeting of offer and demand.

At the same time, we continue to linkage in our products, with interesting offers of content and zones of experience in the context of fairs, which will display innovation and strengthen our fair platforms as business scenarios, with the formation of relations and communications. We have taken the following action in particular:

**Allies in networks.** Strategic partners help to enhance the presence of content of high-value content, such that they reflect trends in the various sectors addressed by our fairs, and are attractive to exhibitors and visitors. Here are two examples that illustrate this strategy:

- (i) The academic agenda on new trends and organized technical progress, jointly with the making-up industry association CCCA in the context of Createx; and
- (ii) The full and varied academic agenda of Andinapack, mounted with the presence of important allies such as the Argentinian packaging institute IAE, the Colombian food science and technology Association ACCTA, the plastics and rubber research and training Institute ICIP, Acoplásticos, and the printing industry association Andigraf.

**Experiences.** We also worked to strengthen the presence of zones of experience and interaction among our customers, and bring them memorable experiences. In particular, during 2017 there was the Sustainable Dome in "Expoconstrucción and Expodiseño", an on-site demonstration in which exhibitors and visitors could discover the main technological advances in sustainability and environmental performance of materials in the construction sector, with the presence of more than 50 companies engaged in the project.

Another interesting example is the presence of a Dynamic Show (a scenario of machinery demonstration *in vivo*), featuring two productive chains for the making- up industry, in the context of Createx. This was a scenario where visitors could interactively find out about new technologies and equipment used to optimize production in the industry.

**Innovation capsules.** Further, committed to displays of novelty, and recognizing exhibitors with a clear mission to innovate, there were three innovation capsules in 2017. In Andinapack, the project's advisory committee was led by in Innovandes (the business innovation center of Los Andes university), an entity which emphasized the input of innovation of 48 exhibitors, whose innovative proposals in packaging were given room for visibility and recognition during the fair. And, together with the partners, other innovation capsules were mounted in the printing fair Andigrafica, and in the international security fair E+S+S, showing visitors the most important novel elements in those industries.

We developed scenarios for interaction, knowledge and experience for visitors in the mass fairs too. One example was the crafts fair Expoartesánías, where the 2017 version awarded prizes to participant exhibitors in a competition "Made from the Heart", and there were craft design and innovation laboratories. There were other fairs such as the pet fair Expopet, the Book Fair FILBo and the leisure fair SOFA, which offered novel spaces not only for knowledge, but also for amusement and entertainment of visitors.

With this, CORFERIAS continued its efforts to strengthen and innovate through a whole range of strategies in its existing portfolio of fairs, aiming to guarantee that in each successive version there will be renewed experience and really memorable experience for visitors and for exhibitors.

## **2.2. NEW PRODUCTS IN 2017, IDEAS FOR EXPLORATION**

The management of products in 2017 focused on the development and implementation of four fairs in their first version in Barranquilla: FICA (Caribbean industry), Family Market, the careers advisory fair Proyectate, and Autofest (cars). There was also Createx, the specialist fair for the making-up industry CCCA, and supported by the fashion and making-up cluster of the Bogotá Chamber of Commerce. The fair aims to offer an increasingly stronger platform from year to year in knowledge, updating and supply of goods and services to promote and develop small and medium businesses in the textile and making-up industries.

Again, and continuing with the line of CORFERIAS events, there was the first version of the Lego Fun Fest in Medellín. This event was of an experimental nature, and addressed to the family public, attracting 38,000 visitors.

Five fairs in Barranquilla were designed and approved for 2018: Cristianos, Estilo Caribe, the Caribbean crafts salon, the Jóvenes (“Youth”), and the book Festival. In Bogotá, there were developments in the Bicigo, and Chocolate fairs and other projects were structured, including Electrical Mobility and ideas associated with the category of entertainment, planned for the last quarter. In addition to the growth strategy for CORFERIAS in launching new products, and as part of a permanent process of exploration of new opportunities, we maintained a strategic process of acquisitions. This was a strategy that in 2017 brought the purchase of Expo Agrofuturo, the fair now in its 12th version in August 2018 in Bogotá, and in odd years it will be held in Medellín. This fair continues to consolidate its positioning as a leading business and knowledge platform for the Agro sector in Latin America; and the acquisition boosts the presence of CORFERIAS in the agricultural and animal husbandry sectors in Colombia and the region.

CORFERIAS also made progress in the structuring and negotiation of TWO other alliances with strategic fairs in million which will enable to strengthen and diversify their portfolio in other cities in Colombia, with the thrust of growth and development of the fairs industry.

## **2.3. CORFERIAS, the professional operator of fairs and events in Puerta de Oro, Barranquilla**

CORFERIAS continued to operate the facility in Barranquilla, holding seven fairs, and 24 events attracting 166,666 visitors during the year, representing growth of 40% compared to 2016.

The operation was sustainable, and aligned with the business plan, and met the expectations of the strategic alliance with Atlantico Exhibition Center -CEEC Puerta de Oro and its main shareholders: the city of Barranquilla, the Department of Atlantico, and the Barranquilla Chamber of Commerce.

### **2.3.1. INTEGRATION WITH THE CITY-REGION: CORFERIAS-CARIBE**

Throughout 2017, relations with our most important partners in the of the infrastructure, have been further enhanced. They include the city of Barranquilla, the Department of Atlántico, and industry associations in the city, including the Barranquilla Chamber of Commerce, and the regional chapter of the trade association FENALCO-Atlántico, together with important private businesses in the region, such as the Olímpica group.

The Puerta de Oro facility was the first building which started development along the river, and adjoining the *Malecón del Río Magdalena* development in its various stages, it will be the context of urban development over 405 ha in the Barranquilla of the future. The privileged location of the premises, and their articulation with the new city development, will be fundamental to the in-depth development of the business model of fairs and events of CORFERIAS - Puerta de Oro.

We continue to work in articulation with the City, the Department, and the Chamber of Commerce and Probarranquilla, to promote and deepen development of the value chain for events and business tourism (TEN), creating fair products of interest which will enable us to broaden the world-class fair culture, and bringing international events which will add to the dynamics of the service economy.

## 2.4. FAIR ACTIVITIES

We faced a number of challenges in 2017, notably an outbreak of foot-and-mouth disease which impacted the development of Agroexpo. There was also the crisis situation in the oil industry, affecting the Oil & Gas fair, general situation of consumption of certain goods such as vehicles, technology, housewares and clothing - and even tourism plans - which had their effect on decisions of many exhibitors and visitors as to whether to participate.

Despite all those these factors, CORFERIAS pursued its operations and activities with its constant commitment to shareholders, taking all measures necessary to meet its budget, and to continue with the dynamics of consolidation and growth. We held some 40 national-scale fairs in 2017, between our own fairs and those held in association or rented.

### **INTERNATIONAL BOOK FAIR - FILBo in association with Camara Colombiana del Libro**

The 15 days of this Fair drew 565,935 visitors to CORFERIAS: it was the epicenter of the most important cultural and literary event in Colombia. France was the guest of honour, and broke the record as the country that has sold most books in the history of the fair. The 30th version of the Bogotá International Book Fair took over 21,831.71 square metres of exhibition space, with 534 exhibitors. Sales increased by a total of 7%, and there were some 1,500 events. The dynamics of the sector and the response of the public met – and indeed, amply surpassed- budgeted revenues from ticket sales.

The public thronged to the auditoria to listen to JM Coetzee, the Nobel Literature Prize-winner who came to the fair for the first time, along with authors from 18 other countries; some of them were stars who had come here for the first time. The International Business Salon on this occasion brought together the ProColombia Business Round with the FILBo Rights Round, with more than 110 participants, from 20 countries. More than 200 Colombian businesses took part, from seven regions; there were 1,540 local buyers and 433 from abroad.

### **EXPOCONSTRUCCIÓN & EXPODISEÑO in association with the construction industry association CAMACOL**

With 581 exhibitors, *Expoconstrucción & Expodiseño* once again proved to be the major platform for the in the construction industry in Latin America. Its 14th version closed with 57,593 visitors, and expectations from the business rounds of more than USD100 million, as a result of 1,200 meetings arranged, and the participation of 200 buyers from abroad, coming from Netherlands Antilles, Aruba, Barbados, as the Brazil, Costa Rica, Cuba, Chile, Ecuador, El Salvador, and USA, amongst others.

### **Createx 2017 in association with the Colombian making-up industry association CC CA**

The I Salon of the Textile and Making-up Industry was a success, in the most important scenario for that industry's members in Colombia. The fair lasted three days, and had 99 exhibitors; it drew more than 9,175 visitors, who discovered the latest trends and innovations in the sector, and participated in specialized seminars in trends and colour, competitiveness, intelligent textiles and technology.

### **ANDIGRAFICA in association with the printing industry association ANDIGRAF**

Exhibitors from the United States, Mexico, Peru, Colombia, China, and elsewhere, came to display the latest trends in machinery and equipment, raw materials and other inputs, digital animation, design and printing at this 13th edition of Andigráfica 2017; it was a success as the most important professional scenario of the printing industry in Colombia, and one of the most important in Latin America due to its strong content of innovation, technological progress and the sustainability of the industry.

The printing industry Congress "**Colombia gráfica**" was held in the context of this fair. It was presented as a scenario to promote knowledge of the latest technical and technological advances, and an opportunity to discover improvements in productivity, a review of business models and the creation and development of innovative products for the sector.

## **AUTOMATISA**

**in association with the Colombian Association of Industrial instrumentation and automation professionals - ISA Colombia.**

This fair presented the latest developments in industrial automation, instrumentation, intelligence and plant safety. The VI Congress of Industrial Automation was held during this fair, with 300 professionals, participants and businessmen who heard papers on the present and future of industrial robotics, industrial cyber- security, understanding of Industry 4.0, optimization and savings in energy by automated systems, amongst other things. Colombian and foreign experts met during three days, expounding new technologies to improve production, engineering, and the management of Colombian industries. There were 5,680 visitors, and 1,305.5 m<sup>2</sup> of exhibition space were taken up.

## **F-AIR 2017**

The most important aeronautics event in the country, and one of the most outstanding in Latin America in its 8<sup>th</sup> version, took place over 2,031.8 m<sup>2</sup> of exhibition space, with 118 exhibitors from the Americas, Asia and Europe; 60,770 visitors, including 2,833 professional national buyers, came together in the José María Córdova airport building in Rionegro, Antioquia, with France as the guest of honour.

There were 16 shows by the air forces of Colombia, United States and Brazil during the fair, which was organized by the Colombian civil aviation authority and air force. It was operated by CORFERIAS, and left business expectations of USD 71 million, as a result of more than 400 business meetings with over 90 exhibitors from Canada, Chile, Colombia, Spain, United States and Israel; and 22 delegates came from Argentina, Italy, Brazil, Spain, Canada, Chile, Costa Rica, USA, Guatemala, Honduras, Mexico and Colombia.

## **AGROEXPO- THE CATTLE SHOW**

More than 200 animals from a range of breeds of cattle, sheep, pigs, goats and horses were on show during the 11 days of this fair. Agroexpo confirms the importance of the Agro sector in Colombia, with some 531 exhibitors in the entire production chain, 171,777 visitors, and a growth of 13% in international professional international buyer presence compared to the previous year. The event has the support of the breeders' association UNAGA and the Ministry of Agriculture, and successfully overcame the problems with the outbreak of foot-and-mouth disease, which made a noticeable difference, mainly to the numbers of dairy cattle on show.

## **BOGOTA CAR EXPO 2017**

**in association with FENALCO the and tucarroya.com of EL TIEMPO.**

This was the third version of Car-Expo, now positioned as one of the most important scenarios for the sale of used cars and complementary services. With a growing demand in the market, Car Expo is seen as an interesting proposal for those wanting to buy a car with the support and solid reputation of recognised dealers.

Over an area of 11,781 m<sup>2</sup>, there were more than 1,500 cars on show, offered for the 23,043 visitors who came to see them.

## **GRAND PROPERTY SALON**

**In association with the local property agents association Lonja de Propiedad Raiz de Bogotá.**

With 169 exhibitors, this fair is now considered to be the most important property showcase in the country, bringing together the major construction companies, promoters, agents and Colombian and foreign developers with broad and attractive offers of investment projects in residential, office, hotel, commercial and industrial investment projects.

Locally, the offer came from Boyacá, Tolima, the Caribbean coast and projects from Cartagena. Santa Marta, Tolu-Coveñas: and Santander, the Coffee Belt, Valle del Cauca and Choco. Outside Colombia, there were projects in Panama, Portugal, Mexico, United States, amongst others. Live auctions were held, and proved to be a great opportunity for the 23,794 visitors who came to look for new or used property

## **FERIA DEL HOGAR – THE HOMES FAIR**

692 exhibitors came together in an area of 26,609.47 m<sup>2</sup>, with renewed spaces for 179,771 visitors over 18 days. The Homes Fair has become the traditional space or scenario, ideal for finding the most creative, novel or attractive developments in decoration, technology and safety, appliances and small fittings, Christmas ideas, shoes, fashion, beauty, health and art, amongst others.

### **EFFICIENCY + SECURITY+ SAFETY in association with PAFYC**

Positioned as an influential center of convergence for investment, renewal and the acquisition of security and safety technologies, this fair has now earned the best track record in the Andean region. Over three days, it exhibited leading-edge technologies, and increased business opportunities by bringing in 10,053 visitors, including 9,642 local professional visitors, and 411 foreign buyers from 26 countries, over an area of 2,632.5 m<sup>2</sup>, with 326 exhibitors and brands. Experts also took part, and successfully held session technical-academic sessions in refresher courses in the areas of physical, electronic and industrial security, with audiences totalling 2,034

## **BELLEZA Y SALUD - BEAUTY AND HEALTH**

**BEAUTY AND HEALTH**-brought 348 exhibitors in cosmetics, hairdressing, personal care, aesthetics, fitness and well-being, exhibiting products over 8,447.53 m<sup>2</sup>, visited by 56,863 professionals and members of the public in general, eager to see novelties in the sector.

This version of the fair had a visit had a large number of exhibitors as the world's No. 1 fair for the cosmetics industry Cosmoprof: there were some 40 international exhibitors from Italy, Brazil, Portugal, Mexico, United States, Korea, and Chile, amongst others.

## **SOFA-LEISURE AND FANTASY SALON**

**in association with "Click on Design".**

There were 270 exhibitors in the categories of comics, video games, professional fancy dress, freestyle wrestling, virtual reality, robotics, graffiti and alternative sports, on show for 3,185 visitors to discover ways of making good use of free time.

This was the 9th version of SOFA, which has become a solid platform for alternative cultural management and an epicenter for trends in entertainment in Colombia. It is a space that shows how leisure is an opportunity for personal growth, artistic and cultural and social connection.

## **CAFE THE COLOMBIA EXPO**

**In association with the Colombian Coffee Federation - Federacafé**

With the slogan "From Seed to Cup", the 10th edition of this Expo, previously, ExpoEspeciales, closed with 16,257 visitors from Colombia and abroad. In an area of 2,797.13 m<sup>2</sup> of space used by 87 exhibitors, the fair has become the showcase and meeting-point for producers and buyers, and has become the most solid and important specialist fair for special coffees in Latin America and the Caribbean.

Three great traditional events were held during this fair: the XI Colombian Baristas Championship, the VII National Tasting Championship and II National Filter Coffee Championship, attracting great interest.

## **ANDINAPACK**

**in association with Koelnmesse**

Once again, Andinapack has confirmed its position as a leading fair in the packaging sector and filling technology in the Andean region and Central America. There were 503 exhibitors-17% more than at the previous version –

from 28 countries, presenting products and solutions for the food and beverage industry, pharmaceuticals and cosmetics.

18,062 visitors from 30 countries enjoyed unique access to innovations, trends and solutions on the market. Exhibitors were particularly appreciative of the high quality of trade visitors, and business potential. The exhibition space grew 21.45%, and the participation of foreign companies increased 34%

### **MOTO GO** **in association with FENALCO**

There were a total of 43,972 visitors, and 107 exhibitors, despite a noticeable reduction in local motorcycle sales. The event attracted the most important brands, and accessories, services and complementary products to the motorcycle sector. There were stunt shows, races with professional riders, street racing, test drives, academic talks, and exhibitions of custom-made classic cycles; "moto-tuning" aerography, the TVS Cup, and traditional riding.

### **EXPO OIL & GAS** **In association with the oil services association CAMPETROL**

There were 71 exhibitors, and a busy show by delegations from Canada and Brazil. There were 4,068 visitors who came to attend the central academic agenda, under the slogan "Growing Together, Government, Industry and Regions", which brought together the range of interest in the oil and gas sector to discuss challenges and opportunities in the future of the industry, and to guarantee sustainability in energy and its economics.

### **EXPOPET**

EXPOPET has positioned itself as the most important pet fair in Colombia. This year, 144 exhibitors took part, with 10,000 pets and 15,000 m<sup>2</sup> of exhibition space. More than 43,244 visitors were able to take part in complementary activities of skills, training, and a range of pet shows. In this version, the fair provided important thematic scenarios such as the international grooming - the first of its kind in Colombia - in which the seven best international groomers took part, and there was an international cat show, with 160 cats coming from different parts of Latin America.

### **EXPODEFENSA** **in association with CODALTEC and COGES INTERNATIONAL**

The 6th version of Expodefensa was a total success, as could be seen from the attendance of over 12,500 professional visitors, the participation of 76 official delegations from 30 countries and 145 exhibitors from 32 countries, of whom 72% came from outside Colombia; there were also more than 120 accredited journalists. The fair aims to draw attention to the best technological offer, innovation, and developments in the industry, which were presented to match the current needs of the defense sector and security in Latin America and the Caribbean.

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

79,619 visitors arrived in the 14 days of this fair, enjoying the knowledge and work of craftworkers, and watching demonstrations of their art in techniques such as woodcarving, weaving, and the making of musical instruments.

Expoartesanías reported COP 15,991 million (some USD3 million) in local sales, and there were 28 international buyers and business expectations of USD1, 948,141 as a result of the meetings arranged made in this 27th edition of the fair. Expoartesanías is now held to be the most important craftwork fair in Colombia and Latin America, and 774 exhibitors took part with products showing a high level of design, exclusivity and quality.

**KPMG CHART (CERTIFIED INFORMATION)  
 2017 INFORMATION CERTIFIED BY KPMG LTDA.**

Biennial s	Exhibitors	Visitors	Local buyers	Foreign buyers	Area (M2)
Book Fair	534	565.935	55.540	433	21.831,71
Expoconstrucción & Expodiseño	581	57.593	42.696	1803	21.305,88
Createx	99	9.175	6.180	-	2.642,32
Andigráfica	104	13.246	11.310	-	5.628,75
Automatisa	51	5.688	5.070	-	1.303,50
F-Air	118	60.770	2.833	-	2.731,80
Agroexpo	531	171.777	40.863	1.927	22.477,92
Bogotá CarExpo	53	23.743	-	-	11.781,03
Grand Property Salon	169	23.794	-	-	6.563,82
Homes Fair	692	179.771	-	-	26.609,47
Feria Internacional	129	10.053	8.8845	411	2.632,50
Beauty and Health	348	56.863	29.662	482	8.447,53
SOFA	270	183.185	-	-	7.337,49
Cafés de Colombia	87	16.257	9.947	253	2.797,13
Andinapack	505	18.062	12.980	1.208	11.920,91
Moto – Go	107	43.972	2.108	-	2.735,13
Expo Oil & Gas	71	4.068	3.612	132	1.009,50
Expopet	144	43.244	9.314	-	4.969,80
Expodefensa	145	12.997	1.767	252	4.366,00
Expoartesánias *	848	79.629	-	380	10.589,57

## 2.5. FAIR ACTIVITY - CORFERIAS CARIBE

The second editions of the annual fairs in the sectors of gastronomy, property development, liquor and family/home were consolidated. Three fairs were held for the first time: education, vehicles and industry, including subsectors of plastics, metals engineering and HVAC.

*Sabor Barranquilla* (Flavor of Barranquilla), was organized with FENALCO and the Colombian Red Cross, in its second edition in Puerta de Oro, and again became the most visible gastronomic encounter in the region, and the busiest in the Colombian Caribbean.

*Vitrina Inmobiliaria del Caribe* (Caribbean Property Showcase), organized in CAMACOL-Atlántico, offered more than 5000 properties, which caused the visitors great satisfaction.

The liquor fair Expodrinks, organised in association with Supertiendas Olimpica had 6000 visitors in its second version, reporting important growth.

The first version of Proyéctate - the academic orientation fair - in association with the Barranquilla Chamber of Commerce attracted more than 18,000 students and parents during three days in Puerta de Oro. It became a major reference point for socio-occupational guidance for the young in the region. As a result of support from the national apprenticeship service SENA, the Ministry of Education, the city of Barranquilla and the Department of Atlántico, this was a great first version of a fair, attracting large numbers of students.

FICA - the Caribbean industrial development fair - for the first time brought together more than 90 exhibitors from the Colombian Caribbean, with the best show of capital goods for industry and manufacturing. There were more than 3,000 professional visitors, who were able to make contact with the offer of industrial machinery, and take advantage of an academic agenda organised by the inter-industry committee on export policy, and Universidad del Norte, on the state-of-the-art of industrial processes and materials.

Autofest, the Caribbean car and motorcycle show, in association with FENALCO's national center and Atlántico Chapter, was a powerful trade shop window for vehicles, with 40 dealers, 50 brands, and an agenda for antique and classic cars, and a show of acrobatics which together brought the most complete commercial and specialist show to more than 6000 car-loving visitors.

There are 11 fairs in the portfolio for 2018, with existing products to be held annually such as the Caribbean Property Showcase, the Flavor of Barranquilla, Expodrinks, Family Markets, Autofest and Proyéctate; biennials such as the construction fair construct failure and the agricultural thriller aggro. There will also be new products in the sectors of culture, fashion and spirituality.

## 2.6. RENTED FAIRS

In 2017, we took part in the consolidation of sector fairs such as the ANATO tourist industry show, and the vehicle parts association ASOPARTES fair. We were also allies in holding nationally-important fairs such as the Bogotá Art Fair (ArtBo) of the Bogota Chamber of Commerce, and Ascolflores, the flower-growers association, ProFlora, amongst others. In total, we held 12 high-quality fairs during the year. And with this form of integrated work between organizers and CORFERIAS, we will continue to generate value and encouraging news for a range of different sectors.

## 2.7. STRATEGIC ALLIANCES AND SPONSORSHIP

Continuing with the presence of brands and images of sponsors transverse to several of our fairs, the Strategic Alliance and Sponsorship area made particular efforts to develop activities in positioning and identifying businesses with different fairs of interest to them, the activation of brands, product launches, positioning, and the reinforcement of corporate image, and mentions in numbers of different communications channels for fairs which impact a wide range of the public, and in this we were able to meet expectations and objectives of those businesses, and so, achieve the budget for the year.

## 2.8. EVENTS

The Events Unit faced many challenges during the year, and more intensive occupation of the facility required the arrangement of events at times of the year in which there was space available. In total, they held 60 events there during the year.

Among the greatest challenges of the area was the need to attend to a large number of events, and which were initially programmed for the first half of the year in the Agora Bogotá Convention Center. Six of the events which Agora Bogota had confirmed, six were held in CORFERIAS pavilions. In particular, in consideration of their size, impact and complexity, there were Latin American Dermatologists Encounter-RADLA 2017 (2600 attending), Virtual Educa, COMIBAN, ACIEM, FEDOPTO and the XIV National Technical Meeting of the Oil Palm industry.

CORFERIAS had to take special action to ensure that these events were properly organized, and this required everything from a rescheduling of its own calendar, to the construction of temporary architecture for conference rooms, lighting, acoustic control, and other details.

And we can report that the measures taken, and the attention provided and professional logistics were sufficient to satisfy the needs of those events: this is confirmed by the many congratulatory notes and expressions of appreciation from the organizers.

One of the events held with as an own product in 2017 was the second version of the "Lego Fun Fest", attended by some 90,000. The results in terms of general satisfaction rated 8.9 (an increase from a level of 8.0 in the previous year), with better experiences and perceptions by the visitors, in all areas.

CORFERIAS was also host to the World Summit of Nobel Peace Prize-winners, on 2-5 February 2017. The event was organized by the Bogota Chamber of Commerce, and attended by 27 prize-winners. and 15,000 visitors from abroad, and 30,000 spectators watching through streaming, from 30 countries; and the Nobel Prize secretariat declared Bogota "a City of Peace".

Among other notable events there were the ProColombia Macrorounds, the Ecopetrol Annual General Meeting, ExpoMarketing, the Andean Business and Franchise Fair, the Expovinos (sheep fair), the registration of Candidates for the Civil Registry, and the Internal Consultation for Political Parties and Movements.

## 2.9. EVENTS – CORFERIAS-CARIBE

In 2017, there was a meeting of the most important actors in the fields of economics and culture in Barranquilla and they showed the potential that this kind of event could consolidate into an important business line for CORFERIAS-CARIBE.

In 2017, issues of innovation and technology for events were developed in the Caribbean Biz forum, organised by the Chamber of Commerce, and ExpoBarranquilla 2017, organized by ProBarranquilla.

There was also an international business meeting "Extravaganza 2017" organized by Herbalife, which brought 5,500 people to the most important regional event for this multi-level business; and we entered the world of so scientific association congresses, with the National Endocrinology Congress, attended by over 2,000 experts.

We also received the national encounters of the hauliers association COLFECAR, the tourist industry association ANATO and the oil palm growers federation FEDEPALMA.

In 2017, major artists and the stars of the entertainment world were the leading actors of concerts by major international performers such as Carlos Vives, and Ana Gabriel, Yuri Buenaventura, and the tour of "Lost Compadres" with Fonseca and Andrés Cepeda; there were also large-format family shows, Disney on Ice, and Paw Patrol.

In 2018, the National Transport and Freight Congress, the National Cattle breeders Congress-FEDEGAN-and the Industrialists Association Caribbean City Congress – ANDI- have all been confirmed, and this ratifies the positioning of CORFERIAS -Puerta de Oro as an attractive option for major industry institutions in Colombia, who

have not held any events in Barranquilla for many years.

## **2.10. MULTIPURPOSE SCENARIO- GRAND TENT OF THE AMERICA**

We mounted a strong selling effort for the cultural scenario of the Grand Tent of the Americas in 2017. It was the venue for more than 22 events in cultural, artistic and social sectors. Among those events in particular, that was the presentation of Delirio, which in this occasion was accompanied by restaurateur Andrés Carne de Res, and the second version of Club Media Fest. There was also a programme for the concert of El Gusto es Nuestro, Serrat, Ana Belén and Victor Manuel, and concerts by Miguel Bose, Slayer, Helloween and Arcade Fire, among the best known. There were parties and social events, such as Suéltate como Gabete, I love Bogotá and the children's show Paw Patrol.

The Grand Tent of the Americas-CORFERIAS represents a cultural scenario created to attend to events which CORFERIAS previously had to host, and which the city lacks in its offer of a privileged location.

This major challenge now faced by this infrastructure now is how to handle the impact which the events activity generates around us, and the management of agreements which we have reached with our neighbours. CORFERIAS has been very careful with the type of business with which it contracts events in the Tent, in efforts to guarantee responsible use and compliance with obligations, and observe all the procedures and permits required by law for events, and offer professional logistics.

## **2.11. PRICING STRATEGY.**

The start of operations in the Agora Bogota Convention Center has meant that tariff level strategies have been consolidated, with adjustments to produce quotations which are more in line with the current performance of the venue. Information has been compiled as an input for the management of forecasts and for a better understanding of the comportment of demand. This should generate better strategies, taking account of factors such as occupation, demand and seasonalities. So far, some 630 quotations have been issued using the pricing strategy.

Further, there are ongoing studies of occupancy trends in Bogotá, and the timing of confirmation of the various events, in order to cross-reference them to the final customer price and stay in line with market realities.

In terms of fairs in Bogota and Barranquilla, the implementation of the various pricing strategies currently used has required an analysis of each of the fairs involved, taking account of variables such as advance sales, square metres taken, financial growth, circumstances of one or another sector, partners, expenses and profits. These include the Homes Fair, the food fair Alimentec, the Caribbean Home Fair, Expocacao, Expospeciales, Andinapack, the Flavour of Barranquilla, Createx, Agrofuturo, Construferia, VIMO, and others.

## **3. INTERNATIONALIZATION.**

### **3.1. STRATEGIC ALLIANCES WITH THE WORLD'S NO. 1s IN FAIRS.**

Partnerships with the world's No. 1 fair operators were consolidated in 2017 in all sectors. This included Germany's Koelnmesse, our partner in the Andinapack fair and ally in the joint acquisition of the Mueble y Madera fair. Further along this line we find France's Coges International, with whom we successfully ran the second edition as partners in Expodefensa.

In case of Koelnmesse, Andinapack was jointly organized for the first time in 2017, and with extraordinary results. We won a greater share of international businesses, with 53% of the total exhibitors, an increase of 32% in comparison to the previous edition. The exhibition space sold in Andinapack grew 18%, and the number of foreign visitors, from 30 countries, increased 55%.

With a total of 12 international pavilions, there was particular participation by countries such as Argentina, Brazil, China, Germany, France, India, Italy, Mexico, Spain and the United States. For the first time, there was a German pavilion, on request by the German mechanical engineering industry association VDMA, sponsored by the German Ministry of Energy and Economic Affairs, and some top brands were present such as BASF, Bosch, DuPont, Gerresheimer, Hewlett-Packard, Honeywell, Multipack, Owens Illinois, Sartorius Smurfit Kappa and Tesa Tape (Beiersdorf AG).

In the portfolio of fairs with Koelnmesse, in addition to Alimentec and Andinapack in 2017, there is now the furniture and wood fair Muebles y Maderas, which we acquired this year, and given success, an assessment was made of its international projection and opportunities for growth, taking into account that: is the world's No. 1 fair in this sector, under the name Interzum.

Coges International and Expodefensa, in its second partnership version, grew more than 20% in the number of official delegations, and 6% in international exhibitors, 8% in domestic exhibitors; and more than 12,500 professional visitors attended.

The fair occupied 12,000 m<sup>2</sup> of exhibition space, with participation of 76 delegations from 30 countries, and 269 exhibitors from 32 countries of whom 72% were international and 28% local, and there were more than 120 accredited journalists. In particular, we received delegations from Spain and Russia for the first time in this fair, and the delegations of France, United States, Israel and Brazil were larger than before.

In 2017, a close relationship was formed with Italy's Bologna Fiere, who hold Cosmoprof in practically all continents. For their approach to the Colombian and Latin American markets, it was agreed that this year they would be the exclusive international representatives of the Beauty and Health fair, securing growth of more than 50% in international participation with a total of 30 new companies from five countries, 435 m<sup>2</sup> of Pavilion 7, exclusively for their delegation. This confirmed intentions of making a more structured alliance, and the process required to do that has started.

Further, conversations progressed with Messe-Duesseldorf of Germany, who hold the most important fair in the medical sector. Messer Duesseldorf formalized its intention to associate with CORFERIAS for the Meditech fair. 2017 ended with a letter of intent giving basis to start the international commercial development of the fair, and opportunities for dialogue were set up to define the terms of an alliance with a wider group.

### **3.2. STRONGER INTERNATIONAL PULLING POWER: NETWORKS OF ALLIANCES ABROAD.**

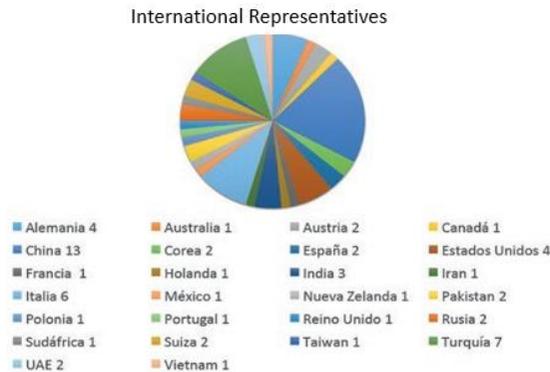
During 2017 CORFERIAS continued joint work with the Bogota Chamber of Commerce-CCB and ProColombia, to promote the participation of international buyers in the following fairs:

- International Book Fair - FILBo
- Expoconstrucción / Expodiseño
- Agroexpo
- F-AIR
- International Security Fair- E+S+S
- Beauty and Health
- Andinapack
- Cafes de Colombia Expo
- Expo Oil & Gas
- Expodefensa
- Expoartesánías.

As a result of this teamwork, 7,000 professional buyers came from more than 75 countries came to our fairs. The leading visitors were: Ecuador, United States, Panama, Mexico, Venezuela, Peru, Spain, Brazil, Chile and Costa Rica, who were provided with a service of the arrangement of trade agendas and business rounds benefiting over 1,218 exhibitors, with a satisfaction level of 85%, and more than 6,300 meetings s arranged; this produced expectations for a total of some USD 80 million.

Further, and in order to increase the participation of foreign exhibitors, we continue to strengthen our international network of agents.

The network created by CORFERIAS is now composed as follows:



Work with international allies and the management of direct invitations have secured the participation of 950 foreign companies as exhibitors, and they were present at the following specialised fairs: Expoconstrucción & Diseño, Createx, Andigráfica, Agroexpo, F-AIR, Beauty and Health, the Grand Property Salon, Expo Oil & Gas, Andinapack, Expopet and Expodefensa.

This new participation by foreign companies represented revenues of COP 13,767 million (approx. USD4.6 million) in 2017, which confirms our status as an exporter of services.

### 3.3. PARTICIPATION OF CORFERIAS IN ACTIVITIES ORGANIZED BY THE GLOBAL ASSOCIATION OF THE EXHIBITION INDUSTRY UNION-UFI

UFI organized its annual congress in Johannesburg, South Africa, in November 2017. In the context of that meeting, a proposal was received to create a permanent UFI office in Latin America, in country in which countries such as Brazil, Mexico Argentina and Colombia expressed interest.

Given that CORFERIAS has been the leader at international level, UFI took the decision that its permanent office in Latin America would be set up in Bogotá, Colombia, and under the leadership of CORFERIAS.

This is an achievement which reflects the recognition which CORFERIAS has earned internationally, because UFI is the most important entity in the world's fair industry. It has 85 country-members, and 640 of the most important fair facilities and operators in the world.

### 3.4. "INTERNATIONAL EXHIBITIONS DAY"

One of the most important objectives of participation in International Exhibitions Day is to help promote and disseminate the benefits of the fair and events industry for businesses and the public in general throughout the world.

In the context of this Day, there was the launch of the "CORFERIAS streamliners" in which the life-stories of our enablers who have provided innovation and reinvented themselves in CORFERIAS to perform a work of memorable experiences, and contribution to the development of the meeting industry. The judging and prizegiving ceremony was held in the context of performance of the following five dynamism factors:

1. Teamwork
2. Risk management
3. Service and customer relations
4. Planning
5. Innovation

The event involved enablers of from Bogota and Barranquilla. The celebrations were joined by exhibitors, customers, allies and sponsors through our virtual communications channels, who reported on content which we shared in social networks, webpages and push mail, participating in parallel with the promotion of UFI events programmed for 7 June.

### 3.5. DIGITAL MARKETING DIPLOMA

The Americas International Fairs Association -AFIDA- with the collaboration and decisive accompaniment of CORFERIAS, organized a Digital Marketing Diploma course in Bogota in November 2017. It was addressed to marketing managers, community managers, fair-organizing businesses, and fair facilities and all kinds of innovative enterprises interested in knowing more digital marketing.

In the context of this event, CORFERIAS presented success stories of its leadership in this area, and the positioning it has earned in the first events industry in the region, and particularly, at world level.

## 4. THE DISCIPLINE OF SERVICE AND INTIMACY WITH THE CLIENT - SERVICE STRATEGY

CORFERIAS continued to consolidate its service strategy in 2017, generating value proposals and experiences that contribute to business development, and the development of our customers.

### 4.1. MODEL AND CULTURE OF SERVICE

**Culture of service.** Corferias has designed and implemented a formation and training plan to continue with the enhancement of the culture of service and the development of competences among our enablers. The plan is for our temporary teams, and covers 1,171 individuals in 23 training areas, in the context of knowledge, communication, relations, and interaction with our customers.

**Service portfolio.** Among the initiatives to enhance services for exhibitors, and based on current needs, two new services have been introduced to improve and facilitate business relationships between exhibitors and visitors or buyers.

(i) CORFERIAS CONECTA: this is an application which allows the exhibitor to obtain, quickly and efficiently contact data and information of value about professional buyers visiting their trade show.

(ii) Redco. This is a transaction network in Colombia intended to strengthen sales activity through a temporary model for the use of electronic payments, with institutional support from the national trade federation FENALCO.

Continuing with the strengthening of the service portfolio, and the know-your-customer plan, a pricing strategy was introduced in 2017 based on the generation of service packages, producing total sales of COP2,725 million (approx.US\$3 million) 8.7% over budget.

**Service model.** CORFERIAS aims to manage the evolution of its information of the value of the business and has designed and developed an online platform for reporting the revenues from visitors to fairs and or events. This has optimised the operation and resources of the access service, and in turn, provided benefits in the analysis of customer information.

CORFERIAS has started from its knowledge of its customers and the needs of the business to enhance its on-line ticket sales with the introduction of new functions such as advance sales and control of gate capacity, and thus improve the services the service experience of our visitors, achieving total sales of 104,161 tickets during 2017, a growth of 126% compared to 2016.

**Puerta de Oro.** The challenges in Barranquilla are concentrated on the enhancement of the service portfolio and the development of the allies and suppliers network. In 2017, two strategic lines were followed in attending to our customers and generating experiences with them. First, we consolidated the exhibitor services offer with new products in furnishings and audio-visuals; and second, we structured and implemented the in-house ticketing model, generating a scheme operation that allows online tracking of ticket sales, in both virtual and physical channels.

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

CORFERIAS continues to generate strategic allies, aiming to work jointly with are offered to customers, specialist services, and value for the business, with high standards of quality and service.

A selection process was introduced, with enabling criteria in technical, financial and legal areas, so that we will have suppliers and contractors with proven experience and economic capacity to attend to the various requirements of our customers-exhibitors and visitors. Those who were selected met criteria of valuation by qualifying in areas of quality of products or goods to be supplied, excellence of service, and economic and competitive and favourable economic conditions not only for CORFERIAS, but also for our customers themselves.

In personal banking, the alliance with Davivienda meant that we have been able to continue to deliver credit solutions for customers such as Bogota CarExpo, the Homes Fair, and the Grand Property Salon; and to continue to generate loyalty relations through placement of shared-brand cards C-Fiel CORFERIAS – Davivienda.

In the creation of goods management with our ally Alpopular, we continue to offer comprehensive and structured solutions for each of the links in the logistics chain, with a scope suited to fairs and events.

In the service line of "Attractive City", three hotels were incorporated into the portfolio, for a total of 47. The new hotels are part of the OXXO hotel chain, the operators of the Holiday Inn brand, located in areas of high tourist interest. At the same time, a joint offer of special transport services was consolidated with Cercanos.

Finally, through the ally Atmósfera - a company well known for its broad, innovative, comprehensive and high quality portfolio - a market and business opportunity has been developed, through which we offer special services to exhibitors for setting up, and placement of exhibitions at height, ensuring that the service will be provided with proper control and monitoring of risks.

Further, an offer of telecommunication services has been made through the Bogotá operator ETB, accompanied by operational maintenance, to secure speed and bandwidth in Internet.

CORFERIAS will keep to its commitment to consolidate its suppliers and contractors and professional suppliers and contractors network, keeping it up-to-date and ensuring that suppliers and contractors maintain high standards of quality and serious commitment to work for CORFERIAS and its customers, for better teamwork, obtaining the best possible specialized services complementary to CORFERIAS business.

## **4.3. C-FIEL LOYALTY PLAN FOR MASS VISITORS.**

The C-Fiel loyalty program in 2017 was basically focused on the management of interaction and generation of content to attract new visitors, and to catch and retain new members of the C-Fiel Club. The programme had two strategies for this:

- a. The holding of digital competitions on the social networks used by CORFERIAS, to give prizes to those who follow us, and share content and visit us
- b. The engagement in the physical experience of a fair with a virtual experience, in order to capture the new databases from the public and to interact with loyal and potential visitors. A pilot scheme was mounted in the SOFA fair for this.

At the 2017 Homes Fair, and in order to encourage visits to the webpage and the capture of data through social networks for a digital audience, C-Fiel Club designed a coupon discount, with the participation of 17 brands with special prices for their products as a benefit to the visitor. The coupons were delivered to visitors who registered on the fair's webpage, or on social networks. At the same time, four physical kiosks were enabled for visitors who were still not digitalized, so that they could access the benefit. In total, 5,344 people registered on the digital platform.

There were also spot prizes for registration of invoices for 4,200 winners, and special prizes for 66 visitors represented in purchase vouchers, trips to San Andres and Panama, and two complete home remodelling projects.

With these day-to-day activities, the C-Fiel Club aims to ensure that cardholders can experience a visit to a fair more interactively and respond to the expectation of finding low prices with discounts. Also, as part of the general C-Fiel plan, there was a presence at the International Book Fair, Agroexpo, Beauty and Health, Expopet and Expoartesanías, in which was a range of activities for experiences, and the delivery of a wide variety of prizes. The Club closed the year with 12,575 active holders, and 143,403 members preregistered with the program.

The program also aims to interact through technological platforms, which will allow us to talk to them, and guide them through their visits. In SOFA, we used a Chatbot, for the first time and Drabot as an artificial intelligence tool that helped the visitor to have a different kind of experience before and during the fair, and encouraged the online purchasing of tickets. With this pilot scheme, we managed to deliver a different experience through our networks and encourage visits and the purchase of novel products in the fair.

With missions that were refreshed each day, visitors registered accumulated points, and took part in two draws a day for prizes that ranged from VIP admission, branded caps, major TV series passes - and even a "Gold Pass", giving life admission to the person who accumulated the largest number of points, spending at least two days at the fair.

In total, 3,408 people activated Drabot, 975 played during the fair, and spoke to the robot, and 46% of them had brought their tickets on virtual channels. In total, some 15,608 codes were recorded, delivering a total of 151 prizes.

Hard work was done throughout the year in the dissemination of benefits through our channels, as traditional publicity, shelf-talkers, flyer totems, magazines, screens, social networks, fair webpages and emails; and at the same time, we promoted the exhibitors who were allies of the Club.

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

Customer satisfaction is a fundamental element of CORFERIAS. It is essential for us to discover the opinion of our customers, and to assess the development of our operation and identify actions and opportunities for improvement on which we must concentrate in order to generate successful experiences. During 2017, as a result of this comprehensive management, satisfaction levels were 8.1 (on a scale of 1-10) among exhibitors, and 8.6 among visitors. Levels a recommendation averaged 8.75 in visitors, and 8.11 in exhibitors.

In Puerta de Oro, the assessment of exhibitors and visitor satisfaction in fairs shows in general result of 8.4 (on a scale of 1-10) and an average level of recommendations of 8.75.

We received 785 results through the contact channels, 75% from visitors and 20% from exhibitors, 4% from the local community and 1% from suppliers. This year there was evidence of the positioning of virtual channels as a contact point for our customers, with a participation level of 49.9%, as a result of changes in behaviour and interaction, in addition to the CORFERIAS' dissemination and management action

CORFERIAS continues to be committed to excellence in the evolution of its service model with criteria of memorable experiences, quality and competitiveness in line with international standards, and aiming to satisfy customer expectations.

#### **4.5. OPERATION OF FOOD AND BEVERAGES**

2017 was the third year of operations for Food and Beverages, and the beginning of a consolidation of services offered - catering for events, and the ARCO restaurant for fairs, and casual snacks at Gud Fud points, which also provides meals plans for exhibitors, and coffee stations at "Un Break Café".

This consolidation is beginning to take shape with our own dynamics, such as a repurchase of catering services for events and for exhibitors in the fairs. The events accounted for 54% of participation in the total revenue target. With the same analysis, it is important to note too that the coffee-break stations are a highly profitable area of operations.

The individual market accounted for 46% of results through the Gud Fud brand, the ARCO restaurant, the Gud Snack and Un Break Café stations. Among the strategies used to maintain the dynamics of growth, we introduced new products into the offer of snacks and the coffee stations, diversification of products based on the fair profile, the concurrent support of the fair's commercial areas in the offer of services, with a strategic location at the coffee stations.

In 2017 total sales were COP6,107 million (USD21 million), with 814,000 services, and the EBITDA of the business grew 95%. With regard to satisfaction levels, business customers evaluated services received, and rated them Excellent in 94% of cases, and Good in 6% in the survey in the events surveyed. Nonetheless, we have a target to improve the efficiency in delivery times at coffee stations and at Gud Fud points, and to improve and professionalize the catering service and the restaurant.

In relation to targets for technological modernization, we completed the implementation of the ICG application, as a tool for cooperative and administrative control in the handling of the processes of revenues, purchases, and inventory control, allowing prompt decision making by management, to comply with the CORFERIAS approved budgets.

Another achievement worth noting refers to quality processes, with compliance with audit indicators in the number of audited suppliers, and in continuous training for food and beverages staff in waste management, hygienic handling of food, and good manufacturing practices.

Finally, we should note that the Food and Beverages area accompanied the processes of the start-up of Bogota Agora, in areas such as quality, technology, processes, equipment purchases and the operation of services, staff training, and further, the chef supervised and accompanied the Convention Center services.

The Food and Beverages operation in Puerta de Oro also started in 2017, through catering for events, a station, and snacks at the Gud Fud point, which also serviced meals plans for exhibitors.

Events accounted for 84% of the total revenue target. The individual market had a 16% share of the result, through the Gud Fud and Un Break Café brands.

Total sales for the year were COP700.2 million (approx. USD 240,000), and 63,000 services were delivered.

In Barranquilla, operational and administrative control was also implemented to handle the process of revenues, purchases and inventory control. This was the ICG application, which allows prompt decision making by management to comply with CORFERIAS budgets.

The quality process made progress in the implementation of best manufacturing practice programs, and the basic hygiene plan. Suppliers were contracted for pest control, the washing of tanks and the monitoring of water quality and the microbiological quality of food. Samples were taken, and found to be in conformity, and the along with the first services for tank washing and pest control.

## **5. THE SOCIAL DIMENSION**

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

For many years now, the need for good relations with our neighbours has been a prime element in CORFERIAS in its strategy for social responsibility. During 2017, initiatives were advanced to strengthen our engagement with residents of districts near the facility, to win trust, and to maintain open and ongoing dialogue to attend to the concerns of this priority interest group.

During the period reported, CORFERIAS used its Risks and Operations Department, and the Community Relations Office, to arrange meetings with community leaders in the sector, and with Government and police authorities in the surrounding Teusaquillo and Puente Aranda districts, proposing solutions to mitigate impacts derived from fairs and events activities.

CORFERIAS is convinced that dialog is basic to the achievement of sound coexistence, and channels have been set up to facilitate communication between us and the neighbouring community. One of them is the publication *enlaC*, which closed 2017 with its 37th issue. It is a means of communication distributed every two months free to in the zone of influence. Six years have now passed since the first issue, and each and every one of the infrastructure works we have initiated in the Master Development Plan has been published in it; this has quite certainly had a positive impact on our surroundings. In the same way, notes of general interest, or community notes, good environmental practices, health notes, and in general all matters of major interest to the inhabitants of the Teusaquillo district have been published.

## 5.2. C-GOOD NEIGHBOUR PROGRAM

In 2017, this CORFERIAS program was further consolidated to obtain loyalty, and provide wider information about our neighbours around the facility and the Grand Tent of the Americas. During the year we issued 815 passes, for a total of 6,100 affiliates. Holders of passes and their families enjoyed the benefits of the C-Good Neighbour program, amongst which are free entry to mass fairs organized by CORFERIAS.

Householders were also able to enjoy a range of cultural expressions, such as the traditional film cycle, in which 12 films were projected on Tuesdays in the main Auditorium. Members and their families also attended to for Colombian folk-dance performances, a festival of Tula choral singing, concert of Andean and Latin American music; and during the last quarter, there was a theatre program for children, a workshop on the management of social networks, and a Christmas celebration with the concert "Mexico, an unforgettable show".

## 5.3. SUPPORT FOR FOUNDATIONS

CORFERIAS reviewed its policy for solidarity allocations in order to observe parameters of compliance with the status of non-profit organizations, and so to have access to the benefit of participation of free participation, in the rental of a stand, in fairs organised by CORFERIAS itself. This would allow them to have not only business platforms, but also scenarios in which the foundations could make their purposes more visible.

Under the new policy, Fundación Portal Mágico, Fundación AMESE, Fundación Rasa, Taller A2S, Fundación Hematológica Colombia, Fundación Hemolife, Hábitat para la Humanidad Colombia and Fundación Hospital Universitario San José, were all able to take part as exhibitors in some of our fairs.

There were also State entities such as the family welfare Institute ICBF and the People's Representative of Bogota, who enjoyed the same benefit at FILBo and the Homes Fair. The main auditorium and some smaller rooms were provided for the local mayor of Teusaquillo to hold public hearings for the mayoral elections, and the school Colegio Manuela Beltran held its graduation ceremony there, amongst other events.

Fundación Social por Bogotá continued to receive funds from CORFERIAS during the period under report, these were used for community diners and child hostels which the foundation runs in Caracolí and Quiba in Ciudad Bolívar and Loma Linda and Casa Loma in Soacha.

## 5.4. COMMITMENT TO SUSTAINABILITY

Aware that fair and events activities have an environmental impact, and that they affect their surroundings, CORFERIAS pursued working initiatives in 2017 with the community, and implemented a management system for sustainability (SGS), as a means of mitigating and controlling negative impacts and optimizing positive ones in environmental, sociocultural and economic dimensions, aligning them to current regulations.

Aspects and impacts of great importance for SGS covered fair and events activities, in identifying aspects and impacts of rosehip relative importance for SGS. On that basis, policies, programs and plans were worked out and are now in the phase of implementation, and in the medium term will come to satisfy the purposes of the system.

With regard to noise impact, and given the general given the effects caused on in the community, some mitigating measures were adopted, related to the management of times and places of activities within the facility. This aspect will continue to be monitored and controlled, in the interests of healthy coexistence with the nearby resident

community.

Also, based on the basic sanitation plan, the areas involved worked hard in 2017 to optimize the processes of collection, classification, storage and disposal of waste. 63,397 kg of recycling material-glass, plastic, wood and paper were recovered. Also, activities related to the production of food and beverages recovered 1194L of used vegetable oil, earning revenue for the CORFERIAS, and more importantly, avoiding the discharge of this waste into public drains, or the possibility of mishandling in the chain of final disposal. 4,400 kg of organic waste were also converted into compost, and at the same time, this avoided the material from being sent to the infills, where it would have increased the production of contaminating lixiviates and gases.

In relation to Post-consumption programs, toners and empty cartridges were delivered to Fundación de los Andes, 60 kg of batteries to the Industry association ANDI "Watch out for the Environment" program, and 82 kg of plastic tops to the Fundación Sanar.

As a complement to all this, and in order to form and generate awareness on the importance of the use of natural resources in the interests of among the interested among the stakeholders, CORFERIAS has organized the following activities:

(i) The campaign was started for the efficient use of energy, addressed to all CORFERIAS Bogota and Puerta de Oro staff.

(ii) WWF Colombia approached 900 people from among visitors and exhibitors, taking part in an effort at effort to create awareness of climate change, the rational use of water and energy and responsible management of solid waste.

(iii) Fumigaciones Zerta led a pest control training program for concessions in the Food Plaza.

(iv) Fundación Nuevo Horizonte did the same with the concession holders, Food and Beverages staff, and the cleaning contractor, on the management of solid waste.

(iii) CORFERIAS trained 61 Agroexpo exhibitors, 20 SOFA exhibitors and 4 Motogo exhibitors on requirements for best manufacturing practices, and policies for bringing food into the facility. 471 workers in Food and Beverages were trained in the hygienic handling of food and best manufacturing practices.

Finally, work was done to confirm the commitment and support to and support compliance with the United Nations Global Pact Principles in the areas of human rights and business, labour standards, the environment and anticorruption the presentation and publication of the annual communication on progress-COP, the document to be seen at <http://corferias.com/pdf/comunicaciones-para-el-progreso-2016-2017.pdf>.

## 5.5 QUALITY OF LIFE FOR ENABLERS.

As a basic part of its work, and in compliance with its corporate objects, CORFERIAS has implemented a series of support policies for the benefit of enablers to provide them with sufficient tools to improve their personal and family environment.

### 5.5.1. CREDIT LINES

CORFERIAS Human Resources Management area continues to provide economic support to enhance well-being and the quality of life for enablers and their families. Modes of credit available include home purchase, vehicles purchase, education and calamities.

**5.5.1.1. Education loans.** 45 enablers have access to this benefit, in which CORFERIAS supported professional and academic development. Coverage was expanded this year by 4% compared to 2016. This mode of loan allows financing of up to 100% of semester enrolments for technical, and technological programs, diploma courses and undergraduate study. Post-graduate programs of finance for up to 50% of semester enrolment fees. The loans are interest-free.

**5.5.1.2. Home purchase loans.** Three enablers have had taken up this option, freeing up mortgages with other

lenders, and obtaining savings in costs through the interest rate conceded.

**5.5.1.3. Calamity loans.** 23 enablers have access to this benefit, when unforeseen situations arose in families during the year, and discovered expenses such as the purchase of high-cost medicines, damage to the home, flooding, fire, medical treatment for the family group.

**5.5.1.4. Vehicle purchase loan.** Three enablers have access to this benefit, and purchased their vehicles at an interest rate of DTF +2 points (DTF is the 90-day interbank rate in Colombia).

## 5.5. SUPPORT FOR FOUNDATIONS

In 2017, the welfare plan focused on two lines of work: the promotion of physical health among staff, and the generation of opportunities for interaction for improvement of the internal working environment.

During the year, new sporting activities were introduced, (i) a Jenga tournament with 70 entrants; (ii) participation in the Colsubsidio challenge obstacle race, a 3 km event in which 45 enablers took part, with the opportunity of competing against other companies affiliated to this family compensation fund, and (iii) as in previous years, the holding of championships for football - five of them this time - with the participation of more than 150 players, bowls, which had more than 100 entrants, ping-pong and "rana", with 60 entrants for each.

During the year, a number of spaces for social-work interaction were arranged, two lunches were held with the presentation of artistic shows in the ARCO restaurant in CORFERIAS, there was a Halloween party for the adults, a recreation day for the children, an end-of-year celebration, and the Advent-Christmas season, with activities which made a positive impact on our working climate.

### 5.5.3 HEALTH AND SAFETY AT WORK

An initial evaluation of the management system was made following the guidelines of Resolution 1111/2017, which regulated occupational health and safety. Based on the findings of this analysis, a work plan was designed to bring compliance levels to 100%, as required in 2018.

SGS had the object of mitigating and controlling the following actions as part of the action plan: (i) the structuring of occupational health and safety coordinator's post; (ii) the formation of emergency brigades and related training, the closure of occupational incident and accident investigations; (iii) the design and documentation of procedures and programs required by law, scoped into the various areas of CORFERIAS, and the application of a psychosocial risk survey, covering 100% of the target population.

## 6. ORGANIZATIONAL DYNAMICS

### 6.1. HUMAN RESOURCE MANAGEMENT

#### 6.1.1.1 Selection Process

Recruitment and external selection was used to cover vacancies in 2017. Response time was under 30 days from initial request to contract signature in 90% of cases.

The strategy for potentiating growth and development of our enablers continued with 36 internal promotions, 24% more than in 2016, keeping to the commitment to offering enablers internal opportunities.

#### 6.1.1.2. Performance Assessment

At the end of 2017 there was a performance assessment which this time included a new element among the items to be evaluated in both the head-enabler and in the enabler-head assessments. There was analysis of the values of our culture (we make memorable experiences, internal and external teamwork, ongoing innovation, world-class management and commitment), validated in the exercise of strategic planning.

This process provides for individual delivery of results, and an inventory of formation and training needs for staff who will be the input of the 2018 Formation and Training Plan 2018.

### **6.1.1.3. PERFORMANCE OF TEMPORARY PERSONNEL**

In 2017 the centralized function responsible for the coordination of temporary staff arranged the hiring of 8,114 posts during the year, and secured appropriate levels of service: logistics (operations and security), with 3,646 manual labour contracts, and 1,854 CORFERIAS Food and Beverages contracts; 331 parking area contracts, CORFERIAS -Caribe 730 contracts; and 1,553 Agora Bogota CORFERIAS operator contracts. There was an increase of 7% compared to the previous year, mainly due to the continuity of 12 months operations Puerta de Oro, and the opening of the Agora Bogota Convention Center.

### **6.1.2. AGORA BOGOTA CONVENTION CENTER**

The staffing structure for the Center was defined for the start-up of operations. There were selection processes and training for new areas of infrastructure and operations, service, and the food and beverage unit.

There was also a hiring process for temporary personnel to provide support services in events, and a temporary service agency with experience in events personnel was selected to attend exclusively to the requirements of Agora.

### **6.1.3. PUERTA DE ORO - BARRANQUILLA**

The staff needed to operate the Puerta de Oro facility was consolidated in 2017, and the welfare program was initiated, along with activities related to compliance with legal requirements in areas of occupational health and safety.

As part of the welfare program, we held the First Health Day, in which all the enablers received cardiovascular screening, optometry, nutrition consultations and breast screening. This activity involved 95% of the team of enablers in Barranquilla.

There were also celebrations of Halloween for adults, a party and Christmas gifts for the children of enablers, and then an end-of-year celebration.

In terms of compliance with occupational health and safety regulations, there was a technical inspection of the administrative offices by the occupational risks insurer in the first half of 2017, and were no important findings with regard to working conditions. There was also a selection of the Employment Coexistence Committee, with training to make it work as intended.

## **6.2. FORMATION IN COMPETENCIES**

### **6.2.1. INNOVATION**

Work was done to enhance innovation competences with the firm HYPERCUBUS, specialists in the generation of innovative spaces for co-creation, to strengthen competencies in innovation during 2017, using the "design thinking" methodology.

As a specific project, the Risks and Operations Department worked on a proposal for service design, based on a definition of service experiences in CORFERIAS, in the establishment of critical points in process, the concept of a new model, the construction of a prototype and generation of elements for an action plan.

Work was also done on the co-creation model, with the communications and advertising management team, and in the design and construction of a prototype for a comprehensive 360° communications model, responding to the current needs of the various types of public served.

### **6.2.2 ENGLISH**

In 2017, we continued for formation of technical competences in English. There were three work cycles, and several enablers benefited from the programme, with the following results:

41 passed level AI  
57 passed level AII  
46 passed level BI  
18 passed level BII

### **6.2.3. TECHNICAL UPDATES-EXTERNAL TRAINING**

There was support for enablers to take part in workshops, seminars and diploma courses, as a means of keeping them up-to-date in their knowledge, to be applied in various operations.

The main areas of this refresher work were tax planning, international financial reporting standards (IFRS) and accounting standards (IAS), Free Zone legislation, logistics and purchasing management, and innovation in the creation of new products.

There was joint internal work in the areas of technology and communications, to provide training in the use of Office 365 tools, the enabling abuse of the new intranet, and the enabling of and use of Yammer.

There was also joint work with some of the private pension funds and the state fund Colpensiones, in a twin workshop for advisory services for staff who at the close of 2017 were in the age-range to begin to set up a base for their pensions, and were close to the deadline to take a decision on which pension regime to choose: 20 enablers took part.

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

In 2017, the Communications and Advertising area focused on six strategies on for action lines.

- Internal and external national corporate communication
- Fairs communications for Bogota and Barranquilla
- Communications on events
- Prospection for exhibitors (CRM)
- Guided invitations (Contact Center)
- Loyalty program-C-Fiel for visitors.

#### **6.3.1. CORPORATE COMMUNICATIONS DIMENSION/EXTERNAL AND INTERNAL**

In 2017, we worked on the construction of content and messages which will reach not only the fair-going public, but also potential for events in Bogota and Barranquilla.

With the slogan "Where opportunities and progress are born, we are there too!!", We moved digital channels to strengthen our interaction in social networks, the number of single followers, and single visits to our corporate website. We also worked to strengthen internal channels.

#### **Launch of Office 365 and the Corporate Intranet**

CORFERIAS launched a new intranet, which places emphasis on news about events and leading developments. We updated the graphic image of our notice board with value content for enablers. There were also tools such as email and intranet which broadened their field of action, and allowed connection from any location or device to facilitate interaction and access to information.

The new intranet was completely restructured, and migrated towards a more friendlier and more functional design, with nine sections with new sections, such as:

1. CEOs Editorial
2. CORFERIAS stories
3. Image gallery
4. Space for advertising and agreements
5. Services for enablers

### **Launch of the CORFERIAS "Yammer" social network**

The tool was launched to strengthen the interaction and sense of belonging of enablers, and to broaden the effectiveness in the dissemination of corporate information internally. YAMMER is the corporate social network which enables real-time messages to be communicated, and connected with the different areas and enablers with corporate content and information of interest.

After the launch, which used streaming with the participation of enablers in Bogota and Barranquilla, the number of active members rose from 20 to almost 250 enablers, engaged in the network in just one week. As a result of the various strategies for internal communications, enabler participation in program events programmed by the welfare and human resources area was increased, and there were positive comments from each activity.

Our slogan "We are there too", was further enhanced, and with a greater sense of appropriation. Further, it became easier for enablers working in different areas to interact and integrate, and this was promoted through several channels, with two-way communications between senior management and enablers.

At the close of 2017, corporate communications focused on connecting the enablers with the higher purposes of CORFERIAS, and making room for the internal reinforcement of corporate values for the organizational culture particular to CORFERIAS; and this should define a set of experiences related to customers, allies, visitors, and the public in general. In 2018 we expect to continue positioning the values which characterise the CORFERIAS enabler.

1. We make memorable experiences service of excellent and intimacy with customers (internal and external)
2. We work as a team with respect and transparency, and our purpose is to generate trust.
3. We are constantly innovating, and we work for our value promise, and we are flexible and creative in renewing ourselves and reinventing ourselves from day to day
4. We are leaders in the individual management of fairs and events in Latin America. Therefore, our work guarantees world-class management based on correct planning and risk management.
5. We are committed to make things a success, aiming for progress and development of our portfolios, our business, and our country.

### **6.3.2. FAIRS AND EVENTS COMMUNICATIONS BOGOTA - DIMENSIONS**

During 2017, comprehensive strategies were designed and implemented for communications, advertising and the invitations for 22 mass, specialist and mixed fairs in Bogota. The core of the strategies was the humanization and segmentation of messages to the range of public to which we want to speak and make invitations. Content and the management of storytelling are the main sources of dynamism in the range of channels activated to secure our objectives, and the positioning of the higher purposes of CORFERIAS as generators of opportunities and progress.

The communications dimensions promoted three objectives for growth:

- Stronger and enhanced quantity and quality of visitors to its own events, and events held in association;
- Loyalty programs for mass visitors, and the capture of new segments of the public in the various events, and interaction of our followers and users in our digital channels to strengthen the CORFERIAS community; and
- The creation and construction of communities by product segment.

This strategy had four action lines are for invitations to the public:

- a. Direct marketing, guided invitation guided, personalised invitations (Contact Center, email marketing-SMS)
- b. Digital strategy (social networks, SEO and SEM positioning, and digital consumer analysis - Consumer persona)

- c. ATL and public relations strategy through free press-alliances with the media and relation with multipliers and influencers; and
- d. Strategy with exhibitors, partners, sponsors and allies.

In terms of the target for invitations to visitors in 2017, numbers rose from 1,565,800 to 1,702,320, an increase of 9% over 2016, with optimization of the message.

To during the year, and alliances were made with the media, including Caracol TV, the GLP Group (radio), El Tiempo, La W, La X, and RCN. They gave us a wider range of dissemination as media allied for certain specific events. There were also collaboration agreements with media such as Canal 13, Canal Capital, Canal Uno and Señal Colombia, who provided support for mass fairs such as SOFA, Expoartesánías and the Homes Fair, through content in space -related events.

### **6.3.3. PUERTA DE ORO, BARRANQUILLA**

In 2017, the operation of the Puerta de Oro facility in Barranquilla attracted four new fairs, and increased the challenge to invite new visitors in the Caribbean region to visit fairs to attend fairs and events which CORFERIAS had programmed to operate there.

The strategy focused on messages of Caribbean identity, to position the joint efforts of Puerta de Oro with CORFERIAS as a driving force to make Barranquilla the business capital of the Greater Caribbean, the holding of fairs and events which would promote business, competitiveness, innovation and development.

So, fairs such as Createx, the Flavour of Barranquilla, Expodrinks, FICA and Autofest were much welcomed by the public. The communications strategy secured the optimization of the message representing 60.2% growth in alliances with media in the Caribbean, compared to 2016.

The challenge for 2018 is to increase the number of visitors, and positive "word-of -mouth" communication about each of the fairs and events, and continue to position the facility for the holding of domestic and international-scale events, and affairs, to place the fairs increasingly as top-of-the-mind among the people of Barranquilla, and of the Caribbean region in general.

The corporate message of CORFERIAS as a brand was work involved cooperation and teamwork with Puerta de Oro and the partners of facility. The information sent to media in respect of fairs held in Puerta de Oro was focused on publicizing novel elements and attractive thing not only for communication spaces, but also for visitors who see CORFERIAS-Caribe as an opportunity to share with family and friends.

### **6.3.4. ENHANCED DIGITAL AND SOCIAL NETWORK COMMUNICATIONS.**

The digital communication strategy of CORFERFIAS entered a second stage in the digital transformation plan, with the generation of content with segmented values for the targets publics, aligned with the overall strategy communication strategy both for inspection and invitation exhibitors, and to capture mass visitors and potential buyers.

In 2017 CORFERIAS started out on a new stage to segment and profile various digital audiences, aiming to personalise messages and secure greater effectiveness in assistance, leveraging not only on-site ticket sales but also promoting on-line ticket sales, and pre-registration f by professional visitors with profiles as buyers.

The online ticket platform was leveraged by an ATL message, digital messages, social networks, email marketing, websites, the corporate site, the CORFERIAS application for iOS and Android, and content management in the form of videos, infographics and interactive games, photographs, GIFs, streaming (live transmissions on the web and social network), 360° photographs, video blogs, and other resources.

In 2017, CORFERIAS and its set of actions implemented in its traditional and programmed messages, and media strategy, secured an important increase in online sales of tickets, through the use of digital tools. This was evidence of the wide acceptance by users of the service. The effectiveness of the management of printed and digital content and non-conventional communication can be seen in the increase in the use of this tool. The online

channel processed an 11% share of sales of the total ticket sales for CORFERIAS fairs and events in 2017.

Social networks reported an increase of 28% compared to 2016, with 676 991 followers, compared to 528,309 in 2016. Content generated in the networks and in audio-visual productions accounted for 32% of that. The total scope of digital campaigns in 2017 increased 158% compared to 2016, and this demonstrated the significant acceptance by the public of content generated during year. Total interactions in 2017 were 609,287, a 4% increase on 2016.

During 2017, the CORFERIAS social networks with the greatest performance and growth were linked in, with 97% as a result of guided invitations for specialist flowers, and instant with 78% compared to 2016. This was a positive increase with photographic, video and story content. The story network has gathered strength, and is now one of the most important elements in publishing the experiences of fairs and events. 25% of total interactions in 2017 were accounted for by bids to ground profile activity.

We must also mention the good performance which YouTube continues to offer as a channel, and in 2017 it held 445 videos generating two, 140, 1710 visits, 65% more than 2016. There were also videos which increased visiting time by 62%.

The content of the first website was restructured based on user interests (that is, in. Exhibitors, visitors, sector professionals, journalists, et cetera), and this brought about a 6% into increase in total visits compared to 2016.

#### **MANAGEMENT OF LOCAL AND INTERNATIONAL PRESS, AND MEDIA RELATIONS**

There were 8,010 mentions in the national press in the local press of 21 fairs, compared to 7,125 in 2016, an increase of 9%. In particular, there was the media impact of fairs such as the Bogotá international Fair with 2,075 mentions in local and foreign media, also for, which in 2017 achieved a record 574, 214 more than 2016 (up 59%).

International press management secured a total of 1,055 mentions in foreign media, 73 more than 2016, representing a 19.6% increase from year to year.

For fairs managed by CORFERIAS in Puerta de Oro Caribbean Event Center, we achieved 622 mentions, an increase of 8% compared to the previous year.

Exchanges with the media are a mode which we continue to use to fortify the media plan for each fair, because we obtain significant benefits in dissemination and visibility. In 2017, there were successful annual negotiations for several fairs with media such as Canal 13, Televisa, Legis LatinPyme, Nuevo Siglo, and others.

The message in the media was obtained as a result of exchange negotiations (exchanging mentions for fair stands). We emphasise that fairs recently received important support in advertising messages as a result of this type of arrangement, in the FILBo, the Grand Property Salon, Homes Fair, SOFA and Expoartesanías.

#### **6.4. CRM AND THE CONTACT CENTER**

The CRM was updated in 2017 from the 2011 version, and there was a change of Contact Center platform that brought us totally integrated tools to improve exhibitor prospection processes, invitations to visitors and knowledge of customers. Training programs a training programme was held for this process for all users, enhancing the CRM culture in CORFERIAS.

The process for prospection of exhibitors was also enhanced to ensure the capacity to contact each of the businesses flagged for business opportunities.

One of the Contact Center objectives in this year was to integrate guided marketing processes with digital marketing, communications and advertising. The intention was to improve results in terms of quantity and quality of visitors to specialist-invitation fairs, and mixed, and mass fairs. To match this integration, and in alignment with the overall communications strategy, pre-registration was enhanced, with effective systems of 41% of the total of the pre-registration bases in 2017. There was also a program created for pulling power and synergy with the multiplier network formed by industry associations, businesses, sponsors and government, and this contributed to the dissemination of promotional fairs and supported the process of enhancing pulling power in Bogotá and in

Barranquilla.

## 6.5. MODERNIZATION OF TECHNOLOGY

The portfolio of IT services was expanded in 2017 among internal and external customers. The changes improved the productivity of enablers, and provided new services to optimize customer experience. Other work started in 2016 also continued on the strength IT platforms, with the growth and new challenges of each CORFERIAS business unit. The most important projects included the following:

**Event ERP.** Conceptualization, design, development and promotion in full implementation of Event ERP. The platform is incorporated into the CRM ERP and the revenue management calculator, a development that has made sales management and operations easier, and improved sales productivity.

**Exhibitor service platform.** This online platform was a real leap forward in exhibitor services. It presents all documentation required, and gives a simple and practical explanations with a step-by-step guide to the entire commercial process, from the generation of fair passes, through to payment of stand space.

**Agora connectivity infrastructure.** One of the most modern connectivity platforms in Latin America was designed and implemented for the facility. It has the capability to secure high-quality connections for more than 4,000 users simultaneously, while maintaining maximum information security standards, service availability, and geolocation for each participant.

**CORFERIAS Conecta.** This is an application available in Play and Apple Store, allowing exhibitors to contact potential customers by reading the QR code that the visitor carries in his badge. The exhibitor can set parameters for questions which he considers most relevant, and download his database on line. This tool reduces delivery times substantially and improves quality and value of information supplied to the exhibitor.

**Intranet.** The new CORFERIAS intranet came into production in mid-2017, as a space that expands and consolidates an online service portfolio for enablers, improving their productivity and closeness to the organization.

**Integrated monitoring system for technological infrastructure.** The "System Center Configuration Center" was deployed and configured as a platform for the administration, management and monitoring of infrastructure assets. The platform enables us to apply security patches simultaneously throughout the technological assets of CORFERIAS, and maintain and control an adequate inventory control.

**Information security.** Modern multi-layer security architecture was acquired deployed and configured. Between January and June 2017 we introduced an ambitious IT security project, and CORFERIAS deployed three layers of network infrastructure security (NGF Palo Alto, Load Balancer F5 and Firewall Sophos), in addition to intelligent algorithms to detect intrusions, corporate antivirus, and centralized equipment patches through the System Center, amongst other things. This means that we are now safe from the various mass systems attacks.

**High-availability system.** The hyperconvergence system was designed and deployed, centralizing critical software services, improving the performance of IT services infrastructure support, and guaranteeing high availability and recovery in disaster situations

## 7. THE FINANCIAL DIMENSION

The global economy continued its slowdown throughout 2017, and specialists forecasted that GDP growth would close with an increase of 1.6%-1.8%, lower than the 2% reported for 2016. This result was mainly due to household consumption, which is continues to grow below 2% in real terms, partly affected by the tax reforms approved in December 2016. The reforms increased the general rate of value added tax (IVA) from 16% to 19%, and income tax rates for Free Zones increased from 15% to 20%. The effect of the impact of these changes was felt mainly in the first quarter, and there was slow improvement over the rest of the year, as a result of increased public spending and the good performance of the agricultural sector despite the outbreak of foot-and-mouth disease, but with the help of better weather conditions), financial institutions and social services.

Inflation continued to fall, closing the year at 4.09%, 1.66 percentage points lower than 2016 (5.75%). This was due to an outstanding performance in food production, as the effects of the El Niño phenomenon waned. This situation gave the Central Bank room for consecutive reductions in its base rate.

The dollar was less volatile than in 2016, closing at COP2,984.

Finally, CORFERIAS faced major changes in 2017 as the result of tax increases (IVA and income tax), the foot-and-mouth outbreak affecting Agroexpo, and poor performance in the oil and gas sector. However, there was major dynamism in innovation with new products and the upgrading of existing ones, international alliances with World No. 1s in fairs, and good performance of the Food and Beverages Init, such that CORFERIAS was able to meet its targets.

## **7.1. GENERAL CONSIDERATIONS ON THE ACCOUNTS AT DECEMBER 31, 2017.**

The analysis of the information presented in the next section corresponds to the consolidated financial statements of CORFERIAS, and its affiliate CORFERIAS Inversiones S.A.S., all prepared in accordance with IFRS.

### **Cash and other current financial assets**

Cash and other current financial assets increased COP7,757 million, due to drawdowns of a number of loans taken to finance construction projects; and there was the contribution of the ERU trust for the acquisition of housing close in the district of the Bogota Agora International Convention Center: escrow funds are held available for the project.

### **Accounts Receivable**

There was a reduction of COP1,757 million compared to the previous year, as a result of the implementation of effective plans to collect outstanding receivables

### **Intangibles**

There was a net increase of COP3,998 million, as a result of the transaction of 50% of the Almax trademark, purchase of 70% of the agricultural fair, and the sale of 50% of the Mueble y Madera fair.

### **Investment properties**

There was progress of more than 60% in the construction of the hotel project, with an increase of COP 119,716 million for this item.

### **Liabilities**

CORFERIAS closed 2017 with total liabilities of COP248,431 million, an increase of COP131,889 million over 2016.

The increase is mainly due to additional non-financial liabilities of COP5,318 million, representing the contributions paid by the hotel investor for this project, and which due to the nature of the cooperation agreement signed between the parties, is recorded as a liability.

There is also an increase of COP39,490 million in DTF- and IBR-indexed financial debt, acquired with long-term financial institutions to cover the investment plan and the growth of the current tax liability by COP3,171 million. The increase was a result of the higher rate of sales tax (IVA), now at 19%, and income tax for Free Zone Service Users, now at 20%. The Free Zone tax change was responsible for an increase in tax deferred tax liabilities of the order of COP1,458 million.

There was also an increase in accounts payable of COP2,197 million, corresponding to supplier and contractor accounts, fair partners - mostly Expodefensa, Andinapack and Expoartesanías.

## 7.2. GENERAL ASPECTS OF THE INCOME STATEMENT

Fair activities achieved important results, despite the challenges such as foot-and-mouth disease during the period of the Agroexpo show. Profits increased 18% compared to 2016. Also, and in relation to the growth of other business units, there was a particularly good performance by Food and Beverages, which almost doubled its profits in 2017 ((up 94%).

Events activities closed the year with a profit of COP 11,409 million, or growth of 2% compared to 2016. Since election activities, as a voting center, are an element of CORFERIAS business activities, we note that, while there were elections 2016, there were none in 2017.

Various also has maintained its former record of reduced overhead, as a result of repeated efforts over the last two years to make expenses more efficient. The overhead in the Free Zone, without depreciation, amortization or taxes in 2017, closed at COP 25,038 million, compared to COP 25,072 million reported in 2016.

EBIDTA grew 29% compared to 2016, from COP31,210 million to COP 40,327 million. This is mainly due to the strengthening and innovation in fairs, the growth in the food and beverages business, and well-controlled budgets for costs and expenses.

Non-operating activities declined, due mainly to the fact that in 2016 CORFERIAS had received substantial non-recurring revenues from the increase in value recognized for the land contributed to the hotel project, as a result of negotiation with the investor-partner. Further, interest payments also rose due to higher indebtedness taken to cover infrastructure projects.

Finally, net profit for the year was COP22,767, million, 7% over budget.

## 8. LEGAL AFFAIRS

### 8.1. LITIGATION

The cases described below involve CORFERIAS, represented by specialized outside attorneys with wide experience in the fields of each of the legal issues raised. The cases in which CORFERIAS is a party, or has been engaged as interested third party, are as follows:

**CORFERIAS v. DIAN. Fine for false information in the 2009 income tax return.** The tax authority DIAN Regional Control Management Division for Major Taxpayers, started an assessment process for CORFERIAS for income tax returns made in 2009, and issued a special assessment in June 2012, rejecting certain deductions then made for productive fixed assets. In August 2013 DIAN sued CORFERIAS for improper return of sums of money derived from those deductions. After exhausting ordinary administrative process, CORFERIAS entered a claim for nullity and the restoration of law with the Administrative Tribunal of Cundinamarca, Section 4.

In November 2015, the Court issued the first instance decision, declaring the nullity of the administrative acts challenged, and, as restoration of law, it declared that the CORFERIAS income tax return for 2009 should stand. Nonetheless, DIAN then appealed against the first instance decision, and the Council of State admitted the appeal on January 21, 2016. On July 19, 2016 final pleadings were entered, and the decision of the Council of State is now awaited with regard to the DIAN appeal.

**CORFERIAS v. DIAN. Fine for alleged improper return for income tax rebate, 2009.** DIAN imposed a fine on CORFERIAS in 2014 for an allegedly improper rebate for income tax for 2009, and ordered us to pay COP1,612,282, and related penalty interest.

CORFERIAS petitioned for reconsideration, and the decision went against it. In July 2015 we sued for nullity and restoration of law before Section 4 of the Administrative Tribunal of Cundinamarca. The suit was admitted in September 2015, and contested by DIAN in time. The initial hearing was held on March 15, 2017, and on November 17 the Tribunal issued its first-instance decision, declaring partial nullity of the administrative acts challenged, in respect of the recalculation of the fine for improper rebate, applying the principle of favourability. On December 12, 2017 CORFERIAS appealed against this decision, and currently, the case is awaiting admission by the Council of State.

**Labor claims.** There are currently 8 ordinary labor claims against CORFERIAS in the courts, involving a total of 20 plaintiffs, who claim that the relation between each of them and court is governed by a contract of employment, and therefore that CORFERIAS be ordered to pay - amongst other things - social benefits (severance, interest on severance accruals, and mandatory service bonuses), holidays, indemnities for alleged dismissal without cause, arrears of payment of indemnities, Social Security contributions, and related penalty interest.

The stages of process have been conducted as required by law. In three cases, a date and time have been set for the mandatory conciliation hearing, in 2018. If the parties decide not to conciliate, prior exceptions will be decided, and the case will proceed with the specification of litigation to continue the proceedings. There is a fourth case, pending court processing, of an exhortation to close the period for the collection of evidence. In a fifth case, on February 24, 2017 in a first-instance decision unfavorable to CORFERIAS, which appealed to the Labour bench of the Bogota appeal courts, and currently we await a decision on a date and time to hear the second-instance decision.

In a further two cases, there is already a second-instance decision: in the first, the lower court decision acquitted CORFERIAS of all claims, because there was no employment relationship as claimed by the plaintiff's; the decision was confirmed on July 27, 2017 in the second-instance decision by the Bogotá appeal courts, and the results of an analysis are pending, to decide whether the economic claims of the plaintiffs were high enough to justify admitting their petition for cassation. In the second process, in a second-instance decision of August 29, 2017 the Bogotá appeals court amended the decision of the first instance, reduced the amount of award of social benefits, and revoked the acquittal of CORFERIAS for the payment of social security pension contributions: and instead, ordered CORFERIAS to pay those contributions due throughout the period of the alleged relationship of employment, subject to an actuarial calculation. Currently, we await a decision on the request for reconsideration and in subsidiary, a complaint laid by CORFERIAS for the denial of cassation.

Finally, with regards to the most recent litigation, proceedings are in train to admit the CORFERIAS' submissions contesting the claims.

**ORDINARY CIVIL CLAIMS.** On the occasion of the death of the "Yegua Polka del Juncal", occurring in facility on July 21, 2007, the horse's owner made a claim against CORFERIAS for its alleged third-party liability at the event. In a decision of January 21, 2013 in the Civil Bench of the Bogotá appeal courts, fully acquitted CORFERIAS of the claims, and as a result, the plaintiff applied for the special recourse of cassation. CORFERIAS external advisers promptly contested this application on September 24, 2014. The case currently awaits a decision on the request for cassation made by the plaintiff.

- **CORFERIAS V. TACTICAL INT LTDA.** This is a small-claims enforcement case, in which a settlement was reached, since the principal obligation in favour of CORFERIAS has been satisfied. Nonetheless, attorneys' fees remain outstanding, and these were included in the settlement agreement, but the debtor did not keep agreement. Counsel therefore continued the court proceedings, and the decision was in favour of CORFERIAS. We are currently checking the viability of an injunction requested, but the debtors are totally insolvent, and assets currently embargoed are worth less than COP1 million.
- **CORFERIAS V. AN INDIVIDUAL (EXHIBITOR).** This is a small-claims enforcement case, in which Bogotá Municipal Court 41 issued an order to pay on August 28, 2017. We await completion of the service of notice of the decision to the defendant.
- **CORFERIAS V. SUPERINTENDENCY OF INDUSTRY AND TRADE - FERIA INTERNACIONAL DEL LIBRO - Class 35**

CORFERIAS Brought the suit for nullity of restoration of law before the Council of State, for the decision of the Superintendency of Industry and Trade denying, registration of the trademark Feria Internacional del Libro in Class 35. An analysis was made of the official communication containing a pre-judicial interpretation by the Andean Community Tribunal of Justice (April 25, 2016), the evidence-gathering stage was completed, and this moment we await the referral of the case to present final pleadings.

- **CORFERIAS V. SUPERINTENDENCY OF INDUSTRY AND TRADE - AGROEXPO – CLASS 35**

CORFERIAS sued for nullity of restoration of law before the Council of State, to annul the granting of registration of the trademark Expoagro in Class 35 in favour of Corporación Colombiana Internacional, and received a pre-judicial interpretation from the Andean Tribunal on January 12, 2016. On September 8, 2017 we submitted final pleadings, and we currently await the decision which will close the proceedings.

- **CORFERIAS V. SUPERINTENDENCY OF INDUSTRY AND TRADE – TRADEMARK MEDITEC – CLASS 35.**

CORFERIAS sued for nullity restoration of law before the Council of State for improper denial of registration of the trademark "Meditec" to identify services in Class 35. It received official communication on February 4, 2016 containing a pre-judicial interpretation by the Andean Tribunal. We submitted final pleadings on July 17, 2017, and currently await the decision that will close the proceedings.

- **CORFERIAS V. HOTEL CORFERIAS INN.**

In 2013, we discovered a trademark infringement in a business calling itself "Hotel Corferias Inn", which offered accommodation close to the facility, and therefore the owner of the business was asked to remove the expression CORFERIAS from his announcement. No reply was received. In order to complete the instance of direct settlement, CORFERIAS called for reconciliation hearing, but this failed.

CORFERIAS then initiated an administrative case for trademark infringement. Subsequently, it was found that the injunction had been not been observed, since instead of withdrawing the expression CORFERIAS, the name of the business was changed "Tu Kasa Inn Corferias Inn".

CORFERIAS therefore continued with the proceedings with the Superintendency for an infringement against registrations in Classes 43, 35 and 41, and on May 24, 2016 the Superintendency found that:

1. CORFERIAS is a notorious or renowned trademark, considering that it crosses the boundaries of notoriety, being so well recognized that any sign which is similar or identical to any product or service would cause the risk of confusion in the market

2. The owner of the Corferias Inn establishment was guilty of a trademark infringement, and must therefore:

- a. suspend all use of the expression CORFERIAS or similar signs, and remove that expression from his hotel; and
- b. remove all matter related to the CORFERIAS trademark in letterheads, leaflets, advertising, et cetera

3. The injunctions are permanent (withdrawal of notices).

This decision was appealed in the second instance. The appeal was submitted by the Bogotá civil appeals court, and, as is a regular part of such proceedings, the opinion of the Andean Community Tribunal of Justice was requested. The proceedings are now suspended under an order of September 30, 2016, until that opinion is received.

## **OTHER LEGAL MATTERS**

CORFERIAS is an interested third-party in two cases before the Council of State. They referred to two actions for nullity and restoration of law brought by the Cali fair operator CORFECALI against the Superintendency of Industry and Trade for allegedly improper denial of the registration of the mixed trademark Festival de Salsa y Verano, to identify services in Classes 35 and 41. Contested the claim on September 12, 2016. In proceedings initiated as a result of the denial of registration of the trademark in Class 35, the date for an initial hearing was set for May 21, 2018; and in the case for the denial of registration of the trademark in Class 45 we await the opening of the evidence-gathering stage.

In the course of the year, CORFERIAS received a number of claims from individuals who considered that CORFERIAS had infringed the intellectual property rights (copyright), or industrial property rights (robots) or consumer protection rights (inducement to error and abuse of dominant position), amongst other things. These CORFERIAS attended to these claims in legal terms, accompanied by outside advisers who complemented the range of activities pursued by CORFERIAS in the preliminary stage, in and in all cases obtained decisions favourable to CORFERIAS, because it was shown that there was never any infringement of the rights mentioned, and CORFERIAS had acted lawfully.

## **8.2. CORPORATE GOVERNANCE**

CORFERIAS has a permanent commitment to actions in corporate governance, and has established a set of values, principles, policies, practices, processes and procedures through which it pursues its corporate objects, always seeking excellence, transparency and quality in action, to comply with its commitments to its various stakeholders.

In 2017, and as required the Articles, the Annual General Meeting (AGM) was called for March 30, 2017, in notices required of businesses listed on the public securities market, that is, publication in a wide-circulation newspaper in the place of the company's registered offices, on the webpage, and addressing communications to shareholders at the latest address registered with CORFERIAS.

There was the quorum for discussion and decision required by law and the company Articles. Shareholders exercised their voting rights, and the items on the agenda subject to vote were approved as indicated in the law and the Articles. In particular, there was approval of the 2016 Management Report, the financial statements at December 31, 2016, the proposal for profit distribution, the election of the Statutory Auditor for two years-2017-2019), and allocation of his fees for the period of that appointment, and shareholder proposals were discussed.

The 2016 AGM appointed a Board formed by eight principal members and eight alternates: two of the principals and two of the alternates are independent. During 2017 this Board met regularly in ordinary meetings every month, thus complying with the Articles in the giving of notice and quorum, with the permanent and active participation of principal and alternate directors, and honorary members.

The board, as the senior oral administration in, has performed its statutory functions, making recommendations, issuing instructions, and providing authorizations where necessary, actively and effectively supporting management action, as presented in this Report. The directors who attended the meetings receive attendance fees approved by the AGM at the time of their election.

Finally, we note that the financial information and relevant facts for 2017 were disclosed to the market and reported to the Financial Superintendency on time and as required by current regulations.

## **8.3. COUNTRY CODE**

The Colombian government has generated a solid culture of corporate government as an instrument to develop the capital markets, and to contribute to the supervision of those who take part in it. It has adopted a standard code of recommendations which are voluntarily adopted by securities issuers, and these and are related to corporate governance; this is known as the "Country Code".

Securities issuers who have voluntarily adopted the Code must submit an annual report of their degree of adherence to it, preparing an implementation report for the recommendations for the Country Code for transmission to the Financial Superintendency.

CORFERIAS is a securities issuer and has voluntarily adopted this Code. It has complied with its reporting obligations, and the reports are published on its webpage. As a result, shareholders, investors and the market in general are in a position to evaluate and discover the level of adoption reached.

#### **8.4. AUDIT AND RISKS COMMITTEE**

An Audit and Risks Committee is part of CORFERIAS corporate government, as an area of board support for management. The Committee has three members, two of whom are independent, and all of whom are appointed by the Board; they remain in office for at least one year from the date of appointment. The committee elects its own chairman. The members of the Audit and Risks Committee receive remuneration approved by the AGM at the same time as the appointment of directors, and this is recorded in the minutes.

This main function of the Audit and Risks Committee is to support CORFERIAS management in the definition policies, and in the arrangement of the design procedures and systems for internal control and risk analysis, management and administration. It also supervises the structure of internal control and assesses the reasonableness of various existing procedures and controls.

During 2017, as required by Law 964/2005, the Committee performed its functions as the body that supervises compliance with the Audit Program, ensuring that CORFERIAS financial information is in accordance with the requirements of law. Is also required, it approves the financial statements for 2016 presented to the AGM.

In this context, the Audit and Risks Committee held five meetings in the year. In particular, it received and assessed the following issues: (i) financial statements at December 31, 2016; (ii) Statutory Audit Plan for 2017; (iii) Internal Audit Plan 2017; (iv) CORFERIAS regular Internal Audit reports, Statutory Audit reports, and Compliance Officer reports; (v) Possible risks in CORFERIAS operations; (vi) Execution reports on CORFERIAS projects; (vi) updating and adjustment of internal regulations, such as the Purchasing and Contracting Manual, and procedures related to operations and risk management, amongst others.

The actions of the Audit and Risks Committee satisfied all requirements of law.

#### **8.5. COMPREHENSIVE SYSTEM TO PREVENT AND CONTROL ASSET-LAUNDERING - SIPLA**

In 2017, a number of different activities and actions were undertaken in this IPL a, in compliance with its manual and code of ethics. Corfe various continued with training for new employees, and the compliance officer presented reports on some SIP and a compliance to the audit committee and to the board. He did not find any facts or situations considered suspect or unusual, which would merit report, and delivered the regular AF returns as required by law. Internal audit and the statutory audit performed their respective works work on the system, and found satisfactory compliance internally.

It is a source of satisfaction to us to be able to say that according to the Compliance Officer's reports during 2017, no suspect operation was detected in transactions performed shareholders, or in the clearance of goods arriving from abroad, or in activities involved in the ordinary course of CORFERIAS business, directly or through the affiliate CORFERIAS Inversiones S. A. S.

#### **8. COPYRIGHT AND INTELLECTUAL PROPERTY**

CORFERIAS is fully compliant in matters of copyright and intellectual property (Law 603 of July 2000), and all the trademarks of its fair products have registrations to denote their ownership. The software used in CORFERIAS computers has been duly licensed, and the tools have been supplied by recognized suppliers, authorized by the product manufacturers. CORFERIAS conducts regular controls on the legality of software.

#### **8.7. FACTORING**

In compliance with Sections 87.1 and 87.2 of Law 1676/2013, supplementing Article 7 of Law 1231/2008, CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA – CORFERIAS- certifies that it has not engaged in any activities in 2017 which would tend to hamper the free circulation of invoices issued by vendors and suppliers.

#### **8.8. POST-CLOSING EVENTS**

Between December 31, 2017 and the date of presentation of this Report the Board has not been advised of any important events that merit disclosure.

Operations with shareholders and management of CORFERIAS are listed in the Notes to the Financial Statements attached to this Report.

## **8.10. DIVIDENDS**

There was strict compliance with the timing and manner of the payment of dividends on profits from the preceding period, as instructed by the AGM.

## **8.11 OTHER MATTERS**

CORFERIAS has complied with its social security obligations and payroll taxes; and at December 31, 2017 it was in good standing for all payments due.

## **9. FUTURE CHALLENGES**

After five years of the Strategic Planning Cycle 2012-2017, in which CORFERIAS achieved excellent results in the lines of modernization, internationalization, innovation, corporate services and corporate social and environmental responsibility, a new Strategic Planning exercise has been set up, with a forward-looking vision, to respond to new challenges, and take advantages of opportunities arising in the new global trends of the fairs and events industry.

The exercise was undertaken by management and directors and defined the following challenges for the new Strategic Planning Cycle 2017-2021.

- i. Evolution of our business model to move forward with the product for customers, and relations with experience.
- ii. Development of an ecosystem of platforms and services that will bring together and potentiate the benefits of the physical and digital worlds, emphasizing the management and development of communities that interact in the two worlds.
- iii. Potentiation of the advantages of the process of globalization, making fairs developed and events captured an instrument of internationalization for the business world, and the destinations in which it operates, giving pride of place to regional locations and aspirations (Hub Strategy)
- iv. Exploitation of synergy and the trend towards convergence to be found in the fairs and events industry, strengthening the dynamics of innovation.
- v. Guarantee of outstanding service, excellence in operation and world-class infrastructure, in particular encouraging the integrated operation and maximum functionality of equipment and the safety of those attending, with adequate planning and risk management
- vi. Contribution to the sustainable development of conditions of competitiveness at the destinations in which we operate and their respective meeting industries, working hand-in-hand with relevant public and private actors (to play a leading part in the cluster and similar initiatives of the Chamber of Commerce)
- vii. Attraction, retention and development of the best possible human talent, securing a real materialization of the purposes and values of the organization (cultural capital as a competitive advantage).

The discussions analyzed in planning proposals by each of the business units in CORFERIAS today, led to a process of focus and adjustment based on trends identified and challenges prioritized, and the following proposals were defined.



Then, based on all of this, we made a review of the value chain to make the adjustments required to ensure that we could properly implement the proposals presented, and the related processes were instrumentalized to match the offer. We took account of the fact that there are synergies that could be used in one or another proposal of the various business units. Therefore, with the challenges prioritized, there was a proposal for grand, and ambitious targets which will be a challenge for various human resources to go yet further, in each of the challenges if described, and which should finally lead to a mega-growth target of "Doubling EBIDTA of CORFERIAS in five years".

As part of this strategic development of CORFERIAS, and anticipating the challenge of its projects, the company has structured financial planning for the next five years, considering projects already in progress, and those which have yet to be executed, defining the sources and uses of funds.



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## **REPORT OF THE STATUTORY AUDITOR**

To the Shareholders

Corporación de Ferias and Exposiciones S,A, Usuario Operador de Zona Franca and subsidiaries:

I have audited the consolidated financial statements of Corporación de Ferias and Exposiciones S,A, Usuario Operador de Zona Franca and subsidiaries, comprising the consolidated statement of financial position at December 31, 2017 and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year ended on that date, and related notes that include significant accounting policies and other explanatory material.

### **Responsibility of management in relation to the consolidated financial statements**

Management is responsible for the adequate preparation and presentation of the consolidated financial statements in accordance with Accounting and Financial Information Standards accepted in Colombia. This responsibility includes the design, implementation and maintenance of relevant internal control for the preparation and presentation of these consolidated financial statements free of material error whether through fraud or error; the selection and application of appropriate accounting policies and accounting estimates reasonable in the circumstances,

### **Responsibility of the Statutory Auditor**

My responsibility is to express an opinion on the consolidated financial statements based on my Audit, I obtained the information required to perform my functions and I conducted by examination in accordance with International Audit Standards accepted in Colombia. Those standards require that I comply with ethical requirements, plan and effect the Audit in order to obtain the reasonable assurance that the consolidated financial statements are free of material error.

An Audit includes procedures to obtain evidence regarding the amounts in disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the Statutory Auditor, including an assessment of the risk of material error in the consolidated financial statements. In that assessment of risk the statutory auditor takes account of internal controls related to the preparation and presentation of the financial statements in order to design Audit procedures appropriate to the circumstances. An audit also includes the assessment of appropriate accounting policies and the reasonableness of accounting estimates made by management, and an evaluation of the presentation of the consolidated financial statements as a whole.

I consider that the evidence of the Audit I obtained provides a reasonable basis for the opinion I express below.



### **Opinion**

In my opinion, the consolidated financial statements attached to this Report are a reasonable presentation in all material respects of the consolidated financial position of Corporación de Ferias and Exposiciones S,A, Usuario Operador de Zona Franca at December 31, 2017, the consolidated results of its operations and cash flows for the year ended on that date in accordance with Accounting and Financial Information Standards accepted in Colombia uniformly applied with the preceding year.

### **Other matters**

The consolidated financial statements at and for the year ended on December 31, 2016 are presented solely for comparison; they were audited by me, and my Report of February 23, 2017 expressed an unqualified opinion on them.

A handwritten signature in black ink, appearing to read 'Ana María Rodríguez Abella'.

**Ana María Rodríguez Abella**

Statutory Auditor, Corporación de Ferias and Exposiciones  
S,A, Usuario Operador de Zona Franca  
T,P, 165704 - T  
Member of KPMG S.A.S,

February 16, 2018

THE UNDERSIGNED ANDRÉS LÓPEZ VALDERRAMA, LEGAL REPRESENTATIVE OF CORPORACIÓN DE FERIAS Y EXPOSICIONES S,A, USUARIO OPERADOR DE ZONA FRANCA AND ITS SUBSIDIARY, AS REQUIRED BY ARTICLES 46 AND 47 OF LAW 964/2005,

CERTIFIES:

That the Consolidated Financial Statements at December 31, 2017 and 2016, the reports, documents and affirmations contained in them in accordance with the law and regulations, do not contain vices or inaccuracies or which would hamper knowledge of the true situation of the equity or operations of Corporación de Ferias and Exposiciones S,A, Usuario Operador de Zona Franca and its subsidiary.

This information also has control and disclosure procedures that ensure that the financial information is appropriately presented.

,

Signed in witness of February 9, 2018

,

Cordially,



**ANDRÉS LÓPEZ VALDERRAMA**  
Legal Representative

THE UNDERSIGNED ANDRÉS LÓPEZ VALDERRAMA, LEGAL REPRESENTATIVE AND JUAN CARLOS SÁNCHEZ, CONTADOR GENERAL DE LA CORPORACIÓN DE FERIAS Y EXPOSICIONES S,A, USUARIO OPERADOR DE ZONA FRANCA AND SUBSIDIARY, AS REQUIRED BY ARTICLE 37 OF LAW 222/1995

CERTIFY:

The Consolidated Financial Statements at December 31, 2017 and 2016, the reports, documents and affirmations contained in them in accordance with the law and regulations, presented to the Shareholders´ General Meeting, were previously verified and reviewed, and adequately reflect the financial position of the entities on those dates. We also place it on record that the set of information indicated here was faithfully taken from the official books of account.

In the light of the foregoing, this certification is signed on February 9, 2018

Cordially,



**ANDRÉS LÓPEZ VALDERRAMA**  
Legal Representative



**JUAN CARLOS SÁNCHEZ**  
Public Accountant  
T,P, 102419 - T

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S,A,  
USUARIO OPERADOR DE ZONA FRANCA Y SUBORDINADAS**

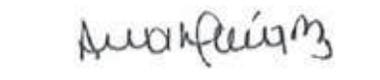
Consolidated Statement of the Financial Position  
(Amounts in thousands of Colombian pesos)

<b>ASSETS</b>	<u>Note</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<b>Current Assets</b>			
Cash and cash equivalent	7	\$ 13,440,928	5,583,759
Other financial assets		-	100,047
Accounts receivable	8 and 34	18,927,973	20,684,654
Inventories	9	1,034,839	706,144
Other non-financial assets	10 and 34	768,348	594,085
Total current assets		<u>34,172,088</u>	<u>27,668,689</u>
<b>Non-current assets</b>			
Other financial assets	11	13,933,834	13,589,140
Investments in associates	12	63,998,057	62,810,968
Intangibles	13	13,396,156	9,398,169
Property and equipment	14	460,600,775	454,301,275
Investment property	15	146,716,158	27,000,000
Deferred tax assets		226,256	67,052
Total non-current assets		<u>698,871,236</u>	<u>567,166,604</u>
<b>Total assets</b>		<b>\$ <u>733,043,324</u></b>	<b><u>594,835,293</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial debt	16	8,126,250	4,400,000
Accounts payable	17 and 34	30,089,911	26,695,155
Tax liabilities	18	2,114,055	133,055
Other financial liabilities	19	3,114,124	3,516,902
Other non-financial liabilities	20	7,923,373	8,390,965
Total current liabilities		<u>51,367,713</u>	<u>43,136,077</u>
<b>Non-current liabilities</b>			
Financial debt	16	48,963,750	13,200,000
Employee benefits	21	2,074,888	2,000,000
Other provisions	22	2,578,758	2,398,435
Other non-financial liabilities	20	102,584,077	16,395,979
Deferred tax liability		41,077,598	39,460,495
Total non-current liabilities		<u>197,279,071</u>	<u>73,454,909</u>
<b>Total liabilities</b>		<b>\$ <u>248,646,784</u></b>	<b><u>116,590,986</u></b>
<b>EQUITY</b>			
Capital	23	1,673,920	1,673,920
Share premium		43,451,721	43,451,721
Reserves	24	87,249,566	70,289,491
Accumulated profits		328,909,463	328,909,463
Other equity interests - OCI		344,694	-
Result for the period		22,767,176	33,919,712
Total equity		<u>\$ 484,396,540</u>	<u>478,244,307</u>
<b>Total liabilities and equity</b>		<b>\$ <u>733,043,324</u></b>	<b><u>594,835,293</u></b>

See the notes, which are part of the consolidated financial statements.

  
Andrés López Valderrama  
Legal Representative

  
Juan Carlos Sánchez  
Public Accountant  
T,P, 102419 -T

  
Ana María Rodríguez Abella  
Statutory Auditor of  
Corporación de Ferias and Exposiciones  
Usuario Operador de Zona Franca  
T, P, 165704 - T  
Miembro de KPMG S, A, S,

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S,A,  
USUARIO OPERADOR DE ZONA FRANCA Y SUBORDINADAS**

Consolidated Statement of Income and Other Comprehensive

Income

(Amounts in thousands of Colombian pesos)

For the years ended on December 31, :

	<u>Note</u>		<u>2017</u>	<u>2016</u>
Revenues from ordinary activities	25 and 34	\$	150,475,721	126,085,787
Selling expenses	26 and 34		66,030,838	53,691,723
Overhead	27 and 34		51,322,027	45,492,778
Other income	28		2,502,872	21,519,004
Cost of sales			1,942,336	1,786,987
Other expenses	29		483,620	1,092,461
<b>Profit from operating activities</b>			<b>33,199,772</b>	<b>45,540,842</b>
Financial income	30		1,356,309	1,561,400
Financial expense	31		2,030,936	1,649,120
Net loss on equity method	32		(683,384)	(27,490)
<b>Profit before tax</b>			<b>31,841,761</b>	<b>45,425,632</b>
Income tax	33		9,074,585	11,505,920
<b>Results for the period</b>		<b>\$</b>	<b>22,767,176</b>	<b>33,919,712</b>
Other comprehensive income: gains on equity investments			344,694	-
<b>Total other comprehensive income not reclassified to result for the period</b>			<b>344,694</b>	<b>-</b>
<b>Result for the period and other comprehensive income</b>		<b>\$</b>	<b>23,111,870</b>	<b>33,919,712</b>
Profit per share (pesos)		\$	136,10	202,76

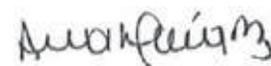
See the notes, which are part of the consolidated financial statements.



Andrés López Valderrama  
Legal Representative



Juan Carlos Sánchez  
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Ana María Rodríguez Abella  
Statutory Auditor of  
Corporación de Ferias and Exposiciones  
Usuario Operador de Zona Franca  
T, P, 165704 - T  
Miembro de KPMG S, A, S,  
(Véase mi informe del 16 de febrero de 2018)

INFORME DE GESTIÓN 2017

Consolidated Statement of Changes in Equity  
(Amounts in thousands of Colombian pesos)

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S,A,  
USUARIO OPERADOR DE ZONA FRANCA Y SUBORDINADAS**

Years ended on December 31, 2017 and 2016:

	<u>Note</u>	Paid capital	Share premium	Reserves	Accumulated profits	Other equity_ OCI	Result for the period	Total Equity
<b>Balance at December 31, 2015</b>		\$ 1,673,920	43,451,721	54,245,620	329,058,705	-	32,086,771	460,516,737
Cash dividends of \$95,90 per share on 167,287,797 subscribed and paid shares payable in April and October 2016		-	-	-	-	-	(16,042,900)	(16,042,900)
Appropriations to mandatory and voluntary reserves	24	-	-	16,043,871	-	-	(16,043,871)	-
Movement in the period		-	-	-	(149,242)	-	-	(149,242)
Result for the period		-	-	-	-	-	33,919,712	33,919,712
<b>Balance at December 31, 2016</b>		\$ 1,673,920	43,451,721	70,289,491	328,909,463	-	33,919,712	478,244,307
Cash dividends of \$101,38 per share on 167,287,797 subscribed and paid shares;								
Paid in April and October 2017		-	-	-	-	-	(16,959,637)	(16,959,637)
Appropriations to mandatory and voluntary reserves	24	-	-	16,960,075	-	-	(16,960,075)	-
Equities at fair value		-	-	-	-	344,694	0	344,694
Result for the period		-	-	-	-	-	22,767,176	22,767,176
<b>Balance at December 31, 2017</b>		\$ 1,673,920	43,451,721	87,249,566	328,909,463	344,694	22,767,176	484,396,540

See the notes, which are part of the consolidated financial statements.



Andrés López Valderrama  
Legal Representative



Juan Carlos Sánchez  
Public Accountant

T,P, 102419 – T



Ana María Rodríguez Abella  
Statutory Auditor of

Corporación de Ferias and Exposiciones  
Usuario Operador de Zona Franca  
T, P, 165704 - T  
Miembro de KPMG S, A, S.,  
(Véase mi informe del 16 de febrero de 2018)

Consolidated Statement of Cash Flows  
 (Amounts in thousands of Colombian pesos)

For the year ended on December 31, :

	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the period</b>		<b>\$ 22,767,176</b>	<b>33,919,712</b>
Reconciliation of profit for the period and net cash provided by operating activities:			
Depreciation	27	5,744,366	5,017,496
Amortization	27	3,390,816	1,078,358
Impairment of receivables, net	8	650,560	641,036
Loss on withdrawals of inventories	29	961	-
;Loss on sale and withdrawal of property and equipment	29	10,140	59,237
Recovery of provisions , accounts payable	28	(446,719)	(805,377)
Provision for contingencies	22	180,323	334,385
Loss on equity method	32	683,384	27,490
		<b>32,981,007</b>	<b>40,272,337</b>
<b>Changes in operating items:</b>			
Increase in accounts receivables		(169,169)	(11,578,533)
Increase in Inventories		(329,656)	(625,994)
Increase in other non-financial assets		(174,263)	(131,193)
Increase (Decrease) in taxes		2,495,022	(1,189,079)
Increase in accounts payable		6,587,886	9,832,532
Increase in employee benefits		74,888	208,854
(Decrease) Increase in Other financial liabilities		(402,778)	1,877,688
Increase in other non-financial liabilities		85,720,506	20,730,953
Increase in deferred tax liability		1,457,899	7,482,234
Interest paid	16	(2,746,411)	(721,664)
Payment of income tax		(514,022)	(1,620,558)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>124,980,909</b>	<b>64,537,577</b>
<b>CASH FLOWS IN INVESTMENT ACTIVITIES</b>			
Increase in investments in associates	12	(1,870,473)	(1,836,881)
Dividends received from investments in other financial assets	28	1,275,290	1,047,484
Decrease in other financial assets		100,047	599,951
Purchase of intangibles	13	(7,388,803)	(6,961,243)
Increase in investment property	15	(119,716,158)	(27,000,000)
Decrease in property and equipment	14	-	8,237,826
Purchase of property and equipment	14	(12,054,006)	(37,081,548)
<b>NET CASH USED IN INVESTMENT ACTIVITIES</b>		<b>(139,654,103)</b>	<b>(62,994,411)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in financial debt	16	39,490,000	9,990,593
Cash dividends paid	17	(16,959,637)	(16,042,900)
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>22,530,363</b>	<b>(6,052,307)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>7,857,169</b>	<b>(4,509,141)</b>
BALANCE OF CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD		5,583,759	10,092,900
<b>BALANCE OF CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD \$</b>		<b>13,440,928</b>	<b>5,583,759</b>

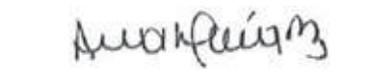
See the Notes, which are part of the consolidated financial statements.



Andrés López Valderrama  
 Legal Representative



Juan Carlos Sánchez  
 Public Accountant  
 T,P, 102419 -T



Ana María Rodríguez Abella  
 Statutory Auditor of  
 Corporación de Ferias and Exposiciones  
 Usuario Operador de Zona Franca  
 T, P, 165704 - T  
 Miembro de KPMG S. A. S.  
 (Véase mi informe del 16 de febrero de 2018)

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

Notes to the Interim Consolidated Financial Statements  
at December, 2017 and 2016  
(Amounts expressed in thousands of Colombian pesos)

**1. Reporting entity**

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA** ("the Parent", or "CORFERIAS") 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 fairs and 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 consolidated financial statements include Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca, Corferias Inversiones S.A.S. and Patrimonio Autónoma Fiducoldex..

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 Parqueaderos*", "*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.

**Patrimonio Autónomo Fiducoldex**

This escrow was set up to buy property adjoining the Agora Bogotá Convention Center, at Calle 28 No. 13A-24 floors 6 and 7 of Museo del Parque. CORFERIAS is the sole trustor, holding 100%

**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 major 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 Colombian 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 assumptions are regularly reviewed. The reviews of accounting estimates are recognized in 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 consolidated financial statements is to be found in:

- Notes 3 Section (e )(i) and 8 –estimates of impairment of receivables
- Notes 3 (f) and 15 – Classification of investment property
- Notes 3 (g) and 22 – 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) Subsidiaries**

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 has power when it possesses current and substantive rights which give it the capacity to direct relevant activities.

Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca consolidates the financial information of Corferias inversiones S.A.S. and P.A. Corferias-Fiducoldex, over which it exercises 100% control.

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 book value of the investments in subsidiaries is eliminated up to the percentage interest held.
- All assets, liabilities, equity, income, expenses and cash flows within the group, related to transactions between group entities, are eliminated.

The Parent and subsidiaries set the same accounting policies for recognition and measurement of transactions of the same type and nature.

The financial statements of the subsidiaries used in the consolidation process are for the same period and with the same date of presentation as those of the Parent.

##### **(b) Transactions eliminated on consolidation**

Any intercompany balance or transaction and any income or expense arising between a company and the Parent is eliminated on consolidation. Unrealized gains from transaction companies in which an investment is recognized by the equity method are eliminated from the investment in proportion to the Parent's holding. Unrealized losses are eliminated in the same way as unrealized profits, but only to the extent that there is no indication of impairment.

### (c) Interests in associates

Associates are entities in which the Parent has significant influence, but not control or joint control, on financial and operational policies. One of the presumptions in the standard states that a significant influence exists when the Parent holds between 19% and 50% of voting rights, but the point of significant influence would need review.

The existence a significant influence by the Parent arises usually through one or more of the following ways:

- a) Representation on the Management Council or equivalent management organ of the entity in which the interest is held;
- b) Participation in processes of policy-making, including participation in decisions on dividends and other distributions;
- c) Transactions of relative importance between the entity and the entity in which the interest is held;
- d) Exchange of management personnel; or
- e) supply of essential technical information.

The Parent registers investments in associated entities as the trust P.A. Centro Internacional de Convenciones de Bogotá (CICB), managed by Fiduciaria Bogotá.

Investments in associates are measured applying IAS 28, using the equity method. Note that the equity method is an accounting practice in which investments in associates are initially recorded at cost, and subsequently adjusted for changes in value proportionate to the percentage interest.

### (d) Foreign currency

#### Foreign currency transactions

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

Exchange conversion gains and losses on monetary items is the difference between the book value in the functional currency at the beginning of the period adjusted for interest and cash payments made during the year, and the foreign currency book value converted at the exchange rate at the end of the period.

Exchange differences which arise during conversion are usually recognized in the Income Statement.

Rates used:

Country	31-12-17	31-12-16
Colombia	2,984.00	3,000.71

### (e) Financial instruments

#### (i) Financial assets

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

Initial recognition of financial assets is taken at fair value, and where a financial asset is not held at fair value through profit or loss, transaction costs directly attributable to the acquisition financial asset are added in.

Financial assets are classified subsequently at fair value or amortized cost, on the basis of:

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

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

The initial value the financial instrument will normally be the transaction price, that is, the fair value of the consideration delivered or received. The following financial assets are recognized at fair value: cash and cash equivalents, other financial assets and customer accounts receivable.

Financial assets at fair value through profit or loss include financial assets not designated at the time classification as being at amortized cost.

The Parent presents investments measured at fair value through profit or loss, and with through Other Comprehensive Income (“OCI”).

### **Cash and cash equivalents**

Cash and cash equivalents of the Parent and subsidiaries is composed of cash balances and sight deposits with original maturities at 90 days or less, and selected for their high quality, easy convertibility into determinate sums of money, with little significant risk of changes in value. Cash and cash equivalents are used as a means of payment to pay liabilities acquired by the Parent and the subsidiary.

Cash and cash equivalents can include:

- General cash
- Petty cash in functional and foreign currencies
- Current and savings accounts in functional and foreign currencies
- Term deposits up to 90 days
- Investments in unit funds

### **Accounts receivable**

Accounts receivable are financial assets which are not derivatives, with fixed or determinable payments; they are not quoted on an active market. The initial recognition is at transaction value, which is taken to be fair value, as is subsequent measurement, less any impairment. Accounts receivable at less than 365 days are not the object of amortized cost, unless there is an important element of discount. Receivables at more than one year, if fully impaired, are not subject to amortized cost. Nonetheless, receivables for employee loans are measured initially and subsequently at amortized cost.

### **Impairment of customer receivables**

A financial asset is impaired if there is objective evidence that there has been an event of loss after the initial recognition, and if that loss has had a negative effect on its future cash flows which can be reliably estimated.

The objective evidence that financial assets are impaired may include arrears or default by the debtor, restructuring of an amount owed in terms that the Parent and subsidiaries would not otherwise consider, indications that the debtor or issuer is bankrupt, or has disappeared from an active market for an instrument.

The policy for impairment of the receivables of the Parent and subsidiaries arises as a function of fair and events activity, and failure to pay on a set date. In these circumstances, there are only indications of uncollectibility for accounts which are still pending payment 90 days after the end of a fair or event.

Type of receivable	Maturity	Probability of loss
Customer receivable	0 - 90 days	0%
	91 - 150 days	10%
	151 - 365 days	Over 4 SMLV: 70%*
		Under 4 SMLV: 90%
Over 365 days	100%	

\*SMLV: Minimum monthly salary. In 2017, approximately USD250

Receivables from State entities which have a Certificate of Budget Availability are not subject to estimates of impairment, because the certification guarantees the payment of the receivable.

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

A financial asset is measured at amortized cost using the effective interest method, net of impairment loss. The Parent and subsidiary have long-term receivables in this category, from employees, and these are measured amortized cost since they have conditions of payment agreed with employees.

#### **Other financial assets**

- **At fair value, through OCI.** Recognition of impairment and its reversion is recorded and reversed in other comprehensive income. The Parent has fair value investments through OCI in the entities Alpopular Almacén General de Depósito S.A. and La Previsora S.A. Compañía de Seguros.
- **At cost less impairment:** the recognition of impairment and its reversion is recorded and reversed in through profit or loss. The Parent has investments measured at cost less impairment.

The participation in Centro de Ferias y Exposiciones de Bucaramanga uses this type of measurement.

- **At fair value, through through profit or loss.** The measurement of exchange-listed investments is based on the quoted price of the share of the closing date. The Parent measures the investment held in Acerías Paz del Rio at the price quoted on the Colombian exchange (BVC) at the close of each year.

#### **Financial liabilities**

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

The financial liabilities of the Parent and subsidiary Corferias Inversiones S.A.S. are measured amortized cost, after initial recognition, which is expressed as fair value. Interest is calculated using the effective interest method, and exchange differences are recorded in according in the Income Statement. The financial liabilities include financial debt, accounts payable, and other financial liabilities.

#### **Financial debt**

This corresponds to financial debt taken by the Parent and subsidiaries to obtain financing for projects. Financial debt for in form of loans is recognized when the loans is received.

### **Accounts Payable**

Parent and subsidiaries recognize as Accounts Payable the rights of payment in favor of third parties originating in the purchase of goods on credit, and in other obligations contracted in favor of third parties. These are initially recognized for transaction value, which is treated as fair value.

### **Other financial liabilities**

Financial liabilities are initially recognized at transaction value, treated as the fair value. These originate in the Parent and subsidiaries in the form of cash received in advance from customers for their participation in fairs. Advances paid by allies to implement Parent projects are also included in this account.

### **Cancellation of liabilities**

Financial liabilities are cancelled if the liability is extinguished, because:

- it is discharged (paid)
- it is cancelled (condoned)
- its rights expire (an option has passed its maturity).

### **(f) Non-financial assets**

Non-financial assets of the Parent and subsidiaries are those from which a service is expected to be received in exchange for a financial or an equity instrument. The Parent and support and subsidiaries classify inventories, other non-financial assets, intangibles, property and equipment and investment properties as *non-financial assets*.

## Property and equipment

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

Property and equipment are understood by the Parent and subsidiaries to be all elements of property and equipment acquired for a cost of 3 SMLV or more each, or those which by their characteristics, need to be controlled. Also, tangible assets which the entity

- holds for use in production or supply of goods and services, to rent to third parties or for administrative purposes; and
- expects to use during more than one period.

The cost of property and equipment is recognized in the books, if and only, if it is probable that future economic benefits associated with the elements will flow to the entity, and the cost of the element could be determined reliably.

The cost of property and equipment includes:

- acquisition price, including customs duty and non-recoverable indirect taxes, less trade discounts and rebates
- costs directly incurred in placing the asset in the place and conditions where it can operate in the manner intended by management
- initial estimate of costs of dismantling or withdrawing the element, and the reconditioning of the place where it is located.

When parts of an item of property and equipment (important components of immovable goods) have different useful lives, they are recorded separately.

The gain or loss on the sale of an item of property or equipment is recognized in the Income Statement

### ***Subsequent measurement***

Subsequent to initial recognition, the Parent and subsidiaries apply the cost model to measure all property and equipment

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

### ***Subsequent costs***

The book value of a replaced part is derecognized. Routine maintenance of property and equipment is recognized in the Income Statement as and when incurred.

The Parent and subsidiaries incur in asset-related costs subsequent to the capitalization of an item of property and equipment. These costs are capitalized when they represent additions, and they meet the following criteria for recognition:

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

### ***Depreciation***

Depreciation is calculated on the depreciable amount, which is the cost of the asset less residual value. Only real property is assigned a residual value. The residual value of buildings is 10% of cost.

Useful life begins on acquisition date, which is when the asset is able to operate in the form intended by

management, even if the asset has not been put into service.

The amount of depreciation is recognized in the Income Statement, on a straight-line basis over the use estimated useful life of the various items composing property and equipment, as follows:

- Real property

Real property involves two materially representative components, with different useful lives, as described in the valuer's analysis:

- Component 1. Constructive chapter (civil works, technical installations and finishes) for 22% of the cost of a building with a useful life of up to 30 years
- Component 2. Constructive chapters (civil works-foundation, structure), for 78% of the cost of the building, and a maximum useful life of 80 years.
- Movable property
  - Office equipment: 10 years
  - Computer and communications equipment: 5 years
  - Transport fleet and equipment: 10 years
  - Machinery and equipment: 10 years.

The components are determined on the basis of the elements that have a significant cost in relation to the total cost of the asset. On that basis, the two materially representative components are determined, and with their differentiated useful lives.

The Parent and subsidiaries review residual values, useful life and depreciation of property and equipment at each annual close. Changes in initial criteria are recognize, where appropriate, with a change of estimate.

### ***Impairment***

At each reporting date, the Parent and subsidiaries review the book value of non-financial assets to determine whether there is any indication of impairment. Of that occurs, they estimate the recoverable amount of the asset, and the recoverable amounts of estimated at each closing date.

### ***Derecognition of property and equipment***

The book value of an element of property and equipment is derecognized in the accounts upon disposal, or when no further future economic benefits are expected from its use.

### **Intangible assets**

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

Intangible assets of the Parent and the subsidiary Corferias Inversiones S.A.S. are those non-monetary assets that have no physical presence, but which may be individually identified, either because they are separable or because they arise from some legal or contractual right. In initial measurement, intangibles are recognized at cost.

An intangible asset is the object of recognition when:

- a) it is probable that future economic business benefits expected have often flowing into the entity, and
- b) the cost of the asset can be reliably measured

Further, the asset must have the following characteristics:

- a) It must be identifiable. It must be separable, that is, it can be separated or split off from the entity, and sold, transferred, given for use, rented or exchanged, whether individually or together with a contract, identical asset or liability with which it is related, regardless of whether the entity has the intention of effecting the separation; or it arises from contractual or other legal rights regardless of whether those rights are transferable or separable from the entity or other rights and obligations, control over the resource in question, and the existence of future economic benefits.
- b) Control. There will be control over a determined asset provided that there is a power to obtain future economic benefits arising from the resources resulting from it, and further, it is possible to restrict the access of third parties to those benefits
- c) Future economic benefits. These include income from ordinary activities arising from the sale of products or services, cost savings and other different yields which arise from the use of the intangible assets by the entity.

### **Acquisition**

The cost of an intangible asset acquired separately will include:

- a) acquisition price, including non-recoverable taxes payable on acquisition, and
- b) any costs directly attributable to the preparation of the asset for its intended use.

### **Subsequent measurement**

The cost model is used for subsequent measurement of intangible assets, which are recorded as cost less accumulated amortization and impairment losses.

### **Amortization**

Amortization is recognized in the Income Statement on a straight-line basis over the useful estimated useful life of intangible asset, from the date on which it becomes available for use.

The estimated useful life for current periods and comparisons is:

- Trademarks acquired 15-25 years and
- Software licenses 1-5 years.

Methods of amortization and useful lives are reviewed each financial year, and adjusted when necessary.

### **Derecognition**

Intangible asset is the derecognized:

- a) upon disposal; or
- b) when no future economic benefits are expected to be obtained from use or disposal.

The loss or gain arising from the derecognition of an intangible asset is determined as the difference between the net amount obtained upon disposal and the book value of the asset. This is recognized in the Income Statement for the period when derecognition takes place.

### **Impairment**

At each reporting date there is a review of the book value of non-financial assets to determine whether there are indications of impairment. If there are, an estimate is made of the recoverable amount of the asset, and recoverable assets are estimated at each closing date.

## **Investment property**

Investment property is real property held to obtain lease income, or to obtain capital appreciation from the investment, or both; but not for sale in the normal course of business, use in production, or supplies of goods or services, or for administrative purposes. Investment property is initially and subsequently measured at fair value through profit or loss.

Cost includes expenses directly attributable to the acquisition of the investment property.

The cost of constructed assets includes the cost of materials and direct labor, and any other costs directly attributable to the process of ensuring that the asset is suited for the purpose intended. Any gain or loss on the sale of an investment property (calculated as the difference between the consideration obtained upon disposal and book value), is recognized in the Income Statement.

## **Inventories**

Inventories of the Parent and subsidiary Inversiones Corferias SAS are measured initially and subsequently at cost, since they are high-rotation items and are part of the finished product at points of sale as raw materials, disposables, packaging, general materials, spares, accessories and working equipment.

The cost of these inventories comprises all costs related to acquisition and transformation, and other costs incurred to put them in condition and location where they are, including the cost of materials consumed, labor, and factory costs.

Trade discounts and rebates and other similar items are deducted in the determination of acquisition price.

The Parent and subsidiary hold inventories in items of decoration, signposting, electrical and plumbing materials, construction, stationery, the elements of the food and beverages operation.

## **(g) Non-financial liabilities**

Non-financial liabilities are those which are expected to provide a service in exchange for a financial or equity instrument. These non-financial liabilities include employee benefits, other provisions, other non-financial liabilities and tax liabilities.

### **Employee benefits**

#### **Defined benefit plans**

The pension obligation represents the present value of future liabilities to be paid by the Parent to employees who meet certain legal requirements of age and service and qualifications. The current liability for account of the Parent is determined annually, based on actuarial studies.

The Parent records the expense of these commitments in accordance with actuarial studies, calculated with the projected credit unit method. Actuarial gains and losses arising from adjustments to the experience and changes in actuarial hypotheses are passed to the Income Statement in the period in which they arise.

The cost of past services corresponding to variations in benefits are recognized immediately in the Income Statement.

#### **Termination benefits**

Termination benefits are recognized as an expense when an employee, as a consequence of a decision by the Parent or subsidiary Inversiones Corferias SAS to terminate a contract of employment prior to the legal age for retirement, or when the employee agrees to resign in exchange for those benefits.

### Short-term employee benefits

Short-term employee benefits recognizes expenses when the related service is rendered. They are expected to be settled within 12 months after the end of the period in which they are reported.

Short-term employee benefits include salary, mandatory and discretionary service bonuses, holidays, severance allowance, life assurance, and payroll taxes. These benefits are accumulated on the accrual method and charged to the Income Statement. They appear as accounts payable in the Statement of Financial Position.

### Provisions

Provisions are recognized when the Parent or subsidiaries have a current obligation (whether legal or implied), as a result of some past event, which is probable that the Parent and subsidiaries are obliged to settle the obligation, and a reliable estimate can be made of the value of that obligation. The amount recognized as a provision is the best estimate of the consideration required to settle an obligation current on the date of the statement of financial position, taking account of risks and uncertainties surrounding it.

In the case of litigation, the Parent will base itself on the estimate of expert who, depending on need, will report on the status and amount of claims, specifying the probability that the case will be won or lost.

The following is an illustration of the accounting treatment of provisions

Situation	Recognition	Disclosure
There is a current obligation that will probably require a disbursement	A full provision is made for the amount	Mandatory disclosure.
There is a possible or current obligation which may or may not require a disbursement	No provision.	Required as a note on contingent liabilities
There is a current obligation for which a disbursement is considered remote	No provision	No disclosure required.

### Other non-financial liabilities

The Parent and the subsidiary Corferias Inversiones SAS have other non-financial liabilities for invoices issued in advance to customers. These are booked by the Parent and the subsidiary at the value of the item received.

### (h) Capital

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

### Capital management

The capital of the Parent is mainly invested in property, given that the company's business is developed through

that type of asset.

The Parent and subsidiaries are able to manage available cash and equivalents adequately, setting up financing with suppliers, banks and other third parties with whom they have obligations. Also, one of the main business practices of the Parent and subsidiary is to generate cash in advance from customers to the sale of fairs and events.

There are no external requirements regarding capital.

## **(i) Recognition of revenues**

### **Service revenues**

Income from 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, a determination of costs; and a method of grading termination, if necessary.

In the food and beverages business, income accrues when the service is provided satisfactorily, because this is a definitive exchange operation.

The Parent and subsidiary Corferias Inversiones SAS undertake the following operations as their principal business activity:

**Property business and lease activities.** These activities are related to the lease of space and the provision of non-fair service events services. The Parent offers the services.

The subsidiary records income from parking space rental services.

**Entertainment and leisure.** This involves activities derived from rental of spaces, and the rendering of services in the organization and materialization of the Parents fairs.

**Food and beverages.** The food and beverages operations were conceived, developed and implemented as part of the initiatives to move forward in the delivery of added-value services, and to expand the offer of solutions for food and beverages for the public in general.

**Parking administration.** The income from the parking services is recognized when the service is rendered.

## **(j) Expenses**

The Parent and subsidiaries record costs and expenses as and when economic events occur, such that they are systematically recorded in the appropriate accounting period (by accrual), rather than by financing flows (cash).

Expenses are recognized immediately when a disbursement does not entail future economic benefits, or when the requirements for recording asset are not met.

## **(k) Financial income and costs**

Financial income and costs of the Parent and subsidiaries includes:

- Interest income
- Interest expense
- Dividend income
- Net gains or losses on financial assets recorded at fair value through profit or loss
- Gains or losses on the conversion of foreign currency financial assets and liabilities.

Dividend payments are recognized in the Income Statement on the date on which the right of the Parent to receive the payment is established.

## **(I) Income tax**

The income tax expense includes current and deferred income tax and complementary taxes.

Current and deferred taxes are recognized as income or expense, and in are included in the Income Statement except where the refer to OCI items, or directly in equity, in which case the current or deferred tax is also recognized in OCI or equity, as the case may be.

### **Current tax**

Current tax is calculated on the basis of regulations in force at the time of the Statement of Financial Position. Management regularly evaluates the position assumed in tax returns, with regard to situations where tax law has been the object of interpretation, and where necessary, provisions are made on amounts which are expected to have to be paid.

The Parent and subsidiary make calculations based on taxable income in order to determine the income tax or complementary provision.

The effect of timing differences implies a determination of higher or lower taxes in the current year, calculated at current rates. This is recorded as a deferred tax asset or liability, as the case may be, provided that there is a reasonable expectation that those differences will revert.

Under Section 191.11 of the Tax Code, events and convention centres in which city Chambers of Commerce hold a majority interest, and those set up as State Industrial and Commercial Enterprises or mixed-economy companies in which the State's interest is higher than 51%, provided that they are duly authorised by the Ministry of Trade, Industry and Tourism, are not required to record any liability for Equity Tax.

As of 2014, returns and related documentation are required in relation to the transfer price regime for operation for intercompany operations in free zones and their related parties in customs territory.

Corferias was authorized as a user-operator of the Special Permanent Free Zone in Resolution 5425 of June 20, 2008. Therefore, income tax is now calculated at 20%, following Law 1819/2016.

With the start-up of the food and beverages business, the Parent and subsidiary began to be liable for consumption tax, which is attracted by the sale of table-served food, as provided by restaurants and bars.

### **Deferred tax**

Deferred tax liabilities and assets are measured at the tax rates to be applied in the periods of which it is expected that assets or liabilities will be settled, based on regulations and rates approved (or on the point of being approved), and considering the tax consequences derived from the way in which the Parent and subsidiary expect to recover assets or settle liabilities.

Deferred tax is recognized using the liability method, determined on timing differences between 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 for income tax related to taxable timing differences, while deferred tax assets are amounts to be recovered from income tax due to the existence of deductible timing differences, negative tax bases that may be netted, or deductions pending application. A timing difference is understood to be the existence of the book value and asset or liability and its tax base.

### **(i) Recognition of taxable timing differences**

Deferred tax liabilities derived from taxable timing differences are recognized in all cases, except where:

- they arise from initial recognition of goodwill or an asset or liability transaction which is not a business combination, and on the date of the transaction there is no effect on the book value or the taxable base value; or.
- they correspond to differences associated with investments in subsidiaries, associates and joint ventures on which the Parent and subsidiary have the capacity to control the timing of reversion, and it is not probable reversion will be produced in the foreseeable future.

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

Deferred tax assets derived from deductible timing differences are recognized provided that:

- it is probable that there are sufficient future taxable profits to offset them, except in cases where differences arise from the initial recognition of assets or liabilities in transaction which is not a business combination and on the date of the transaction there is no effect on the book value or the taxable base.
- they correspond to timing differences associated with investments in subordinates, associates and joint ventures to the extent that the timing differences may revert in a few foreseeable future, and it is expected that positive future tax profits will offset the differences.

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

### **(iii) Measurement**

The Parent and subsidiary review the book value of deferred tax assets at each close, in order to reduce that amount to the extent that it is not probable that there will be sufficient positive future taxable bases to offset them.

Non-monetary assets and liabilities of the Parent and subsidiary are measured in terms of functional currency. If tax profits or losses are calculated in different currencies, the exchange variations give rise to timing differences, and to the recognition of tax deferred tax liability or asset; and the resulting effect is charged or credited to the Income Statement for the period.

### **(iv) Netting and classification**

The Parent and subsidiary only net deferred tax assets and liabilities if there is a legal right to do so in tax regulations, and those assets or liabilities correspond to the same taxing authority and to the same taxpayer, or indeed, to different taxpayers who wish to realize or settle the current tax assets and liabilities for a net amount, or realise assets and settle liabilities simultaneously, in each of the future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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 of realization or settlement.

### **(m) Profit per share**

The Parent presents basic profit per share data. The basic profit is used to calculate the results attributable to ordinary shareholders, divided into the weighted average number of ordinary shares outstanding during the

period, adjusted by own shares held in Treasury.

**4. Standards issued but not yet effective**  
**Standards and amendments applicable as of January 1, 2018**

According to Decree 2496 of December 2015 and Decree 2131 of December 2016, the following are standards issued and applicable as of January 1, 2018. The analysis of the impact of IFRS 9 and IFRS 15 is indicated below. In relation to other standards, management does not expect any significant impact on the consolidated financial statements.

IFRS	Topic of standard or	Detail
<p><b>NIIF 9 – Financial instruments</b></p>	<p>Financial instruments (2014 revised version).</p>	<p>The replacement Project includes these phases:</p> <ul style="list-style-type: none"> <li>• Phase 1: Classification and measurement of financial assets and liabilities.</li> <li>• Phase 2: Methods of impairment.</li> <li>• Phase 3: Hedge accounting.</li> </ul> <p>In July 2014 IASB completed its reform of the accounting of financial instruments (Rev. 2014) and issued IFRS 9 – Accounting of Financial Instruments- (Rev. 2014), to replace IAS 39 – Financial instruments, recognition and measurement on its expiry</p>

Standard	Topic of standard or	Detail
<b>NIIF 15 -Revenues from contracts with customers</b>	Income from customer contracts	<p>Sets up a 5-stage model applying to revenues from contracts with customers. Replaces the following standards and interpretations as of its effective date:</p> <ul style="list-style-type: none"> <li>• IAS 18 - Revenues.</li> <li>• IAS 11 – Construction contracts.</li> <li>• IFRICF 13 – Customer loyalty programs.</li> <li>• IFRIC 15 – Property construction agreements.</li> <li>• IFRIC 18 – Transfers of assets received from customers.</li> <li>• SIC 31 – Barter transactions including advertising services.</li> </ul>
<b>NIC 7 – Statement of cash flows</b>	Disclosure initiatives	Requires entities to provide disclosures allowing financial statement users to evaluate changes in liabilities arising from financing activities
<b>NIC 12 – Income tax</b>	Recognition of deferred tax assets in unrealized losses	Clarifies requirements to recognize deferred tax assets on unrealized losses in debt instruments measured at fair value.
<b>NIIF 15- Revenues from contracts with customers</b>	Clarifications	Clarify IASB intentions in developing IFRS requirements without changing underlying IFRS 15 principles.

### Impact of the adoption of new standards-IFRS 9 and IFRS 15

The new standards IFRS 9 and IFRS 15 will be applicable as of January 1, 2018, and it is expected that they will not have a material impact on the financial statements of the Parent and subsidiaries in the initial period of application.

The Parent and subsidiaries have evaluated the estimated impact of initial application of these standards on equity at January 1, 2018, based on an assessment made at this date, summarized as follows.

### IFRS 9 - Financial Instruments

IFRS 9 -Financial Instruments – provides requirements for the recognition and measurement of financial assets and liabilities and some contracts for the purchase and sale of non-financial items. The study replaces IAS 39-

Financial Instruments Recognition and Measurement - from the time of first adoption, the Parent recognized and measured its financial assets and liabilities using IFRS 9, adopting the categories included in the standard for models of classification: amortized cost and fair value. Likewise, the Parent has no derivatives, and no hedge accounting, and no financial instruments that merit major changes. Given that the Parent has financial assets in order to benefit from contractual cash flows, these assets meet the condition of having fixed payments; the financial assets in subsequent measurement are classified as assets measured at amortized cost. The Parent does not speculate with its financial instruments, and therefore maintains a purely conservative management of them, eliminating financial risk. An analysis of the application of the standard shows that there is no monetary adjustment to be made in the consolidated financial statements

### **IFRS 15 - Revenues from contracts with customers**

IFRS 15 provides a comprehensive framework for the determination of the amount and timing of income recognized. It replaces the existing guide for recognition of revenues, including IAS 18- Revenues; IAS 11- Construction contracts; IFRIC 13 - Customer Loyalty Programs. The Parent evaluated categories of service contracts, and analysed the requirements of contained in the standard. The analysis is based on a determination of the transfer of control in the rendering of services. There was evidence that the contracts met the criteria of IFRS 15, with no significant impact upon application.

### **Standards and amendments applicable as of January 1, 2019**

According to Decree 2170/2017, the following standards have been issued to be applicable as of 2019. The Parent's management is assessing the impact of these standards.

<b>IFRS</b>	<b>Topic of standard or</b>	<b>Detail</b>
<b>NIIF 16 – Leases</b>	Recognition, measurement and presentation and disclosure information on leases	IFRS 16 - Leases- establishes the principles for the recognition, measurement, presentation and information for disclosure regarding leases. The purpose is to ensure that lessees and lessors provide relevant information such that they faithfully represent these transactions. The information provides a basis for financial statement users to evaluate the effect of leases on the financial situation, financial yields, and cash flows of the entity.
<b>NIC 40 – Investment property</b>	Investment property transfers	Amends paragraph 57, to reflect the principal change of use implies (a) an assessment of whether a property meets or ceases to meet the definition of investment property; and (b) evidence to support the change of use has occurred. The application of this principle in an entity will transfer properties in construction or development to or from investment property , when and only when there is a change of use supported by evidence.

<p><b>Annual standards improvements IFRS cycle 2014 – 2016</b></p>	<p>Changes to IFRS 1 First-time adoption of IFRS.</p>	<p>Elimination of short-term exemptions for entities adopting IFRS for the first time.</p>
	<p>Changes to IFRS 12 Disclosures on interests in other entities</p>	<p>Clarification of scope.</p>
	<p>Changes to IFRS 28 Investments in associates joint ventures</p>	<p>Fair value measurement of an associate or joint venture</p>

## 5. Determination of fair value

The fair value of a financial asset or liability trading active market is based on quoted market prices at the close of business on the closing date.

The further of financial assets and liabilities not traded active market is determined using valuation techniques; the Parent uses methods and assumes that they are based on market conditions at the close of each period. Valuation techniques used for non-standardized financial instruments, include the use of similar transactions in similar circumstances, and references to other instruments with are substantially the same, and the analysis of the discounted dividend methodology.

### Hierarchy of fair value

The fair value hierarchy has the following levels

- Level 1. Unadjusted quoted prices in active markets for identical assets or liabilities of which the entity may have access on the date of measurement. The Parent applies this level to its investment in Acerías Paz del Río
- Level 2 Data other than quoted prices included in Level 1, observable for the asset or liability whether directly (as a price), or indirectly (as derived from prices)
- Level 3. Data from the asset or liability not based on observable market data (non-observable variables).

If the variables used to measure fair value of an asset or liability can be classified in other levels other than the hierarchy of fair value, then the measurement of their value is classified entirely at the same level of hierarchy of fair value as the lowest- level variable significant to the overall measurement.

The table below uses the fair value hierarchy to show financial assets and liabilities (by class), measured at fair value December 31, 2017 and 2016, on a recurring basis.

December 31, 2017

<b>Asset/liability type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Evaluation technique Level 2 and 3</b>	<b>Principal entry data</b>
Other financial assets- shares Acerías Paz del Rio	\$ 17				Market/share price
Other financial assets (Alpopular and La Previsora).		\$ 13,759,369		Gordon discounted dividends model.	Dividends paid, EMBI Colombia, Beta and Devaluation.
Employee benefits.		\$ 2,074,888		Actuarial studies.	Projected unit method.
Investment property	\$ 146,716,158				Professional valuation

December 31, 2016

<b>Asset/liability type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Evaluation techniques Level 2 and 3</b>	<b>Principal entry data</b>
Other financial assets- Acerías Paz del Rio	\$ 16				Market share prices.
Employee benefits		\$ 2.000,000		Actuarial studies	Projected credit unit
Other financial assets (Alpopular y La Previsora).			\$ 13.414.676	Cost focus	Entity internal data. Professional valuation
Investment property	\$ 27,000,000				

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

The Parent made a hierarchy level transfer in investments in Alpopular Almacen General de Depósito S.A. and La Previsora S.A. Compañía de Seguros from 2016 to 2017 (see Note 11)

### Fair value of assets and liabilities not measured at fair value.

The following is a comparison between the book value and the fair value of assets and liabilities not measured at fair value.

December 31, 2017

	Book value	Fair value
Cash and cash equivalents 1)	\$ 13,440,928	13,440,928
Accounts receivable (1)	18,927,973	18,927,973
Other financial assets (1)	174,448	174,448
Inventories (4)	1,034,839	1,034,839
Financial liabilities (2)	90,304,431	90,304,431
Property and equipment (3)	460,600,775	460,600,775
Intangibles (5)	13,396,156	13,396,156

December 31, 2016

	Book value	Fair value
Cash and cash equivalents 1)	5,583,759	5,583,759
Accounts receivable (1)	20,684,654	20,684,654
Other financial assets (1)	174,448	174,448
Inventories (4)	706,144	706,144
Financial liabilities (2)	47,812,057	47,812,057
Property and equipment (3)	454,301,275	454,301,275
Intangibles (5)	9,398,169	9,398,169

- 1) The fair value of financial assets not measured at fair value is determined on the basis of the amount which the instrument could be exchanged in a transaction between interested parties other than a forced sale or settlement. The fair values represent the cost of the transaction and interest where appropriate, and are calculated using the effective interest method. No impairment losses are evidenced
- 2) Financial liabilities include amounts accrued and pending payment generated by the operation including the following items: financial debt, accounts payable and other financial liabilities.
- 3) Property and equipment are recognized at the initial measurement and subsequently at cost, and in 2017, fair value was established through technical memoranda from expert areas
- 4) Inventories are measured at the lower of cost and net realizable value. The book value is equivalent to fair value, because the cost is equal to acquisition value. This includes raw materials and inputs for the food and beverages unit, and consumables necessary for fair activity.
- 5) The fair value of intangibles is equivalent to book value. The item includes software, licences and trademarks which have been an amortized in accordance with their estimated useful lives, and there is no evidence of impairment.

### 6. Risk management.

The Parent and subsidiary personal following risks with the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This Note presents information on the exposure of the Parent and subsidiaries to each of those risks, and the objectives, policies and procedures they follow to measure and manage that risk.

### **(i) Framework of risk management**

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

The Parent and subsidiaries seek to secure continuous improvement in their processes, and have established a risk management model in each macro process, classifying it by application of the methodology approved by the Risks Committee. The Committee evaluates the probability of occurrence and impact on objectives, of the macro process macro process and the product (fairs and events), and existing controls are identified, as a means of minimizing impact at the time of occurrence of risk, and the residual risk is thus defined.

Risks are prioritised for this purpose, through an exercise in valuation, and they are classed as high, medium or low. With the priority assigned to risks, the risk committee analyses the principal information available and defines the risk which management should treat as a priority.

**(ii) Credit risk**

Credit risk is the risk of financial loss faced by the Parent and subsidiaries if a customer or counterpart in financial instrument does not comply with its contractual obligations, and it is mainly originated from cash and cash equivalents, customer receivables, and investment instruments of the Parent and subsidiaries.

The following is the major exposure to credit risk:

	Note	2017	2016
Cash and cash equivalents	6	13,440,928	5,583,759
Accounts receivable	8	18,927,973	20,684,654
Other financial assets	11-33	13,933,834	13,589,140

Credit risks identified in the Parent and subsidiaries are:

***Cash and cash equivalents***

Cash and cash equivalents are held in banks and financial institutions overseen by the Colombian Financial Superintendency, and rated AA+ and AAA, according to risk rating agencies authorized to act in Colombia. Details appear in Note 7.

***Trade debtors and other receivables***

Exposure to credit risk is also mainly affected by the general characteristics of each customer. The Parent and subsidiary have established a policy of impairment as a function of fair event activity, and the historical record of defaults.

Estimates of uncollectibility among to trade debtors and other receivables are used to record impairment losses. See Note 8 for details

***Other financial assets***

The Parent and subsidiaries limit their exposure to credit risk by investing only in liquid debt instruments, and only with counterparts who have a credit rating of at least AA+. Note 11 contains greater detail.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Parent and subsidiaries may have difficulty in meeting their obligations associated with financial liabilities, which are mainly settled through deliveries of cash.

The approach of the Parents and subsidiaries in the management of liquidity is to ensure that as far as possible they will always have sufficient liquidity to meet their obligations when due, and they attempt to maintain a level of cash and equivalents for amounts exceeding cash outgoings expected from financial liabilities.

The Parent and subsidiaries monitor the level of expected cash inflows from trade debtors and other receivables against expected cash outflows to trade creditors, other payables, and investment projects.

The Parent and subsidiaries have a low liquidity risk, because collections from the fairs business are made in advance of the events themselves, and this guarantees the inflow of cash. Note 16 contains further details of contractual maturities of financial liabilities.

**(iv) Market risk**

Market risk is the risk that changes in market prices - for example, exchange rates, interest rates or the price of shares - may affect the revenues of the Parent and subsidiaries, or the value of financial instruments held.

The Parent and subsidiaries are exposed to a minimum market risk, because all their cash and cash equivalent is invested in sight deposits. The only listed equities held by the Parent exposed to changes in value is the interest in Acerías Paz del Río, but this investment does not represent a significant percentage of its assets.

The Parent and subsidiaries are exposed to exchange risk, principally in operations for the sale and purchase of goods and services agreed in a currency other than the functional currency (Colombian peso-COP), contracts prepared in foreign currency are minimal in comparison to the total value of income and expenses, and they are collected and/or paid in not more than 60 days.

The bank loans of the Parent and subsidiaries have been taken in the functional currency, up to 5 years term, and the interest agreed is that index rates subject to market conditions (DTF, IBR).

## (v) Interest rate risk

### Profile

At the end of the period reported, the interest payable on interest-bearing financial instruments was as follows:

Floating-trate instruments	2017	2016
Financial assets subject to interest rate risks	8,253,168	2,149,133
Financial liabilities subject to interest rate risk	57,090,000	17,600.000

### Sensitivity analysis for fixed-rate instruments

At the close of December 2017 and 2016, the Parent and subsidiaries have no fixed-rate financial instruments, and the sensitivity analysis for this type of instrument is not made here, given that a variation in the interest rate at the end of the period reported will not affect the result.

### Sensitivity analysis for floating-rate instruments

Since all obligations to financial system are indexed at floating rates, the Parent and subsidiaries are exposed to variations in DTF and IBR corresponding to the underlying Central Bank base rate, which at the close of 2017 was 5.28% and 4.68%, and at the close of 2016, 6.92% and 7.5% respectively. These rates directly affect bank loans used for working capital and the development of construction projects.

## 7. Cash and cash equivalents

The following is the detail of cash and cash equivalents

		<u>2017</u>	<u>2016</u>
Cash	\$	42,704	33,110
Checking accounts		578,601	742,069
Savings accounts (1)		4,566,455	2,659,447
Investments in unit funds (2)		8,253,168	2,149,133
	\$	13,440,928	<u>5,583,759</u>

At December 2017 and 2016, there are no restrictions on cash and cash equivalents.

- 1) Savings accounts increased use of payments received from customers for participation in fairs and events during the second half of 2017
- 2) This represents a variation cash mainly represented by an increase in cash placements in the Davivienda Colectiva Abierta Superior investment unit fund.

The following is a detail of the credit quality published by independent rating agencies for the financial institutions in which the Parent and subsidiary held cash in banks, trust rights and other financial entities, in gross amounts:

Issuer	<u>2017</u>		<u>2016</u>	
	Amount	Rating	Amount	Rating
Banco AV Villas SA	\$ 116,358	AAA	72,114	AAA
Banco de Occidente SA	11,251	AAA	27,616	AAA
Bancolombia SA	474,781	AAA	569,105	AAA
Banco Itaú Corpbanca Colombia SA	6,895	AA+	977	AAA
Banco Popular SA	1,656,625	AAA	98,419	AAA
Banco Davivienda SA	2,879,145	AAA	2,632,244	AAA
Banco Agrario S,A,	-	AAA	1,042	AAA
Cartera Colectiva Abierta Superior	268,700	AAA	2,067,194	AAA
Cartera Colectiva Abierta Interés	980,195	AAA	24,248	AAA
Casa de Bolsa Liquidez Fondo Abierto	12,413	AAA	21,214	AAA
Cartera Colectiva Abierta Rentar	792,238	AAA	36,476	AAA
Fondo de Inversión Colectiva Fiducoldex	6,199,623	AAA	-	AAA
	<u>\$ 13,398,224</u>		<u>5,550.649</u>	

## 8. Accounts receivable

The following is the detail of current accounts receivable:

		<u>2017</u>	<u>2016</u>
Customers	\$	11,158,343	13,328,024
Sundry debtors		7,613,998	7,482,090
Employees		621,901	499,392
Doubtful accounts		<u>1,749,243</u>	<u>940,100</u>
		21,143,485	22,249,606
Less impairment		(2,215,512)	(1,564,952)
	\$	<u>18,927,973</u>	<u>20,684,654</u>

Long-term receivables have been totally impaired:

The ageing of impaired current and non-current receivables at the end of the period was:

		<u>2017</u>	<u>2016</u>
91 - 150 days	\$	178,749	66,839
151 - 365 days		287,520	558,013
over 365 days		1,749,243	940,100
Total impaired receivables	\$	<u>2,215,512</u>	<u>1,564,952</u>

The following is the movement of impairment of receivables during the year:

		<u>Impairment</u>
<b>Balance at December 31, 2015</b>	\$	923,916
Impairment of receivables		922,844
Recoveries		(281,808)
<b>Balance at December 31, 2016</b>		1,564,952
Impairment of receivables		956,790
Recoveries		(306,230)
<b>Balance at December 31, 2017</b>	\$	2,215,512

Receivables are considered to be “current”, i.e., recoverable, up to 12 months after the end of the period reported.

## 9. Inventories

The following is the detail of inventories:

		<u>2017</u>	<u>2016</u>
Raw materials	\$	42,577	35,081
Goods not made by the company		38,357	21,343
Materials, spares and accessories		896,068	614,000
Packaging		57,837	35,720
	\$	1,034,839	<u>706,144</u>

At December 31, 2017 and 2016, there are no restrictions on the inventories.

- (1) In 2017 and 2016 this includes items of decoration and signposting, construction inputs, cleaning materials and liquor. The Corferias Inversiones SAS accounts record cleaning and cafeteria materials and working clothing and equipment.

## 10. Other non-financial assets

The following is the detail of other non-financial assets

		<u>2017</u>	<u>2016</u>
Employee loans, interest receivable		277,478	167,988
Prepaid expenses (1)		490,870	426,097
	\$	768,348	<u>594,085</u>

- (1) This item corresponds to insurance taken by the Parent and subsidiary Corferias Inversiones SAS, such as life insurance, performance bonds, property damage, and third-party liability at December 31, 2017 and 2016

## 11. Other financial assets

The following is the detail of other financial assets

Investments in:		<u>2017</u>	<u>2016</u>
Alpopular Almacén General de Depósito S.A. (1)	\$	13,373,750	10,334,261
La Previsora S.A. Compañía de Seguros (1)		385,619	3,080,415
Centro de Ferias and Exposiciones de Bucaramanga		174,448	174,448
Acerías Paz del Río S,A,		17	<u>16</u>
	\$	13,933,834	<u>13,589,140</u>

At December 31, 2017 and 2016 there were no restrictions on these investments

(1) The investments in Alpopular Almacén General de Depósitos S.A., La Previsora S.A. Compañía de Seguros, el Centro de Exposiciones and Convenciones de Bucaramanga and Acerías Paz del Río S.A are financial instruments in entities in which the Parent has no control or significant influence

During 2017, there was a transfer from hierarchy level 3 to hierarchy level 2, because the Parent made a measurement of the investments in Alpopular Almacén General de Depósitos S.A. and La Previsora S.A. Compañía de Seguros, using the discounted dividend method, because in 2017 there was access to data and information which was not available and/or caused uncertainty in 2016. This brought about in changing the method of recognition for these investments measured at fair value. In 2016 they had been valued at cost as the best estimate of fair value, but the technique thus changed from a focus on cost to a focus on revenue.

The main changes giving rise to the new methodology in 2017 compared to 2016 are those related to business continuity, which had generated wide ranges of measurement, changes in results in the annual report, variations in exchange rates and agency ratings.

The change of methodology brought about an unrealised gain of \$344,694, which was credited to OCI.

## 12. Investments in associates

The following is the detail of Investments in associates:

		<u>2017</u>	<u>2016</u>
Investments in associates (1)	\$	63,998,057	<u>—</u>

- (1) Corresponds to the investment in Patrimonio Autónomo Centro Internacional de Convenciones de Bogotá - CICB, incorporated to manage funds received from the Nogotá Chamber of Commerce, Patrimonio Autónomo Fondo Nacional del Turismo - FONTUR and Corferias to develop the Agora Bogotá International Convention Center

The loss or profit on this investment is recognized in the CORFERIAS financial statements under the equity method

The following is a summary of financial information of investments valued by the equity method at December 31, 2017 and 2016.

### 2017

Entity	% interest	Domicile	Assets	Liabilities	Income	Expenses	Net loss
Patrimonio Autónomo Centro Internacional CICB	19%	Calle 67 7 – 37, Bogotá, Colombia	\$ 348,542,338	17,153,644	6,380,428	9,888,196	(3,507,768)

**2016**

Entity	% interest	Domicile	Assets	Liabilities	Income	Expenses	Net profit
Patrimonio Autónomo Centro Internacional CICB	19%	Calle 67 7 – 37, Bogotá, Colombia	\$ 257,510,571	14,418,833	185,507	-	185,507

**13. Intangibles, net**

The following is the detail of intangibles:

		<u>2017</u>	<u>2016</u>
Trademarks acquired (1)	\$	12,769,723	7,745,990
Licenses-software (2)		3,221,062	1,953,612
Accumulated amortization		(2,594,629)	(301,433)
	\$	13,396,156	<u>9,398,169</u>

- (1) Comprises the acquisition by the Parent of trademarks in 2017, such as Expoagrofuturo, ALMAX and Andinapack.
- (2) CORFERIAS and Corferias Inversiones SAS invested in computer programs and licenses in 2017, in order to manage security cameras, optimize collaborative tools, and renew the physical server licensing costs and Cloud Services.

The following is the detail of movement in intangibles in 2017:

Intangibles	Opening balance at 31/12/2016	Purchases	Amortization in period	Balance at 31/12/2017
Licenses-software	\$ 1,953,612	2,365,070	(1,097,620)	3,221,062
Trademarks acquired	7,444,557	5,023,733	(2,293,196)	10,175,094
<b>Total intangibles</b>	<b>9,398,169</b>	<b>7,388,803</b>	<b>(3,390,816)</b>	<b>13,396,156</b>

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

Intangibles	Opening balance at 31/12/2015	Purchases	Amortization in period	Balance at 31/12/2016
Licenses-software	\$ 373,109	2,487,443	(906,940)	1,953,612
Trademarks acquired adquiridas	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 accumulated amortization on trademarks was \$2,594,629 at December 31, 2017 and \$301,433 at December 31, 2016.

There was no evidence of impairment on the intangibles of CORFERIAS or Corferias Inversiones SAS at December 31, 2017 or 2016,

#### 14, Property and equipment

The following is the detail of property and equipment:

		<u>2017</u>	<u>2016</u>
Land	\$	234,003,546	234,003,546
Construction in progress (1)		52,217,461	44,757,334
Constructions and buildings		157,702,944	160,436,183
Machinery and equipment (2)		8,188,359	7,634,000
Office equipment (3)		4,599,687	4,587,099
Computing and communications equipment (4)		3,770,055	2,727,619
Transport fleet and equipment		118,723	155,494
	\$	460,600,775	<u>454,301,275</u>

- (1) Corresponds to the Parent's execution of the Active Border and the CORFERIAS offices. In Corferias Inversiones SAS, this corresponds to office remodeling in the Puerta de Oro facility.
- (2) The increase associated with machinery and equipment is due to the activation of the Grand Tent of the Americas, and the installation of a systems pay point in Bogota. In Barranquilla, a folding dividing door, cabling, pallets and readers were acquired for the implementation of functions in Puerta de Oro.
- (3) Office equipment increased with the purchase of tables, bars, seating, modules and multi-spaces for the remodeling and functioning of today Puerta de Oro.
- (4) Computer and communications equipment increased with the purchase of computers, printers and radios for the operation of Puerta de Oro.

The following is the detail of movement of property and equipment in 2017

Property and equipment	Balance at 31/12/2016	Purchases	Withdrawn	Transferred	Period depreciation	Balance at 31/12/2017
Land	\$ 234,003,546	-	-	-	-	234,003,546
Construction in progress	44,757,334	7,460,127	-	-	-	52,217,461
Construction and buildings	160,436,183	102,847	-	-	(2,836,086)	157,702,944

Machinery and equipment	7,634,000	1,672,277	(587)	-	(1,117,332)	8,188,358
Office equipment	4,587,101	844,241	(9,541)	-	(822,112)	4,599,689
Equipo de computación y comunicación	2,727,617	1,974,514	(12)	-	(932,066)	3,770,053
Transport fleet and equipment	155,494	-	-	-	(36,770)	118,724
<b>Total property and equipment</b>	<b>454,301,275</b>	<b>12,054,006</b>	<b>(10,140)</b>	<b>-</b>	<b>(5,744,366)</b>	<b>460,600,775</b>

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

Property and equipment	Balance at 31/12/2015	Purchases	Withdrawn	Transferred	Period depreciation	Balance at 31/12/2016
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
Construction and buildings	143,897,241	57,583	-	19,100,038	(2,618,679)	160,436,183
Machinery and equipment	6,521,554	2,095,093	(10,576)	-	(972,071)	7,634,000
Office equipment	2,912,032	2,307,404	(47,102)	52,355	(637,590)	4,587,101
Computing and communications	2,739,430	741,807	(1,234)	-	(752,386)	2,727,617
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>

Accumulated depreciation at December 31, 2017 was \$18,850,439 and at December 31, 2016 it was \$13,127,546.

There was no evidence of impairment of this type of assets at December 31, 2017 or 2016.

At December 31, 2017 assets in use and fully depreciated accounted for 0.29% of total assets with book value.

The following is a detail of assets in use and fully depreciated in 2017 and 2016:

	Detail	Cost
<b>2017</b>	Machinery and equipment	\$ 265,804
	Office equipment	151,937
	Computing equipment	493,945
	Communications equipment	66,078
	Buildings	339,716
<b>2016</b>	Machinery and equipment	84,307
	Office equipment	30,408
	Computing equipment	220,134
	Communications equipment	36,306
	Buildings	17,186

## 16. Investment property

The following is the detail of investment property:

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	<u>2017</u>	<u>2016</u>
Land	27,000,000	27,000,000
Construction in progress	119,716,158	-
	\$ 146,716,158	<u>27,000,000</u>

At December 31, 2017 and 2016 there were no restrictions on investment property.

In 2016 the Parent made an investment agreement with the trust P.A Pactia SAS, whose corporate object is to build, develop, commission and operate the hotel project. As a result, the Parent had the obligation to contribute a plot of land worth \$27,000,000, as professionally valued on July 21, 2016 by the firm Borrero Ochoa y Asociados, members of the Bogota Property Exchange, and the national exchange Fedelonjas. The land is located at Cra 37 No. 24-29. Further, as part of the commitment in the investment agreement, the project reported progress for \$119,716,158, recorded as construction in progress.

Investment property during the years ended December 31, 2017 and 2016 did not show any impairment loss which would affect the Income Statement, or restrictions in realization.

**16. Financial debt**

The following is the detail of financial debt:

		<u>2017</u>	<u>2016</u>
Short-term debt	\$	8,126,250	4,400,000
Long-term debt		48,963,750	<u>13,200,000</u>
	\$	57,090,000	<u>17,600,000</u>

The Parent increased its debt with the execution of the Active Border project, the hotel and the Avenida de las Americas land

The following are the contractual terms of the debt:

Entity	Start date	Due date	Initial amount	Interest	Repayments	Interest paid	Current portion	Non-current portion	Closing balance
Banco Popular S.A.	21/01/20	21/01/201	\$	DTF +	\$	\$	\$	\$	\$
Banco Popular S,A,	30/01/20	30/01/202	2,000,00	DTF +	1,100,00	320,78	400,00	500,00	900,00
Banco Popular S,A,	07/10/20	07/10/202	2,000,00	IBR +	300,00	155,31	400,00	1,300,00	1,700,00
Banco Popular S,A,	08/02/20	08/02/202	1,400,00	IBR +	210,00	108,14	280,00	910,00	1,190,00
Banco Popular S,A,	02/05/20	02/05/202	2,000,00	IBR +	200,00	112,46	400,00	1,400,00	1,800,00
Banco Popular S.A.	29/06/20	29/06/202	1,500,00	IBR +	75,00	64,06	300,00	1,125,00	1,425,00
Banco Popular S,A,	27/10/20	27/10/202	12,630,00	IBR +	-	180,59	526,25	12,103,75	12,630,00
Banco AV Villas	26/10/20	26/10/202	5,000,00	DTF +	1,000,00	514,47	1,000,00	3,000,00	4,000,00
Banco AV Villas	06/12/20	06/12/202	3,000,00	DTF +	600,00	280,51	600,00	1,800,00	2,400,00
Banco AV Villas	23/12/20	23/12/202	2,000,00	DTF +	400,00	180,57	400,00	1,200,00	1,600,00
Banco AV Villas	16/01/20	16/01/202	5,500,00	DTF +	825,00	455,98	1,100,00	3,575,00	4,675,00
Banco AV Villas	20/02/20	20/02/202	2,000,00	DTF +	300,00	104,67	400,00	1,300,00	1,700,00
Banco AV Villas	14/11/20	14/11/202	11,000,00	IBR +	-	103,26	-	11,000,00	11,000,00
Banco AV Villas	20/12/20	20/12/202	6,000,00	IBR +	-	12,92	-	6,000,00	6,000,00
Banco AV Villas	27/12/20	27/12/202	1,000,00	IBR +	-	982	-	1,000,00	1,000,00
Banco AV Villas	30/12/20	30/12/202	2,000,00	DTF +	800,00	326,38	400,00	800,00	1,200,00
Banco AV Villas	22/12/20	22/12/202	2,000,00	DTF +	400,00	177,29	400,00	1,200,00	1,600,00
Banco Popular	29/06/20	29/06/201	400,00	IBR +	200,00	13,59	200,00	-	200,00
Banco Popular	14/07/20	14/07/202	600,00	IBR +	30,00	23,96	120,00	450,00	570,00

The following is the detail of movement of financial debt in 2016:

Entity	Start date	Due date	Initial amount	Interest	Repayments	Interest paid	Current portion	Non-current portion	Closing balance
Banco Popular S,A.	21/01/20	21/01/201	\$	DTF +	\$	\$	\$	\$	\$
Banco Popular S,A,	30/01/20	30/01/202	2,000,00	DTF +	700,00	258,34	400,00	900,00	1,300,00
Banco AV Villas	26/10/20	26/10/202	5,000,00	DTF +	-	93,83	1,000,00	4,000,00	5,000,00
Banco AV Villas	06/12/20	06/12/202	3,000,00	DTF +	-	21,17	600,00	2,400,00	3,000,00

Banco AV Villas	23/12/20	23/12/202	2,000,00	DTF +	-	5,097	400,00	1,600,00	2,000,00
Banco AV Villas	30/12/20	30/12/202	2,000,00	DTF +	400,00	186,43	400,00	1,200,00	1,600,00
Banco AV Villas	22/12/20	22/12/202	2,000,00	DTF +	-	-	400,00	1,600,00	2,000,00

At December 31, 2017 and 2016, interest accrued and charged to the Income Statement was \$2,746,411 and \$721,664, respectively.

At December 31, 2017 and 2016, the Parent and subsidiary have no guaranteed financial debt

## 17. Accounts payable

The following is the detail of accounts payable:

		<u>2017</u>	<u>2016</u>
Local	\$	1,088,157	1,580,984
Contractors (1)		5,122,184	5,359,591
Costs and expenses payable (2)		19,575,439	15,530,084
Dividends and other yields payable(3)		235,756	222,074
Tax withholdings		1,570,427	2,129,601
Turnover tax withholding		136,600	126,289
Payroll taxes withholdings		209,646	70,476
Sundry creditors		100,361	54,496
Salaries payable		41,339	5,260
Long-term severance accrual		777,274	629,544
Interest on severance accrual		93,634	74,231
Long-term holidays		383,449	318,578
Discretionary benefits		166,613	136,385
Third party contract withholdings		589,032	457,562
	\$	<u>30,089,911</u>	<u>26,695,155</u>

(1) In 2017 the balance consists mainly of invoices pending payment by the Parent to contractors in the Hotel and Active Border projects. In 2016 there are accounts payable to contractors for advertising and commissions and profits pending payment for execution of fairs held in association with strategic allies,

(2) Costs and expenses payable refer to:

		<u>2017</u>	<u>2016</u>
Financial costs	\$	637,213	190,390
Fees		1,020,351	902,857
Technical services		41,417	48,474
Maintenance		736,580	1,479,755
Rent		244,772	262,400
Transport, freight, haulage		53,446	100,439
Public services		35,535	16,580
Insurance		171	67

Entertainment and public relations	2,291	3,912
Other (*)	2,756,263	1,558,369
Other payables (**)	14,047,400	10,966,841
	\$ <u>19,575,439</u>	<u>15,530,084</u>

\* Taxes payable at December 31, 2017 and 2016: turnover tax, tourism tax, public spectacles tax and national consumption tax.

\*\* Other payables are mainly expenses not invoiced by the end of the year by suppliers and contractors for items supplied in December.

(3) In 2017 and 2016 cash dividends were declared for \$16.959.637 and \$16.042.900, taken from 2016 and 2015 profits.

### 18. Tax Liabilities

The following is the detail of tax liabilities:

	<u>2017</u>	<u>2016</u>
Income and complementary taxes (1)	\$ <u>2,114,055</u>	<u>133,055</u>

(1) The increase in the income tax liability is due to an acceleration of fair activities with an increase in revenues.

### 19. Other financial liabilities

The following is the detail of other financial liabilities:

	<u>2017</u>	<u>2016</u>
Deposits received for fairs and events	\$ 3,113,094	3,479,670
Deposits received for project management	-	33,170
Income received for third parties	1,030	4,062
	<u>\$ 3,114,124</u>	<u>3,516,902</u>

(1) Corresponds to customer deposits received during the year for participation in fairs, received up to one year in advance and applied when the exhibitor is invoiced for his participation in the fair.

### 20. Other non-financial liabilities

The following is the detail of other non-financial liabilities:

* Short term		<u>2017</u>	<u>2016</u>
Lease-Servientrega S,A,	\$	42,050	39,759
Income received in advance (1)		<u>7,881,323</u>	<u>8,351,206</u>
	\$	<u>7,923,373</u>	<u>8,390,965</u>

\* Long term

Deposits received for project management (2)	\$	<u>102,584,077</u>	<u>16,395,979</u>
----------------------------------------------	----	--------------------	-------------------

- (1) Corresponds in 2017 to income invoiced in advance for participation in fairs programmed for the following year.
- (2) Corresponds to contributions received by P.A, Pactia as investor in the hotel Project under the investor agreement of September 2016. These contributions and those of the Parent as investors appears as investment property in the accounts.

## 21, Employee benefits

The following is the detail of long-term Parent employee benefits:

		<u>2017</u>	<u>2016</u>
Opening balance of defined benefit plans	\$	2,000,000	1,791,146
Interest cost		131,888	143,854
Benefits paid by the company		(221,000)	(209,000)
Profit (loss) on actuarial assumptions		164,000	274,000
Closing balance of defined benefits	\$	2,074,888	<u>2,000,000</u>

The actuarial assumptions used in studies of pensions are as follows:

Hypotheses:

	<u>2017</u>	<u>2016</u>
Discount rate	6.50%	7.60%
Salary increase rate	3.50%	3.50%

Payments expected over the next 10 years (\$ million)

		<u>2017</u>	<u>2016</u>
Year 1	\$	229	217
Year 2		235	222
Year 3		238	226
Year 4		239	228
Year 5		237	228
Next 5 Years		1,065	1,051

Pension studies and five-year periods include the following assumptions:

Economic assumptions	December 31, 2017	December 31, 2016
Discount rate	6.5%	7.6%
Salary increase	3.5%	3.5%
Social security increase	3.5%	3.0%
Cost- of-living increase	3.5%	3.0%
Mortality	Colombian mortality table RV2008	Colombian mortality table RV2008
Disability	None	None
Rotation	SOA 2003 rotation table, assuming no dismissals without cause	SOA 2003 rotation table, assuming no dismissals without cause

Retirement age	62 for men 57 for women	62 for men 57 for women
Valuation of assets	All assets are reserved in books	All assets are reserved in books

The liability of defined benefit plans was calculated using the "projected credit units" method. The method consists in quantifying the benefits of each participant in the plan as and when he has rights to them, taking account of future salary increases, with a formula for the allocation of benefits. The valuation was made individually for each pensioner. The application of the actuarial hypothesis calculates the amount of projected benefit, which depends on the estimated date of termination, service completed, and the salary at the time of termination.

Further, and to attend to the terms of Decree 1625 of October 11, 2016 on actuarial calculations, the present value of the pension liability for account of the Parent is determined annually on the basis of actuarial studies following Financial Superintendency instructions, and applying Article 2 of Ministry of Finance Decree 2783 of December 20, 2001.

Amortization is effected under Ministry of Finance Decree 4565 of December 7, 2010, and charged to the Income Statement.

The Parent adopted Article 1 of Ministry of Finance Decree 4565 of December 7,, and amortized the actuarial calculation taken from the Mortality Tables-Rentiers -Men and Women-updated by the Financial Superintendency in Resolution 1555 of July 31, 2010.

Finally, and as required by Decree 2131/2016, we disclose below the variables used and the differences between the calculation of postemployment liability is determined according to IAS 19, and the parameters of Decree 1625/2016.

2017

<b>Personnel</b>		
<b>Group</b>	<b>Persons</b>	<b>Reserves</b>
Shared pensioner		2
4	1.845.122	

<b>Shared Beneficiary</b>					<b>5</b>
1	35,076				
Reserve	Total	at	December	31,	2017
5	<b>1,880,198</b>				

2016

<b>Personnel</b>					
<b>Group</b>	<b>Persons</b>	<b>Reserves</b>			
<b>Shared pensioner</b>					<b>2</b>
4	1,813.298				
<b>Shared beneficiary</b>					<b>5</b>
1	34.802				
Reserve	Total	at	December	31,	2016
5	<b>1.848.100</b>				

Under IAS 19, the hypothesis used to determine benefit obligations for defined benefit obligations are a discount rate of 7%; the pension increase rate and salary inflation rate of 3.5%, but Decree 4565 December 7, 2017 provides a calculation for the pension liability using a technical interest rate of 4.8%. Therefore, the difference between calculation made under local government requirements and the terms of COL-IFRS is \$ 194,690 for 2017 and \$ 151,900 for 2016.

## 22. Other provisions

The following is the detail of other provisions:

		<u>2017</u>	<u>2016</u>
Accruals and provisions for litigation	\$	2,578,758	<u>2,398,435</u>

At December 31, 2017 and 2016, this corresponds to litigation involving the Parent; in 2017 the provision increased by \$180,323 based on outside counsel's report; and in 2016, by \$334,385.

## 23. Capital

At December 31, 2017 and 2016, the authorised capital of the Parent was 200,000,000 shares of \$ 10(pesos) par value each, and subscribed and paid capital on those dates for 167, 391, 943 ordinary shares, worth \$1,673,920.

At December 31, 2017 and 2016 the Parent records 104,141 shares reacquired, with rights suspended while held in Treasury. All shares are fully paid. Ordinary shareholders are entitled to receive dividends as declared from time to time, and are entitled to one vote per share in General Meetings.

## Profit per share

The Parent presents the data of profit per share as a basic figure. This basic figure is used to calculate the dividend, being the result attributable to ordinary shareholders in the Parent divided into the weighted average number of ordinary shares outstanding during the period, adjusted for shares reacquired.

## 24. Reserves

The following is the detail of reserves:

		<u>2017</u>	<u>2016</u>
Legal (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)		86,409,736	69,449,661
	\$	87,249,566	<u>70,289,491</u>

The law requires entities to set up a mandatory (legal) reserve, by appropriating 10% of annual net profits until the reserve reaches 50% of subscribed capital. The reserve may be reduced to less than 50% of subscribed capital to absorb losses in excess of undistributed profits. The reserve may not be used to pay dividends or to cover expenses or losses while the company has undistributed profits.

(1) In the AGMs held on March 30, 2017 and March 29, 2016, it was decided to set up a voluntary reserve of \$16,960,075 and \$16,043,871, to leverage projects such as the modernisation of the Green Parking area and the Americas Parking area.

## 25. Revenues from ordinary activities

The following is the detail of revenues from ordinary activities:

El siguiente es el detalle de las actividades ordinarias:

Years ended on December 31,

		<u>2017</u>	<u>2016</u>
Food and beverages (1)	\$	7,062,431	5,039,115
Real estate, business and rentals (2)		12,104,174	18,029,014
Entertainment and leisure (3)		127,996,312	99,878,741
Parking administration (4)		3,312,804	<u>3,138,917</u>
	\$	<u>150,475,721</u>	<u>126,085.787</u>

- 1) Food and beverages: the account records the value of revenues obtained from food and beverage services of the Parent and subsidiary Corferias Inversiones SAS
- 2) Property, business and rental activities. The account records revenues from the lease of space and rendering services directly with the organization of non-fair events of the Parent and subsidiary Corferias Inversiones SAS. In 2017, the greatest revenue earners for the Parent were: Virtual Educar, and Lego Fun Fest. In the subsidiary, the best earners were "Flavour of Barranquilla " for \$1,485,593, FICA, for \$ 976, and VIMO for \$783, 769
- 3) Entertainment and Leisure. The account records revenues from the rental of spaces and the provision and the rendering services in the organization of the Parents and subsidiary's fairs. The Parent's best earners were Expoconstrucción and Expodiseño, Agroexpo, Feria del Hogar, Feria Internacional del Libro, Andinapack, Expodefensa, Expoartesanías and F-AIR.
- 4) The subsidiary Corferias Inversiones SAS earned revenues from the parking service for \$312,804 in 2017y, and \$ 138,917 in 2016, from exhibitors and visitors to the Parent's fairs in those two years.

## 26. Selling expenses

### 26. Selling expense

The following is the detail of selling expense:

		<u>2017</u>	<u>2016</u>
Payroll (1)	\$	5,151,807	4,744,796
Fees (2)		3,393,814	5,280,899
Taxes		186,303	365,760
Rent (3)		1,528,737	1,567,143
Contributions and affiliations (4)		7,746 ,089	5,344,222
Insurance		46,302	24,361
Services (5)		18,381,594	16,166,017
Legal		107,933	201,668
Maintenance and repairs		325,621	324,779
Remodeling and installation (6)		14,413,942	10,711,139

Travel		1,582,856	1,287,871
Sundry (7)		3,597,501	4,349,769
Other (8)		9,568,339	3,323,299
	\$	66,030,838	<u>53,691,723</u>

(1) The following is the detail of the payroll expense:

		<u>2017</u>	<u>2016</u>
"All-in" salaries	\$	-	104,908
Ordinary salaries and other personnel expense *		3,389,849	2,802,392
Payroll taxes and social benefits		1,074,378	994,622
Bonuses		75,545	132,777
Subventions **		82,137	67,825
Pension fund contributions		432,843	371,158
Mandatory health and occupational risk contributions		81,810	261,862
Other employment expenses		15,245	9,252
	\$	<u>5,151,807</u>	<u>4,744,796</u>

\* Salaries, overtime, commissions, sick-leave,

\*\* Subsidies for transport, assistance for prepaid medicine programs.

- 2) Fees paid by the Parent, principally for fairs. The reduction in 2017 was due to the fact that there was no Film and Music Fair this year, and no fees were paid. In the subsidiary Corferias Inversiones SAS, fees were paid for commercialization of fairs in Puerta de Oro.
- 3) Comprises rentals of machinery and equipment and decorations required to hold fairs and events in Bogotá and Puerta de Oro.
- 4) Expenses incurred by the Parent for participation of entities in a number of the Parent's fairs, in particular Unión Nacional de Asociaciones Ganaderas – UNAGA- for AgroExpo and Asociación Colombiana de la Industria de la Comunidad Gráfica for Andigráfica. In 2016, there were in particular Cámara Colombiana del Libro, Fenalco Nacional and Koelnmesse. In the subsidiary Corferias Inversiones SAS, this corresponds to the participation of strategic allies in association in Barranquilla, including particularly Federación Nacional de Comerciantes FENALCO-Atlántico in the Flavour of Barranquilla and the Caribbean Car Show.
- 5) Comprises services such as cleaning, security, temporary staff, technical assistance, and public services for fair events of the Parent and subsidiary
- 6) Represents ornamental arrangements, signposting, montage and other services to setup and takedown fair events of the Parent and subsidiary Corferias Inversiones SAS
- 7) Sundry items such as stationery, decorations and signposting, cafeteria, local transport and other needs for holding fairs
- 8) Expenses at the end of the period which had not been invoiced by suppliers and contractors, particularly provisions for the settlement of fair partners, which in 2017 were \$8,456,466, principally for Expodefensa, Exposartesanías and fairs at Puerta de Oro, for \$1,010,390, and in 2016, \$7,792,396, mainly for fairs such as Andinapack, Expodefensa, Expoartesanías, and Puerta de Oro fairs.

## 27. Overhead

The following is the detail of overhead:

Years ended on December 31,

		<u>2017</u>	<u>2016</u>
Payroll (1)	\$	20,003,184	19,031,919
Fees		1,540,764	3,158,663
Taxes (2)		5,112,083	4,195,256
Rent		1,091,720	485,761
Contributions and affiliations		595,350	668,019
Insurance		93,111	98,608
Insurance amortization		366,094	363,035
Services (3)		4,784,735	3,850,660
Legal		62,916	58,093
Maintenance and repairs		1,463,893	1,286,162
Remodeling and installations (4)		1,821,212	1,794,675
Travel		580,075	631,685
Depreciation		5,744,366	5,017,496
Amortization of intangibles		3,390,816	1,078,358
Sundry		2,234,803	1,820,411
Other (5)		2,436,905	1,953,977
	\$	51,322,027	<u>45,492,778</u>

1) The following is the detail of payroll expense:

Years ended on December 31,

		<u>2017</u>	<u>2016</u>
Payroll (1)	\$	20,003,184	19,031,919
Fees		1,540,764	3,158,663
Taxes (2)		5,112,083	4,195,256
Rent		1,091,720	485,761
Contributions and affiliations		595,350	668,019
Insurance		93,111	98,608
Insurance amortization		366,094	363,035
Services (3)		4,784,735	3,850,660
Legal		62,916	58,093
Maintenance and repairs		1,463,893	1,286,162
Remodeling and installations (4)		1,821,212	1,794,675
Travel		580,075	631,685
Depreciation		5,744,366	5,017,496
Amortization of intangibles		3,390,816	1,078,358
Sundry		2,234,803	1,820,411
Other (5)		2,436,905	1,953,977
	\$	51,322,027	<u>45,492,778</u>

(1) The following is the detail of personnel expense:

Years ended on December 31,

		<u>2017</u>	<u>2016</u>
"All-in" salaries	\$	4.458.676	4.497.018
Pensions		269.561	417.560
Ordinary salaries and other personnel expenses *		8.744.782	7.564.707
Payroll taxes and social benefits		3.193.029	3.227.888
Bonuses		3.943	395.169
Subventions **		94.209	118.058
Pension fund contributions		1.447.783	1.292.244
Mandatory health and occupational risks payments		659.298	999.922
Other employment expenses ***		1.131.903	519.353
	\$	20.003.184	<u>19.031.919</u>

\* Mainly all-in salaries, ordinary salaries, payroll taxes and social benefits. In this year, there is an increase due to the mass hiring of staff for Puerta de Oro at the end of the year.

\*\* Subsidies for transport and subvention for prepaid medicine programs

\*\*\* Clothing and implements for work, training, sports and recreation, incentives etc.

- 2) Turnover tax, property tax, tourism tax, public spectacles tax, financial transaction tax, fire-brigade surcharge
- 3) Services such as cleaning, security, temporary staff, technical assistance, public services and other expenses required by operating overhead and events.
- 4) Ornamental arrangements, signposting, montage and other services to set up events.
- 5) Expenses generated at the end of the period and not invoiced by suppliers and contractors.

## 28 Other Income

The following is the detail of other income:

Years ended on December 31:

		<u>2017</u>	<u>2016</u>
Dividends and other yields (1)	\$	1,275,290	1,047,484
Commissions		40,713	49,899
Profit on PP&E contributions (2)		-	18,763,481
Recoveries (3)		753,914	1,257,392
Other income (4)		432,955	400,748
	\$	<u>2,502,872</u>	<u>21,519,004</u>

- Dividends earned by the Parent derived from investments in Alpopular Almacén General de Depósito S.A. and la Previsora S.A. Compañía de Seguros, valued at fair value through OCI.
- In 2016, a profit generated by the valuation of the plot of land contributed to the construction of the hotel, in an expert valuation
- Income from recovery of expenses in 2017 derived from the previous period, such as recovery or impairment of receivables worth \$306,230, recovery of payables provision for \$446,719 and others for \$232,344. In 2016, this was mainly due to recoveries of receivables impairments, of the order of \$281,808 and payables of \$805,377.
- Sundry income, includes reimbursements for sick leaves, retail sales, disposable elements, repayments for telephone services, and indemnities for damage caused by third parties.

## 29 Other expenses

The detail of other expenses is as follows:

Years ended on December 31

		<u>2017</u>	<u>2016</u>
Los son sale or withdrawal of inventories	\$	961	-
Los son sale or withdrawal of property and equipment		10,140	59,237
Other expenses (1)		472,519	1,033,224
	\$	<u>483,620</u>	<u>1,092,461</u>

- Mainly, the Parent's recognition of a legal contingency provisions for \$180.323 in 2017 and \$334.385 in 2016. Also contains donations to Bogotá Convention Bureau and Fundación Social por Bogotá for \$133.454 in 2017 and for \$150.000 in 2016.

## 30. Financial income

The following is the detail of financial income:

Years ended on December 31,

		<u>2017</u>	<u>2016</u>
Interest on savings accounts	\$	350,623	395,744
Exchange difference		754,071	842,155
Discounts		251,615	323,501
	\$	1,356,309	<u>1,561,400</u>

### 31. Financial expense

The following is the detail of financial expense:

Years ended on December 31,

		<u>2017</u>	<u>2016</u>
Bank charges	\$	936	3,100
Commissions		392,996	263,466
Interest (1)		914,475	430,970
Exchange difference		688,788	935,325
Other		33,741	16,259
	\$	2,030,936	<u>1,649,120</u>

(1) Financial expense increased with interest on a higher level of bank debt.

### 32. Losses of entities in the period

		<u>2017</u>	<u>2016</u>
Equity method losses		683,384	27,490
	\$	683,384	<u>27,490</u>

The balance in 2017 and 2016 is the equity method loss of the Parent in Patrimonio Autónomo Centro Internacional de Convenciones de Bogotá – CICB.

### 33. Income tax expense

The following is the detail of income tax expense for the years ended on December 31, 2017 and 2016:

		<u>2017</u>	<u>2016</u>
Current income tax	\$	7,508,319	3,652,969
CREE Corferias Inversiones SAS,		-	144,832
CREE surcharge Corferias Inversiones SAS,		-	48,554
Income tax, previous years		<u>108,367</u>	<u>177,331</u>
		7,616,686	4,023,686
Deferred tax for the year		1,457,899	7,482,234
Total income tax expense	\$	9,074,585	<u>11,505,920</u>

**Reconciliation of the tax rate:**

Tax regulations applicable to the Parent and subsidiary state that:

The Parent was authorized as a User Operator of the Permanent Special Free Zone, by Resolution 5425 of June 20, 2008. Income tax is calculated at 15% from 2008 to 2016, and, after Law 1819 /2016, the rate rises to 20%.

The income tax expense for the subsidiary Corferias Inversiones SAS: is as follows for regulations applicable at 2016:

**In Colombia**

- i. Taxable income is taxed at 34% in 2017 and 25% in 2016, for income and complementary taxes
- ii. As of January 1, 2013 Law 1607 of December 2012 created an equity tax - CREE- as a corporate contribution for companies and similar income taxpayers to contribute to employees, generating employment and social investment. CREE for 2014 and 2015 and following years is 9%. The tax was repealed as of January 1, 2017 by Law 1819/2016
- iii. As of 2015, there was an additional surcharge of 5% to CREE for 2015, 6% 2016 and 8% for 2017 and 9% for 2018. But the surcharge was repealed as of January 1, 2017 by Law 1819/2016.
- iv. As of January 1, 2017, Law 1819 /2016 eliminated CREE and set up an income tax rate for 2017 of 34% with a surcharge of 6%; for 2018, and a rate of 33% with a surcharge of 4%; and in 2019 and onwards, rate of 33%.
- v. The base rate for presumed income on net assets from 2017 onwards is 3.5%.

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

	<u>2017</u>	<u>2016</u>
Profit before tax	\$ 31,841,761	45,425,632
Theoretical tax	6,709,581	6,990,530
Presumed taxable interest	37	27
Non-allowable expenses, previous years	4,708	8,501
Non-allowable fines, litigation and sanctions	38,006	52,005
Non-allowable property tax	-	216,358
Other non-allowable expenses	496,443	714,078
Non-allowable taxes	124,403	106,288
Non-taxed dividende	(255,058)	(157,122)
Recoveries of untaxed costs and other income	(57,434)	(125,430)
Marginal Interval - CREE	(48,000)	(48,000)
Effect of tax rate differences	18,345	3,937,283
Adjustment to previous years income	445,029	177,331
Difference between IFRS and taxable profit	510,116	(365,929)
Deferred tax adjustment to previous years	1,088,463	-
Other items	(54)	-
<b>Total income tax expense</b>	<b>\$ 9,074,585</b>	<b><u>11,505,920</u></b>

**Movement of deferred taxes**

The difference between the asset and liability bases for the purposes of COL-IFRS and the tax bases for the same assets and liabilities for local tax effects gives rise to timing differences that generate deferred tax, calculated and recorded at December 31, 2017 and 2016 on the basis of then-current tax rates for the years in which the timing differences would be reverted.

The effect of timing differences implied by a determination of a higher or lower tax liability in the current year, calculated at current rates, is recorded as a deferred tax asset or liability, as applicable, and provided that there is a reasonable expectation that those differences will revert. The Parent updated the tax rate to 20% for 2017 and 2016, in application of the effect of Law 1819/2016.

<b>Tax effects of allowable differences</b>		<b>Balance at December 31, 2016</b>	<b>Charged to Income</b>	<b>Balance at December 31, 2017</b>
Cash	\$	-	998	998
Receivables		231,883	81,358	313,241
Goods not made by the Company		6,915	(6,915)	-
Trademarks		-	518,926	518,926
Property and equipment		7,268,952	(1,088,513)	6,180,439
Licenses		110,282	(110,282)	-
Prepaid expenses		-	23,683	23,683
Costs and expenses payable		280,771	73,449	354,220
Employment obligations		5,539	211	5,750
Employee benefits		54,043	(23,483)	30,560
Subtotal: tax effects of allowable timing differences	\$	7,958,385	(530,568)	7,427,817
<b>Tax effects of taxable differences</b>		<b>Balance at December 31, 2016</b>	<b>Charged to Income</b>	<b>Balance at December 31, 2017</b>
Investments in associates	\$	(10,271,186)	(609,064)	(10,880,250)
Sundry debtors		(351,125)	341,626	(9,499)
Materials, spares and accessories		(124,736)	123,273	(1,463)
Trademarks		(576,129)	(522,843)	(1,098,972)
Land		(19,860,110)	243,152	(19,616,958)
Accumulated depreciation		(13,635,762)	(549,116)	(14,184,878)
Licenses		-	(78,906)	(78,906)
Investment property		(2,237,400)	-	(2,237,400)
Deposits received for third parties		(190,964)	49,953	(141,011)
Monetary correction		(104,416)	74,594	(29,822)
Subtotal: tax effects of taxable timing differences		(47,351,828)	(927,331)	(48,279,159)
Total	\$	(39,393,443)	(1,457,899)	(40,851,342)

<b>Tax effects of allowable differences</b>		<b>Balance at December 31, 2015</b>	<b>Charged to income</b>	<b>Balance at December 31, 2016</b>
Cash	\$	87,425	144,458	231,883
Receivables		-	4,168	4,168
Goods not made by the Company		17,260	(17,260)	-
Trademarks		5,557,930	1,711,022	7,268,952
Property and equipment		98,300	14,729	113,029
Licenses		49,930	254,504	304,434
Prepaid expenses		4,632	907	5,539
Costs and expenses payable		411	29,969	30,380
Employment obligations	\$	<b>5,815,888</b>	<b>2,142,497</b>	<b>7,958,385</b>
<b>Tax effects of taxable timing differences</b>		<b>Balance at December 31, 2015</b>	<b>Acreditado con cargo a resultados</b>	<b>Balance at December 31, 2016</b>
Investments in associates	\$	(5,945,902)	(4,325,284)	(10,271,186)
Sundry debtors		(20,985)	(330,140)	(351,125)
Stocks 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 property		-	(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		(108)	108	-
<b>Subtotal tax effects of taxable timing differences</b>	\$	<b>(37,727,097)</b>	<b>(9,624,731)</b>	<b>(47,351,828)</b>
<b>Total</b>		<b>(31,911,209)</b>	<b>(7,482,234)</b>	<b>(39,393,443)</b>

The Parent and subsidiary netted deferred tax assets and liabilities as allowed under Para 74 of IAS 12 in the light of the application of current tax regulations in Colombia on the legal right to net them with current tax assets and liabilities.

At December 31, 2017 and 2016, the Parent and subsidiary had no tax uncertainties that would require a provision.

### 34. Related parties

Under IAS 24, a related party is an individual or entity related to the entity, over which control or joint control can be exercised, or significant influence exercised; or a key member of management or of the controlling company of the reporting entity.

The Parent and subsidiaries consider that related parties are the principal shareholders, directors, key management personnel, and companies in which shareholders or members of the Board of Directors have an interest greater than 10%.

The Parent and subsidiaries recognize the balance of assets, liabilities, income and expenses caused in each period, corresponding to operations with related parties such as the supporting, associates, key management personnel and shareholders.

The compensation of key management personnel includes salaries and short-term benefits, and *key management personnel* is held to mean the Management Committee and the Board of Directors.

Terms and conditions of transactions with related parties were not undertaken on more favorable conditions of those available in the market, or those that would reasonably have expected to be available in similar transactions

The most representative balances of December 31, 2017 and 2016 with related parties are included in the following accounts.

### Receivables from related parties

#### Receivables from related parties

		<u>2017</u>	<u>2016</u>
Bogotá Chamber of Commerce de Bogotá (1)	\$	127,673	204,758
Key management personnel (2)		203,201	213,437
PA Centro Internacional (3)		1,922,612	1,771,520
Shareholders		515,878	59,163
	\$	2,769,364	<u>2,248,878</u>

- 1) In 2017, this represents support from the Chamber of Commerce to participants in Expoartesánias. The 2016, this item corresponds to technical advisory services for the events MICSUR and Expoartesánias, technical advisory services and support for exhibitors
- 2) In 2017, and 2016 this represents loans to members of the Management Committee for home purchase, vehicle purchase, and others. These loans are offered on the same conditions for all Parent's employees
- 3) The balance and the variation correspond to withholdings made by the Parent as trustor of Patrimonio Autónomo del Centro Internacional de Convenciones de Bogotá – Ágora, and the urban demarcation tax for the property constructed for that escrow.

**Accounts payable to related parties**

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

		<u>2017</u>	<u>2016</u>
Bogotá Chamber of Commerce (1)	\$	17,542	696,447
Alpopular Almacén General de Depósitos		-	1,062
Key management personnel (2)		11,655	257,751
Shareholders (3)		850,469	437,866
	\$	<u>879,666</u>	<u>1,393,126</u>

- (1) The balance payable on the profits of ARTBO 2017 and 2016, as reflected in the final accounts.
- (2) Represents commissions due to personnel for work in 2016 and 2015.
- (3) Dividends payable to shareholders.

**Income and expenses**
**Bogotá Chamber of Commerce**

Years ended on December 31,

		<u>2017</u>	<u>2016</u>
Income			
Hotels and restaurants	\$	31,228	-
Property, business and lease activities		12,605	775,913
Entertainment and leisure		<u>2,375,583</u>	<u>2,162,026</u>
	\$	<u>2,419,416</u>	<u>2,937,939</u>
Overhead			
Payroll	\$	5,135	2,045
Fees		-	6,304
Insurance		-	6,575
Legal expenses		<u>4,940</u>	<u>4,354</u>
	\$	<u>10,075</u>	<u>19,278</u>
Selling expenses			
Legal expenses	\$	<u>5</u>	<u>158</u>

**Alpopular Almacén General de Depósitos**

Years ended on December 31, I

		<u>2017</u>	<u>2016</u>
Investments	\$	11,394,478	<u>10,334,261</u>
Income			
Property, business and lease activities	\$	4,523	879
Dividends and other yields		1,235,152	<u>1,020,725</u>
	\$	1,239,675	<u>1,021,604</u>
Overhead			
Rent	\$	13,815	11,331
Services		429	-
	\$	14,244	<u>11,331</u>

**Key management personnel**

Years ended on December 31,

		<u>2017</u>	<u>2016</u>
Overhead			
Payroll	\$	3,261,404	3,346,741
Fees		228,772	240,824
Travel		144,759	19,330
Other		73	499
	\$	3,635,008	<u>3,607,394</u>
Selling expense			
Travel	\$	-	<u>5,074</u>

**PA Centro Internacional CICB**

Years ended on December 31,

		<u>2017</u>	<u>2016</u>
Investments	\$	<u>63,998,057</u>	<u>                    </u>

**Shareholders**

		<u>2017</u>	<u>2016</u>
Income			
Hotels and restaurants	\$	89,755	25,680
Property, business and lease activities		154,368	197,374
Entertainment and leisure		3,097,783	4,257,261
	\$	3,341,906	<u>4,480,315</u>
Overhead			
Payroll	\$	334,638	357,845
Rent		-	3
Contributions and affiliations		-	5,350
Services		396	245
Travel		183,199	245,057
Other expenses		<u>7,343</u>	<u>19,652</u>
	\$	525,576	<u>628,152</u>
Selling expense			
Fees	\$	132,584	132,782
Contributions and affiliations		1,133,945	363,578
Services		89,698	68,107
Remodeling and installation		20	-
Travel		609,322	638,239
Other		1,737	180
	\$	1,967,306	<u>1,202,886</u>

**35. Contingencies**

The Parent has the following contingencies of December 31, 2017 and 2016:

- Trademark registration cases, Agroexpo, FILBo and Meditech
- Ordinary litigation and tax disputes with the tax authority DIAN for income and complementary taxes 2009
- Labor cases currently in progress in the courts, in which the claimants state that there was a relationship between with each of them and CORFERIAS governed by a contract of employment, and therefore CORFERIAS should be ordered to pay their claims (See Note 22)

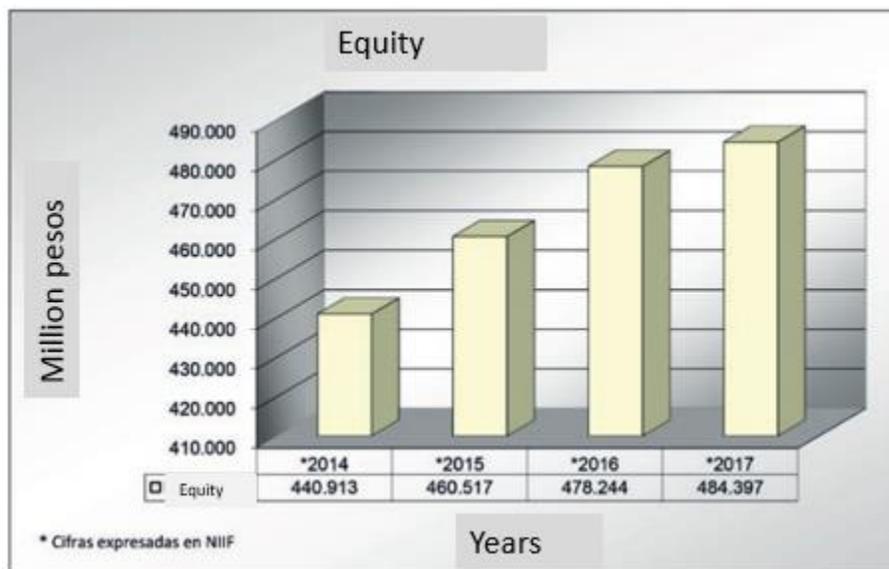
The subsidiaries have no contingencies at December 31, 2017.

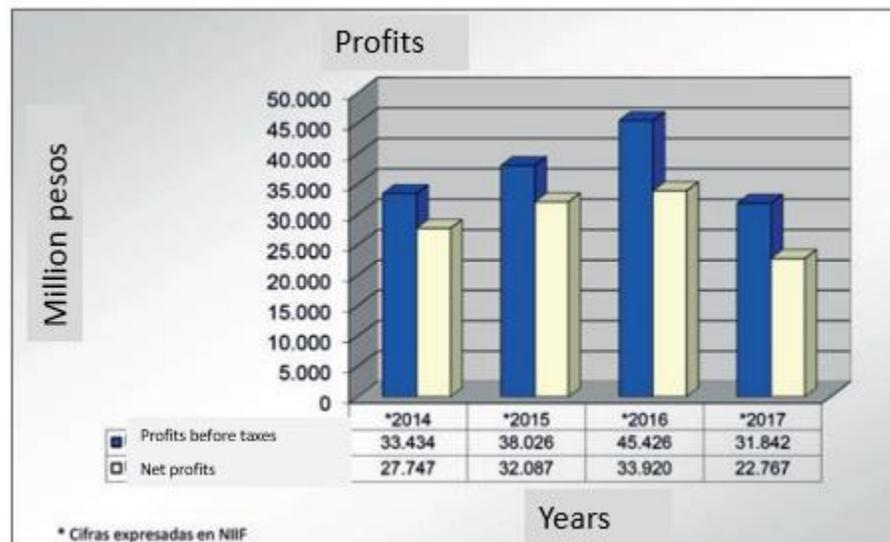
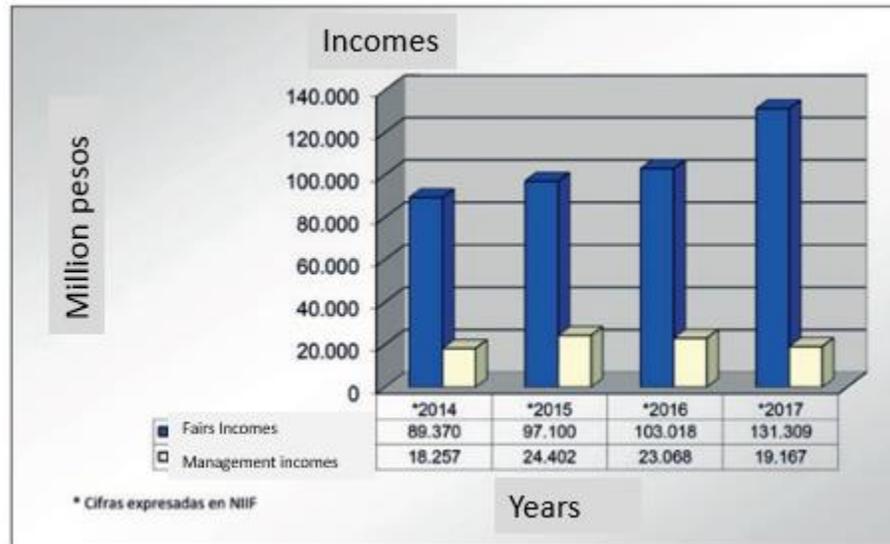
**36. Post-closing events**

There were no post-closing events between December 31, 2017 of the date of this the Statutory Auditor's report, which would have any impact on the Consolidated Financial Statements

**37. Approval of the financial statements**

The Consolidated Financial Statements and accompanying notes were approved by the Board (Minute 1361) on January 31, 2018 for presentation to the Annual General Meeting for approval or amendment.





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

**Financial  
indicators**  
(expressed in  
thousands of  
Colombian pesos)

**2017    2016**

**I) LIQUIDITY**

A. Current ratio =                    0.67            0.64

In 2017, the Parent and subsidiary held \$0.67 per peso of short-term debt (2016, \$0.64).

B. Net working capital = (17.195.625)    (15.467.388)

This means that if the Parent and subsidiary were required to repay short-term debt immediately, they would not have sufficient funds in current account to do so.

**II) INDEBTEDNESS INDICATORS**

A. Indebtedness =            33,92%            19,60%

In 2017, the Parent and subsidiary had \$33.92 of every \$100 invested in assets financed by creditors (banks, contractors, suppliers, employees, etc.) (2016, \$19.60). In other words, creditors owned 33,92% of the business in 2017 and 19.60% in 2016.

B. Concentration of short-term debt =    20,66%            37,00%

In 2017, \$20.66 of every \$100 of the Parent and subsidiary's debts had short-term due dates (less than one year) (2016, \$37.00).

C. Interest cover =            36,30            105,67

The Parent and subsidiary generated operating profits of 36.3 times interest paid in 2017 (2016, 105.67 times).

This means that in 2017 the company had profits sufficient to service interest in 2017.

