IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, AS AMENDED (THE "SECURITIES ACT")) OR (2) NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this page, and you are advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY SECURITIES BY ANY PERSON IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC ("IMD"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC (AS AMENDED, THE "PROSPECTUS DIRECTIVE"). IN ADDITION, IN THE UNITED KINGDOM THE OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO (A) PERSONS WHO ARE OUTSIDE THE UNITED KINGDOM (B) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") OR (C) HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2) OF THE ORDER, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OTHER THAN THE UNITED KINGDOM, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF SUCH DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the offering memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act). The offering memorandum is being sent at your request and by accepting the e-mail and accessing the offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act), and (2) that you consent to delivery of such offering memorandum by electronic transmission.

You are reminded that the offering memorandum has been delivered to you on the basis that you are a person into whose possession the offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

The offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the initial purchasers, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.

OFFERING MEMORANDUM

U.S.$410,000,000
TermoCandelaria Power Ltd.

(an exempted company incorporated with limited liability under the laws of the Cayman Islands)

7.875% Notes due 2029

Unconditionally and Irrevocably Guaranteed by Certain Subsidiary Guarantors

TermoCandelaria Power Ltd., or the Company, an exempted company incorporated with limited liability under the laws of the Cayman Islands, is offering U.S.$410,000,000 aggregate principal amount of its notes due 2029, or the Notes. The Notes will mature on January 30, 2029, or the Maturity Date. Interest on the Notes will accrue at a rate of 7.875% per year. TPL will pay interest on the Notes semi-annually in arrears on January 30 and July 30 of each year, commencing on July 30, 2019. On each anniversary of the issue date commencing on January 30, 2021, each a Principal Payment Date, until the Maturity Date, the Company shall make a principal payment corresponding to such Principal Payment Date in the amounts set forth in this offering memorandum.

The Notes will be guaranteed on a general unsecured basis, jointly and severally, by Termocandelaria S.C.A. E.S.P., or TECAN, Energy Projects Leasing Co., LLC, or Enerpro, Los Amigos Leasing Company Ltd., or Los Amigos, collectively, the Guarantors. In addition, Termobarranquilla S.A. E.S.P., or TEBSA, will provide a guarantee securing the payment of principal and interest under the Notes limited to (a) the lower of (i) U.S.$122.4 million, which is the aggregate principal amount that TPL lends to TEBSA through an intercompany loan from the proceeds of the Notes and (ii) the aggregate principal amount of Notes then outstanding *plus* (b) the amount of interest and other payment obligations under the Indenture in the same proportion as such aggregate principal amount in clause (a) bears to the aggregate principal amount of Notes then outstanding. We refer to the guarantees made by the Guarantors herein as the "Guarantees."

At any time prior to January 30, 2023, or the First Call Date, the Company will have the right, at its option, to redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus, the greater of (1) 1% of such principal amount of the Notes, and (2) the excess of: (a) the present value at such redemption date of all required payments thereon as if such Notes were redeemed on the First Call Date (excluding accrued but unpaid interest to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, over (b) the then outstanding principal amount of the Notes (the "Make-Whole Amount"), plus in each case any accrued and unpaid interest on the principal amount of the Notes to, but excluding, the date of redemption. On and after the First Call Date, the Company will be entitled at its option at any time and from time to time to redeem all or a portion of the Notes at the redemption prices (expressed as percentages of principal amount on the redemption date) set forth in this offering memorandum, plus accrued and unpaid interest to, but excluding, the redemption date. Each of the foregoing redemptions, if partial, will be subject to maintaining an aggregate principal amount equal to at least U.S.$100.0 million outstanding.

In addition, at any time prior to January 30, 2022, the Company may, on any one or more occasions, redeem up to 35% of the Notes at a redemption price of 107.875% of their principal amount, plus accrued and unpaid interest, using the proceeds of certain equity offerings. The Notes may also be redeemed, in whole but not in part, at 100% of their principal amount plus accrued interest, at any time upon the occurrence of specified events relating to tax law imposed by relevant jurisdictions, as set forth in this offering memorandum. See "Description of Notes—Optional Redemption."

The Notes will rank equal in right of payment with all other existing and future senior unsecured unsubordinated obligations of TPL (other than obligations given preferential treatment pursuant to applicable laws) and will be senior to any subordinated indebtedness of TPL. The Notes will be effectively subordinated to all existing and future secured obligations of the Company, to the extent of the value of the assets securing such secured obligations. The Guarantees will rank equal in right of payment with all other existing and future senior unsecured unsubordinated obligations of the Guarantors (other than with respect to certain obligations given preferential treatment pursuant to applicable laws) and will be senior to any subordinated indebtedness of the Guarantors. The Guarantees will be effectively subordinated to all existing and future secured obligations of the Guarantors, to the extent of the value of the assets securing such secured obligations and effectively subordinated to the liabilities of the subsidiaries of the Guarantors. See "Description of Notes—General."

Application has been made for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Ltd., or the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, or opinions expressed or reports contained in this offering memorandum. Admission of the Notes to the Official List of the SGX-ST and the quotation of the Company on the SGX-ST are not to be taken as an indication of the merits of the Company, the Guarantors or the Notes. See "Listing and General Information."

Investing in the Notes involves risks. See "Risk Factors" beginning on page 25 for certain information that you should consider before investing in the Notes.

Offering Price: 100.000% plus accrued interest, if any, from January 30, 2019.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the Securities Act, or any state securities law. The Notes may not be sold within the United States except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act, or Rule 144A, and may not be offered or sold outside the United States except to certain non-U.S. persons (as defined in Regulation S under the Securities Act, or Regulation S), in offshore transactions in reliance on Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfer of the Notes, see "Transfer Restrictions."

The Notes may not be publicly offered or sold or subject to any activity deemed as securities intermediation (*intermediación de valores*) in Colombia without the prior authorization of the *Superintendencia Financiera de Colombia* (Colombian Superintendence of Finance, or SFC) and registration with the *Registro Nacional de Valores y Emisores* (the National Registry). Neither the authorization of the SFC nor the registration with the National Registry has been or will be obtained.

Delivery of the Notes in book-entry form will be made on or about January 30, 2019 through The Depository Trust Company, or DTC, and its direct and indirect participants, including Euroclear Bank S.A./N.V., or Euroclear, and Clearstream Banking, *société anonyme*, or Clearstream. The Notes are being offered in the European Economic Area pursuant to an exemption from prospectus requirements under Directive 2003/71/EC, as amended, or the Prospectus Directive. This offering memorandum has not been approved by a competent authority within the meaning of the Prospectus Directive.

Global Coordinators and Joint Bookrunners

BofA Merrill Lynch **Scotiabank**

The date of this offering memorandum is January 23, 2019.

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In this offering memorandum references to: (1) "TPL" or the "Issuer" refers to TermoCandelaria Power Ltd.; (2) "we," "our," "us" or similar terms refer to TPL and its direct and indirect subsidiaries on a consolidated basis, except where the context requires otherwise; (3) "TEBSA" refers to Termobarranquilla S.A. E.S.P., a public utilities company (*empresa de servicios públicos*) organized as a corporation (*sociedad anónima*) under the laws of Colombia; (4) "TECAN" refers to Termocandelaria S.C.A. E.S.P., a public utilities company (*empresa de servicios públicos*) organized as a limited joint-stock company (*sociedad en comandita por acciones*) under the laws of Colombia; (5) "Enerpro" refers to Energy Projects Leasing Co. LLC, a limited liability company organized under the laws of Delaware; (6) "Los Amigos" refers to Los Amigos Leasing Company Ltd., an exempted company limited by shares incorporated under the laws of Bermuda; (7) "Merchant Project" refers to Merchant Project Holdings Co LLC, a company organized under the laws of Delaware; (8) "Inversiones Termocandelaria" refers to Inversiones Termocandelaria S.A., a company organized as a corporation (*sociedad anónima*) under the laws of Colombia; (9) the "Guarantors" refers to TECAN, Enerpro, and Los Amigos, on a joint and several basis, together with TEBSA on a limited basis proportional to the amount that TPL lends to TEBSA through an intercompany loan from the proceeds of the Notes; and (10) "our controlling shareholders" refers to TPL Holding Ltd. and its beneficial owners.

In addition, the term "Colombia" refers to the Republic of Colombia, and the phrase "Colombian Government" refers to the central government of Colombia.

Furthermore, references in this offering memorandum to the "initial purchasers" are to Merrill Lynch, Pierce, Fenner & Smith Incorporated and Scotia Capital (USA) Inc.

You should rely only on the information contained in this offering memorandum. Neither the Issuer, the Guarantors nor the initial purchasers have authorized anyone to provide you with different information. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or of any sale of the Notes. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in the affairs of the Issuer or the Guarantors, or that the information set forth herein is correct as of any date subsequent to the date hereof.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes. This offering memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire notes. Distribution of this offering memorandum to any other person other than the prospective investors and any person retained to advise the prospective investors with respect to its purchase is unauthorized.

There is currently no trading market for the Notes. An application has been made for the Notes to be admitted to listing on the SGX-ST as soon as commercially practicable. See "Listing and General Information." The Notes will not be admitted to trading prior to or on the settlement date.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

The Company has determined that the classification of the Notes being offered for purposes of section 309B(1)(a) are prescribed capital markets products.

We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The Notes offered are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration or exemption from them. By purchasing the Notes, you will be deemed to have made the acknowledgements, representations and warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

Neither the U.S. Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

You should not distribute the documents relating to the offering of the Notes in Colombia, or the information contained therein, except under circumstances which do not constitute a public offering of securities or securities intermediation under applicable Colombian securities laws or regulations. Neither should you use such documents and information in connection with any public offering of the Notes in Colombia. The initial purchasers have agreed not to offer or sell the Notes in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. The Notes have not been registered in Colombia and may only be exchanged in the territory of Colombia to the extent permitted by applicable law.

This offering memorandum contains summaries intended to be accurate with respect to certain terms of certain documents, but reference is made to the actual documents, and all such summaries are qualified in their entirety by this reference.

This offering memorandum is intended solely for the purpose of soliciting expressions of interest in the Notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants, and other provisions contained in the indenture, the Notes and other transaction documents. Certain industry information in this offering memorandum has been obtained by the Issuer and the Guarantors from publicly available sources that we deem reliable. Neither the Issuer nor the Guarantors have independently verified this information.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum, including, without limitation, the financial statements included elsewhere in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers, the Issuer or the Guarantors as to the past or future. The Issuer and the Guarantors have prepared this offering memorandum. Neither the trustee, nor any agent under the indenture, nor the initial purchasers makes any representation or warranties with respect to the accuracy, adequacy or completeness of this offering memorandum.

You hereby acknowledge that (1) you have been afforded an opportunity to request from the Issuer and the Guarantors to review and have received all additional public information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum; (2) you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with any investigation of the accuracy of the information or your investment decision; and (3) no person has been authorized to give any information or to make any representation concerning the Issuer, the Guarantors or the Notes (other than as contained herein and information given by duly authorized officers and our employees in connection with your examination of the Issuer, the Guarantors and the terms of this offering) and, if given or made, you should not rely upon any other information or representation as having been authorized by the Issuer, the Guarantors or the initial purchasers.

None of TPL, any Guarantor or any of their respective affiliates or representatives are making any representation to you regarding the legality of any investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes.

NOTICE TO INVESTORS WITHIN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for us or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither we nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for us or the initial purchaser to publish a prospectus for such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended including Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

NOTICE TO INVESTORS WITHIN THE UNITED KINGDOM

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Notes by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of this offering memorandum and the offer or sale of the Notes in certain jurisdictions is restricted by law. This offering memorandum may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorized or is unlawful. No prospectus has been or will be approved in the United Kingdom in respect of the Notes. Consequently, this document is being distributed only to, and is directed at (1) persons who are outside the United Kingdom, (2) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (3) high net worth entities falling within Article 49(2) of the Order, and other persons to whom it may be lawfully communicated (all such persons together being referred to as "relevant persons"). In addition, this communication is, in any event, only directed at persons who are "qualified investors" pursuant to the Prospectus Directive (2003/71/EC). Any person who is not a relevant person should not act or rely on this document or any of its contents. Persons into whose possession this offering memorandum may come are required by us and the initial purchasers to inform themselves about and to observe such restrictions. Further information with regard to restrictions on offers, sales and deliveries of the Notes and the distribution of this offering memorandum and other offering material relating to the Notes is set out under "Plan of Distribution."

NOTICE TO MEMBERS OF THE PUBLIC OF THE CAYMAN ISLANDS

SECTION 175 OF THE COMPANIES LAW (2018 REVISION) OF THE CAYMAN ISLANDS PROVIDES THAT AN EXEMPTED COMPANY THAT IS NOT LISTED ON THE CAYMAN ISLANDS STOCK EXCHANGE IS PROHIBITED FROM MAKING ANY INVITATION, WHETHER DIRECTLY OR INDIRECTLY, TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR ANY OF ITS NOTES. EACH PURCHASER OF THE NOTES AGREES THAT NO INVITATION MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE NOTES.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes estimates and forward-looking statements, including, without limitation, in the sections entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry and Regulatory Overview" and "Business." These statements are based in large part on our current expectations, forecasts, estimates of future events and trends that affect or may affect our business, financial condition, results of operations, cash flow, prospects and the trading price of the Notes. These statements are made in light of information currently available to us and are not guarantees of our future performance. Several factors may adversely affect our estimates and forward-looking statements, including, but not limited to:

- the risk of termination of some of our material agreements may adversely affect our business;
- our ability to receive dividends and other distributions from our consolidated subsidiaries;
- our ability to manage construction, maintenance and other risks related to our electricity generation and transmission infrastructure;
- our level of consolidated indebtedness and its impact on our ability to meet our obligations under the Notes;
- our ability to make necessary maintenance and expansion capital expenditures and realize the benefits of our capital expenditures;
- our ability to implement the contemplated conversion of our TECAN power generation plant from a Bryton-cycle power generation plant, or OCGT, to a Combined Cycle Gas Turbine, or CCGT, and to position the plant to be dispatched in-merit at spot prices;
- the impact of political changes in the Colombian Government;
- the impact of policy and/or regulatory changes implemented by the Colombian Government in the electricity sector, including with respect to the Reliability Charge and/or compensation formulas;
- our ability to obtain new or renew existing OEFs in upcoming tenders;
- our ability to maintain the efficiency of our power generation assets and/or otherwise secure OEFs;
- the risk that our marginal generation cost or our fuel costs increase in such a way that our marginal generation cost is above spot prices, which may negatively affect our ability to generate in-merit;
- the risk that our marginal generation cost exceeds the Scarcity Price and we are called to dispatch at a loss and/or the Scarcity Price formulation is changed to our detriment;
- the risk of new generation or transmission capacity coming on line and enhancing availability in the Atlantic Coast of energy generated by power generation units more efficient than ours in which may negatively affect our out-of-merit revenues;
- our relationship with the Colombian Government, the minority shareholders in TEBSA and our business partners;
- the raising of additional capital by our subsidiaries that may dilute our ownership interest in those companies;
- future growth and development of the energy industry;

- the susceptibility of our energy operations to operational hazards and uninsured risks;
- the enactment of new and stricter regulations, including judicial or administrative decisions setting forth stricter interpretation of existing regulations, in the markets where we and our subsidiaries operate or offer our services, including increasingly stringent environmental regulations, and their potential effects on construction delays;
- our and our subsidiaries' ability to maintain our existing licenses and permits or to obtain new licenses or permits that may be required to provide our services;
- the adequacy of our insurance coverage;
- expected demand for our electricity;
- other statements contained in this offering memorandum regarding matters that are not historical facts and assumptions underlying any such statements;
- the risk of illegal work stoppages;
- world events, climate events or variations, catastrophic accidents and natural disasters;
- market or other trends affecting our and our subsidiaries' financial condition or results of operations;
- the results of the litigation proceedings in which we and our subsidiaries may be involved in the future;
- our and our subsidiaries' levels of capitalization and indebtedness and the availability of the financing required to fund our operations and capital expenditures;
- the business skills and judgment of our and our subsidiaries' personnel, including their expectations and estimates concerning our future financial performance;
- the future impact of competition in the markets where we and our subsidiaries operate;
- business interruptions or impairment of our and our and subsidiaries' assets;
- current or potential acts of terrorism, vandalism or other similar events that may affect our integrity and our subsidiaries' infrastructure; and
- other factors discussed under the heading "Risk Factors."

Statements that depend on or are related to events or future or uncertain conditions or that include the words "believe," "could," "anticipate," "continue," "plan," "shall," "expect," "estimate," "intend," "will," "would," "may," "assume," "project," "foresee" and other variations, as well as similar words, when used in this offering memorandum, are intended to identify forward-looking statements. Forward-looking statements include information concerning our potential or assumed future results of operations, business strategies, funding plans, competitive position, industry environment, potential growth opportunities and the effects of future regulation and of competition. Forward-looking statements and estimates speak only as of the date they are made, and none of TPL, any Guarantor or the initial purchasers undertake the obligation to update or revise any forward-looking statements after we distribute this offering memorandum to reflect new information, future events or other factors.

Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to risks and uncertainties, and are based on information currently available to us. As a result of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this offering memorandum may not occur or be accurate, and our future results of operations and performance may differ materially from those set out herein for a number of reasons. Any such forward-looking statements and estimates are not guarantees of future performance and involve risks and uncertainties. Given such limitations, you should not rely on these forward-looking statements to make a decision to invest in the Notes.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information of TPL and TEBSA

This offering memorandum includes:

- our audited consolidated financial statements as of December 31, 2017, 2016 and 2015 and for the years ended December 31, 2017, 2016 and 2015, including the Notes thereto, or the TPL Audited Consolidated Financial Statements; and

- the audited financial statements of TEBSA as of December 31, 2017, 2016 and 2015 and for the years ended December 31, 2017, 2016 and 2015, including the Notes thereto, or the TEBSA Audited Financial Statements.

The TPL Audited Consolidated Financial Statements and the TEBSA Audited Financial Statements were prepared in U.S. dollars and in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, including the interpretations issued by the International Financial Reporting Interpretations Committee, or IFRIC, in each case, as adopted in Colombia, or Colombian IFRS.

Pursuant to Law 1314 enacted in 2009, we began preparing our financial statements in accordance with Colombian IFRS as of January 1, 2014.

This offering memorandum also includes:

- our unaudited condensed consolidated financial statements as of September 30, 2018 and for the nine-month periods ended September 30, 2018 and 2017, including the Notes thereto, or the TPL Unaudited Condensed Consolidated Financial Statements (together with the TPL Audited Consolidated Financial Statements, the "TPL Consolidated Financial Statements"); and

- the unaudited condensed financial statements of TEBSA as of September 30, 2018 and for the nine-month periods ended September 30, 2018 and 2017, including the Notes thereto, or the TEBSA Unaudited Condensed Financial Statements (together with the TEBSA Audited Financial Statements, the "TEBSA Financial Statements").

The TPL Unaudited Condensed Consolidated Financial Statements, and TEBSA Unaudited Condensed Financial Statements were prepared in U.S. dollars and in accordance with Colombian IFRS.

Comparability of 2016 and 2015 Audited Financial Statements

The financial results for the year ended December 31, 2016 and 2015 for each of TPL and TEBSA have limited comparability as a result of a change in our commercial strategy. Up until April 2016, we sold energy exclusively through a PPA with Gecelca. Through this PPA, TEBSA undertook to maintain exclusivity in the sale of energy to Gecelca for a term of 246 months as of October 20, 1995. This agreement expired on April 20, 2016. Upon its expiration, we pursued a direct commercial operation in the wholesale energy market administered by XM.

Currency Information

Unless otherwise specified, references herein to "U.S. dollars," "dollars" or "U.S.$" are to United States dollars, the legal currency of the United States of America, and references to "*peso*" or "Col$" are to Colombian *pesos*, the legal currency of Colombia.

Solely for your convenience, we have translated certain amounts included in "Summary," "Capitalization," "Selected Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this offering memorandum from Colombian *pesos* into U.S. dollars using the TRM certified by the SFC as of September 30, 2018 of Col$2,930.80 per U.S.$1.00. These conversions should not be construed as a representation that the Colombian *peso* amounts represent, or have been or could be converted into, U.S. dollars at that or any other rate. See "Exchange Rates and Controls" for a more comprehensive description of the Colombian exchange rate system. The TRM as of January 9th, 2018 was Col$ 3,164.75 per U.S.$1.00.

Rounding

Certain rounding adjustments have been made in calculating certain of the figures included in this offering memorandum. Accordingly, numerical figures shown as totals in some tables may not be an arithmetical aggregation of the figures that preceded them. We maintain our books and records in *pesos*, the official currency of Colombia.

Special Note Regarding Non-IFRS Financial Measures

This offering memorandum includes our adjusted earnings (losses) before interest, tax and depreciation and amortization, or Adjusted EBITDA, which we calculate as net profit (loss) before net financial loss, other (expense) income – net (see notes 24 and 21, respectively, to the TPL Audited Consolidated Financial Statements and the TPL Unaudited Condensed Consolidated Financial Statements, and notes 24 and 21, respectively to the TEBSA Audited Financial Statements and the TEBSA Unaudited Condensed Financial Statements), income tax and depreciation and amortization. Adjusted EBITDA is not a measure recognized under IFRS or Colombian IFRS, does not have a standardized meaning and may not be comparable to similarly titled measures provided by other companies either in Colombia or in other jurisdictions. In addition, we have not calculated Adjusted EBITDA in accordance with the guidelines adopted by the United States Securities and Exchange Commission on presentation of non-GAAP financial measures. We disclose Adjusted EBITDA because we use it as a measure of our operating performance. Adjusted EBITDA should not be considered in isolation or as a substitute for net profit or loss or as an indicator of operating performance or cash flow or as a measure of liquidity or our ability to service debt obligations.

This offering memorandum also includes our Net Debt, which we calculate as the sum of current and non-current loans and financings less cash and cash equivalents. Net Debt is not a measure of financial performance under IFRS and should not be considered as a measure of liquidity or our ability to distribute dividends. Net Debt does not have a standardized meaning, and our definition of Net Debt may not be comparable to other similarly titled measures provided by other companies either in Colombia or in other jurisdictions. Notwithstanding its limitations, and in conjunction with other accounting and financial information available, our management considers net debt a reasonable indicator of our indebtedness level for comparison between us and our peers.

For a reconciliation of Adjusted EBITDA and Net Debt, see "Selected Financial Information—TermoCandelaria Power Ltd.—Reconciliation of Adjusted EBITDA and Net Debt" and "Selected Financial Information—Termobarranquilla S.A. E.S.P.—Reconciliation of Adjusted EBITDA and Net Debt."

TECHNICAL AND REGULATORY TERMS

ASIC	Colombian Administrator of the Commercial Exchange System (*Administrador del Sistema de Intercambios Comerciales*), a section of XM.
Availability Factor	The fraction of a given operating period in which a generating unit is available without any outages. The Availability Factor is calculated as available hours per period hours (i.e., the percentage of hours a power generation plant is available for generation of electricity in the relevant period, whether or not the unit is actually dispatched or used for generating power).
Brayton cycle	The Brayton cycle is the thermodynamic cycle associated with the majority of gas turbine systems. The cycle passes atmospheric air, the working fluid, through the turbine only once. The thermodynamic steps of the Brayton cycle include compression of atmospheric air, introduction and ignition of fuel, and expansion of the heated combustion gases through the gas producing and power turbines. The developed power is used to drive the compressor and the electric generator.
CAO	Colombian General Accountant's Office (*Contaduría General de la Nación*).
CAPT	Colombian Advisory Committee of Transmission Planning (*Comité Asesor de Planeamiento de la Transmisión*).
Capacity Factor	Capacity Factor represents the actual electrical energy output over a given period of time versus the maximum possible electrical energy output assuming continuous operation at full nameplate capacity over that period.
Central Bank	Banco de la República de Colombia.
Cf3	Cubic feet.
CGR	Colombian General Comptroller's Office (*Contraloría General de la República*).
CND	National Dispatch Center (*Centro Nacional de Despacho*).
Cogeneration	The sequential production of electricity and thermal energy in the form of heat or steam from the same fuel source.
CONPES	Colombian National Council of Economic and Social Policy (*Consejo Nacional de Política Económica y Social*).
CREG	Colombian Energy and Gas Regulatory Commission (*Comisión de Regulación de Energía y Gas*).
DANE	Colombian National Department of Statistics (*Departamento Administrativo Nacional de Estadística*).
DIAN	Colombian National Tax and Customs Office (*Dirección de Impuestos y Aduanas Nacionales*).

DNP	Colombian National Department of Planning (*Departamento Nacional de Planeación*).
DTC	Depository Trust Company.
Dual Fuel Project	The conversion of TECAN from a gas only operation to a dual fuel operation that was conducted between 2006 and 2007.
DTF	DTF is an annual effective interest rate calculated and published weekly by the Central Bank based on the weighted average of active effective interest rates for 90-day CDs offered by banks and other financial institutions in the Colombian market.
EEA	European Economic Area.
E.S.P.	Public service utility company (*Empresa de Servicios Públicos*).
FAER	Financial Aid Fund to Energize Interconnected Rural Areas (*Fondo de Apoyo Financiero para la Energización de las Zonas Rurales Interconectadas*) created pursuant to Law 788 of 2002.
FAZNI	The Financial Support Fund for the Provision of Energy to Zones that are not Interconnected (*Fondo de Apoyo Financiero para la Energización de las Zonas No Interconectadas*).
Firm Energy	According to CREG Resolution 071 of 2006, as amended from time to time, firm energy (*energía firme para el cargo por confiabilidad*) represents the maximum volume of electricity that may be continuously produced in a one-year period by a generation plant under extreme hydrologic scarcity conditions.
FOES	Social Energy Fund (*Fondo de Energía Social*) created pursuant to Law 812 of 2003.
GDP	Gross Domestic Product.
GW	Gigawatts; one Gigawatt equals 1,000 MW.
GWh	Gigawatt-hours; one gigawatt hour represents one hour of electricity consumption at a constant rate of 1 GW.
Heat Rate	Means the ratio of fuel consumed to generate 1 kWh expressed as BTU/kWh.
Herfindahl Hirschamn Index (HHI)	A commonly accepted measure of market concentration calculated by squaring the market share of each firm competing in a market and adding the resulting numbers; this measure can range from nearly zero to 10,000.
HGPSA	Hot Gas Path Service Agreement
HGPPSA	Hot Gas Path Parts and Supply Agreement
Ideal Dispatch	The Ideal Dispatch is a system used by the XM to rank production theoretically by electricity generators which assumes unlimited transmission capacity through the NIS and disregards network restrictions, in order to establish spot market price.

In	Inches.
IPC	Colombian Consumer Price Index (*Índice de Precios al Consumidor*) certified by DANE.
IPP	Colombian Producer Price Index (*Índice de Precios al Productor*) certified by DANE.
ISA	Interconexión Eléctrica S.A. E.S.P.
Kcf	1,000 cubic feet.
Kcf/d	1,000 cubic feet per day.
Kg/cm2	Kilogram per square centimeter.
Km	Kilometers.
kV	Kilovolt; one of which equals one thousand volts; a unit of electric tension.
kW	Kilowatt; which is a unit of power representing the rate at which electricity is produced.
kWh	Kilowatt-hour; one kilowatt hour represents one hour of electricity consumption at a constant rate of 1 kW.
LAC	Liquidation, administration, and charges for usage of the STN (*Liquidación, administración y cobro de cargos por uso del sistema de transmisión*).
Law 142 of 1994 or Law 142 or LSPD	The legal framework applicable to the rendering of residential public utilities.
Law 143 of 1994 or Law 143	The legal framework applicable to the rendering of electricity services.
LNG	Liquefied natural gas.
MADS	Colombian Ministry of the Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*).
MEM or Wholesale Market	Wholesale Energy Market (*Mercado de Energía Mayorista*).
MHCP	Colombian Ministry of Finance and Public Credit (*Ministerio de Hacienda y Crédito Público*).
Mi	Mile.
MMcf/d	One million cubic feet per day.
MME	Colombian Ministry of Mines and Energy (*Ministerio de Minas y Energía*).
MMm3	One million cubic meters.
MMm3/d	One million cubic meters per day.
MVA	Megavolt ampere; a unit used to measure transformer capacity.

MVAR	Megavar; megavolt ampere reactive, a unit used to measure a transformer's compensation ability.
MW	Megawatts; one Megawatt equals 1,000 kV.
MWh	Megawatt-hour; one megawatt hour represents one hour of electricity consumption at a constant rate of 1 MW.
NIS	National Interconnected System (*Sistema Interconectado Nacional*).
OEF	A commitment from generation companies capable of producing Firm Energy during scarcity periods to ensure availability of a physical resource, which is remunerated with the Reliability Charge and allocated in a recurrent auction process conducted by CREG (*Obligación de Energía en Firme*).
OR	Network Operator (*Operador de Red*).
PAAG Index	Colombian Percentage Adjustment for the Taxable Year (*Porcentaje de Ajuste del Año Gravable*).
PCMA	Monthly Asset Compensation Percentage (*Porcentaje de Compensación Mensual del Activo*).
PCSA	Weekly Asset Compensation Percentage (*Porcentaje de Compensación Semanal del Activo*.
physical sales	The amount of kWh sold in a given period of time.
PNE	National Energy Plan (*Plan Energético Nacional*).
PPA	Power purchase agreements.
PRONE	Electric Lines Normalization Program (*Programa de Normalización de Redes Eléctricas*) created pursuant to Law 1117 of 2006.
Real Dispatch	Per GREG Resolution 024 of 1995, as amended, Real Dispatch is the electricity effectively supplied by the generation companies, measured according to the energy delivered at a specific interconnection point.
Regulated Market	Market that includes Colombian consumers of electricity that have a peak demand lower than 0.10 MW or a minimum monthly consumption lower than 55.0 MWh.
Regulated Users	Colombian consumers in the Regulated Market.
Reliability Charge	The Reliability Charge is a fixed remuneration that compensates electricity generators having generation assets available with the features and parameters set forth for the Firm Energy calculation in order to guarantee compliance with the OEFs.
Restricted Generators	Electricity generators whose actual generation is lower than the Ideal Dispatch due to technical constraints.
SCADA	Supervisory Control and Data Acquisition.
Scarcity Price	The value defined by CREG (which applies the formula found in Annex 1, numeral 1.4 of CREG Resolution 071 of 2006 as amended by

	Resolution 140 de 2017) that is updated on a monthly basis and that is used as one of the elements to determine the maximum spot market price at which the OEFs will be remunerated.
SDL	Local Distribution System (*Sistema de Distribución Local*).
SFC	Colombian Financial Superintendence (*Superintendencia Financiera de Colombia*).
SIN	Colombian National Interconnected System (*Sistema Interconectado Nacional*).
SMLMV	Legal Minimum Monthly Salary in Force (*Salario Mínimo Legal Mensual Vigente*).
Spot market	The spot market is an hourly exchange market where generation companies and traders can buy or sell their excess electricity resulting from the difference between their electricity available supply and market demand. Every day electricity generation companies offer the price required to generate electricity at each power plant unit, on an hourly basis, and provide each plant's availability for the next day.
SSPD	Colombian Superintendence of Residential Public Utilities (*Superintendencia de Servicios Públicos Domiciliarios*).
STN	National Transmission System (*Sistema de Transmisión Nacional*).
STR	Regional Transmission System (*Sistema de Transmisión Regional*). The STR is a network that operates at levels between 200 kV and 57.5 kV.
Transmission Regulated Revenues	Transmission revenues set periodically by CREG in the form of usage charges (*cargos de uso*) payable by users and transferred to companies by XM on a monthly basis.
Unregulated Customers	Colombian consumers of electricity in the Unregulated Market.
Unregulated Market	Market that includes Colombian consumers of electricity that have a peak demand greater than 0.10 MW or a minimum monthly consumption greater than 55.0 MWh.
UPME	Colombian Mining and Energy Planning Unit (*Unidad de Planeación Minero Energética*).
UVR	Real Value Unit (*Unidad de Valor Real*).
Wholesale Customers	Colombian purchasers of electricity in the Wholesale Market.
XM	Compañía de Expertos en Mercados S.A. E.S.P., in its capacity as ASIC and settler of usage charges (*cargos de uso*) in the STN.

SUMMARY

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all of the information you should consider before investing in our Notes. You should carefully read this entire offering memorandum before deciding whether to invest in our Notes, including the "Risk Factors," "Selected Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and our financial statements and notes to those statements, included elsewhere in this offering memorandum.

Overview

We are the fourth largest electric power generation company in Colombia, as measured by OEFs, and the fifth largest electric power generation company in Colombia, as measured by installed capacity as of September 30, 2018. For the nine-month period ended September 30, 2018 and for the nine-month period ended September 30, 2017, our net revenues and Adjusted EBITDA were U.S.$569.6 million and U.S.$129.5 million and U.S.$441.2 million and U.S.$113.6 million, respectively, while for the year ended December 31, 2017, our net revenues and Adjusted EBITDA were U.S.$590,868 million and U.S.$147,237 million, respectively.

We own and operate the largest portfolio of thermal power plants in Colombia, through our subsidiaries, Termocandelaria S.C.A. E.S.P., or TECAN, and Termobarranquilla S.A. E.S.P., or TEBSA, which have an aggregate total audited installed capacity of 1,283 MW as of the date of this offering memorandum. According to XM, Colombia's power system had an installed capacity equal to 16,779 MW, as of December 31, 2017. Therefore, TPL's installed capacity represented approximately 7.6% of the installed capacity in the SIN, as of December 31, 2017.

Set forth below is a table summarizing certain key operating metrics of each of our thermal power plants.

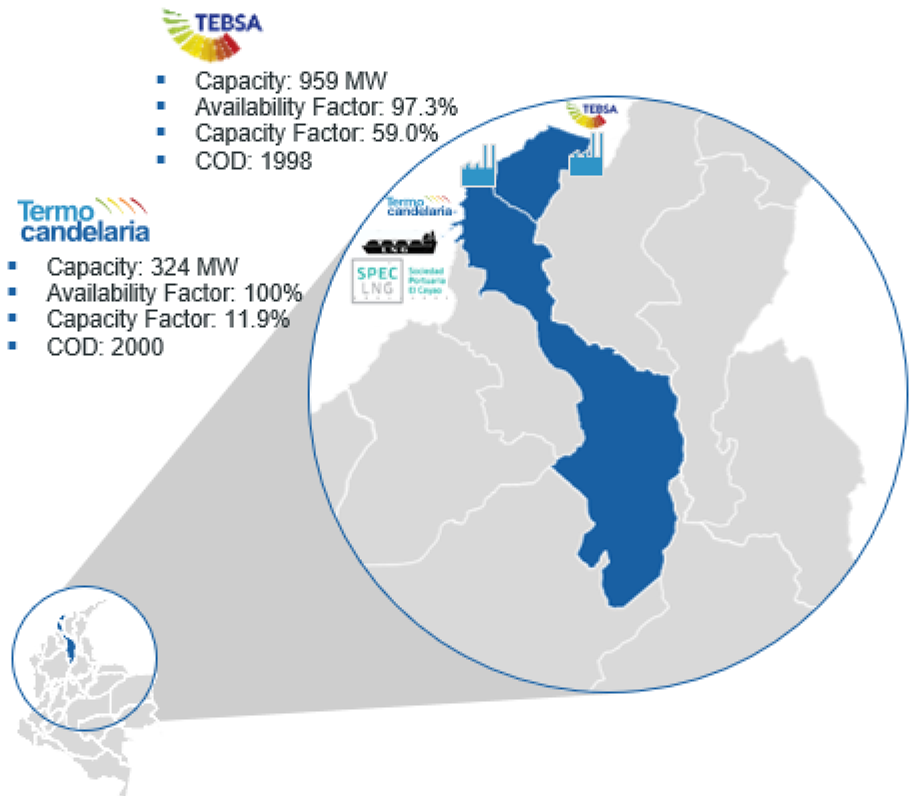
	TEBSA		TECAN
Technology	GE/Alstom	Siemens/Kraftwerk	Mitsubishi/Siemens
Audited Installed Capacity (MW)	843	116	324
Net Heat Rate (BTU/KWh)	7,213	11,694	10,219
Main Fuel	Natural Gas		Natural Gas
Availability Factor (1)	97.29% (GE/Alstom) 98.87% (Siemens)		99.98%
Capacity Factor (1)	59.02% (GE/Alstom) 6.75% (Siemens)		11.88%
Commercial Operating Date (COD)	1998		2000

(1) For the nine-month period ended September 30, 2018.

On October 29, 2014, TEBSA and TECAN entered into a terminal use agreement, or TUA, with Sociedad Portuaria el Cayao S.A. E.S.P., or SPEC, the only LNG regasification facility in Colombia, thereby securing access up to 72% (48.4% TEBSA and 23.5% TECAN) of the gross 170,000 m^3 of storage capacity (equivalent to 400 MMscf/d of regasification capacity) of the facility, for a period of ten years ending on November 30, 2026, with the right to further extend for any period agreed by the parties. If there is no agreement between the parties and if TEBSA and TECAN have not provided notice to extend the contract four years in advance, the extension will be for five years until 2031.

The location of our plants in Colombia's Atlantic region and our permanent access to LNG at competitive prices are distinct competitive advantages that differentiate us from other generators in the country and make our operations key to the stability of the national grid.

The map below shows the locations of our power plants as well as the SPEC:



For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we derived: (i) 20.4% and 27.0%, respectively, of our revenues from the Reliability Charge; (ii) 68.5% and 66.8%, respectively, of our revenues from in-merit generation and out-of-merit generation, net of Reliability Charge-RV; (iii) 4.0% and 5.1%, respectively, of our revenues from Regulated Revenue (*Ingreso Regulado*), or Regulated Revenue; (vi) 0.4% and 0.5%, respectively, of our revenues from substation asset compensation (based on a regulated tariff); and (v) 6.5% and 0.5%, respectively, of our revenues from gas resales to other generators (i.e., Firm Energy capacity resale). The remainder of our revenues for the nine-month period ended September 30, 2018 and the year ended December 31, 2017 were derived from sales of energy backup and Starts and Stops income. Power plants receive Starts and Stops remuneration when they are called to dispatch at a time when the plant has not previously been in service, and must therefore incur a start-up cost to be able to go on-line to provide the required dispatch, and to later go back into standby mode once the system no longer requires that it generate energy.

For an in-depth discussion on TEBSA and TECAN's revenue streams see "Business—The TEBSA Power Plant—Revenue Streams," and "Business—The TEBSA Power Plant—Transmission Assets."

We believe the fixed revenue streams from the Reliability Charge and Regulated Revenue, as well as our expectation for continued out-of-merit generation, provide us with stable cash flows that limit our exposure to fluctuations in the Colombian energy spot market rates. In addition, the revenues that we receive from in-merit generation allow us to improve our margins due to the operating leverage attained by selling electricity at spot prices that exceed our variable costs.

Reliability Charge

Colombia's electricity supply largely relies on hydro power plants. In order to guarantee enough supply during periods of drought, such as during the El Niño phenomenon, CREG implemented programs to stimulate investments in power plants that could offer reliability to the SIN under hydro-scarcity periods in order to efficiently cover electricity demand.

CREG Resolution 071 of 2006, as amended, established the regulatory framework for the Reliability Charge compensation scheme. The layout of this system establishes compensation for electricity generation plants that contribute to the reliability and stability of the electricity generation matrix, based on their real generation capacity under extreme conditions. The Reliability Charge refers to the fixed remuneration that compensates generators for having generation assets available with the features and parameters set forth for the Firm Energy calculation in order to guarantee compliance with their assigned OEFs on a continual basis during a year of extreme hydrologic scarcity. In consideration for such compensation, electricity generation plants that have willingly committed themselves to this scheme and have been awarded Firm Energy are obligated to generate electricity in accordance with their commitment whenever the electricity spot price is higher than the current Scarcity Price and generated volumes are compensated at the then-applicable Scarcity Price. As compensation for making this capacity available to the system, generators are awarded annual U.S. dollar-linked payments for a predetermined number of years. For the year ended December 31, 2017, TEBSA and TECAN recorded U.S.$117.0 million and U.S.$42.3 million, respectively, from Reliability Charge revenues.

In September 2017, CREG, through Resolution 140 of 2017, modified the Scarcity Price calculation, known as the marginal Scarcity Price, which in turn affected the calculation of the Reliability Charge. CREG modified the Scarcity Price calculation in order to encourage compliance with the OEF by generators during critical periods. The modification ensures that generators will benefit from the marginal Scarcity Price by reflecting the real cost of purchasing fuel locally instead of the cost of purchasing fuel indexed to international fuel prices, thereby preventing inaccurate pricing resulting from differences between international prices and local fuel prices, among other considerations. The marginal Scarcity Price is set by the marginal variable cost incurred by the last plant needed to generate energy in order to account for 98% of the assigned OEFs. See "Risk Factors—Risk Factors Relating to the Industry in which We Operate—Changes to, or compliance with, current regulations, legislations and rates may adversely affect our cash flows, financial condition and results of operations."

Out-of-Merit and In-Merit Generation Sales

Our net revenues include revenues derived from in-merit and out-of-merit generation sales. In-merit generation sales are transactions in the energy exchange at spot prices and take place when the spot market price is higher than the marginal production costs of the respective plant, allowing generators to sell their energy at a profit.

Out-of-merit generation sales occur as a consequence of grid constraints, derived from transmission capacity limitations and local distribution system deficiencies, which limit the availability in the Atlantic Coast of electricity from efficient generators located in the center of the country. During out-of-merit generation periods, plants are called to dispatch electricity to supply a given area and are compensated at a marginal price equal to their declared production cost. Out-of-merit generation is essential for the Atlantic region, our principal area of operations, and Colombia to avoid black-outs. Given the strategic location and the efficiency of our power plants, this enables us to ensure a stable dispatch volume during both dry and rainy seasons.

For the year ended December 31, 2017, TPL recorded U.S.$466,801 thousand in net operating revenue from in-merit generation and out-of-merit generation. See "Risk Factors—Risk Factors Relating to Our Business—The success of our business depends, in part, on factors beyond our control" and "Risk Factors—Risk Factors Relating to the Industry in which We Operate—The introduction of a more efficient energy generation technology or other sources of energy could adversely affect the competitiveness of gas-fired energy, including our plants" for additional information relating to our in-merit and out-of-merit generation revenues and related risks.

LNG Facility and Regulated Revenue

Through CREG resolution 062 of 2013, CREG approved the annual Regulated Revenue for thermal generators, such as us to support the fulfilment of their OEFs with LNG. As a result of our Terminal Use Agreement with SPEC, we were awarded a Regulated Revenue corresponding to approximately 50% of the fixed cost of the LNG regasification infrastructure (of which we receive 72% based on our allocation of SPEC's capacity) for a period of ten years. For the year ended December 31, 2017, TEBSA and TECAN recorded U.S.$20,303 thousand and U.S.$9,846 thousand, respectively, from Regulated Revenues.

Our Power Plants

TEBSA

TEBSA, located near the municipality of Barranquilla, in the Atlantic region of Colombia, owns one of the largest and most efficient thermal power plants in the SIN, measured by heat rate. According to *Departamento Administrativo Nacional de Estadística*, the Atlantic region is the second fastest growing region in the country, as measured by GDP growth from 2000 to 2016, and it experienced the second highest level of energy consumption in Colombia during the period from January 1, 2018 to August 31, 2018 and for the first time, during September 2018, the Atlantic region was the largest energy consumer in Colombia.

As of September 30, 2018, TEBSA represented approximately 18.4% of Colombia's total thermal capacity and 5.6% of Colombia's total installed capacity. The TEBSA plant commenced operations with the total capacity of its combined cycle block in 1998. The plant consists of nine units, including five gas turbines, two steam turbines arranged in two combined-cycle blocks and two conventional steam turbines with a total installed capacity of 959 MW. As of the date of this offering memorandum, TPL, directly and indirectly through its subsidiary, GPUI Colombia S.A.S., held an aggregate 57.38% equity interest in TEBSA. The remaining equity interests in TEBSA are held by: (i) Generadora y Comercializadora de Energía del Caribe, or Gecelca, a government-controlled entity operating in the generation sector (which holds a 42.51% equity interest); (ii) Lancaster Steel Co, Inc. (which holds a 0.06% equity interest); and (iii) Distral Térmica C.A. (which holds a 0.04% equity interest).

TEBSA currently procures natural gas through domestic gas producers, and LNG from international markets through Calamarí, a natural gas import trader incorporated in Colombia and partially owned by us and who uses the SPEC's infrastructure to import LNG. TEBSA's domestic natural gas contracts with several local producers will run through 2022. We intend to allow these agreements to phase out as we transition our procurement fully to LNG from international markets. Pursuant to a TUA with SPEC, TEBSA has access to 48.4% of the LNG import, storage and regasification capacity of 400 MMscf/d (or approximately 194 MMscf/d), as well as a gross storage capacity of 170,000 m^3 (or approximately 82,280 m^3) and a 10 km gas pipeline that connects the on-load pier with the national natural gas transportation system. The natural gas is transported locally by Promigas S.A. E.S.P., or Promigas.

TEBSA also owns transmission and interconnection-related assets. Its facility is connected to five 110 kV and four 220 kV transmission lines allowing it to deliver electricity to grids in Barranquilla (110 kV) and nationally (220 kV).

For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, TEBSA's net revenues and Adjusted EBITDA were U.S.$517.0 million and U.S.$107.8 million and U.S.$535.6 million and U.S.$125.0 million, respectively. For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, TEBSA produced 3,101 GWh and 3,711 GWh of energy, respectively.

TECAN

TECAN, located near the city of Cartagena, Colombia, an OCGT power generation plant comprised of two 501FC gas turbine units with a total audited installed capacity of 324 MW, representing 1.9% of Colombia's total installed capacity, as of September 30, 2018.

TECAN currently procures LNG in the international markets through Calamarí. Like TEBSA, TECAN has access to the LNG regasification plant through its contracted capacity with SPEC (23.5% of total capacity). Its natural gas is also transported by Promigas.

For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, TECAN produced 249 GWh and 32 GWh of energy, respectively. We intend to convert our TECAN power plant from OCGT to CCGT, and have already received the required environmental licenses for the construction and operation of the TECAN CCGT project. The decision to pursue the CCGT project will depend on whether TECAN is awarded incremental OEFs, with the related additional Reliability Charge, that would provide incremental cash flow to support the project. The potential conversion from an OCGT to a CCGT, could position the plant to be dispatched in-merit at spot prices, thus increasing the load factor and enhancing margins through operating leverage. TECAN's facility is connected to Colombia's national power grid through four lines. Two of those lines run to the Termocartagena 220 kV substation, and the remaining two runs to the Ternera 220 kV substation.

Our Financial Information

The following table sets forth certain of our and our subsidiaries' financial information and operating data for the periods and fiscal years indicated:

	As of and for the Nine-Month Period Ended September 30,		As of and for the Years Ended December 31,		
	2018	**2017**	**2017**	**2016 (5)**	**2015 (5)**
	(in thousands of U.S.$, except percentages, ratios, MW and MWh)				
TPL					
Net revenues	569,649	441,156	590,868	497,487	93,287
Net profit (loss)	46,888	20,912	29,857	47,883	(41,631)
Adjusted EBITDA (1)	129,524	113,607	147,237	149,077	(31,221)
Adjusted EBITDA margin (2)	22.7%	25.8%	24.9%	30.0%	(33.5)%
Net Debt (3)	127,133	—	161,664	159,613	130,170
Net Debt / Adjusted EBITDA ratio (4)	0.8x	—	1.1x	1.1x	(4.2)x
TEBSA					
Net revenues	516,990	399,667	535,647	393,434	53,840
Net profit (loss)	38,605	23,110	28,733	33,043	(12,522)
Adjusted EBITDA (1)	107,804	96,025	125,004	111,764	24,436
Adjusted EBITDA margin (2)	20.9%	24.0%	23.3%	28.4%	45.4%
Net debt (3)	104,544	—	154,587	223,427	161,366
Net debt / Adjusted EBITDA ratio (4)	0.8x	—	1.2x	2.0x	6.6x
Operating data:					
Installed capacity (MW)	959	959	959	959	947
Energy production (MWh)	3,100,768	2,774,311	3,704,632	4,687,043	5,533,895
TECAN					
Operating data:					
Installed capacity (MW)	324	324	324	324	324
Energy production (MWh)	249,247	31,106	39,403	381,226	115,117

(1) We calculate Adjusted EBITDA as net profit (loss) before net financial loss, other (expense) income – net (see notes 24 and 21, respectively, to the TPL Audited Consolidated Financial Statements and the TPL Unaudited Condensed Consolidated Financial Statements, and notes 24 and 21, respectively to the TEBSA Audited Financial Statements and the TEBSA Unaudited Condensed Financial Statements), income tax and depreciation and amortization. Adjusted EBITDA is not a recognized measure under Colombian IFRS, and because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures. Adjusted EBITDA should not be considered as an alternative to net profit (loss) as an indicator of our operating performance, or as an alternative to cash flow as an indicator of liquidity.

(2) Adjusted EBITDA margin is Adjusted EBITDA divided by net sales revenue, expressed as a percentage.

(3) We calculate Net Debt as the sum of our loans and financings (current and non-current) *less* amounts recorded as cash and cash equivalents. Net debt is not a measure of financial performance or liquidity under Colombian IFRS. Net debt does not have a standardized meaning, and our definition of Net Debt may not be comparable to other similarly titled measures provided by other companies either in Colombia or in other jurisdictions. For a more detailed discussion of Net debt, see "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."

(4) Net Debt to Adjusted EBITDA ratio is Net Debt as of the end of the period divided by the Adjusted EBITDA for the last twelve-month period.

(5) The financial results for the year ended December 31, 2016 and 2015 for each of TPL and TEBSA have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

The Colombian Electricity Sector

Colombia is the fifth largest electricity market in South America with a total installed generation capacity of approximately 16.8 GW, according to XM, as of September 30, 2018.

The Colombian electricity generation sector is comprised of 74 electricity generation companies, with a national grid that as of March 31, 2018, was 69.8% reliant on hydro capacity in terms of installed capacity, 29.3% reliant on thermal capacity, and 0.9% reliant on other technologies.

Electricity demand in Colombia is primarily driven by residential and industrial demand. Periods of maximum demand occur in December as a result of the lighting arrangements for the holiday season. Despite fluctuations, according to the UPME, electricity demand is projected to grow at a CAGR of 3.2% over the next 12 years (i.e., from 2018 to 2030) principally as a result of increases in residential and industrial demand.

In recent years, demand growth in the Atlantic Coast has exceeded the growth of other regions of the country and the region accounted for 23% of national demand from 2012 to 2016. In light of technical transmission constraints that prevent electricity from hydro generators located in the center of the country from reaching the Atlantic Coast, the area is largely dependent on in-situ generation that is mainly provided by thermal plants. Despite thermal generators being higher in the dispatch merit order vis-à-vis hydro generators, during 2017, TEBSA generated 23.5% of the total electricity demand in the region and operated with a 53.5% load factor, which highlights TEBSA's relative efficiency and its importance for the sustainability of the national grid.

Almost all of the electricity used in Colombia is generated domestically; however, Colombia's STN is interconnected at three points to the Venezuelan grid and at two points to the Ecuadorian grid. In 2017, 0.3% of Colombia's electricity consumption was supplied through these interconnections. In 2017 and 2016, Colombia exported 0.42 GWh and 0.85 GWh, respectively, to Venezuela. Colombia imported 194.23 GWh from and exported 18.52 GWh to Ecuador in 2017 and imported 378.3 GWh from and exported 43.9 GWh to Ecuador in 2016.

Our Strengths

Solid regulatory framework with transparent rules that foster investment. Colombia has a sophisticated electricity market which is dominated by private sector participants and supported by a solid legal framework that fosters private investment. A robust network of regulatory agencies oversees every segment of the electricity market from generation to commercialization to ensure the long-term financial and operational sustainability of the system.

The electricity sector is crucial for the Colombian Government, which has stepped in in the past to intervene and fix contractual imbalances. In light of its focus on maintaining the system's sustainability, Colombia has implemented transparent electricity and power pricing mechanisms that compensate generators for their investments and factor in variable costs. Through the Reliability Charge, the Colombian Government has established a mechanism to guarantee energy supply at efficient prices during times of severe weather conditions and foster investments in additional capacity, thus ensuring the long-term sustainability of the industry.

Supportive industry dynamics favoring efficient thermal generators. Colombia is one of the least penetrated markets in the region in terms of energy consumption per capita, thus providing ample room for growth. With consumption per capita of 1,193 kWh in 2017, according to XM, Colombia's electricity demand is projected to grow at a CAGR of approximately 3.2% over the next decade, outpaced by the demand in the Atlantic region served by TEBSA and TECAN, which is expected to grow at a CAGR of 3.6%. A continuous need for in-situ generation on the Atlantic coast is required for the stabilization of the regional grid, in light of transmission grid restrictions that limit the availability of electricity from hydro generators located in the center of the country, and benefiting local players in the Atlantic region that are able to generate at efficient costs.

Industry growth is supported by the fact that Colombia is the fourth largest and second fastest growing economy in Latin America in terms of GDP. GDP grew, on average, 3.32% per annum from 2012 to 2017 and inflation remained in the lower single digits at 4.1% in 2017. Furthermore, Colombia has an improving credit profile and is undergoing an upward cycle backed by strong oil price dynamics and expansionary monetary policy. We expect that Colombia's economic growth will benefit the power system as energy demand growth and GDP are highly correlated and GDP growth should lead to incremental energy demand on the back of industrial development and increasing residential consumption.

Strategically located, highly efficient assets supporting the stability and growth of the national grid. Our operations are key for Colombia's power sector, producing 27.1% and 34.5% of the electricity generated in the Atlantic region during the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, respectively, and covering 7.3% of Colombia's energy demand as of September 30, 2018, according to XM. We are the fourth largest electric power generation company in Colombia, as measured by OEFs, and the fifth largest electric power generation company in Colombia, as measured by installed capacity as of September 30, 2018, accounting for 1,283 MW of Colombia's total installed capacity. We are also the largest thermal portfolio in the Colombian power sector and we are one of the most reliable and efficient thermal generators in the STN.

Our operations are located in the Atlantic region, the region with the second highest level of energy consumption in the country (and for the first time, during September 2018, the Atlantic region was the largest energy consumer in Colombia). The Atlantic region is also the second fastest growing region based on a CAGR of GDP of 4.4% between 2000 and 2016, compared to 4.1% for Colombia as a whole. Due to transmission network constraints in the Atlantic region, power generators such as TPL are required to dispatch outside of the merit order, receiving revenues that compensate their declared variable production costs at prices higher than the then-available spot market price in order to ensure generators that supply energy in-situ have the appropriate incentives and maintain financial sustainability. TEBSA is required to dispatch out-of-merit when marginal production cost is above the spot market price, but TEBSA will be compensated at a marginal price equal to its declared production costs even under strong hydrological conditions. Due to its efficiency and ability to supply local energy deficits, TEBSA has historically operated with a load factor in excess of 50%.

Diversified revenue profile supported by U.S. dollar-denominated Reliability Charge and Regulated Revenue payments and upsides from out-of-merit and in-merit generation. Our revenues are largely driven by the Reliability Charge, introduced in Colombia in December 2006 as a means to guarantee energy supply during extreme weather conditions. Our ability to maintain a permanent dispatch above the industry average for thermal power plants and our access to the LNG regasification facility, or SPEC facility, have proven to be competitive advantages that have resulted in CREG assigning each of TEBSA and TECAN OEFs for 100% of their Firm Energy, ensuring annual U.S dollar-linked revenues until 2025. For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we recorded approximately U.S.$116,109 thousand and U.S.$159,272 thousand from Reliability Charge revenues, representing 20.4% and 27.0%, respectively, of our total revenues.

In addition, we receive additional annual, regulated payments from Colombia's power system to compensate us for backing our OEFs through imported LNG. TEBSA and TECAN entered into a TUA with SPEC, the only regasification unit in Colombia as of the date of this offering memorandum, securing access to unloading, storage and regasification capacity for a period of ten years beginning on December 13, 2016, with the right to be extended for a minimum of 5 years or any period agreed by the parties.

Under each TUA, each of TEBSA and TECAN is required to pay a fixed amount and a variable cost tied to the volume stored and regasified for use, respectively. As an incentive for us to provide OEFs with LNG and given the benefit of meeting out-of-merit generation with gas (versus liquid fuels), Colombia's power system pays TEBSA and TECAN their Regulated Revenue pursuant to CREG Resolution 062 of 2013, for a period of ten years. For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we recorded approximately U.S.$22,901 thousand and U.S.$30,149 thousand in Regulated Revenues, representing 4.0% and 5.1%, respectively, of our total revenues.

Furthermore, TEBSA owns transmission and interconnection-related assets that contribute approximately U.S.$3.1 million annually to our revenue. Our long-term access to SPEC capacity, positions us as a potential seller of natural gas in the region in the future.

In addition to Regulated Revenue, TEBSA's scale and efficiency, as measured by heat rate, makes us one of the most efficient thermal generators in the Atlantic region and has led to high volumes of both out-of-merit and in-merit generation sales, providing additional revenue upsides. If called to dispatch in-merit, based on the prices that we quote to the system, we are remunerated at the spot price or the Scarcity Price, if the Scarcity Price is triggered. In the event that the Scarcity Price is triggered, marginal costs have historically been below the applicable Scarcity Price and provide us with the potential to create profits from in-merit generation. Out-of-merit generation is essential to guarantee energy supply in regions with transmission deficits such as the Atlantic region. TEBSA dispatches energy regularly having one of the lowest heat rates in the Atlantic region, which allows it to monetize gas supply transport take-or-pay contracts. The pricing formula for out-of-merit generation passes through all the dispatching and marginal generation costs to end-users.

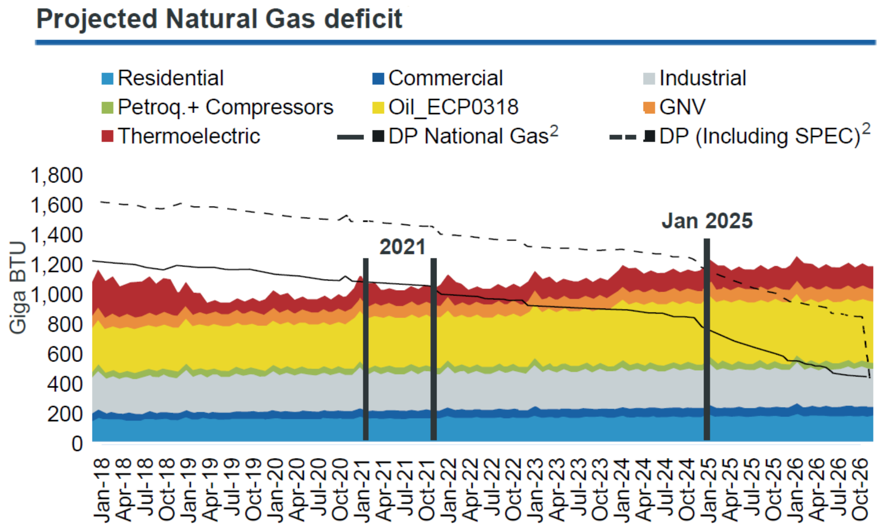
Sound credit profile with conservative leverage metrics. We have a low financial leverage and stable cash flow generation principally derived from guaranteed revenues from the Reliability Charge and Regulated Revenue. We also have a strong cash base, which gives us the opportunity to wait to access financial markets on favorable terms and as of September 30, 2018, we recorded cash and cash equivalents of U.S.$48,366 thousand. After giving effect to this offering and the use of proceeds thereof as described herein, we expect to record a leverage of approximately 2.5x gross debt to Adjusted EBITDA ratio and 2.2x Net Debt to Adjusted EBITDA as of and for the last-12 months ended September 30, 2018 reflecting our strong credit profile. Furthermore, for the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we had cash flow from operations of U.S.$89,013 thousand and U.S.$112,665 thousand, respectively. Beginning in 2021, we expect to use our cash flow from operations to reduce our outstanding indebtedness under the Notes and further enhance our leverage profile.

Room for additional growth and competitive enhancements. We believe that TECAN has the potential to increase its audited installed capacity by 242 MW, from 324 MW to 566 MW, if converted from an OCGT to CCGT. This installed capacity increase would represent an increase of approximately 20% of our total installed capacity and would allow TECAN to bid for incremental OEFs with their assorted Reliability Charge revenues. As a CCGT, we also expect that TECAN will become more efficient by reducing its heat rate to approximately 6,500 BTU/KWh, thus allowing TECAN to meet out-of-merit generation capacity needs at more competitive prices and to participate in in-merit generation sales at prevailing spot prices. We have received the required environmental licenses for the construction and operation of TECAN's CCGT project. For more detailed information about the conversion to CCGT, please see "Business—The TECAN Power Plant—Conversion to CCGT."

In addition, TEBSA's CCGT has the potential to increase connection to the grid point from 791 MW to 815 MW. TEBSA is developing the expansion of its 110kV substation with an EPC turn-key contract with GE Energy Colombia S.A., or GE, for COP 14,045 million (U.S.$4.8 million). The system will compensate TEBSA for the expansion once it achieves COD.

Furthermore, through our ten-year TUA with SPEC (which may be extended by five years until 2031), we have secured long-term access to LNG regasification capacity. By contracting for approximately 72% of the capacity of the SPEC facility, the only existing LNG regasification and storage facility in Colombia, SPEC provides us with 122,400 m3 of gross storage capacity and 288 MMcf/d of regasification capacity. We believe that our LNG contract will benefit our operations during extreme hydrological conditions, as competitively priced LNG would become our main fuel source. Only TECAN and TEBSA (71.83%) and Zona Franca Celsia S.A. E.S.P. (28.16%) have contractual access to LNG through SPEC, providing us with a competitive advantage to generate electricity during extreme hydrological conditions. Furthermore, beginning in 2021 the CREG expects an energy deficit in Colombia and our access to competitively priced LNG would likely allow us to increase our in-merit generation and margins derived therefrom. Given the benefits derived from SPEC, and because of TEBSA's strategic location, we believe that our facility has the potential to evolve into a key LNG hub in the Caribbean and in South America.

Below is a chart representing the projected decline in the availability of natural gas in Colombia.



Source: UPME

TEBSA's contracted capacity in the regasification facility gives it the option to sell unneeded natural gas in the secondary market in Colombia to other generators, thus increasing its revenue sources. We expect that in the long-term the price of domestic natural gas will converge with the price of LNG from the international market, thereby closing any potential premiums from the import and liquefaction of LNG.

Deep industry knowledge and regulatory experience. We have a highly experienced senior management team with an average of 20 years of experience and valuable knowledge of the Colombian energy sector. We have a proactive and constructive relationship with regulators and are actively involved in shaping energy policies in the country. Our proactive approach enables us to provide sector leadership on issues that are important to us and all of our stakeholders, including our customers, employees and shareholders, while maintaining the highest standards of environmental and social responsibility.

Our Strategy

Our strategy is based on the following key objectives:

Maintain the sound operation of our power plants with stable and predictable cash flows. We are committed to maintaining the sound operation of our power plants to generate predictable and stable cash flows. Our Reliability Charge and Regulated Revenues for the use of LNG provide us with stable and predictable cash flows and we will seek to continue pursuing the benefits of these long-term and reliable cash flows in the future. Furthermore, TEBSA's substation revenues provide us with an additional and stable source of cash flows, and we expect to supplement our revenues with the sale of LNG resulting from excess capacity from SPEC.

Expand installed generation capacity and increase plant efficiencies through expansion of TEBSA's current CCGT and conversion of TECAN's OCGT to CCGT. One of our key objectives is to expand our installed generation capacity and increase the efficiency of our power plants through the conversion of our TECAN plant from an OCGT to a CCGT and the expansion of TEBSA's plant, potentially allowing us to secure incremental revenues from the Reliability Charge and in-merit and out-of-merit generation.

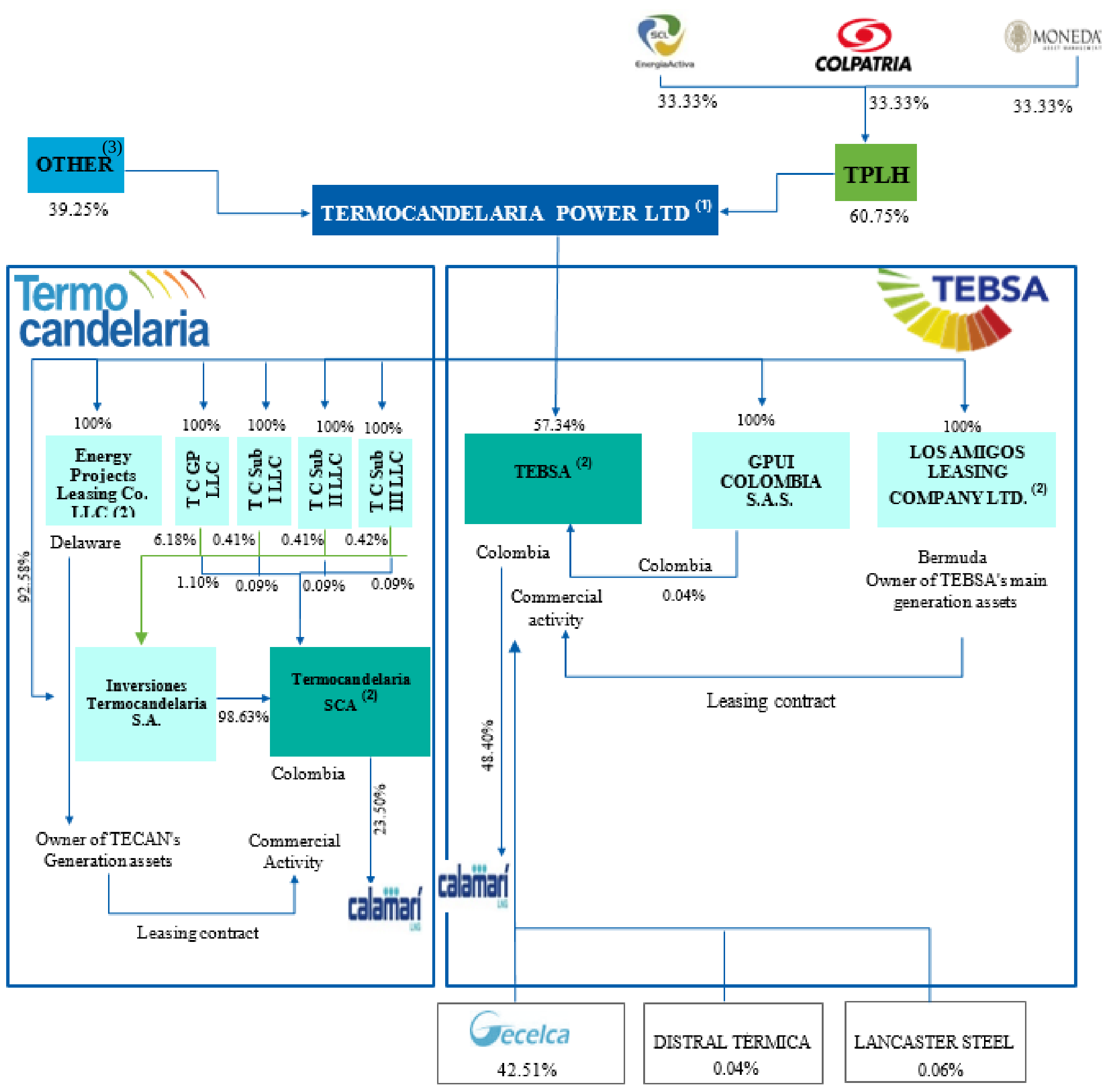
We expect that if we pursue the conversion project, it would achieve a Commercial Operating Date, or COD, within approximately 2.5 years from the start of construction. Our decision to pursue TECAN's conversion project depends on whether we are awarded incremental OEFs, with the related additional Reliability Charge, in order to have the incremental cash flow to support the project. We expect that if we decide to pursue the expansion of TEBSA's plant, we would increase its capacity by an estimated 124 MW.

Deepen our market leadership in Colombia by expanding our generation capacity to satisfy increasing electricity demand. By converting from an OCGT to a CCGT, TECAN will be able to expand its generation capacity and deepen our market leadership in the Atlantic region. TEBSA's CCGT has the potential to increase connection to the grid point from 791 MW to 815 MW, allowing us to capture and satisfy future increases in demand.

Provide high quality service while operating our plants efficiently, safely and sustainably. We strive to provide high quality service while operating our facilities safely, efficiently and sustainably. In terms of safety, we implement and follow the industry safety standards in Colombia in order to ensure the safety of our employees and contractors. In terms of operational efficiency, we focus on ensuring the long-term availability, reliability and asset integrity with preventive and predictive maintenance and monitoring. In terms of sustainability, we seek to be good corporate citizens and develop our business in a manner, which complies with applicable legal and environmental regulations, and we currently have an ISO 9001:2015 certification valid until the end of 2019.

Our Corporate Structure

The following chart is a simplified overview of our direct and indirect ownership structure and our subsidiaries, including the Guarantors, as of the date hereof. Ownership percentages have been rounded.



(1) The issuer of the Notes will be TPL.
(2) The Guarantors are TECAN, Enerpro, Los Amigos and TEBSA (whose guarantee will be limited to (a) the lower of (i) U.S.$122.4 million, which is the aggregate principal amount that TPL lends to TEBSA through an intercompany loan from the proceeds of the Notes and (ii) the aggregate principal amount of Notes then outstanding plus (b) the amount of interest and other payment obligations under the Indenture in the same proportion as such aggregate principal amount in clause (a) bears to the aggregate principal amount of Notes then outstanding).
(3) Funds Managed by SCL Energia Activa (14.43%), Moneda Asset Management (14.21%) and 23 minority shareholders (10.60%).

See "Principal Shareholders" for additional information in respect of the shareholders of TPL.

Recent Developments

Participation of Shareholder in the Offering

Certain non-affiliate shareholders of the Company will purchase notes in this offering for an aggregate principal amount of U.S.$105 million, representing approximately 26% of the aggregate principal amount of notes to be issued in this offering. See "Principal Shareholders."

Terrorist Attack in Colombia

On January 17, 2019, a car with explosives burst through the gates at a police academy in Bogotá and exploded resulting in 21 people dead and many injured. Colombian Attorney General informed that the vehicle had last been registered in Arauca, a largely rural state bordering Venezuela that is a stronghold of the leftist guerrilla group, the National Liberation Army, or ELN. On January 21, 2019, the ELN confirmed it ordered the attack. The Colombian Government had suspended peace negotiations with the ELN after a series of rebel attacks. Any escalation in the violence associated with this new terrorist attack may have a negative impact on the Colombian economy and the credibility of the Colombian Government which could, in turn, have a negative impact on the Issuer's business and results of operations. See "Risk Factors—Risk Factors Related to Colombia" for additional information.

Banco de Bogotá Loan

On October 10, 2018, we contracted an additional U.S.$10.7 million of indebtedness with Banco de Bogotá related to the acquisition of a shipment of liquefied natural gas, the proceeds of which were used for working capital.

Dividend Payment

On October 17, 2018, our Board of Directors approved a U.S.$15.0 million dividend payment, which was made on October 22, 2018 and October 23, 2018.

Public Lighting Tax Arbitration Proceeding Initiated by TEBSA against Gecelca

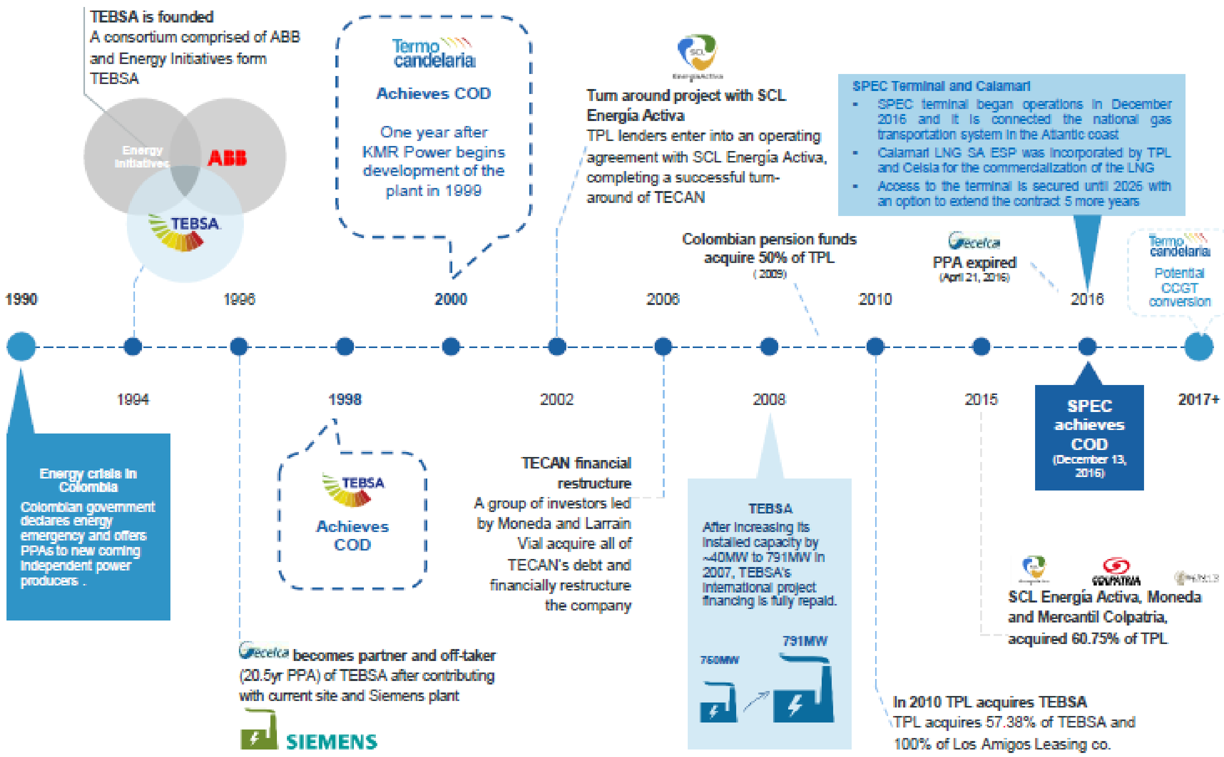
On October 19, 2018, TEBSA initiated an arbitration proceeding against Gecelca requesting that Gecelca reimburses any taxes to be paid by TEBSA as a result of the public lighting tax set forth in municipal agreements 146 of 2009 and 168 of 2013 issued by the municipality of Soledad, Colombia. We believe that TEBSA will receive a favorable decision in this arbitration. If TEBSA receives a favorable decision, Gecelca would reimburse TEBSA for taxes that TEBSA might owe to the Municipality of Soledad in the future, plus accrued interest, as well as any expenses related to the arbitration and other legal costs. However, in the event of an unfavorable decision, TEBSA and Gecelca would only have to pay the expenses relating to the arbitration, which are estimated to be U.S.$316 thousand, and attorney's fees estimated to be less than U.S.$133 thousand, assuming that Gecelca does not respond with any counterclaim. For a more complete description of this arbitration proceeding, see "Business—Legal Proceedings—Arbitration Proceedings—Public Lighting Tax Arbitration Proceeding Initiated by TEBSA against Gecelca."

Waivers

On January 8, 2019, we made a formal waiver request under our (x) syndicated loan agreement, dated October 26, 2016, entered into among TPL, as borrower, Scotiabank Colpatria S.A. (formerly known as Banco Colpatria Multibanca Colpatria S.A.), Bancolombia Panamá S.A., Banco Davivienda S.A. and Bancaribe Curazao Bank N.V., as lenders, with Cititrust Colombia S.A. Sociedad Fiduciara, as administrative agent, and Bancolombia Panamá, as local collateral agent and (y) the financing agreement, dated December 19, 2017, entered into between TEBSA, as borrower, and Banco de Bogotá S.A., New York Agency pursuant to which each of the applicable credit parties would waive our compliance with the indebtedness incurrence covenant and, in the case of the syndicated loan agreement, reduce the prepayment notice period from 15 business days to five business days and to condition the prepayment notice on the closing of this offering. We received executed waivers on January 9, 2019, and January 10, 2019.

As further described under “Use of Proceeds,” we intend to use a portion of the net proceeds of this offering to repay the syndicated loan agreement and the financing agreement.

Our History



Our principal executive office is located at Calle 18 No. 39-250, Soledad, Atlántico, Colombia. Our telephone number is +57 (5) 375-9820. Our web site address is http://www.tebsa.com.co. Information on our website is not incorporated into this offering memorandum and should not be relied upon in determining whether to invest in the Notes.

THE OFFERING

The following is a summary of the basic terms of this offering. It does not contain all the information that is important to you. For a more complete description of the terms of the Notes, see "Description of Notes." Terms which are defined in other sections of this offering memorandum have the same meaning when used in this summary.

Issuer	Termocandelaria Power Ltd., an exempted company incorporated under the laws of the Cayman Islands
Guarantor	Termocandelaria S.C.A. E.SP., or TECAN, Energy Projects Leasing Co., LLC, or Enerpro, and Los Amigos Leasing Company Ltd., or Los Amigos. In addition, Termobaranquilla S.A. E.S.P., or TEBSA, will provide a guarantee securing the payment of principal and interest under the Notes limited to (a) the lower of (i) U.S.$122.4 million, which is the aggregate principal amount that TPL lends to TEBSA through an intercompany loan from the proceeds of the Notes and (ii) the aggregate principal amount of Notes then outstanding *plus* (b) the amount of interest and other payment obligations under the Indenture in the same proportion as such aggregate principal amount in clause (a) bears to the aggregate principal amount of Notes then outstanding.
Notes Offered	U.S.$410,000,000 aggregate amount of 7.875% Notes due 2029.
Issue Price..	100.000% plus accrued interest, if any, from January 30, 2019.
Issue Date	January 30, 2019.
Maturity Date..	January 30, 2029.
Interest	The notes will bear interest from January 30, 2019 at the annual rate of 7.875% payable semi-annually in arrears on January 30 and July 30 of each year, commencing on July 30, 2019.
Amortization...	On each anniversary of the Issue Date commencing on January 30, 2021 (each a "Principal Payment Date") until the Maturity Date, the Issuer shall make a principal payment corresponding to such Principal Payment Date in the amount set forth under "Description of Notes—Principal, Maturity, Amortizations and Interest."
Ranking of the Notes	The Notes will be direct, senior unsecured obligations of the Issuer and will rank equal in right of payment with all of its existing and future senior unsecured debt. The Notes will be effectively subordinated to the Issuer's secured debt to the extent of the value of the assets securing such debt and structurally subordinated to all

	debt and other obligations of the Issuer's non- guarantor subsidiaries. The Note Guarantors (except TEBSA) will fully guarantee the Notes and the Issuer's obligations under the Indenture on a senior basis. TEBSA will partially guarantee the Notes on a senior basis. Each Subsidiary Guarantee will be unsecured and rank equally with the existing and future senior unsecured debt of each Note Guarantor. The Subsidiary Guarantees will be effectively subordinated to the Note Guarantors' secured debt to the extent of the value of the assets securing such debt.
Optional Redemption with a Make-Whole	At any time prior to January 30, 2023 (the "First Call Date"), the Issuer will have the right, at its option, to redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus, the greater of (1) 1% of such principal amount of the Notes, and (2) the excess of: (a) the present value at such redemption date of all required payments thereon as if such Notes were redeemed on the First Call Date (excluding accrued but unpaid interest to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, over (b) the then outstanding principal amount of the Notes (the "Make- Whole Amount"), plus in each case any accrued and unpaid interest on the principal amount of the Notes to the date of redemption. See "Description of Notes—Optional Redemption—Optional Redemption with a Make-Whole Premium. In case of any partial redemption of notes pursuant to this provision, at least US$100.0 million in aggregate principal amount of the notes shall remain outstanding.
Optional Redemption without a Make-Whole	On and after First Call Date, the Issuer will be entitled at its option at any time and from time to time to redeem all or a portion of the Notes at the redemption prices (expressed as percentages of principal amount on the redemption date), plus accrued and unpaid interest to, but excluding, the redemption date (subject to the right of the Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on January 30 of the years set forth below.

Period	Redemption Price
2023..............................	103.938%
2024..............................	102.625%
2025..............................	101.313%
2026 and thereafter	100.000%

	In case of any partial redemption of notes pursuant to this provision, at least US$100.0 million in aggregate principal amount of the notes shall remain outstanding.
Optional Redemption Upon Equity Offerings	At any time, or from time to time, prior to or on January 30, 2022, the Issuer may, at its option, use an amount not to exceed the net cash proceeds of one or more Eligible Equity Offerings to redeem up to 35% of the aggregate principal amount of the outstanding Notes (including any Additional Notes) at a redemption price equal to 107.875% of the principal amount on the redemption date, plus any accrued and unpaid interest to the redemption date (subject to the right of the Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that: • after giving effect to any such redemption at least 65% of the aggregate principal amount of the Notes (including any Additional Notes) issued under the Indenture remains outstanding; and • the Company will make such redemption not more than 60 days after the consummation of such Eligible Equity Offering. See "Description of Notes—Optional Redemption—Optional Redemption Upon Eligible Equity Offerings."
Tax Redemption	The Notes are redeemable at our election, in whole but not in part, at any time by giving of notice as provided in the Indenture, at the outstanding principal amount thereof, together with any Additional Amounts and accrued and unpaid interest, if the laws or regulations affecting certain taxes change in certain respects. See "Description of Notes—Optional Redemption—Optional Redemption Upon Tax Event."
Additional Amounts	All payments by the Issuer or the Note Guarantors will be made after withholding and deduction, if required, for certain taxes as set forth under "Description of Notes—Additional Amounts." The Issuer or the Note Guarantors, as applicable, will pay such additional amounts as will result in receipt by the holders and beneficial owners of Notes of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions set forth under "Description of Notes—Additional Amounts."
Covenants	The Indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of our Restricted Subsidiaries to:

	• incur liens; • incur additional indebtedness; • make certain restricted payments; • consolidate, merge or sell substantially all of our assets; • engage in sale and lease back transactions; • enter into transaction with affiliates; and • sell assets. These covenants are subject to important exceptions and qualifications that are described under the heading "Description of Notes—Covenants" in this offering memorandum.
Change of Control Offer	Upon the occurrence of a change of control following by a ratings decline, you will have the right, as a holder of the notes, subject to certain exceptions, to require the issuer to repurchase some or all of your notes at 101% of their principal amount, plus accrued and unpaid interest, if any, on the repurchase date. See "Description of Notes—Change of Control Event."
Events of Default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, see "Description of Notes—Events of Default."
Use of Proceeds	We expect the net proceeds from the sale of the Notes (after discounts and commissions and general expenses payable by the Issuer or its affiliates) will be approximately U.S.$402.5 million. The Issuer intends to use a portion of the proceeds from this offering to repay certain indebtedness, and the remainder to make a distribution to its shareholders. See "Use of Proceeds" for additional information.
Form and Denomination	The Notes will be issued in the form of global notes without coupons, registered in the name of a nominee of DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg. The Notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Transfer and Selling Restrictions	The Issuer has not registered the Notes or the Guarantees under the Securities Act and are subject to certain restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See

	"Transfer Restrictions." There are restrictions on persons to whom the Notes can be sold, and on the distribution of the offering memorandum, as described in "Plan of Distribution."
Trading and Listing	The Notes are a new issue with no established trading market. Application has been made for the listing and quotation of the notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of SGD$200,000 (or its equivalent in foreign currencies) for so long as the notes are listed on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantors or the Notes and related Guarantees.
Governing Law	The Indenture, the Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee, paying agent, registrar and transfer agent	The Bank of New York Mellon.
Risk Factors	You should carefully consider all of the information contained in this offering memorandum prior to investing in the notes. In particular, we urge you to carefully consider the information set forth under "Risk Factors" for a discussion of principal risks and uncertainties relating to us, our subsidiaries, our business and an investment in the Notes.

SUMMARY FINANCIAL INFORMATION

The following tables present summary financial and operating information of TPL, and TEBSA as of and for the nine-month periods ended September 30, 2018 and 2017 and as of and for the years ended December 31, 2017, 2016 and 2015. This data is qualified in its entirety by reference to and should be read in conjunction with the TPL Consolidated Financial Statements, and the TEBSA Financial Statements and the sections "Presentation of Financial Information," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The financial data of TPL and TEBSA as of December 31, 2017, 2016 and 2015 and for the years ended December 31, 2017, 2016 and 2015 was derived from the TPL Audited Consolidated Financial Statements and TEBSA Audited Financial Statements, respectively, included elsewhere in this offering memorandum. The summary financial data of TPL and TEBSA as of September 30, 2018 and for the nine-month periods ended September 30, 2018 and 2017 were derived from the TPL Unaudited Condensed Consolidated Financial Statements and TEBSA Unaudited Condensed Financial Statements, respectively included elsewhere in this offering memorandum.

The TPL Consolidated Financial Statements and TEBSA Financial Statements included in this offering memorandum were prepared in U.S. dollars and in accordance with Colombian IFRS. Pursuant to Law 1314 enacted in 2009, we began preparing our financial statements in accordance with Colombian IFRS as of January 1, 2015.

TermoCandelaria Power Ltd.

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,		
	2018	**2017**	**2017**	**2016 (1)**	**2015 (1)**
Statement of Profit (Loss):			*(in thousands of U.S.$)*		
Net operating revenues	569,649	441,156	590,868	497,487	93,287
Sales and operating cost	(429,960)	(319,321)	(432,240)	(338,641)	(117,280)
Depreciation and amortization	(38,715)	(31,942)	(45,978)	(46,778)	(33,720)
Gross profit (loss)	**100,974**	**89,893**	**112,650**	**112,068**	**(57,713)**
Administrative expenses	(10,165)	(8,228)	(11,391)	(9,769)	(7,228)
Other (expenses) income, net	(933)	(22,461)	(22,880)	(670)	801
Exchange gain (loss), net	(1,416)	(527)	511	(8,626)	7,861
Financial expenses, net	(14,031)	(16,625)	(22,186)	(19,766)	(16,221)
Profit (loss) before income tax	**74,429**	**42,052**	56,704	73,237	(72,500)
Income tax:					
Current taxes	(27,541)	(21,140)	(439)	(189)	(1,122)
Deferred taxes	-	-	(26,408)	(25,165)	31,991
Net profit (loss)	**46,888**	**20,912**	29,857	47,883	(41,631)
Actuarial gain (loss)	61	(38)	(59)	(1,743)	-
Total comprehensive income	**46,949**	**20,874**	**29,798**	**46,140**	**(41,631)**

(1) The financial results for the year ended December 31, 2016 and 2015 for TPL have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

	As of September 30,	As of December 31,		
	2018	2017	2016	2015
Statement of Financial Position:		*(in thousands of U.S.$)*		
Current assets				
Cash and cash equivalents	48,366	26,805	85,996	16,214
Investments	2,662	1,635	676	—
Commercial accounts receivable and other receivables, net	69,663	53,634	68,135	22,336
Inventories-net	43,342	33,343	14,987	17,949
Current tax assets	10,451	17,299	11,497	3,854
Other non-financial assets	2,103	4,956	4,854	3,268
Total current assets	**176,587**	137,672	186,145	63,621
Non-current assets				
Investments in joint ventures	589	299	190	2
Property, plant and equipment	676,221	696,044	717,076	744,591
Commercial accounts receivable and other receivables, net	8,911	5,961	5,399	4,752
Intangible assets	375	517	28	41
Non-current tax assets	—	—	5,077	4,837
Deferred income tax assets	—	649	6,260	18,237
Total non-current assets	**686,096**	703,470	734,030	772,460
Total assets	**862,683**	**841,142**	**920,175**	**836,081**
Current liabilities				
Loans	57,084	59,093	83,598	31,076
Other non- financial liabilities	—	—	678	1,960
Commercial accounts payable and other payables	64,140	60,059	53,543	66,731
Current tax liabilities	20,494	2,494	2,005	2,047
Provisions for employee benefits	986	651	867	839
Total current liabilities	**142,704**	**122,297**	**140,691**	**102,653**
Non-current liabilities				
Loans	118,415	129,376	162,011	115,308
Commercial accounts payable and other payables	34,683	40,082	50,822	113,839
Retirement benefit plans	17,930	17,972	17,644	13,781
Deferred income tax liabilities	118,292	123,705	102,938	90,571
Total non-current liabilities	**289,320**	**311,135**	**333,415**	**333,499**
Total liabilities	**432,024**	**433,432**	**474,106**	**436,152**
Shareholders' equity				
Issued capital	30,000	30,000	30,000	30,000
Additional paid-in capital	246,511	246,511	246,511	246,511
Reserves	66,354	33,097	33,097	33,097
Effect due to convergence to IFRS	361,189	361,189	361,189	361,189
Accumulated losses	(456,666)	(417,021)	(382,666)	(346,371)
Accumulated other comprehensive income	(999)	(1,034)	(1,000)	—
Net profit (loss) for the period	30,436	17,612	33,802	(36,295)
Total equity attributable to owners of the Entity	276,825	270,354	320,933	288,131
Non-controlling interests	153,834	137,356	125,137	111,798
Total shareholders' Equity	**430,659**	**407,710**	**446,069**	**399,929**
Total liabilities and shareholders' equity	**862,683**	**841,142**	**920,175**	**836,081**

Other Financial Information

	As of and For the Nine-Month Period Ended September 30,		As of and For the Year Ended December 31,		
	2018	**2017**	**2017**	**2016 (7)**	**2015 (7)**
Other Financial Data:	*(in thousands of U.S.$, unless otherwise indicated)*				
Gross profit	100,974	89,893	112,650	112,068	(57,713)
Gross margin (1)	17.7%	20.4%	19.1%	22.5%	(61.9)%
Net margin (2)	8.2%	4.7%	5.1%	9.6%	(44.6)%
Adjusted EBITDA (3)	129,524	113,607	147,237	149,077	(31,221)
Adjusted EBITDA margin (4)	22.7%	25.8%	24.9%	30.0%	(33.5)%
Net Debt (5)	127,133		161,664	159,613	130,170
Net Debt to Adjusted EBITDA ratio (6)	0.8x		1.1x	1.1x	(4.2)x

(1) We calculate gross margin as gross profit for the period divided by net operating revenue for the same period.
(2) We calculate net margin as net profit for the period divided by net revenue for the same period.
(3) We calculate Adjusted EBITDA as net profit (loss) before net financial loss, other (expense) income – net (see notes 24 and 21, respectively, to the TPL Audited Consolidated Financial Statements and the TPL Unaudited Condensed Consolidated Financial Statements), income tax and depreciation and amortization. For a more detailed discussion of Adjusted EBITDA, see "Reconciliation of Adjusted EBITDA" and "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."
(4) We calculate Adjusted EBITDA margin as Adjusted EBITDA for the period divided by net operating revenue for the same period.
(5) We calculate Net Debt as the sum of our loans and financings (current and non-current) less amounts recorded as cash and cash equivalents. Net debt is not a measure of financial performance or liquidity under Colombian IFRS. Net Debt does not have a standardized meaning, and our definition of Net Debt may not be comparable to similarly titled measures provided by other companies either in Colombia or in other jurisdictions. For a more detailed discussion of Net debt, see "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."
(6) Net Debt to Adjusted EBITDA ratio is Net Debt as of the end of the period divided by the Adjusted EBITDA for the last twelve-month period.
(7) The financial results for the year ended December 31, 2016 and 2015 for TPL have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

Termobarranquilla S.A. E.S.P.

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,		
	2018	**2017**	**2017**	**2016 (1)**	**2015 (1)**
Statement of profit (loss) and other comprehensive income (loss):			*(in thousands U.S.$)*		
Revenues	516,990	399,667	535,647	393,434	53,840
Sales and operating costs	(401,868)	(297,524)	(402,806)	(276,123)	(25,754)
Depreciation and amortization	(31,856)	(30,871)	(44,660)	(39,457)	(31,176)
Gross profit	83,266	71,272	88,181	77,854	(3,090)
Operating income (expenses):					
Administration expenses	(7,318)	(6,118)	(7,837)	(5,547)	(3,650)
Other revenues and expenses	(802)	(9,341)	(9,563)	(460)	834
Net exchange gain (loss)	(750)	370	763	(4,473)	6,875
Financial expenses, net	(13,119)	(16,265)	(21,641)	(21,143)	(21,180)
Profit before income tax	61,277	39,918	49,903	46,231	(20,211)
Income tax:					
Current income tax	(22,672)	(16,808)	(374)	—	—
Deferred income tax	-	-	(20,796)	(13,188)	7,689
Net profit (loss)	38,605	23,110	28,733	33,043	(12,522)
For post-employment benefit plans	91	(57)	(88)	(2,602)	—
For income tax relating to components of other comprehensive income	(30)	19	29	859	—
Foreign currency translation adjustments	—	—	—	—	—
Total comprehensive income (loss)	**38,666**	**23,072**	**28,674**	**31,300**	**(12,522)**

(2) The financial results for the year ended December 31, 2016 and 2015 for TEBSA have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

	As of September 30,	As of December 31,		
	2018	**2017**	**2016**	**2015**
Statement of Financial Position:		*(in thousands of U.S.$)*		
Current assets:				
Cash and cash equivalents	19,555	11,795	71,109	5,964
Commercial accounts receivable and other receivables, net	69,624	50,495	65,493	14,811
Inventories, net	32,295	25,494	13,971	13,468
Current tax assets	9,111	13,836	7,738	1,962
Other non-financial assets	179	2,527	2,821	2,190
Total current assets	**130,764**	104,147	161,132	38,395
Non-current assets:				
Investments in joint ventures	356	203	127	2
Property, plant and equipment, net	550,878	565,496	586,338	606,722
Commercial accounts receivable and other receivables, net	8,911	5,961	5,399	4,753
Non-current tax assets	—	—	5,077	4,837
Deferred income taxes	—	—	—	—
Intangible assets	296	412	28	41
Total non-current assets	**560,441**	**572,072**	**596,969**	**616,355**
Total assets	**691,205**	**676,219**	**758,101**	**654,750**
Liabilities and equity				
Current liabilities				
Loans	50,652	52,789	72,686	1,706
Financial lease obligations	3,934	16,517	85,130	71,658
Commercial accounts payable and other payables	51,905	41,960	43,184	3,319
Current tax liabilities	20,433	1,942	1,677	938
Provision for employee benefits	869	548	761	632
Other non-financial liabilities	—	—	678	1,960
Total current liabilities	**127,793**	**113,756**	**204,116**	**80,213**
Non-current liabilities :				
Loans	28,209	36,879	69,370	23,433
Financial lease obligations	41,304	60,197	67,350	70,533
Commercial accounts payable and other payables	861	1,396	3,043	113,879
Retirement benefit plans	17,930	17,972	17,644	13,781
Deferred tax liability, net	114,128	123,705	102,938	90,571
Total non-current liabilities	**202,432**	**240,149**	**260,345**	**312,197**
Total liabilities	**330,225**	**353,905**	**464,461**	**392,410**
Shareholders' Equity:				
Issued capital	92,270	92,270	92,270	92,270
Reserves	92,344	34,384	34,384	34,384
Effect due to convergence to IFRS	464,410	464,410	464,410	464,410
Accumulated losses	(324,908)	(295,681)	(328,724)	(316,202)
Net profit (loss) for the period	38,605	28,733	33,043	(12,522)
Accumulated other comprehensive income	(1,741)	(1,802)	(1,743)	—
Total shareholders' Equity	**360,980**	**322,314**	**293,640**	**262,340**
Total liabilities and shareholders' equity	**691,205**	**676,219**	**758,101**	**654,750**

Other Financial Information

	As of and For the Nine-Month Period Ended September 30,		As of and For the Year Ended December 31,		
	2018	**2017**	**2017**	**2016 (7)**	**2015 (7)**
Other Financial Data:	*(in thousands of U.S.$, unless otherwise indicated)*				
Gross profit	83,266	71,272	88,181	77,854	(3,090)
Gross margin (1)	16.1%	17.8%	16.5%	19.8%	(5.7%)
Net margin (2)	7.5%	5.8%	5.4%	8.4%	(23.3%)
Adjusted EBITDA (3)	107,804	96,025	125,004	111,764	24,436
Adjusted EBITDA margin (4)	20.9%	24.0%	23.3%	28.4%	45.4%
Net debt (5)	104,544		154,587	223,427	161,366
Net debt to Adjusted EBITDA ratio (6)	0.8x		1.2x	2.0x	6.6x

(1) We calculate gross margin as gross profit for the period divided by net operating revenue for the same period.
(2) We calculate net margin as net profit for the period divided by net revenue for the same period.
(3) We calculate Adjusted EBITDA as net profit (loss) before net financial loss other (expense) income – net (see notes 24 and 21, respectively, to the TEBSA Audited Financial Statements and the TEBSA Unaudited Condensed Financial Statements), income tax and depreciation and amortization. For a more detailed discussion of Adjusted EBITDA, see "Reconciliation of Adjusted EBITDA" and "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."
(4) We calculate Adjusted EBITDA margin as Adjusted EBITDA for the period divided by net operating revenue for the same period.
(5) We calculate Net Debt as the sum of our loans and financings (current and non-current) less amounts recorded as cash and cash equivalents. Net debt is not a measure of financial performance or liquidity under Colombian IFRS. Net debt does not have a standardized meaning, and our definition of Net debt may not be comparable to other similarly titled measures provided by other companies either in Colombia or in other jurisdictions. For a more detailed discussion of Net debt, see "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."
(6) Net Debt to Adjusted EBITDA ratio is Net Debt as of the end of the period divided by the Adjusted EBITDA for the last twelve-month period.
(7) The financial results for the year ended December 31, 2016 and 2015 for TPL have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

RISK FACTORS

Before making any investment decision, you should read this offering memorandum and carefully consider, in light of your own financial circumstances and investment objectives, all of the information set forth in this offering memorandum and, in particular, certain matters relating to TPL and its subsidiaries and other matters associated with investments in securities of issuers in countries, such as Colombia, that do not have highly developed capital markets, including, without limitation, the risk factors set forth below.

The business, operations and financial condition of TPL and its subsidiaries and an investment in the Notes is subject to various risks. Some of these risks are described below. However, this section does not describe all risks applicable to the industry or business of TPL and its subsidiaries and is intended only as a summary of certain material risk factors. Additional risks not presently known to us or that we currently deem immaterial may also impair our business and results of operations.

Risk Factors Relating to Our Business

The termination or non-renewal of some of our material agreements may adversely affect our business.

The principal documents related to our business operations include the TUAs with SPEC, natural gas supply agreements, LNG agreements, liquid fuel agreements, a gas transportation agreement, and operations and maintenance agreements. Most of our material agreements include clauses permitting termination of the relevant contract before the expiration of its term by us or our counterparty in case of breach of contract by the other party or an extended event of force majeure. If any of these material agreements is terminated, we may not be able to replace it, or we may only be able to replace it on less favorable terms. In addition, our ability to replace contracts could be adversely affected by factors we cannot control, including:

- gas supply, transportation and distribution regulations;
- local and international oil, natural gas, and LNG prices;
- timing, volume and location of new-market demand; and
- availability and competitiveness of alternative energy sources in the markets served by TEBSA and TECAN power plants.

If any of these material agreements is terminated before the expiration of its relevant term and we are unable to replace it, or we are only able to replace it on less favorable terms, our cash flows, financial condition and results of operations may be materially and adversely affected, which, in turn, may impair our ability to perform our obligations under the Notes.

The unavailability of the SPEC LNG regasification facility or early termination, amendment or non-renewal of our TUAs with SPEC may have a material adverse effect on our business, financial condition or results of operations.

The location of our plants in Colombia's Atlantic region and our permanent access to LNG at competitive prices are distinct competitive advantages that differentiate us from other generators in the country and make our operations key to the stability of the national grid.

In 2014, TEBSA and TECAN entered into facility use agreements, or TUAs, with Sociedad Portuaria el Cayao S.A. E.S.P., or SPEC, the only LNG regasification terminal in Colombia, thereby securing access up to 72% (48.4% TEBSA and 23.5% TECAN) of the gross 170,000 m3 of storage capacity (equivalent to 400 MMscf/d of regasification capacity) of the facility, for a period of ten years ending on November 30, 2026, with the right to further extend for any period agreed by the parties. If there is no agreement between the parties and if TEBSA and TECAN have not provided notice to extend the contract four years in advance, the extension will be for five years until 2031. However, SPEC will not be obligated to extend the TUAs if (i) not all of its clients request the renewal of the TUAs they entered into with SPEC; and (ii) the clients requesting such renewal do not acquire the storage and the regasification capacity contracted by the non-renewing clients.

As a result of our TUAs with SPEC, we were awarded a Regulated Revenue corresponding to approximately 50% of the fixed cost of the LNG regasification infrastructure (of which we receive 72% based on our allocation of SPEC's capacity) for a period of ten years. For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we recorded approximately U.S.$22,901 thousand and U.S.$30,149 thousand in Regulated Revenues, representing 4.0% and 5.1%, respectively, of our total revenues.

Our ability to maintain a permanent dispatch above the industry average for thermal power plants and our access to the SPEC LNG regasification facility have proven to be competitive advantages that have resulted in CREG assigning each of TEBSA and TECAN OEFs for 100% of their Firm Energy until 2025. For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we recorded approximately U.S.$161,109 thousand and U.S.$159,272 thousand from Reliability Charge revenues, representing 20.4% and 27.0%, respectively, of our total revenues.

We cannot assure you that (i) the SPEC LNG regasification facility will not be unavailable to us due to events beyond our control, or (ii) the TUAs with SPEC will not be early terminated, amended or renewed in terms less favorable to us or renewed upon expiration of their initial term. The unavailability of the SPEC LNG regasification facility or the early termination, or non-renewal of our TUAs with SPEC may have a material adverse effect on our business, financial condition or results of operations.

The success of our business depends, in part, on factors beyond our control.

The success of our business is partially dependent on the actions of third parties and on factors beyond our and our subsidiaries' control. The following factors, most of which are beyond our and our subsidiaries' control, may unfavorably impact our business:

- availability and competitiveness of alternative energy sources or more efficient thermal power plants in the markets served by TEBSA and TECAN;
- improvements in energy transmission infrastructure connecting Colombia's hydro power generation facilities to Colombia's Atlantic region;
- expiration or termination of significant contracts for which renewal does not depend on us or our subsidiaries' decision;
- lack of consent by TEBSA's shareholders (other than TPL and its affiliates) and TEBSA's board members (whose appointment and removal are not controlled by TPL) to approve certain material decisions that are subject to qualified majorities;
- adverse general economic conditions in Colombia;
- an increase in marginal production costs and/or a deterioration of the financial condition and profitability of our subsidiaries, including, in particular, TEBSA and TECAN;
- changes in regulation and actions and interpretations of regulatory bodies, including changes to the Reliability Charge scheme, the remuneration for in-merit and out-of merit generation, our Regulated Revenue and regulated utility rates approved by regulatory agencies in Colombia;
- unforeseeable changes in hydrology, other weather conditions and phenomena, such as El Niño, or natural disasters, such as earthquakes;
- changes in regulation and actions of regulatory bodies, including changes to the maximum regulated rates approved by CREG every five years for natural gas transportation and distribution;

- changes in availability and demand of electricity in Colombia;
- increases in capital costs;
- increases in local and national taxes resulting from changes in tax regulations or the interpretation thereof; and
- opposition to energy infrastructure development, particularly in environmentally and socially sensitive areas.

These and other factors could materially and adversely affect our energy generation, cash flows, financial condition and results of operations, as well as our ability to make interest payments on the Notes.

We have limited assets and sources of funds.

Our power generating assets, namely the TEBSA and TECAN power plants, are expected to be our principal source of revenues. If we generate insufficient revenues, it would have a material adverse effect on our ability to cover our operation and maintenance expenses and to service our debt obligations under the Notes. If our revenues are insufficient, we may not be able to incur the amount of debt necessary to make up for an insufficiency in revenue to meet our debt service obligations due to, among other reasons, contractual restrictions or then-existing market conditions. There can be no assurance that our available cash and cash equivalents would be sufficient to meet our obligations. Any decrease in our revenues or our inability to raise debt or contribute equity capital could unfavorably affect our business and financial results, which could in turn materially and adversely affect our ability to perform our obligations under the Notes.

TPL's ability to make interest payments on the Notes may depend on TPL's ability to receive dividends and other distributions from its subsidiaries, including TEBSA and TECAN.

TPL's ability to make interest payments on the Notes depends upon the ability of our subsidiaries, including TEBSA and TECAN, to pay dividends or make other distributions in amounts sufficient to allow us to meet our obligations, making interest payments on the Notes.

The ability of our subsidiaries to make dividend payments and other distributions to TPL will depend on their cash flows and earnings, and may be restricted by, among other things, applicable laws and regulations (including tax and corporate laws), capital expenditure requirements and terms of future financing agreements, including contractual restrictions governing their existing indebtedness, and a deterioration of the financial condition and profitability of our subsidiaries. For example, the terms and conditions of certain of our material financing agreements described in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Loans and Financings—Material Financing Agreements and Other Obligations" or other future financing agreements may restrict TEBSA's and TECAN's ability to pay dividends. Furthermore, pursuant to Colombian laws, our Colombian subsidiaries may be subject to certain legal restrictions in respect of the distribution of dividends to us (e.g. a Colombian company cannot distribute dividends if its net equity is lower than its subscribed share capital (*capital suscrito*).

Furthermore, in the case of TECAN, TPL does not directly hold shares in the company but rather indirectly owns 100% of its equity interests through other companies in the group as described in the "Summary—Our Corporate Structure" and "Principal Shareholders—TECAN." TECAN's ownership structure may present additional challenges in the upstreaming of funds from TECAN to TPL and may require incurring additional costs and expenses in order to effect such distributions.

If we are unable to obtain sufficient funds from our subsidiaries as a result of restrictions under their debt or other agreements, applicable laws and regulations or otherwise, or there is a deterioration of the financial condition and profitability of our subsidiaries, we may not be able to comply with our obligations, which may in turn adversely affect our ability to make interest payments on the Notes. Furthermore, our subsidiaries have incurred indebtedness and may be permitted to incur additional indebtedness that may impose further restrictions or prohibit the making of distributions, the payment of dividends or the making of loans to us by such subsidiaries. There can be no assurance that we will obtain sufficient funds from our subsidiaries in order to make interest payments on the Notes.

We operate our business pursuant to Law 142 of 1994 and Law 143 of 1994, which include penalties and sanctions that may have a material adverse effect on our business.

We conduct our business pursuant to Law 142 of 1994 and Law 143 of 1994 which establishes that public utility companies duly organized and incorporated do not require permission to carry out their corporate purpose, which in this case is power generation. Nevertheless, hydroelectric and thermoelectric operations must be registered with the wholesale electricity market, and must obtain required environmental, sanitary and, in certain cases, municipal permits, as well as other permits and/or licenses from the competent authorities. Non-compliance with such permits and/or licenses may trigger a process which would revoke such permits and/or licenses and could lead, among other sanctions, to the suspension of power generating activities. In the case of certain events, the SSPD could assume control or intervene in the operations of a power generator. The revocation of our environmental and municipal permits, and other permits and / or licenses would have a severe negative impact on our ability to operate our business. This could limit our revenues and materially and adversely affect our financial condition, results of operations and our ability to perform our obligations under the Notes.

Our level of consolidated indebtedness may adversely affect our business, financial condition and/or results of operations.

Our outstanding consolidated indebtedness as of September 30, 2018, and as of December 31, 2017, was U.S.$175,499 thousand and U.S.$188,469 thousand, respectively. We intend to use the proceeds from this offering to repay certain indebtedness. See “Use of Proceeds” and “Capitalization” for further information. Our levels of indebtedness could have important consequences to you as a holder of the Notes. Levels of indebtedness could result in one or more of the following:

- make it more difficult for us to make interest payments;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, which would reduce the funds available for working capital, significant capital expenditures, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in production, customer demand and competitive pressures, as well as to other changes in our industry;
- place us at a competitive disadvantage against any of our competitors that are less leveraged than us;
- increase our vulnerability to both general and industry-specific adverse economic conditions; and
- limit our ability to borrow additional funds and increase the cost of any such borrowing, particularly due to the financial and other restrictive covenants contained in the agreements governing our indebtedness.

Our operations are subject to significant operational risks, and hazards and our insurance coverage may not be sufficient or adequate in the event of a loss.

Our operations and the operations of our subsidiaries are subject to the inherent risks normally associated with the industries in which they operate, including equipment failures and ruptures, explosions, pollution, releases of toxic substances, fires, adverse weather conditions, geological risks, vandalism and theft and other hazards, each of which could result in damage to or destruction of any of our, our consolidated subsidiaries’ or subsidiaries’ facilities or injuries to persons and damage to property.

We currently maintain customary insurance of the types and amounts that are generally consistent with industry practice and applicable legal requirements for the energy industry in Colombia. See “Business—Insurance.” There can be no assurance that such insurance coverage will continue to be available on commercially reasonable terms or on the amounts for which we and our subsidiaries are insured, or that the proceeds of such insurance will compensate us fully for our losses. In the event there is a total or partial loss of our assets, any insurance proceeds that we may receive in respect thereof may not be sufficient in any particular situation to restore such assets to their previous condition.

In the event of a total or partial loss of our principal assets, certain items of equipment may not be easily replaced because they may be excessively expensive or so system-specific that they are not readily available. Accordingly, notwithstanding that we may have insurance, guarantee or warranty coverage, the location of our assets or limitations on our ability to procure replacement equipment may give rise to significant delays in replacement and thereby cause service interruption which could have a material adverse effect on our cash flows, financial condition and results of operations and could impair our ability to make interest payments on the Notes.

If, due to technical failures, technical unavailability of the TEBSA or TECAN power plants, interruptions in the supply of natural gas or other factors, we do not generate enough energy, or our power plants are deemed unavailable, we may be required to purchase energy and related capacity in the spot market in order to fulfill our dispatch obligations. Depending on prevailing market and system conditions, such purchases could be at prices that exceed the price we would be remunerated at.

We or our subsidiaries may experience operational difficulties that could affect our ability to generate electricity and, as a result, adversely impact our operating results. These difficulties may affect our generation equipment, and, in general, any asset comprising our power plants. If we have such operational difficulties in the future, our power plants may not be available when requested for dispatch, which may result in our inability to meet our OEF commitments, or we may need to make spot market purchases, potentially at a price above what we are being paid. Any such events would have an adverse effect on the financial condition and results of operations of our subsidiaries, and consequently, on our ability to satisfy our obligations under the Notes.

In addition, our operations and assets and the operations and assets of our subsidiaries face possible risks associated with acts of aggression and terrorism in Colombia. Colombia has experienced several periods of violence over the past five decades, primarily due to the activities of guerilla groups and drug cartels. In response, Colombia has implemented various security measures and programs and has strengthened its military and security forces by creating specialized units. Despite these efforts, drug-related crime and guerilla activity continue to exist in Colombia. These activities, their possible escalation and the violence associated with them, may have a negative impact on the Colombian economy now or in the future.

Although the Colombian Government and the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*, or FARC) signed a peace agreement on November 24, 2016, incidents of terrorism may recur in the future and the business, financial condition and results of operations of our company, our subsidiaries and our ability to make interest payment on the Notes could be adversely affected.

On January 17, 2019, a car with explosives burst through the gates at a police academy in Bogotá and exploded resulting in 21 people dead and many injured. Colombian Attorney General informed that the vehicle had last been registered in Arauca, a largely rural state bordering Venezuela that is a stronghold of the leftist guerrilla group, the National Liberation Army, or ELN. On January 21, 2019, the ELN confirmed it ordered the attack. The Colombian Government had suspended peace negotiations with the ELN after a series of rebel attacks. Any escalation in the violence associated with this new terrorist attack may have a negative impact on the Colombian economy and the credibility of the Colombian Government which could, in turn, have a negative impact on the Issuer's business and results of operations.

Colombia's newly elected president, Iván Duque Márquez, has indicated that he may seek to renegotiate portions of the peace agreement. As such, there can be no assurance that the agreement will remain in effect and that hostilities will not recommence. While we maintain insurance against many of these risks to the extent available in the relevant markets and in amounts that we believe are reasonable, this insurance does not cover all risks. Many of our and our subsidiaries' insurance policies have material deductibles, exclusions and self-insurance levels, as well as significant limits on our maximum recovery. We cannot assure you that our level of insurance is sufficient to cover all liabilities and, as a result, such events could have a material adverse effect on our cash flows, financial condition and results of operations and could impair our ability to make interest payments on the Notes.

Our operations involve risks and hazards, including environmental hazards, industrial accidents, labor disputes, unusual or unexpected hydrological conditions or acts of nature. These risks and hazards could lead to explosions, flooding or other events or circumstances which could result in the complete loss of TEBSA's or TECAN's thermoelectric facilities or could otherwise result in damage or impairment to, or destruction of, electricity generation facilities, environmental damage, delays in electricity generation and business interruption, or could result in personal injury or death. Any of the above conditions could affect TEBSA's or TECAN's financial condition and results of operations and their ability to pay dividends or make other distributions to us and, as a result, affect our ability to make dividend payments.

Our ability to make capital expenditures and complete strategic projects, including TECAN's CCGT project, is subject to uncertainties beyond our control.

Our ability to engage in any strategic project is subject to, among other factors, numerous business, economic, regulatory, competitive and political uncertainties beyond our control. The success of any project may depend on, among others, the following factors:

- availability of sources of financing at reasonable terms;
- construction and operational delays or unanticipated cost overruns;
- competition that is more attractive because of costs, location, facilities or other factors;
- public protests and negative reactions in respect of projects in the regions where it operates or intends to operate;
- changes in public policies, laws or regulations relative to electricity resulting in reduced or eliminated returns on invested capital;
- TEBSA's or TECAN's potential inability to obtain required governmental permits and approvals or its inability to obtain these on a timely basis; and
- suppliers for strategic projects may not comply with their contractual obligations with TEBSA or TECAN, or may be subject to material adverse changes that may affect their ability to comply with contractual obligations with TEBSA or TECAN, resulting in delays or increased costs for its strategic projects.

TEBSA or TECAN may also require additional funds for maintenance or expansion capital expenditures or to develop strategic projects. If either of TEBSA or TECAN fail to generate or secure sufficient funds in the future, it may have to delay or abandon maintenance or expansion capital expenditures or the development of strategic projects, such as the implementation of the proposed conversion of the TECAN power generation plant from an OCGT to a CCGT. Also, a strategic project may cost more than planned to complete and such excess cost may not be recoverable. Our inability to generate or secure funds to successfully make maintenance or expansion capital expenditures and/or initiate, develop and/or complete any strategic project may adversely affect our business, financial condition and/or results of operations.

Illegal work stoppages could adversely affect our business.

Under Colombian law, the services provided by public utility companies are legally deemed *essential*. Therefore, employees are not legally allowed to exercise a right to strike (*derecho de huelga*). As of the date of this offering memorandum, neither we, nor our subsidiaries, have had any work stoppages (*cese de actividades*). However, work stoppages may occur in the future and could adversely affect our revenues and earnings and could, in turn, limit or affect our ability to make interest payments on the Notes.

Fluctuations in energy prices could adversely affect our business.

Any material fluctuations in energy prices could adversely affect our business. Fluctuations in energy prices are caused by a number of factors, including:

- regional, domestic and international supply and demand;
- international oil and natural gas prices;
- hydrological conditions;
- availability and adequacy of natural gas transportation and electrical transmission facilities;
- energy legislation and regulation;
- local and national taxes;
- abundance of supply;
- competitive price of alternative energy sources; and
- political unrest.

Such fluctuations could have a material adverse effect on our business, financial condition and results of operations.

Our thermoelectric plants consume large amounts of natural gas and other fuels. A significant interruption in the supply or an increase in the price of any of these fuels during a low rainfall period could have a material adverse effect on our financial condition and results of operations.

Fuel costs, primarily natural gas and other fuels, represented approximately 61.66% and 57.49% of our total costs of sale for the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, respectively. Natural gas is the primary fuel sources used in our thermoelectric plants. Our profitability is impacted by the price and availability of the natural gas we purchase from third parties. We do not have arrangements in place with back-up suppliers, however, SPEC guarantees TEBSA and TECAN's storage and regasification needs covering 100% of the amount of LNG required for its base load operations. A significant increase in the price of natural gas or other fuels that is not recovered through an increase in the sales price of the electricity we generate, or an extended interruption in the supply of natural gas or other fuels to our thermoelectric plants, or the SPEC facility's inability to supply all of the LNG required to operate our thermoelectric plants could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We cannot predict the impact that legal, regulatory and social responses to climate change may have on our business.

A number of legal and regulatory measures as well as social initiatives have been introduced both internationally and in Colombia to reduce greenhouse gases and other carbon emissions. Law 1715 of 2014 and Decree 570 of 2018 promote and establish incentives for the utilization of non-conventional renewable energy sources in Colombia. Although such non-conventional energy sources like wind and solar power still have a small market share, several projects have been presented before UPME and the Colombian Government may take further actions to foster investments in such projects, such as the development of long-term contract auctions. Such scenarios may create competition for us and could result in downward pricing pressure and in turn could have a material adverse effect on our business, financial condition, and results of operations, cash flows, prospects and/or the market price of the Notes.

In addition, at the 21st Conference of Parties to the United Nations Framework Convention on Climate Change, or COP21, which was held in late 2015, 150 countries submitted their Intended Nationally Determined Contributions, or the INDCs. The principal agreements reached during COP21 include: (i) meeting every five years to set more ambitious targets, (ii) providing enhanced support for compliance by developing countries, (iii) establishing long-term goals towards the objective of zero net emissions, (iv) providing for increased transparency to ensure the achievement of such objective, and (v) providing financial aid to developing countries for implementing new procedures to minimize climate change. In order to comply with these agreements, Colombian regulatory authorities could establish stringent requirements on us. Accordingly, we may be required to assume and take into increased consideration the climate-related challenges posed by our operations or facing our existing partners and customers, which could force us to incur additional costs and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or the market price of the Notes.

We depend on our executives and employees and their unique knowledge of the energy sector, and we may not be able to replace key executives and employees if they leave.

The operations and continued growth of our business are dependent upon being able to attract and retain personnel, including corporate management, specialized engineers and employees, who have the necessary and required experience and expertise to manage and operate our businesses. Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or the market price of the Notes.

Revenues generated by TEBSA represent a significant portion of our consolidated revenues. We and Gecelca own 57.34% and 42.51%, respectively, of the equity interest of TEBSA and any material relationship issues, including with respect to existing arbitration proceedings, or disputes with Gecelca may have a negative effect on our business, financial condition and results of operations, and our ability to make payments under the Notes.

For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, TEBSA's revenues represented 85.3% and 87.6%, respectively, of our consolidated revenues. We own 57.34% of TEBSA and therefore, TEBSA's results are consolidated in our results of operations. Gecelca, a government-controlled entity operating in the generation sector, owns a 42.51% equity interest in TEBSA. As a result, Gecelca has the right to appoint two of the five members of TEBSA's board of directors. Furthermore, Gecelca's approval will be required for: (1) the distribution of dividends in the form of capital stock of TEBSA; (2) amendments to TEBSA's by-laws; (3) determination of the fair market value of assets contributed to TEBSA; and (4) the issuance of capital stock without preemptive rights.

As further described under "Business—Litigation—Arbitration Proceedings," we are currently in two arbitration proceedings with Gecelca, one initiated by Gecelca and the other one initiated by us. Any material relationship issues or disputes with Gecelca may create difficulties and/or uncertainties with respect to the management of TEBSA or otherwise negatively impact the decision making process at the TEBSA level and our ability to receive dividends from TEBSA, which could, in turn, have a negative effect on our business, financial condition and results of operations, and our ability to make payments under the Notes.

We regularly work with volatile and hazardous materials that subject us to risks that may materially impact our operations.

Our business involves using, storing, transporting and disposing of highly flammable and explosive materials, which are subject to extensive regulation. Even if we comply with requisite environmental, sanitary, security, transportation, risk management and safety requirements and standards, our operations are subject to significant hazards associated with using, storing, transporting and disposing of such materials, including: explosions; fires; severe weather and natural disasters; mechanical failure, including pipeline or storage tank leaks and ruptures; discharges or releases of hazardous substances or gases; other environmental risks; and terrorist attacks. If any of these hazards were to cause an accident, damage or destruction in relation to our business or the environment, this could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or the market price of the Notes.

We may be subject to cyber security threats.

We rely on information systems to operate our businesses. We may experience operational problems with the information systems as a result of system failures, viruses, ransomware, computer "hackers" or other causes. Cyber security risks have significantly increased because of the proliferation of new technologies, the use of the Internet and telecommunications technologies for monitoring and adequately providing services, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties. As we rely on sophisticated information and processing systems, the implementation of technological changes and upgrades to maintain existing information and processing systems or integrate new systems could increase our risk of cyber security attacks. Our insurance does not cover damages or losses arising out of cyber security attacks. Any material disruption or slowdown of our systems could cause information, including data related to customer requests, to be lost or to be delivered to our customers with delays or errors, which could affect our billing process and provision of customer service, make us subject to administrative sanctions such as fines and suspension of the processing-related activities and could materially and adversely affect our results of operations and financial condition.

Our employees have been and will continue to be targeted by parties using fraudulent "spoof" and "phishing" emails to misappropriate information or to plant viruses or other malware through "trojan horse" programs to our computers. These emails appear to be legitimate emails but direct recipients to fake websites operated by the sender of the email or request that the recipient send a password or other confidential information through email or download malware. Despite our efforts to mitigate "spoof" and "phishing" emails through education, "spoof" and "phishing" activities remain a serious problem that may damage our information technology infrastructure.

Risk Factors Relating to the Industry in which We Operate

Changes to, or compliance with, current regulations, legislations and rates may adversely affect our cash flows, financial condition and results of operations.

Our businesses are subject to extensive energy, environmental and other laws and regulations at the national and local level that affect many aspects of our operations. Our and our subsidiaries' businesses are regulated by MME, CREG, UPME, SSPD and various other national, state and local regulatory agencies in Colombia. Regulatory actions taken by those agencies have the potential to adversely affect our profitability. Such laws and regulations relate to, among other things, required licenses, permits and other approvals, the rates that we and our subsidiaries may charge for our services, the terms and conditions which apply to our services, our ability to recover various categories of costs and the acquisition, construction and disposition of facilities by us and our subsidiaries.

As further described in "Business—Revenue Streams," our main sources of revenue are (i) payments received from ASIC relating to the Reliability Charge, which compensates electricity generators for their ability to supply electricity during times of severe weather conditions; (ii) Regulated Revenue awarded to thermal power plants who back-up OEFs with LNG imports from the SPEC pursuant to CREG Resolutions 062 of 2013, 022 of 2014 and 195 of 2016; (iii) revenues derived from in-merit and out-of-merit electricity generation sales and (iv), to a lesser extent, revenues derived from TEBSA's substation. In addition, we also record revenues from our transmission and interconnection-related assets as further described in "Business—Transmission Assets." Any change, modification or adjustment to the laws and regulations impacting our main sources of revenue, including, but not limited to electricity generation rates, the Reliability Charge, the Regulated Revenue, and/or any new or proposed review of the methodologies used in the calculation of such rates, the Reliability Charge and/or the Regulated Revenues may result in a decrease in our revenues. Any such decrease may have an adverse effect on our business, financial condition and/or results of operations.

The nature of our operations means that legal and compliance risks will continue to exist and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time. We cannot assure you that we will operate in compliance with, or be able to detect violations of, any existing or future laws or regulations. Any failure to comply with or properly anticipate changes in applicable laws or regulations could have a material adverse effect on our business, financial condition, results of operations or liquidity. Moreover, changes in applicable law may result in legal disputes which could adversely affect our financial results of operations. Any change in regulation may delay or decrease the fees generated by our operations and could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Increased regulatory requirements relating to the integrity of our facilities or the quality of the services provided by us may require additional spending in order to maintain compliance with these requirements. Any additional requirements could significantly increase the amount of these expenditures and affect our financial condition and results of operations and, as a result, could impair our ability to make interest payments on the Notes.

While we believe that our businesses are in material compliance with applicable laws, regulations, licenses, permits and approvals, we cannot assure you that our businesses will continue to be so. Further, we may not be able to obtain, renew or maintain all licenses, permits and approvals required to operate our assets. The failure to obtain, renew or maintain any required licenses, permits or approvals or our inability to satisfy any applicable legal requirements may result in significantly increased compliance costs, the need for additional capital expenditures, the assessment of administrative, civil and criminal penalties, imposition of remedial measures or a suspension of operations, which could have a material adverse effect on our cash flows, financial condition and results of operations.

Any expansion of our electricity generation infrastructure subjects us to construction and other risks that may adversely affect our financial condition and results of operations.

We may expand the capacity of our existing electricity generation business by expanding existing infrastructure or technology upgrades, such as our proposed upgrade to CCGT at our TECAN power plant or through the installation of an additional unit in TEBSA. These infrastructure upgrades or developments are subject to various regulatory, developmental and operating risks, including:

- the requirement that all necessary approvals and permits be received on a timely basis on terms that are acceptable to us and our subsidiaries;

- potential changes to national and local statutes and regulations, including environmental requirements, that may prevent a project from proceeding or increase the anticipated cost of an expansion project;

- the ability to construct projects within anticipated costs and by agreed upon deadlines, including the risk that we or any of our subsidiaries may incur cost overruns resulting from inflation or increased costs of equipment, materials, labor, or other factors beyond our control, that may be material;

- the possibility that anticipated future growth in electricity and natural gas supply may not materialize;

- opposition by stakeholders, such as environmental and indigenous groups, strikes and adverse changes in the political and regulatory environment in Colombia; and

- adverse decisions of governmental agencies with respect to any ongoing or future tariff review or adjustment applicable to any of us.

Any of these risks could prevent a project from proceeding, delay its completion or increase its anticipated costs. As a result, new facilities or expansion of existing infrastructure may not achieve the expected investment return, which could adversely affect our business, financial condition and/or results of operations.

The expansion of our energy infrastructure will be conditioned on obtaining the necessary permits, licenses and rights of way, which, together with other real property rights, may be subject to legal challenges.

Our ability to engage in any expansion project will be subject to, among other things, numerous business, economic, regulatory, competitive and political uncertainties beyond our control. Therefore, we cannot assure you that any expansion or extension project will be undertaken or, if undertaken, will be successful. The success of any expansion project may depend on, among others, the following factors:

- competitors' offer of services that are more desirable because of lower costs, better location, facilities or other factors;

- the success of our or any of our consolidated subsidiaries or subsidiaries in obtaining the requisite environmental licenses, permits or authorizations and regulatory permits and approvals; and

- whether or not the relevant expansion projects are considered as National Interest Strategic Projects (PINE) under Colombian Law 1753 of 2015.

We or our subsidiaries may also require additional capital to fund any expansion project. If we or any of our subsidiaries fails to generate sufficient funds in the future or obtain required debt funding, we may have to delay or abandon potential expansion projects. Also, a potential expansion may cost more than planned to complete and such excess cost may not be recoverable. We or our subsidiaries' inability to recover any such costs or expenditures may adversely affect our ability to pay interest payment on the Notes.

Environmental regulations in Colombia have become increasingly stringent, and we have faced certain delays in the construction of certain projects as a result of environmental matters.

We are subject to a broad range of environmental laws, which require us to incur ongoing costs and capital expenditures and expose us to substantial liabilities in the event of non-compliance. These laws and regulations require us to, among other things, minimize risks to the natural and socio-environment while maintaining the quality, safety and efficiency of our facilities.

These laws and regulations also require us to obtain and maintain environmental permits, licenses and approvals for the operation of our business. Some of these permits, licenses and approvals are subject to periodic renewal. Government environmental agencies could take enforcement actions against us for any failure to comply with applicable laws and regulations. Such enforcement actions could include, among other things, the imposition of fines, revocation or non-renewal of licenses, suspension of operations or imposition of civil and criminal liability for non-compliance.

Environmental laws and regulations can also impose strict liability for the environmental remediation of spills and discharges of hazardous materials and wastes and require us to indemnify or reimburse third parties for environmental damages.

Since 1991, new environmental laws and regulations imposing more stringent environmental obligations have been enacted in Colombia.

We expect additional laws and regulations to be enacted over time with respect to environmental matters, which could cause further delays in the development of our projects and may have an adverse effect on our results of operations and financial condition.

We cannot assure you that we will obtain approval for any future projects or that existing approvals, authorizations, licenses and permits will not be questioned, revoked or otherwise suspended due to any alleged non-compliance or legal action. For more detailed information on environmental actions initiated by the competent environmental authority please see "Business—Legal Proceedings." The development of more stringent environmental protection programs in Colombia or in the industries in which we operate could impose constraints and additional costs on our operations and require us to make significant capital expenditures in the future. We cannot assure you that future legislative, regulatory, international law, industry, trade or other developments will not have a material adverse effect on our business, properties, results of operations or financial condition.

Decree 1076 of 2015 serves as an example of how environmental processes in Colombia have become more stringent over recent years. Decree 1076 of 2015 comprises the regulation regarding environmental permits, use of natural resources, and monitoring and control powers of the environmental authorities, as well as dispositions regarding forestry permits, water concessions, atmospheric emissions permits, effluent discharge permits and hazardous wastes management procedures.

Under Law 1333 of 2009, which established an administrative environmental punitive procedure, environmental authorities may impose preventive measures in order to avoid the occurrence of an event, the execution of an activity or the existence of a situation that could damage the environment, the natural resources, the general landscape or negatively affect human health. Preventive measures imposed by environmental authorities are not subject to appeal and the alleged offender could be sanctioned if it is unable to refute the initiation of the sanctioning procedure or the presumption of negligence or willful misconduct that resulted in the environmental offense.

Pursuant to Law 1333 of 2009, an environmental violation will exist either when (i) an environmental law is breached through an action or omission which constitutes a violation of the rules contained in the Code of Renewable Natural Resources, the Law Decree (*Decreto Ley*) 2811 of 1974, Law 99 of 1993, Law 165 of 1994 and the other environmental provisions in force, and the administrative resolutions issued by the competent environmental authorities, or (ii) damages to the environment, under the same grounds of tort liability (*responsabilidad civil extracontractual*).

If the alleged environmental violations are proved, administrative environmental penalties will be imposed, pursuant to strict liability theories established by Law 1333 of 2009. These penalties may include:

- daily fines of up to the equivalent of 5,000 minimum monthly legal salaries (equal to U.S.$1,302,070 at an exchange rate of U.S.$1 = Col$3,000);
- provisional or definitive closing of the establishment, buildings or services;
- revocation of environmental licenses, authorizations, concessions, permits or registrations;
- demolition of the construction at the expense of the offender;
- confiscation of the goods used in connection with the environmental violation;
- restitution of the wild fauna or flora; and
- community work in accordance with the conditions established by the environmental authority.

The statute of limitations for these environmental violations is 20 years beginning from (i) the occurrence of the relevant act or omission, or (ii) when the damage is caused. In the event of successive acts or omissions, the statute of limitations runs from the last day on which the act or omission occurred. In addition, administrative environmental sanctions do not preclude tort or criminal liability.

The global energy market can be significantly disrupted by the effects of severe weather, such as hurricanes, especially hurricanes affecting the Gulf Coast of the United States or the Eastern Caribbean. The aftermath of hurricanes, or similar events, could have an adverse effect on our business.

The result in the energy sector of a hurricane hitting the Gulf Coast of the United States could be severely negative. The Gulf Coast region is rich in oil and is a significant energy hub in the western hemisphere. We would likely be adversely affected in the event of a hurricane disrupting the Gulf Coast region or in the Eastern Caribbean through the impact of higher energy prices as a result of shortages in LNG.

Natural disasters other than hurricanes, such as earthquakes, are also possible. The results of hurricanes, earthquakes or other natural disasters could adversely affect the global economy and the financial condition and results of our operations.

We are subject to labor, and health and safety regulations, and may be exposed to liabilities and potential costs for lack of compliance.

We are subject to local labor, and health and safety laws and regulations that govern, among other things, the relationship between us and our employees, and the health and safety of our employees. For example, according to Decree 1443 of 2014, we are required to adopt certain measures to safeguard the health and safety of our employees, as well as third parties, in the power plants. If an adverse final decision that we violated any labor or health and safety laws, including as per Decree 1443 of 2014, is issued in an administrative process before the Ministry of Labor (*Ministerio del Trabajo*), we may be exposed to penalties and sanctions, including the payment of fines. Our subsidiaries could also be subject to work stoppages or closure of operations.

The above, notwithstanding cancellation or suspension of governmental registrations, authorizations and licenses issued by other authorities, any one of which may result in interruption or discontinuity of business, and, could, consequently, materially and adversely affect our business, financial condition or results of operation, and thereby impair our ability to make payments under the Notes.

Our businesses are subject to substantial regulation, and governmental entities could penalize or, under certain circumstances, assume control of TEBSA or TECAN if they fail to comply with the applicable regulations. Also, the agencies that regulate TEBSA's and TECAN's business can take other actions that may adversely affect their operations and profitability.

TEBSA and TECAN are subject to extensive energy, public utility, environmental and other regulations at the national and local level, affecting certain aspects of their operations. Such laws and regulations may relate to, among other things, required licenses, permits and other approvals, the rates that TEBSA and TECAN may charge for their services, the terms and conditions applicable to TEBSA's and TECAN's services, their ability to recover various categories of costs and the acquisition, construction and transfer of electricity generating facilities by TEBSA and TECAN. TECAN and/or TEBSA may not be able to renew or maintain any applicable licenses, permits and approvals required or that may be required to operate their respective businesses. The failure to renew or maintain any required licenses, permits or approvals, or the inability of TECAN and/or TEBSA to satisfy any applicable legal requirements may result in increased compliance costs and the payment of penalties to SSPD, the need for additional capital expenditures or a suspension of operations, which could have a material adverse effect on their cash flows, financial condition and results of operations.

TEBSA's and TECAN's operations may not comply at any given time with certain laws and regulations and certain conditions established by applicable licenses, permits or approvals. TEBSA's and TECAN's failure to comply with such laws and regulations or to otherwise meet legal conditions and/or or quality standards set forth by the relevant regulatory agencies, including, but not limited to, a failure to comply with existing regulations relating to the Reliability Charge, may result in the imposition of penalties, fines and restrictions by SSPD. In addition to these penalties, fines and restrictions, SSPD may assume control of TEBSA's and/or TECAN's operations to ensure continued provision of public utility services and compliance with applicable laws and regulations. For example, the Colombian Government intervened in TECAN's operations from November 2015 to July 2016 after a strong El Niño forced TECAN to declare that it was unable to meet its OEFs. The El Niño event resulted in a lack of rainfall which severely affected hydro power plants' reservoir levels and overall capacity. At the same time, the price of fuel remained high in Colombia, which resulted in energy generators absorbing losses in order to dispatch energy. Once TECAN regained control of its power plant, (i) it had accumulated Col$176 billion of indebtedness with other power generators which covered TECAN's OEFs in compliance with the Reliability Charge regulation, and (ii) was fined Col$35 billion by SSPD for breaching its OEFs. We cannot assure you that similar events will not occur in the future or that our results of operations will not fluctuate as a result of events like the ones we experienced between November 2015 and July 2016 or similar events.

SSPD may assume control of company's operations based on one of the following grounds:

- material interruptions or failures in the rendering of public utility services;
- material violations of laws governing our business or material breaches of contracts we have entered into;
- revocation or expiration of the licenses or permits that we require to operate our businesses to the extent that such events are deemed to be evidence of our intent to not comply with applicable laws and regulations;
- failure to deliver complete, accurate and timely information to CREG, SSPD or their agents;

- public catastrophes or disturbances of the public order;
- a general payments moratorium; or
- if we enter into a liquidation proceeding.

Any of the foregoing penalties, fines or restrictions, or SSPD’s intervention may, as the case may be, have a material adverse effect on TEBSA’s and TECAN’s business, financial condition and/or results of operations.

If electricity prices are reduced or redesigned pursuant to regulations issued by Colombian authorities in the future, or if the volume of business under currently permitted prices were decreased significantly, or if TEBSA and TECAN were required to substantially discount the price for their energy sales or transmission rates because of regulatory pressure, the results of operations and financial condition of their respective businesses could be adversely affected. In addition, increased regulatory requirements relating to the integrity of TECAN’s and/or TEBSA’s facilities or the quality of the services provided may require additional spending in order to meet these requirements and introduce operational inefficiencies, which could have a material adverse effect on their business, financial condition and/or results of operations.

Our electricity generation rates may be subject to downward adjustments as a result of the review processes undertaken by CREG from time to time.

Periodic adjustment of our electricity generation rates or reviews of the methodologies established by applicable regulations for the calculation of such rates may result in reductions of our revenues from our electricity generation business that may have a material adverse effect on our business, financial condition and/or results of operations.

The introduction of a more efficient energy generation technology or other sources of energy could adversely affect the competitiveness of gas-fired energy, including our plants.

The cost of natural gas in comparison with alternative energy sources for the same uses affects the competitiveness of gas-fired energy, including energy generated by our power plants, and may potentially alter the dispatch merit order. The cost of gas-fired generation of energy in Colombia is currently lower than the cost of energy generated with alternative fuels such as fuel oil and coal. However, generation of gas-fired energy is more expensive than energy generated by hydroelectric sources under normal hydrological conditions and renewable energy plants.

The Pescadero-Ituango hydroelectric project, or the Ituango Project, is currently under development and, if completed, will become the largest power generation plant in Colombia, adding another 2,400 MW of installed capacity in Colombia. The Ituango Project is located on the Cauca River in north-western Antioquia department, 170 km from the city of Medellín. On April 28, 2018 an emergency occurred when there was flooding in the upper portion of one of the tunnels used for diverting the dam. The project closed two out of the three evacuation tunnels, and the third evacuation tunnel collapsed. As a result, the dam started to fill up to dangerous levels as it was not completed, and the project had to flood the power house in order to get rid of excess water. As a result, the flow of the river in the lower part of the river is expected to decrease. Empresas Públicas de Medellín E.S.P., or EPM, stated that the emergency was the product of an unexpected geological fault. As a result of the flooding there has been an indefinite delay to the new project and approximately five thousand people were evacuated from the area. According to information recently provided by EPM, they expect that the first-generation units of the project will commence operations in December 2021. However, there is no certainty about the project’s COD.

For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we derived: (i) 20.4% and 27.0%, respectively, of our revenues from the Reliability Charge; and (ii) 68.5% and 66.8%, respectively, of our revenues from in-merit generation and out-of-merit generation, net of Reliability Charge-RV. Additional power generation capacity from new hydro plants, including after completion of the Ituango Project, renewable energy plants and/or more efficient thermal power plants, may result in additional competition and reduced revenues from the Reliability Charge and generation for our energy plants. Furthermore, our out-of-merit generation sales could be adversely impacted in the event that there are infrastructure investments and improvements in the Atlantic Coast that would allow other power plants to supply the region at lower prices. Any of these events may have a material adverse effect on our business, financial condition and/or results of operations.

Future increases in natural gas prices, a failure of ongoing efforts to further develop the Colombian natural gas industry, reductions in the prices of alternative fuels or the generation of energy from sources other than natural gas may reduce our operating margins and, in turn, have a material adverse effect on our cash flows, financial condition and results of operations, which could impair our ability to make payments under the Notes.

Because substantially all of our assets are dedicated to the provision of essential public utilities, they may not be available for liquidation in the event of a bankruptcy and may not be subject to attachment to secure a judgment.

Our energy assets are used in connection with the provision of what is deemed to be an essential public utility under Colombian laws. Pursuant to Law 142, those assets may not be available for liquidation in the event of bankruptcy, insolvency or attachment to secure a judgment, and, in case of our insolvency or bankruptcy, could, pursuant to Law 142, be transferred to another public utility company in order to ensure the continued provision of the relevant public utility services. Although we believe we would be entitled to receive compensation in this event, we cannot predict when we will receive such compensation or if the amount to be received as compensation may be lower than the amount necessary for us to fulfill our obligations, which may adversely affect our ability to make payments under the Notes.

The laws of Colombia include anti-bribery and anti-corruption legislation, which could be less stringent than that of other jurisdictions, and our risk management, and internal controls may not be successful in preventing or detecting all violations of law or of company-wide policies.

The regulatory regime of Colombia includes anti-bribery and anti-corruption legislation which is currently being reviewed in order to introduce changes and adapt it to recent trends and which could be less stringent than anti-bribery and anti-corruption legislation which has been implemented in other jurisdictions. Our business is subject to a significant number of laws, rules and regulations, including those relating to anti-bribery and anti-corruption.

We may not be able to prevent or detect all inappropriate practices, fraud or violations of law by our employees, contractors, agents, officers or any other persons who conduct business with or on behalf of us. We may in the future discover instances in which we have failed to comply with applicable laws and regulations or internal controls. If any of our employees, contractors, agents officers or other persons with whom we conduct business engage in fraudulent, corrupt or other improper or unethical business practices or otherwise violate applicable laws, regulations or our own internal compliance systems, we could become subject to one or more enforcement actions by Colombian or foreign authorities or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations. However, we are in process of designing and setting up this internal compliance processes and control systems.

We are subject to money laundering and terrorism financing risks.

Third parties may use us as a conduit for money laundering or terrorism financing. If we were to be associated with money laundering (including illegal cash operations) or terrorism financing, our reputation could suffer or we could be subject to legal enforcement (including being added to "blacklists" that would prohibit certain parties from engaging in transactions with us). TEBSA and TECAN could also be sanctioned pursuant to criminal anti-money laundering rules in Colombia. Although TEBSA and TECAN are not required per Colombian regulation to implement anti-money laundering and anti-terrorism financing policies and guidelines, TEBSA is in the process of adopting policies and procedures as a best practice for, among other things, "know your customer" and reporting of suspicious or large transactions to the applicable regulatory authorities. Furthermore, such measures, procedures and compliance may not be completely effective in preventing third parties from using TEBSA as a conduit for money laundering or terrorism financing without TEBSA´s knowledge, which could have a material adverse effect on our business, financial condition and results of operations.

Risk Factors Relating to Colombia

Our assets are located in, and our income is earned in, Colombia and, thus, we are dependent on economic and political conditions in Colombia.

TEBSA and TECAN are public utility companies (*empresa de servicios públicos*). TEBSA is organized as a capital stock corporation (*sociedad anónima*) and TECAN as a limited joint-stock company (*sociedad en comandita por acciones*), both under the laws of Colombia. Our assets are located in Colombia and our income is earned in Colombia. As are all assets and income located or earned in emerging market countries, our assets and income are subject to political, economic, regulatory and other uncertainties, including expropriation, nationalization, renegotiation or voiding of existing contracts, currency exchange restrictions and international monetary fluctuations. Accordingly, our financial condition and results of operations depend significantly on macroeconomic and political conditions prevailing in Colombia.

In Colombia, inflation rates have fluctuated significantly in recent years. For the years ended December 31, 2013, 2014 and 2015 inflation rates steadily increased to 1.9%, 3.7% and 6.8%, respectively. The inflation rate reached a 15-year high in mid-2016 at 9.0% before declining to 5.8% and 4.1% for the years ended December 31, 2016 and 2017, respectively. We cannot assure you that inflation rates will remain stable.

Changes in economic policies in Colombia could affect our business, financial condition and results of operations, as well as their ability to pay dividends or make other distributions to us.

Our financial condition and results of operations may be adversely affected by changes in the political climate of Colombia to the extent that such changes affect the economic policies, growth, stability, outlook or regulatory environment.

Since 2017, dividends distributed by Colombian legal entities to residents and non-residents from profits generated as of fiscal year 2017 are subject to dividends tax (in the case of non-residents the applicable tax rate is 5% or 38.25%, depending on whether the profits were taxed at the level of the distributing entity). For the year ended December 31, 2017 and for the nine-month period ended September 30, 2018 our subsidiaries did not distribute dividends to us.

Despite the tax reform implemented in 2017, which included raising the VAT rate from 16% to 19%, below-average economic activity and low oil prices maintained the pressure on fiscal goals. As a result of such pressure, Standard & Poor's lowered Colombia's long-term foreign currency sovereign credit rating to "BBB-" in December 2017. As of the date of this memorandum, Colombia's long-term debt denominated in foreign currency is rated "Baa2" by Moody's, "BBB-" by S&P and "BBB" by Fitch. Colombia experienced a fiscal deficit of 4.0% of GDP in 2016 and has implemented measures to reduce the fiscal deficit to 1.0% of GDP by 2024. Colombia reduced its deficit to 3.6% in 2017 and expects to further reduce it to 3.1% in 2018. We cannot assure you that Colombia will meet its fiscal targets in 2019.

In addition, Colombia held presidential elections in May 2018 with runoffs in June. Iván Duque Márquez was elected president and took office in August 2018. President Duque's administration will inherit high levels of spending, and if they fail to make significant reductions in investments, Colombia may be unable to meet its fiscal deficit targets.

The Colombian Government has historically exercised substantial influence on the local economy, and governmental policies are likely to continue to have an important effect on companies operating in Colombia like us, market conditions and the prices of the securities of local issuers, including the Notes. The President of Colombia has considerable power to determine governmental policies and actions relating to the economy, and may adopt policies that may negatively affect us. We cannot predict which policies will be adopted by the new government and whether those policies would have a negative impact on the Colombian economy in which we operate or our business and financial performance or the trading price of the Notes.

We cannot provide any assurances that political or social developments in Colombia over which we have no control, will not have an adverse effect on our respective economic situations and will not adversely affect the business, financial condition and results of operations of our subsidiaries and their ability to pay dividends or make other distributions to us. This could have a material adverse effect on our business, results of operations, financial condition and ability to make payments on the Notes.

Pursuant to the peace agreements negotiated between the FARC and the Colombian Government in 2016, the FARC occupies five seats in the Colombian Senate and five seats in the Colombian House of Representatives. We cannot predict which policies will be adopted by the Colombian Government and whether the policies would have a negative impact on the Colombian economy or our business, financial condition and results of operations. Furthermore, there can be no assurance that the peso will not depreciate or appreciate relative to other currencies in the future. See ″Exchange Rates.″

The Colombian Government and the Central Bank exercise significant influence on the Colombian economy. Political and economic conditions may have an impact on our business, financial condition and results of operations.

The Colombian Government and the Central Bank can intervene in Colombia’s economy and make significant changes in monetary, fiscal and regulatory policy, which could result in currency devaluation and the changes in international reserves. Our business, financial condition and results of operations may be adversely affected by changes in government or fiscal policies, and other political, diplomatic, social and economic developments that may affect Colombia or the international markets. Possible developments include fluctuations in exchange rates, inflation, instability of prices, changes in interest rates, liquidity of domestic capital and debt markets, exchange controls, deposit requirements on foreign borrowings, controls on capital flows, and limits on foreign trade.

Although the Colombian Government has not imposed foreign exchange restrictions since 1990, Colombia’s foreign currency markets have historically been extremely regulated. Colombian law permits the Central Bank to impose foreign exchange controls to regulate the remittance of dividends and/or foreign investments in the event that the foreign currency reserves of the Central Bank fall below a level equal to the value of three months of imports of goods and services into Colombia. Please see “Exchange Rates and Controls” for actions the Central Bank could take to intervene in the exchange market. An intervention that precludes us from possessing, utilizing or remitting dollars would impair our financial condition and results of operations, and would impair the shareholders’ ability to convert any dividend payments to U.S. dollars.

The Colombian Government has considerable power to shape the Colombian economy and, consequently, affect the operations and financial performance of businesses. The Colombian Government may seek to implement new policies aimed at controlling further fluctuation of the *peso* against the U.S. dollar and fostering domestic price stability. The president of Colombia has considerable power to determine governmental policies and actions relating to the economy and may adopt policies that are inconsistent with those of the prior government or that negatively affect us.

Seasonal rainfall fluctuation, the climatic phenomena known as “El Niño” and other natural phenomena such as earthquakes and floods may have a material and adverse effect on our business.

Colombia is exposed to recurring flooding and mudslides as a result of heavy rains attributable to weather patterns resulting from La Niña and El Niño phenomena. La Niña generates rainfall levels above average resulting in greater contributions from hydroelectric plants. El Niño generates extreme drought conditions resulting from low levels of rainfall, which could result in higher levels of thermal plant operations. The marginal cost of production for hydroelectric power plants with an installed nominal capacity below 10,000 kW is substantially lower than that of thermal power plants such as TEBSA and TECAN. However, hydroelectric plants with an installed nominal capacity exceeding 10,000 kW, must pay a fee to environmental authorities equal to 6% of gross energy sales by self generation, in accordance with the tariff for block sales established by CREG (*costo de transferencia al sector eléctrico)*. With the exception of hydroelectric power plants subject to the aforementioned fee, hydroelectric power plants are generally at the top of the dispatch merit order, when they have available generation capacity. However, the availability of generation capacity from hydroelectric power plants is subject to seasonal variations based on hydrology conditions in Colombia, including the level of hydro reservoirs. Hydroelectric generation capacity declines during the dry season. Given the fluctuation in the availability of less expensive hydroelectric generation capacity, both the rainy and dry seasons affect the price of energy in the SIN, with the rainy season having substantially lower prices than the dry season as more hydroelectric power plants provide higher levels of energy at lower cost.

During the 2015 El Niño phenomenon, as a result of a previous methodology adopted by CREG (i.e., the Scarcity Price formula), our marginal cost exceeded the price at which we could sell energy on the spot market for TECAN. This led TECAN to incur losses and, ultimately, declared itself unavailable to meet its OEFs. The Colombian Government intervened for several months and, in July 2016, TECAN emerged from the intervention with additional debt and fines to pay. Such fine was paid in full in August 2018. Although CREG has adopted new regulations protecting against these losses in the future, we cannot assure you that we will not incur losses as a result of climactic conditions, such as El Niño.

Furthermore, Colombia has experienced other natural phenomena in the past such as earthquakes. A major earthquake could damage the infrastructure necessary for our operations or have an impact on the amount of energy demand in Colombia, which, in turn, could impact spot energy prices. If any of the foregoing events occurs in the future, we may suffer damage to, or destruction of, properties and assets, or losses not covered by our insurance policies, as well as temporary disruptions to our services, or may be required to conduct our business at a loss, all of which may materially and adversely affect our business, and thereby affect our ability to meet our obligations under the Notes.

Colombia's economy remains vulnerable to external shocks, including a global economic crisis and those that could be caused by future significant economic difficulties of its major regional trading partners or by more general "contagion" effects, which could have a material adverse effect on Colombia's economic growth.

Although Colombia has maintained relative macroeconomic stability in recent years, the evolution of its economy in the last several years was quite moderate, and the Colombian economy's growth for 2017 was of 1.7% according to the International Monetary Fund. We cannot assure you that growth achieved over the past decade by the Colombian economy will continue in future periods.

A significant decline in economic growth of any of Colombia's major trading partners, particularly the United States, Panama, Ecuador, China, and Spain, could have a material adverse effect on each respective country's balance of trade and Colombia's economic growth and have a material adverse effect on us. In addition, a "contagion" effect, whereby an entire region or class of investments becomes less attractive to, or subject to outflows of funds by, international investors could negatively affect the Colombian economy and/or the market price of the Notes.

The 2008 global economic and financial crisis, which began in the U.S. financial system and spread to different economic sectors and countries around the world, had negative effects on the Colombian economy, although not as severe as in other countries. During 2009, while the economies of the United States and most major European countries contracted, Colombia's economy was one of the few economies in the world that experienced growth during that period.

Due to financial and economic crises that may occur in countries around the world (such as the Asian financial crisis of 1997, the Russian financial crisis of 1998, the Argentine financial crisis of 2001 and the global financial crisis of 2008) and which may have an effect in emerging markets economies, investors may view investments in emerging markets with heightened caution. As a result of financial and economic crises in other countries including, among others, the United States or countries with emerging market economies, flows of investments into Colombia may be reduced. Crises in other countries may hamper investors' enthusiasm for securities of Colombian issuers, which may, in turn, adversely affect market prices for the Notes and make it difficult for us and our subsidiaries to access the international capital markets and finance our operations and capital expenditures.

Recent political and economic actions in the Latin American region, including the corruption investigations and proceedings in Brazil, and actions taken by the Venezuelan government, may negatively affect international investor perception of the region. For example, on January 12, 2017, the *Fiscalía General de la Nación* initiated a corruption investigation into the activities of the Brazilian construction firm Odebrecht. While the investigation is still ongoing, to date, five individuals have been convicted, including two former public officials. On September 14, 2018, the *Superintendencia de Industria y Comercio* initiated a corruption investigation in Colombia into Odebrecht's actions in relation to the adjudication of the Ruta del Sol II highway concession. Furthermore, actions taken by the Venezuelan government, may negatively affect international investor perception of the region.

If the United States imposes sanctions on Colombia in the future, our business may be adversely affected.

Colombia is among several nations whose eligibility to receive foreign aid from the United States is dependent on its progress in stemming the production and transit of illegal drugs, which is subject to an annual review by the President of the United States. Although Colombia is currently eligible for such aid, Colombia may not remain eligible in the future. A finding by the President of the United States that Colombia has failed demonstrably to meet its obligations under international counter-narcotic agreements may result in the imposition of economic and trade sanctions on Colombia which could result in adverse economic consequences in Colombia including potentially threatening our ability to obtain necessary financing to develop our business and could further heighten the political and economic risks associated with our operations.

Decreases in the market price for oil and natural gas could have a material adverse effect on the Colombian economy.

Even though exports from Colombia, principally petroleum and petroleum products, coal, coffee and gold, have grown in recent years, fluctuations in commodity prices pose a significant challenge to their contribution to the country's balance of payments and fiscal revenues. For example, oil and natural gas together accounted for 34.8% of total exports in 2017. A significant drop in the price of commodities could have a material adverse effect on the Colombian economy.

Developments in other emerging markets may adversely affect the market value of the Notes.

Emerging markets are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Colombia and adversely affect the price of the Notes. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for capital securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Colombia and adversely affect the Colombian economy in general, and the interest of investors in the Notes in particular. We cannot assure you that the value of the Notes will not be negatively affected by events in other emerging markets or the global economy in general.

Political conditions in the United States may adversely affect our results of operations and financial condition.

The Colombian economy and the market value of securities issued by Colombian issuers and issuers with operations in Colombia may be, to varying degrees, affected by economic and market conditions in other emerging market countries and in the United States. Furthermore, economic conditions in Colombia are correlated with economic conditions in the United States as a result, among other things, of the United States-Colombia Free Trade Agreement, or the USCOFTA, and increased economic activity between the two countries. On November 8, 2016, Donald Trump was elected president of the United States and he assumed office on January 20, 2017. He has made public announcements about the intention to re-negotiate certain terms of free trade agreements, but the content of any potential revisions has not been specified. The U.S., Mexico and Canada are currently renegotiating terms of the NAFTA agreement: however, there can be no assurance as to the outcome of these negotiations and the impact of these and any other similar measures adopted by the new U.S. administration cannot be predicted. As of the date of this offering memorandum, there has been no announcement regarding the intention by the U.S. administration to renegotiate the USCOFTA.

Adverse economic conditions in the United States, the termination or re-negotiation of free trade agreements, including the USCOFTA, or other related events could have an adverse effect on the Colombian economy. Although economic conditions in other emerging market countries and in the United States may differ significantly from economic conditions in Colombia, investors' reactions to developments in other countries may have an adverse effect on the market value of securities of Colombian assets. There can be no assurance that future developments in other emerging market countries and in the United States, over which we have no control, including the re-negotiation of free-trade agreements such as the USCOFTA, will not have a material adverse effect on our ability to service our debt, which could impair our ability to make dividend payments and could adversely affect the market price of the Notes.

Factors such as Colombia's growing public debt, tax reform and fluctuating exchange rates could adversely affect the Colombian economy.

Colombia's fiscal deficit and growing public debt could adversely affect the Colombian economy. The fiscal rules impose on the Colombian Government the need to reduce the fiscal deficit from 3.6% of GDP in 2017 to 3.1% of GDP in 2018, and have thereby prevented the Colombian Government from taking counter-cyclical measures to stimulate the economy. In addition, public indebtedness continues to grow and represented 55.9% of GDP in 2017.

Although the country has gone through two tax reforms in the last five years, the Colombian Government continues to face serious budgetary constraints and pressure from rating agencies that could lead to future tax reforms, with potential adverse consequences on our financial results. The Colombian Congress recently passed a tax reform reducing the applicable corporate income tax rates. Income tax withholding rates resulting from payments made to foreign entities were increased to a general rate of 20% (from the current 15%), however this general rate does not apply to foreign indebtedness exceeding one year, in which case the applicable income tax withholding remains at 15%. Dividends paid out of profits that were subject to corporate income tax are now subject to a withholding tax of 7.5% (from 5% currently) and dividends paid out of profits that were not subject to corporate income tax are now subject to a withholding tax of 33% for 2019, 32% for 2020, 31% for 2021 and 30% for 2022 etc., plus the foregoing 7.5%, which applies to the amount remaining after the 33%, 32%, 31% or 30% withholding is applied, in accordance with the applicable taxable year. As a result, withholding taxes on dividends paid by TEBSA and TECAN increased.

The *peso* depreciated by 24.17% and 31.64% vis-à-vis the U.S. dollar in 2014 and 2015, respectively. Since 2016, however, the Colombian currency has shown relative stability vis-à-vis the U.S. dollar, appreciating by 4.72% in 2016, 0.56% in 2017, and 8.9% in 2018. However, any international conflicts or related events have the potential to create an exchange mismatch, given the vulnerability and dependence of the Colombian economy on external financing and its vulnerability to any disruption in its external capital flows and its trade balance.

We cannot assure you that any measures taken by the Colombian Government and the Central Bank would be sufficient to control any resulting fiscal or exchange imbalances. Any further disruption in Colombia's fiscal and trade balance may therefore cause Colombia's economy to deteriorate and adversely affect our business, financial condition and results of operations.

Any further downgrade in the credit rating of Colombia could adversely affect the Colombian economy.

The outlook of Colombia's credit rating was changed to negative by S&P and Fitch in 2016 and by Moody's in February 2018. However, in March 2017 Fitch upgraded its rating outlook for Colombia from negative to stable due to the perceived reduction in macroeconomic imbalances as a result of the sharp reduction in the current account deficit, diminished uncertainties surrounding Colombia's fiscal consolidation path due to the tax reform measures passed in December 2016, and the expectation that inflation will meet the Central Bank's target. In December 2017, S&P downgraded the rating of its long-term foreign currency sovereign credit ratings on Colombia from "BBB" to "BBB-," on the grounds of Colombia's weakened fiscal and external profiles generating diminished policy flexibility. Additionally, on February 22, 2018 Moody's changed Colombia's rating outlook from stable to negative. This change was driven by (i) the expectation of a slower pace of fiscal consolidation and weakening fiscal metrics, and (ii) the risk that the new government, after the 2018 presidential elections, will not have an effective mandate to pass additional fiscal measures to preserve Colombia's fiscal strength. As of the date of this memorandum, Colombia's long-term debt denominated in foreign currency is rated "Baa2" by Moody's, "BBB-" by S&P and "BBB" by Fitch. Any further downgrade of Colombia's credit rating could adversely affect the Colombian economy, our operations the market value of securities of Colombian issuers, including the Notes.

It may be difficult or impossible to enforce judgments of courts of the United States and other jurisdictions against TECAN, TEBSA or any of their directors, officers and controlling persons.

TECAN and TEBSA are organized under the laws of Colombia. Most of TECAN and TEBSA's directors and executive officers currently reside in Colombia. Furthermore, all of TECAN's and TEBSA's assets are located in Colombia. As such, it may be difficult or impossible for you to effect service of process on, or to enforce judgments of U.S. courts against TECAN, TEBSA and/or against their directors and officers based on the civil liability provisions of the U.S. federal securities laws.

Colombian courts will enforce a U.S. judgment predicated on the U.S. securities laws through a procedural system known under Colombian law as *exequatur*. Colombian courts will enforce a foreign judgment, without reconsideration of the merits, only if the judgment satisfies the requirements set out in Articles 605 through 607 of Law 1564 of 2012, or the Colombian General Code of Procedure (*Código General del Proceso*), which provides that the foreign judgment will be enforced if certain conditions are met, as described in detail in "Enforcement of Foreign Judgments."

Historically, Colombia has experienced several periods of violence and instability. Future violence and instability in Colombia may adversely affect the Colombian economy and our operations.

Colombia has experienced several periods of violence over the past five decades, primarily due to the activities of guerrillas, paramilitary groups, drug cartels and criminal bands known as *Bacrim*. In response, the Colombian Government has implemented various security policies and has strengthened its military and police forces, including the creation of specialized units.

Despite these efforts, drug-related crime, guerrilla paramilitary activity and criminal bands continue to exist in Colombia, and allegations have surfaced regarding members of the Colombian congress and other government officials having ties to guerilla and paramilitary groups. Although the Colombian Government and the National Liberation Army (ELN) have been in talks since February 2017 to end a five-decade war, the Colombian Government has suspended the negotiations after a series of rebel attacks. Any possible escalation in the violence associated with these activities may have a negative impact on the Colombian economy in the future or on us, which may affect our customers, employees, assets or projects. This situation may have a negative impact on the credibility of the Colombian Government which could in turn have a negative impact on the Colombian economy.

A failed implementation of the peace agreements with the FARC may affect Colombia's security and our operations.

Since the beginning of the negotiations of the peace agreements executed between the Colombian Government and the FARC on November 24, 2016, guerrilla actions against maintenance related activities in our sector have diminished. Nonetheless, the process of implementation entails some risks that may affect our operations in the future, such as the emergence of new criminal structures composed of dissident members of the FARC and the resulting increase in criminal activity, especially in urban areas, new requests for restitution of land stripped during the conflict, areas with high presence of antipersonnel mines, the formation of a new political party composed by ex-guerrilla, along with the emergence of new political forces throughout regions in which we operate, and the strengthening of social pressure groups. In addition, depending on actions of the incoming administration with Iván Duque Márquez acting as president of Colombia as of August 7, 2018, the implementation of the peace treaties could produce uncertain political results. Should any of these risks materialize, the development of new projects could be slowed or discontinued, and/or could lead to a scenario of socio-political instability, which may increase demands of social and economic investment to the companies operating in the energy sector such as us.

The peace agreement signed with FARC may result in the enactment of new laws and regulations, the impact of which on our operations is unpredictable.

The implementation of the peace agreement with the FARC will require the enactment of new laws and regulations, which may impact our activity in ways we cannot anticipate. Recently, legislation was enacted in connection with the implementation of the Rural Reform (*Reforma Rural Integral*) as provided under the peace agreement. Such legislation included the creation of a Land Fund for the Rural Reform (*Fondo de Tierras para la Reforma Rural Integral*) and set forth certain parameters to grant land to certain benefited populations and which properties are subject to be granted. The impact of such new legislation is still unknown, and further regulations may be required for such legislation to be implemented. New laws or regulations enacted in connection with the implementation of the peace agreement may impact our activity and may have a negative effect on our financial condition and results of operations and our ability to make dividend payments.

The Colombian Government could seize or expropriate our assets under certain circumstances.

Pursuant to Articles 58 and 59 of the Colombian constitution, the Colombian Government can exercise its eminent domain powers in respect of our assets if any such action is deemed by the Colombian Government to be required in order to protect public interests. Eminent domain powers may be exercised through: (i) an ordinary judicial expropriation proceeding (*expropiación judicial*), (ii) an administrative expropriation proceeding *(expropiación administrativa*) or (iii) an expropriation for war reason (*expropiación en caso de guerra*). In all cases, we would be entitled to a compensation (*indemnización previa*) for the expropriated assets. Also, as a general rule, compensation must be paid before the asset is effectively expropriated (except in the case of expropriation for reasons of war, in which case compensation may be quantified and paid later). However, the compensation may be lower than the price for which the expropriated asset could be sold in a free-market sale or the value of the asset as part of an ongoing business. Any seizure or expropriation by the Colombian Government could adversely affect our business, results of operations and financial condition and our ability to make interest payments on the Notes.

We are subject to new and higher taxes resulting from changes in tax regulations or the interpretation thereof in Colombia.

New tax laws and regulations, and uncertainties in the interpretation with respect to existing and future tax policies may affect us. In recent years, the Colombian Congress have imposed additional taxes and enacted modifications to existing taxes related to financial transactions, income, value added tax (VAT), and taxes on net worth. Changes in tax-related laws and regulations, and interpretations thereof, can create additional tax burdens on us and our businesses by increasing tax rates and fees, creating new taxes, limiting tax deductions, and/or eliminating tax-based incentives and non-taxed income. In addition, tax authorities and competent courts may interpret tax regulations differently than us, which could result in tax litigation and associated costs and penalties in part due to the novelty and complexity of new regulation.

On December 28, 2018, a tax reform was implemented by means of Law 1943 intended to strengthen the mechanisms to prevent tax evasion and introduced other substantial changes to the then-existing tax legal framework. These included, among others, the taxation of dividends distributed by Colombian legal entities to other Colombian legal entities, individual residents, and both entities and individuals who are non-residents, by increasing the income tax on dividends from 5% to 7.5%. Law 1943 also decreased the corporate income tax rate to 33% for FY 2019, 32% for FY 2020, 31% for FY 2021 and 30% for FY 2022, among other changes. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting our Results of Operations.”

Risk Factors Related to the Notes and the Guarantees

Claims of holders of the Notes will be structurally subordinated to claims of creditors of any of our subsidiaries that do not guarantee the Notes.

The Notes will not be guaranteed by certain of our present and future subsidiaries. Accordingly, claims of holders of the Notes will be structurally subordinated to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. All obligations of our non-guarantor subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon liquidation or otherwise, to us or Guarantors of the Notes.

For the nine-month period ended September 30, 2018, (i) TPL and the Guarantors generated revenues of U.S.$569,621 thousand (on a combined basis); of which (TEBSA generated revenues of U.S.$516,990 thousand and

(iii) our non-guarantor subsidiaries generated revenues of U.S.$28 thousand (on a combined basis). As of September 30, 2018, (i) TPL and the Guarantors had total assets of U.S.$862,307 thousand and total liabilities of U.S.$431,979 thousand (on a combined basis), of which TEBSA had total assets of U.S.$691,205 and total liabilities of U.S.$330,225 and (ii) our non-guarantor subsidiaries had total assets of U.S.$376 thousand and total liabilities of U.S.$45 thousand (on a combined basis).

The terms of the Notes limit the guarantee by TEBSA to a specific amount of principal, interest, and additional amounts and payments, proportional to what TPL lends to TEBSA through an intercompany loan from the proceeds of the Notes. Any claim against TEBSA in excess of the guaranteed amount will be subordinated to the claim of other creditors of TEBSA.

TEBSA's guarantee will be limited to (a) the lower of (i) U.S.$122.4 million, which is the aggregate principal amount that TPL lends to TEBSA through an intercompany loan from the proceeds of the Notes and (ii) the aggregate principal amount of Notes then outstanding plus (b) the amount of interest and other payment obligations under the Indenture in the same proportion as such aggregate principal amount in clause (a) bears to the aggregate principal amount of Notes then outstanding. In making your investment decision, you are cautioned not to rely on TEBSA as a full source of credit support for the Notes, as TEBSA's guarantee is limited in nature. This means that if TPL defaults on its obligations under the Notes, TEBSA will only be liable up to the specific amount of TEBSA's guarantee, which may reduce the amount that can be received in the event you choose to enforce your rights under the Notes. The terms of the Notes include a future subsidiary guarantor covenant aimed at requiring that TPL and the Guarantors (on a combined basis) represent at least 90.0% of Consolidated Net Tangible Assets and Consolidated Adjusted EBITDA; however, under the terms of the Notes, 100% of TEBSA's net tangible assets and adjusted EBITDA will be included in the calculation despite of TEBSA's limited guarantee; therefore, even though TPL and the Guarantors will represent, on a combined basis, 90.0% of TPL's Consolidated Net Tangible Assets and 90.0% of TPL's Consolidated Adjusted EBITDA, holders of the Notes will not have a full claim on such percentage of the Consolidated Net Tangible Assets and Consolidated Adjusted EBITDA because the TEBSA guarantee is a partial guarantee.

As of September 30, 2018, TEBSA had U.S.$521,006 thousand of net tangible assets, representing 72.4% of the Company's Consolidated Net Tangible Assets. For the nine months ended September 30, 2018, the adjusted EBITDA of TEBSA was U.S.$107,804 thousand, representing 83.2% of the Company's Consolidated Adjusted EBITDA. TEBSA's revenues represent a significant portion of our consolidated revenues. For the nine-month period ended September 30, 2018 and the year ended December 31, 2017, TEBSA's revenues represented 85.3% and 87.6%, respectively, of our consolidated revenues. We own 57.34% of TEBSA and Gecelca, a government-controlled entity operating in the generation sector, owns a 42.51% equity interest in TEBSA. As of September 30, 2018, TEBSA had U.S.$125,821 thousand of indebtedness, none of which will remain outstanding after the issuance of the Notes and the repayment of indebtedness with the proceeds from the sale of the Notes on the issue date as described under "Use of Proceeds." In addition, the Indenture governing the Notes allows TEBSA to incur additional indebtedness in the future, subject to certain limitations. Claims of holders of the Notes in excess of the amount guaranteed by TEBSA will be structurally subordinate to the claims of creditors of TEBSA, including trade creditors.

We may incur a substantial amount of debt, including secured debt, under the Indenture governing the Notes, which may affect our ability to make payment on the Notes.

As of September 30, 2018, we had U.S.$121,611 thousand of secured debt and we expect to repay all of our secured debt with the proceeds of this offering. See "Use of Proceeds." However, we may incur a substantial amount of debt, including secured debt, under the indenture governing the Notes, subject to customary limitations. In addition, the Indenture governing the Notes allows us to incur a significant amount of additional secured indebtedness for the conversion of our TECAN power generation plant from an OCGT to a CCGT power plant. See "Description of Notes—Permitted Liens."

If we incur secured debt in the future, the Notes will effectively rank junior to all future secured indebtedness. In the event of bankruptcy, liquidation or similar proceedings, or if payment under any secured obligation is accelerated, claims of any secured creditors for the assets securing such obligations will be prior in right of payment to any claim of the holders of notes in an amount equal to the assets securing such secured obligations. After the claims of the secured creditors are satisfied, there may not be sufficient assets remaining to satisfy our obligations under the Notes.

We are incorporated under the laws of the Cayman Islands, Los Amigos is incorporated under the laws of Bermuda, and TEBSA and TECAN are incorporated under the laws of Colombia. As a result, you may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited.

We are an exempted company incorporated under the laws of the Cayman Islands, and substantially all of our assets are located outside the United States. In addition, a majority of our directors and officers are nationals or residents of jurisdictions other than the United States and all or substantial portions of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon our directors or executive officers, or enforce judgments obtained in the United States courts against our directors or officers.

Our corporate affairs are governed by our fifth amended and restated memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands (as the same may be supplemented or amended from time to time) and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are largely governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are different from what they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws as compared to the United States, and certain states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law.

We have been advised by our Cayman Islands legal counsel, Maples and Calder, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Los Amigos, a Guarantor, is incorporated under the laws of Bermuda and its assets are located outside the United States. As a result, it may not be possible automatically to enforce court judgments obtained in the United States against Los Amigos based on the civil liability provisions of the federal or state securities laws of the United States in Bermuda or in countries other than the United States where we have assets. Because its assets are located outside the United States and none of its directors and officers are residents of the United States, it may be difficult or impossible for you to effect service of process within the United States on Los Amigos or its directors and officers. In addition, there is some doubt as to whether the courts of Bermuda and other countries would automatically or directly recognize or enforce judgments of United States courts obtained against Los Amigos or its directors or officers based on the civil liabilities provisions of the federal or state securities laws of the United States or would hear actions against the Issuer or those persons based on those laws. We have been advised by our legal advisers in Bermuda that the United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Some remedies available under the laws of U.S. jurisdictions, including some remedies available under the U.S. federal securities laws, may not be allowed in Bermuda courts as contrary to that jurisdiction's public policy. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on United States federal or state securities laws, would not automatically be enforceable in Bermuda. Similarly, those judgments may not be enforceable in countries other than the United States.

TECAN and TEBSA are each a public utility company (*empresa de servicios públicos*) organized as a stock corporation (*sociedad anónima*) under the laws of Colombia. All of TECAN and TEBSA's officers and directors are domiciled outside the United States, and substantially all of TECAN and TEBSA's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process upon TECAN and TEBSA within the United States, including with respect to matters arising under federal securities laws of the United States, or to enforce judgments obtained in U.S. courts against TECAN and TEBSA, including those predicated upon the civil liability provisions of the U.S. federal securities laws.

The United States and Colombia do not have a bilateral treaty providing for automatic reciprocal recognition and enforcement of judgments in civil and commercial matters. Notwithstanding, the Colombian Supreme Court has generally accepted that reciprocity exists when it has been proven that either a U.S. court has enforced a Colombian judgment or that a U.S. court would enforce a foreign judgment, including a judgment issued by a Colombian court. However, the Colombian legal system is not based on precedents and exequatur decisions are made on a case-by-case basis.

Certain of our indebtedness is subject to floating interest rates, which would result in our interest expense increasing if interest rates rise.

As of September 30, 2018, we had U.S.$175.5 million of indebtedness subject to floating interest rates. A 1% increase in floating interest rates would have increased such annual interest expense by U.S.$1.8 million. Accordingly, our interest expense may increase as a result of interest rate fluctuations. The actual impact of a 1% increase would depend on the amount of floating rate debt outstanding, which fluctuates from time to time. Increased interest expense would reduce our funds available for operations or other purposes.

We may not be able to generate sufficient cash to service all of our indebtedness, including the Notes, and we may not be able to refinance our indebtedness on commercially reasonable terms.

Our ability to make payment on and to refinance our debt and fund planned expenditures depends on our ability to generate cash flow in the future, which is subject to general economic, financial, competitive, legislative and regulatory factors and other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations or that future borrowings will be available to us under our credit facilities in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. We cannot assure you that we will be able to refinance our borrowing arrangements or any other outstanding debt on commercially reasonable terms or at all. Refinancing our borrowing arrangements could cause us to:

- pay interest at a higher rate or increased fees; or
- be subject to additional or more restrictive covenants than those outlined in this offering memorandum.

Our inability to generate sufficient cash flow to service our debt or refinance our indebtedness on commercially reasonable terms would have a material adverse effect on our business and results of operations.

We may be unable to refinance our indebtedness or obtain such refinancing on acceptable terms. In the absence of such refinancing, we could be forced to dispose of assets in order to make up for any cash shortfall to meet the payments due on the indebtedness under circumstances that might not be favorable to obtaining the best price for such assets. Furthermore, assets may not be sold quickly enough or may be sold for amounts that are too low to enable our subsidiaries to pay dividends or make other distributions to us and, as a result, our ability to make interest payments on the Notes could be adversely affected.

Payment of judgments against us in Colombia may be made in pesos, which may expose you to exchange rate risks.

In Colombia, in the event that proceedings are brought seeking performance of payment obligations denominated in a currency other than pesos, we would not be required to discharge those obligations in such currency. Under applicable law, an obligation payable in Colombia, resulting by agreement, if denominated in a currency other than pesos, must be satisfied in pesos at the applicable rate of exchange in effect on the date on which payments are made (or another conversion method, if agreed) unless such an obligation is deemed a foreign exchange operation (*operación de cambio*) under the Colombian foreign exchange regime, in which case the obligation must be paid in the agreed foreign currency. Furthermore, any obligation resulting from a judgment issued by a Colombian Court must be discharged in *pesos* regardless of whether the payment obligation was denominated in a foreign currency and/or such obligation is deemed a foreign exchange operation. You should also be aware that no separate action exists or is enforceable in Colombia for compensation for any shortfall. As a result, holders of the Notes may be exposed to exchange rate risks.

Enforcing rights of holders of the Notes under the Guarantees in the Cayman Islands, Colombia and Bermuda may prove difficult.

Your rights under the Notes will be subject to the insolvency and administrative laws of the Cayman Islands, Colombia and Bermuda and we cannot assure you that you will be able to effectively enforce your rights in such bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of the Cayman Islands, Colombia and Bermuda may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and related-party creditors, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of the Cayman Islands, Colombia and Bermuda may not be as favorable to your interests as the laws of jurisdictions with which you are familiar.

Your ability to enforce your rights under the Notes and Guarantees may be limited if TEBSA and/or TECAN become subject to the insolvency proceedings set forth in Decrees 663 of 1993 and 2555 of 2010, as amended from time to time, and which are applicable to public utilities companies such as TECAN and TEBSA by reference made in Law 142 of 1994, as amended from time to time. Such regulation establishes the events under which public utilities companies can be subject to take-over for reorganization purposes (*toma de posesión para administrar*), which aims for the recovery of the insolvent entity as a going concern. If the continuation of the entity's business is not economically feasible, the liquidated entity may be subject to a take-over for liquidation purposes (*toma de posesión para liquidar*) and its business wound-up.

The application of these laws, or any conflict among them, could call into question what and how the laws of the Cayman Islands, Colombian or Bermuda, as the case may be, should apply. These issues may adversely affect your ability to enforce your rights under the Notes and Guarantees in the Cayman Islands, Colombia and Bermuda or limit any amounts that you may receive. Furthermore, a substantial portion of our assets are located outside the United States. As a result, it may be difficult for the holders of Notes to enforce judgments against them, including any action based on civil liabilities under the U.S. federal securities laws. Foreign judgments of liabilities based solely on the U.S. federal securities laws may be enforced against such persons in Colombia and Bermuda, whether in legal proceedings initiated in Colombia or Bermuda or in actions to enforce judgments of U.S. courts, so long as they are in compliance with the procedure established under Colombian and Bermudan law. The courts of the Cayman Islands will recongnize and enforce a foreign judgment as the basis for a claim at common law in the Cayman Islands provided such judgment complies with the procedure established under the laws of the Cayman Islands. See "Enforcement of Judgments and Service of Process."

The obligations under the Notes and Guarantees will be subordinated to certain statutory liabilities.

Under Colombian bankruptcy law, obligations under the Notes and Guarantees are subordinated to certain statutory preferences. In the event of liquidation, statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes, court fees and expenses and the administrative expenses arising after the beginning of the bankruptcy proceeding (*gastos de administración*), will have priority over any other claims, including claims by holders of the Notes.

Under Cayman Islands insolvency law, obligations under the Notes and Guarantees are subordinated to certain statutory preferences. In the event of liquidation, statutory preferences including claims by secured creditors, claims by employees for certain sums (including salaries, wages, gratuities and pension fund contributions) as well as any taxes due to the Cayman Islands (including customs duties, stamp duty, license fees etc.) will have priority over unsecured debts including claims by holders of the Notes.

Under Bermuda bankruptcy law, obligations under the Guarantees are also subordinated to certain statutory preferences.

Bermuda Law does not recognize the concept of corporate bankruptcy. An insolvent company is instead governed by the insolvency provisions outlined at Part XIII of the Companies Act 1981 and in the Companies (Winding-Up) Rules 1982. Under Bermuda insolvency law, secured creditors enforce their security outside the liquidation and, therefore, their position is largely unaffected by liquidation. An unsecured creditor's claim to the unsecured assets of an insolvent company are subordinated to (i) the costs and expenses of the liquidation, including all costs, charges and expenses properly incurred in the company's winding-up, including the liquidator's remuneration if sanctioned by the Court, (ii) statutory preferences, including those stipulated by section 236 of the Companies Act and section 33 of the Employment Act 2000 (i.e. claims for taxes, salaries, wages, accrued holiday remuneration, unpaid pension and insurance contract-related contributions and amounts due in respect of any workmen compensation or liability) and (iii) (if applicable) debts secured by a floating charge with the proviso that higher priority debts are paid out of any property secured by a floating charge if the assets of the company are not otherwise sufficient to meet them.

Fraudulent conveyance laws may permit courts to void the Guarantees of the Notes in specific circumstances, which would interfere with the payment under the Guarantees.

Federal and state statutes may allow courts, under certain circumstances described generally below, to void the Guarantees of the Notes. If such avoidance occurs, the applicable Guarantors would no longer be liable in respect of the Notes and our holders of the Notes might be required to return payments received from our Guarantors in the event of bankruptcy or other financial difficulty of such Guarantors. Under United States federal bankruptcy law and comparable provisions of state fraudulent conveyance laws, a guarantee could be set aside if, among other things, a guarantor, at the time it incurred the debt evidenced by its guarantee:

- incurred the guarantee with the intent of hindering, delaying or defrauding current or future creditors; or
- received less than reasonably equivalent value or fair consideration for incurring the guarantee; and
- was insolvent or was rendered insolvent by reason of the incurrence;
- was engaged, or about to engage, in a business or transaction for which the assets remaining with it constituted unreasonably small capital to carry on such business; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay as those debts mature.

The tests for fraudulent conveyance, including the criteria for insolvency, will vary depending upon the law of the jurisdiction that is being applied. Generally, however, a debtor would be considered insolvent if:

- the sum of the debtor's debts and liabilities, including contingent and prospective liabilities, was greater than the debtor's assets at fair valuation;
- the present fair saleable value of the debtor's assets was less than the amount required to pay the probable liability on the debtor's total existing debts and liabilities, including contingent and prospective liabilities, as they became absolute and matured; or
- it could not pay its debts as they became due.

In addition, each Guarantee will contain a provision intended to limit the Guarantors' liability to the maximum amount that it could incur without causing the incurrence of obligations under its Guarantee to be a fraudulent conveyance. This provision may not be effective to protect the Guarantees from being voided under fraudulent conveyance laws, or may eliminate the Guarantors' obligations or reduce the Guarantors' obligations to an amount that effectively makes the Guarantee worthless. At least one bankruptcy court has found this kind of provision to be ineffective to protect the Guarantees. If a court voids a Guarantee or holds it unenforceable, you will cease to be a creditor of the applicable subsidiary Guarantor.

Colombian fraudulent conveyance laws may permit Colombian courts to void TECAN´s and TEBSA´s Guarantees in specific circumstances, which would interfere with the payment under the Guarantees.

Under Colombian law, a guarantee issued by a public utilities company such as TEBSA or TECAN could be set aside if upon their take-over for liquidation purposes (*toma de posesión para liquidación*), there are insufficient assets to pay credits owed to creditors recognized within the liquidation proceeding. A liquidator or trustee could request to a Colombian court (*acción revocatoria*) to void acts or operations within 18 months prior to the issuance of the resolution ordering the take-over for liquidation purposes of the insolvent entity, if the following acts or operations listed in article 301 of the Decree 663 of 1993 are performed or entered by such insolvent entity:

- Paying obligations which are not due at the moment of the take-over for liquidation purposes.
- Entering into agreements or acts with relatives of the members of the board of directors, officers, advisors or the statutory auditor of the insolvent entity.
- Amending the by-laws of the insolvent entity to reduce its outstanding capital or distributing its assets.
- Granting security interests in assets of the company through pledges (*prenda*) or mortgages (*hipoteca*), or granting guarantees securing the payment of obligations (*fianza*), when such acts are the cause of the insolvency.
- Disposing of the assets of the insolvent entity to a third party which knowledgeably and in bad faith benefits from the disposition of such assets, and such disposition is conducted with the intention of defrauding the creditors of the insolvent entity.

The liquidator or trustee could request the Colombian court to void such acts within three years following the issuance of the resolution ordering the take-over for liquidation purposes of the insolvent entity. If a court voids a Guarantee or holds it unenforceable, you will cease to be a creditor of the applicable subsidiary Guarantors.

We may be unable to repurchase the Notes if we experience a change of control.

If we were to experience a Change of Control Event, as that term is defined in the indenture governing the Notes, we will be required to offer to purchase all of the existing Notes at 101% of their principal amount plus accrued and unpaid interest to the repurchase date. Our failure to repay holders tendering notes upon a Change of Control Event will result in an event of default under the Notes. In addition, the events that constitute a Change of Control Event, or an event of default, under the Notes may also require us to repay (or otherwise permit acceleration of) other indebtedness immediately. If a change of control were to occur, we cannot assure you that we would have sufficient funds to repay all such outstanding indebtedness or to comply with our obligation to repurchase the Notes. We expect that we would require additional financing from third parties to fund any such repurchases, and we cannot assure you that we would be able to obtain financing on satisfactory terms or at all.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Notes.

The Notes are a new issue of securities for which there is no established public market. We expect the Notes to be eligible for trading by "qualified institutional buyers" as defined under Rule 144A of the Securities Act.

The initial purchasers have advised us that they intend to make a market in the Notes and, if issued, the exchange notes, as permitted by applicable laws and regulations; however, the initial purchasers are not obligated to make a market in the Notes or the exchange notes, and they may discontinue their market making activities at any time without notice. Therefore, an active market for the Notes may not develop or, if developed, it may not continue. Accordingly, we cannot assure you that an active trading market for the Notes will develop or, if a trading market develops, that it will continue. The lack of an active trading market for the Notes would have an adverse effect on the market price and liquidity of the Notes. If a market for the Notes develops, the Notes may trade at a discount from their initial offering price.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The market, if any, for the Notes may not be free from similar disruptions and any such disruptions may adversely affect the prices at which you may sell your Notes. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance, the performance of other companies in our industry and other factors.

Changes in our credit rating could adversely affect the market price or liquidity of the Notes, as well as our cost of, and ability to, access capital.

Credit rating agencies continually revise their ratings for the companies that they follow, including us. The credit rating agencies also evaluate our industry as a whole and may change, suspend or withdraw their credit ratings for us based on their overall view of our industry. We cannot be sure that credit rating agencies will maintain their initial ratings on the Notes. A negative change in, or suspension or withdrawal of, our ratings could have an adverse effect on the market price of the Notes. Additionally, our ability to obtain adequate and cost-effective financing depends in part on our credit ratings. A reduction in our ratings by our rating agencies could adversely affect our cost of borrowing and/or access to sources of liquidity and capital.

There are restrictions on transfer of the Notes.

We are relying upon an exemption from registration under the Securities Act and applicable state securities laws in offering the Notes offered hereby. The Notes offered hereby may be transferred or resold only in transactions registered, or exempt from registration, under the Securities Act and applicable state securities laws. Please see "Transfer Restrictions" for a description of restrictions on transfer of the Notes.

Global market conditions and developments in other countries may adversely affect the market value of the Notes.

The market price of the Notes may be adversely affected by developments in the international financial markets and world economic conditions. U.S. and Colombian securities markets are influenced, to varying degrees, by economic and market conditions in other countries, including those in Europe, Latin America and other emerging markets.

Although economic conditions are different in each country, investor reaction to the developments in one country may affect the securities of issuers in other countries, including Colombia. We cannot assure you that the market for the securities of Colombian issuers will not be affected negatively by events elsewhere or that such developments will not have a negative impact on the market value of the Notes. For example, an increase in the interest rates in a developed country, such as the United States, or a negative event in an emerging market, may induce significant capital outflows from Colombia and depress the trading price of the Notes.

EXCHANGE RATES

Overview

Since September 1999, the Central Bank has allowed the *peso* to float freely, intervening only to regulate the liquidity of the financial markets and the internal and external payments of the economy, to prevent undesirable fluctuations both in the exchange rate and accumulate or reduce the amount of the international reserves, in accordance with guidelines set forth by the Central Bank's board of directors. The Central Bank is authorized to intervene in the exchange market through the following mechanisms: buying and selling foreign exchange in the spot market or through call or put options at market rates through an auction process, and selling foreign exchange through swap agreements through an auction process at the rates determined by the Central Bank.

Law 9 of 1991, Decree 1068 of 2015, or Decree 1068, and Decree 119 of 2007, or Decree 119, External Resolution 1 of 2018 from the Board of Directors of the Central Bank, or Resolution 1, and External Circular DCIN – 83 of 2018, or Circular DCIN-83, from the Central Bank establish the main scope and framework of Colombia's foreign exchange regime, or FX Regulations, and the international investment regime. In accordance with Resolution 1, certain transactions, including foreign capital investments in Colombia, the returns and dividends associated with such investments, the proceeds obtained from the sale of such investments, portfolio liquidation, winding up or capital reduction of the Company, as well as foreign indebtedness operations between a Colombian resident and a non-Colombian resident, shall be channeled through foreign exchange intermediaries (*intermediarios del mercado cambiario*) authorized for such purposes (i.e. commercial banks, financial corporations, finance companies and other financial institutions) or though the settlement mechanism provided in Resolution 1, and must be registered before the Central Bank.

The Colombian Government and the Central Bank may also limit remittance of dividends and/or investments of foreign currency received by Colombian residents whenever the international reserves fall below an amount equal to three months of imports.

Additionally, the Colombian Government and the Central Bank have considerable power to determine governmental policies and actions that relate to the Colombian economy and, consequently, to affect the operations and financial performance of businesses. The Colombian Government and the Central Bank may seek to implement additional measures aimed at controlling further fluctuation of the *peso* against other currencies and fostering domestic price stability. Furthermore, we cannot assure you that the *peso* will not depreciate or appreciate relative to other currencies in the future. See "Risk Factors—Risk Factors Relating to Colombia—The Colombian Government and the Central Bank exercise significant influence on the Colombian economy. Political and economic conditions may have an impact on our business, financial condition and results of operations."

The *Peso* to U.S. Dollar Exchange

The *peso* appreciated against the U.S. dollar by 9.0% in 2012, from Col$1,942.70 to Col$1,768.23, depreciated by 9.0% in 2013, from Col$1,768.23 to Col$1,926.83, depreciated by 24.17% in 2014, from Col$1,926.83 to Col$2,392.46, depreciated further by 31.64% in 2015, from Col$2,392.46 to Col$3,149.47 appreciated by 4.72% in 2016, from Col$3,149.47 to Col$3,000.71 and appreciated 0.56% in 2017 from Col$3,000.71 to Col$2,984.00. The *peso* further appreciated against the U.S. dollar by 8.9% from Col$2,984.00 December 31, 2017 to Col.$ 3,249.75 as of December 31, 2018. Although the *peso* is allowed to float freely, the Central Bank or the Colombian Government may intervene in the exchange market. The SFC calculates the representative market rate based on the weighted averages of the buy/ sell foreign exchange rates quoted daily by certain financial institutions for the purchase and sale of foreign currency.

The following tables set forth the selling rate, expressed in *peso* per U.S. dollar (Col$/U.S.$), for the periods indicated, as reported by the Central Bank:

Year Ended December 31,	Low	High	Average for Period[(1)]	Period End
		(Pesos per U.S. dollar)		
2014	1,846.12	2,446.35	2,017.85	2,392.46
2015	2,360.58	3,356.00	2,771.55	3,149.47
2016	2,833.78	3,434.89	3,040.09	3,000.71
2017	2,837.90	3,092.65	2,957.52	2,984.00
2018	2,705.34	3,289.69	2,956.43	3,249.75

Source: Central Bank.

(1) Represents the daily average of the exchange rates during the period.

Month	Low	High	Average for Period[(1)]	Period End
		(Pesos per U.S. dollar)		
July 2018	2,861.70	2,930.80	2,885.32	2,875.72
August 2018	2,886.80	3,046.76	2,958.67	3,027.39
September 2018	2,972.18	3,100.37	3,033.77	2,972.18
October 2018	2,972.18	3,202.44	3,084.83	3,202.44
November 2018	3,140.25	3,274.47	3,194.03	3,240.02
December 2018	3,153.29	3,289.69	3,218.55	3,249.75
January 2019 (through January 9, 2019)	3,164.75	3,250.01	3,221.08	3,164.75

Source: Colombian Central Bank.

(1) Represents the daily average of the exchange rates during the period.

As of January 9, 2019, the U.S. dollar selling rate published by the Central bank was Col$3,164.75 per U.S.$1.00.

While the Colombian Government does not currently restrict the ability of Colombian or foreign persons or entities to convert *pesos* to U.S. dollars, it may do so in the future. Any restrictive exchange control policy could adversely affect your investment in the Notes. See "Risk Factors—Risk Factors Relating to Colombia—The Colombian Government and the Central Bank exercise significant influence on the Colombian economy. Political and economic conditions may have an impact on our business, financial condition and results of operations."

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the Notes (after discounts and commissions and general expenses payable by us in respect of this offering) will be approximately U.S.$402.5 million.

We intend to use a portion of the net proceeds from this offering on the issue date to repay senior and subordinated indebtedness and accounts payable, with a principal amount outstanding of up to approximately U.S.$208.6 million including the following (each of which is described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Loans and Financings—Material Financing Agreements and Other Obligations"):

- the syndicated loan agreement, dated October 26, 2016, entered into among TPL, as borrower, Scotiabank Colpatria S.A. (formerly known as Banco Colpatria Multibanca Colpatria S.A.), Bancolombia Panamá S.A., Banco Davivienda S.A. and Bancaribe Curazao Bank N.V., as lenders, with Cititrust Colombia S.A. Sociedad Fiduciara, as administrative agent, and Bancolombia Panamá, as local collateral agent with a principal amount outstanding of approximately U.S.$94.5 million, as of the date of this offering memorandum;

- the financing agreement, dated December 19, 2017, entered into between TEBSA, as borrower, and Banco de Bogotá S.A. with a principal amount outstanding of approximately U.S.$54.9 million, as of the date of this offering memorandum;

- the creditors' agreement, dated June 3, 2016, entered into among TECAN, as borrower, and certain creditors in respect of the intervention by the SSPD with a principal amount outstanding of approximately U.S.$24.6 million, as of the date of this offering memorandum and accounted for in our financial statements as an account payable; and

- (x) subordinated debt of TPL accounted for in our financial statements as an account payable with a principal amount outstanding of approximately U.S.$7.3 million as of the date of this offering memorandum and (y) subordinated debt of TEBSA payable to Banco BBVA with a principal amount outstanding of approximately U.S.$27.3 million as of the date of this offering memorandum.

We also intend to use a portion of the net proceeds from this offering to make a distribution to our shareholders in an amount of up to approximately U.S.$185.9 million. Our controlling shareholder, TPL Holding Ltd., would be entitled to receive up to approximately U.S.$116 million from such distribution, based on its 60.75% ownership in TPL, and intends to use substantially all of the proceeds to repay its senior and subordinated indebtedness.

Certain of the indebtedness we intend to repay with the net proceeds of this offering was contracted through Scotiabank Colpatria S.A. (formerly known as Banco Colpatria Multibanca Colpatria S.A.), an affiliate of Scotia Capital (USA) Inc., and one of the initial purchasers of this offering. See "Plan of Distribution" for additional information.

CAPITALIZATION

The following table sets forth our total capitalization as of September 30, 2018:

- on an actual basis;

- as adjusted to reflect (x) a U.S.$15.0 million dividend payment made on October 22, 2018 and October 23, 2018 and approved by written resolution on October 17, 2018 by our Board of Directors and (y) the incurrence of U.S.$10.7 million of additional indebtedness with Banco de Bogotá (see "Summary—Recent Developments" for additional information);

- as further adjusted to reflect the issuance of U.S.$410.0 million aggregate principal amount of the Notes, and application of the net proceeds from the sale of the Notes (after discounts and commissions and general expenses payable by us in respect of this offering) as described in "Use of Proceeds;" including the prepayment of up to approximately U.S.$221.3 million in principal and interest of our senior and subordinated indebtedness and accounts payable.

The information set forth below in the column marked "actual" is derived from our audited consolidated financial information as of September 30, 2018 included elsewhere in this offering memorandum. You should read this table in conjunction with "Presentation of Financial and Other Information," "Summary Financial Information," "Selected Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as in conjunction with our TPL Unaudited Interim Consolidated Financial Statements and TPL Audited Consolidated Financial Statements.

	As of September 30, 2018		
	Actual	**As Adjusted**	**As Further Adjusted (1)**
		(in thousands of U.S.$)	
Cash and cash equivalents	48,366	44,076	40,268
Current loans and financings	57,084	67,794	—
Non-current loans and financings	118,415	118,415	402,500
Total indebtedness	175,499	186,209	402,500
Accounts payable to suppliers	35,099	35,099	—
Total shareholders' equity (2)	430,659	415,659	230,659
Total capitalization (3)	606,158	601,868	640,659

(1) As further adjusted to reflect the issuance of U.S.$410.0 million aggregate principal amount of the Notes and the application of the net proceeds from the sale of the Notes (after discounts and commissions and general expenses payable by us in respect of this offering), including the prepayment of approximately U.S.$221.3 million of principal and interest of our senior and subordinated indebtedness and accounts payable.

(2) The "as further adjusted" column reflects a dividend payment of U.S.$185.0 million.

(3) Total capitalization corresponds to our total loans and financings plus total shareholders' equity. Our definition of total capitalization may differ from the definition used by other companies.

Other than as set forth above, there have been no material changes to our total capitalization since September 30, 2018.

SELECTED FINANCIAL INFORMATION

The following tables present selected financial and operating information of TPL, and TEBSA as of and for the nine-month periods ended September 30, 2018 and 2017 and as of and for the years ended December 31, 2017, 2016 and 2015. This data is qualified in its entirety by reference to and should be read in conjunction with the TPL Consolidated Financial Statements, and the TEBSA Financial Statements and the sections "Presentation of Financial Information," "Summary Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The financial data of TPL, and TEBSA as of December 31, 2017, 2016 and 2015 and for the years ended December 31, 2017, 2016 and 2015 was derived from the TPL Audited Consolidated Financial Statements and TEBSA Audited Financial Statements, respectively, included elsewhere in this offering memorandum. The summary financial data of TPL and TEBSA as of September 30, 2018 and for the nine-month periods ended September 30, 2018 and 2017 were derived from the TPL Unaudited Condensed Consolidated Financial Statements and TEBSA Unaudited Condensed Financial Statements, respectively included elsewhere in this offering memorandum.

The TPL Consolidated Financial Statements and TEBSA Financial Statements included in this offering memorandum were prepared in U.S. dollars and in accordance with Colombian IFRS. Pursuant to Law 1314 enacted in 2009, we began preparing our financial statements in accordance with Colombian IFRS as of January 1, 2014. This offering memorandum also includes TPL Unaudited Condensed Consolidated Financial Statements and TEBSA Unaudited Condensed Financial Statements.

TermoCandelaria Power Ltd.

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,		
	2018	**2017**	**2017**	**2016 (1)**	**2015 (1)**
Statement of Profit (Loss)	*(in thousands of U.S.$)*				
Net operating revenues	569,649	441,156	590,868	497,487	93,287
Sales and operating cost	(429,960)	(319,321)	(432,240)	(338,641)	(117,280)
Depreciation and amortization	(38,715)	(31,942)	(45,978)	(46,778)	(33,720)
Gross profit (loss)	**100,974**	89,893	112,650	112,068	(57,713)
Administrative expenses	(10,165)	(8,228)	(11,391)	(9,769)	(7,228)
Other (expenses) income, net	(933)	(22,461)	(22,880)	(670)	801
Exchange gain (loss), net	(1,416)	(527)	511	(8,626)	7,861
Financial expenses, net	(14,031)	(16,625)	(22,186)	(19,766)	(16,221)
Profit (loss) before income tax	**74,429**	42,052	56,704	73,237	(72,500)
Income tax:					
Current taxes	(27,541)	(21,140)	(439)	(189)	(1,122)
Deferred taxes	—	—	(26,408)	(25,165)	31,991
Net profit (loss)	**46,888**	**20,912**	**29,857**	**47,883**	**(41,631)**
Actuarial gain (loss)	61	(38)	(59)	(1,743)	—
Total comprehensive income	**46,949**	**20,874**	**29,798**	**46,140**	**(41,631)**

(1) The financial results for the year ended December 31, 2016 and 2015 for TPL have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

	As of September 30,	As of December 31,		
	2018	2017	2016	2015
Statement of Financial Position:		*(in thousands of U.S.$)*		
Current assets				
Cash and cash equivalents	48,366	26,805	85,996	16,214
Investments	2,662	1,635	676	—
Commercial accounts receivable and other receivables, net	69,663	53,634	68,135	22,336
Inventories-net	43,342	33,343	14,987	17,949
Current tax assets	10,451	17,299	11,497	3,854
Other non-financial assets	2,103	4,956	4,854	3,268
Total current assets	176,587	137,672	186,145	63,621
Non-current assets				
Investments in joint ventures	589	299	190	2
Property, plant and equipment	676,221	696,044	717,076	744,591
Commercial accounts receivable and other receivables, net	8,911	5,961	5,399	4,752
Intangible assets	375	517	28	41
Non-current tax assets	—	—	5,077	4,837
Deferred income tax assets	—	649	6,260	18,237
Total non-current assets	686,096	703,470	734,030	772,460
Total assets	862,683	841,142	920,175	836,081
Current liabilities				
Loans	57,084	59,093	83,598	31,076
Other non- financial liabilities	—	—	678	1,960
Commercial accounts payable and other payables	64,140	60,059	53,543	66,731
Current tax liabilities	20,494	2,494	2,005	2,047
Provisions for employee benefits	986	651	867	839
Total current liabilities	142,704	122,297	140,691	102,653
Non-current liabilities				
Loans	118,415	129,376	162,011	115,308
Commercial accounts payable and other payables	34,683	40,082	50,822	113,839
Retirement benefit plans	17,930	17,972	17,644	13,781
Deferred income tax liabilities	118,292	123,705	102,938	90,571
Total non-current liabilities	289,320	311,135	333,415	333,499
Total liabilities	432,024	433,432	474,106	436,152
Shareholders' equity				
Issued capital	30,000	30,000	30,000	30,000
Additional paid-in capital	246,511	246,511	246,511	246,511
Reserves	66,354	33,097	33,097	33,097
Effect due to convergence to IFRS	361,189	361,189	361,189	361,189
Accumulated losses	(456,666)	(417,021)	(382,666)	(346,371)
Accumulated other comprehensive income	(999)	(1,034)	(1,000)	—
Net profit (loss) for the period	30,436	17,612	33,802	(36,295)
Total equity attributable to owners of the Entity	276,825	270,354	320,933	288,131
Non-controlling interests	153,834	137,356	125,137	111,798
Total shareholders' equity	430,659	407,710	446,069	399,929
Total liabilities and shareholders' equity	862,683	841,142	920,175	836,081

Other Financial Information

	As of and For the Nine-Month Period Ended September 30,		As of and For the Year Ended December 31,		
	2018	2017	2017	2016 (7)	2015 (7)
Other Financial Data:	*(in thousands of U.S.$, unless otherwise indicated)*				
Gross profit	100,974	89,893	112,650	112,068	(57,713)
Gross margin (1)	17.7%	20.4%	19.1%	22.5%	(61.9)%
Net margin (2)	8.2%	4.7%	5.1%	9.6%	(44.6)%
Adjusted EBITDA (3)	129,524	113,607	147,237	149,077	(31,221)
Adjusted EBITDA margin (4)	22.7%	25.8%	24.9%	30.0%	(33.5)%
Net Debt (5)	127,133		161,664	159,613	130,170
Net Debt to Adjusted EBITDA ratio (6)	0.8x		1.1x	1.1x	(4.2)x

(1) We calculate gross margin as gross profit for the period divided by net operating revenue for the same period.

(2) We calculate net margin as net profit for the period divided by net revenue for the same period.

(3) We calculate Adjusted EBITDA as net profit (loss) before net financial loss, other (expense) income – net (see notes 24 and 21, respectively, to the TPL Audited Consolidated Financial Statements and the TPL Unaudited Condensed Consolidated Financial Statements), income tax and depreciation and amortization. For a more detailed discussion of Adjusted EBITDA, see "Reconciliation of Adjusted EBITDA" and "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."

(4) We calculate Adjusted EBITDA margin as Adjusted EBITDA for the period divided by net operating revenue for the same period.

(5) We calculate Net Debt as the sum of our loans and financings (current and non-current) less amounts recorded as cash and cash equivalents. Net debt is not a measure of financial performance or liquidity under Colombian IFRS. Net debt does not have a standardized meaning, and our definition of Net debt may not be comparable with those used by other companies. For a more detailed discussion of Net debt, see "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."

(6) Net Debt to Adjusted EBITDA ratio is Net Debt as of the end of the period divided by the Adjusted EBITDA for the last twelve-month period.

(7) The financial results for the year ended December 31, 2016 and 2015 for TPL have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

Reconciliation of Adjusted EBITDA and Net Debt

We calculate our Adjusted EBITDA as net profit (loss) before net financial loss, other (expense) income – net (see notes 24 and 21, respectively, to the TPL Audited Consolidated Financial Statements and the TPL Unaudited Condensed Consolidated Financial Statements), income tax and depreciation and amortization. Adjusted EBITDA is not a measure of financial performance under Colombian IFRS and should not be considered as an alternative to net profit or as a measure of operating performance, operating cash flows or liquidity. Adjusted EBITDA does not have standardized meanings, and our definitions of Adjusted EBITDA may not be comparable with those used by other companies. Adjusted EBITDA presents limitations that limit its usefulness as measures of profitability, as a result of not considering certain costs arising from our business, which may affect, significantly, our profits, as well as financial expenses, taxes and depreciation. For a more detailed discussion of Adjusted EBITDA, see "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."

	As of and For the Nine-Month Period Ended September 30,		As of and For the Year Ended December 31,		
	2018	2017	2017	2016 (1)	2015 (1)
	(in thousands of U.S.$)				
Net profit	46,888	20,912	29,857	47,883	(41,631)
(+) Depreciation and amortization	38,715	31,942	45,978	46,778	33,720
(+) Income tax	27,541	21,140	26,847	25,354	(30,869)
(+) Financial loss	15,447	17,152	21,675	28,392	8,360
(+) Other (expenses) income, net (2)	933	22,461	22,880	670	(801)
Adjusted EBITDA	129,524	113,607	147,237	149,077	(31,221)

(1) The financial results for the year ended December 31, 2016 and 2015 for TPL have limited comparability as a result of a change in our commercial strategy. See “Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements.”

(2) Other (expenses) income, net consists mainly, during the year ended December 31, 2017, of a fine imposed on TECAN by SSPD in the amount of U.S.$11,822 thousand for the alleged non-compliance with certain regulatory requirements. Furthermore, during the year ended December 31, 2017, other expenses include expenses related to our equity investment in Calamarí, Gecelca expenses related to employer replacement, insurance policies and other employee medical expenses. For the years ended December 31, 2016 and 2015, other expenses relates mainly to expenses charged by XM and taxes, respectively.

We calculate our Net Debt as the sum of our loans and financings (current and non-current) less amounts recorded as cash and cash equivalents. Net Debt is not a recognized measure under Colombian IFRS, has no standard meaning and may not be comparable to other similarly titled measures provided by other companies either in Colombia or in other jurisdictions. Notwithstanding its limitations, and in conjunction with other accounting and financial information available, our management considers net debt a reasonable indicator of our indebtedness level for comparison between us and our peers. For a more detailed discussion of Net Debt, see “Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures.”

	As of September 30,	As of December 31,		
	2018	2017	2016	2015
		(in thousands of U.S.$)		
Reconciliation of Net Debt:				
(+) Loans, financing – current	57,084	59,903	83,598	31,076
(+) Loans and financing – non-current	118,415	129,376	162,011	115,308
(−) Cash and cash equivalents	48,366	26,805	85,996	16,214
Net Debt	127,133	161,664	159,613	130,170

Termobarranquilla S.A. E.S.P.

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,		
	2018	2017	2017	2016 (1)	2015 (1)
Statement of Profit (Loss) and other comprehensive income:			*(in thousands U.S.$)*		
Revenues	516,990	399,667	535,647	393,434	53,840
Sales and operating costs	(401,868)	(297,524)	(402,806)	(276,123)	(25,754)
Depreciation and amortization	(31,856)	(30,871)	(44,660)	(39,457)	(31,176)
Gross profit	83,266	71,272	88,181	77,854	(3,090)
Operating income (expenses):					
Administration expenses	(7,318)	(6,118)	(7,837)	(5,547)	(3,650)
Other revenues and expenses	(802)	(9,341)	(9,563)	(460)	834
Net exchange gain (loss)	(750)	370	763	(4,473)	6,875
Financial expenses, net	(13,119)	(16,265)	(21,641)	(21,143)	(21,180)
Profit before income tax	61,277	39,918	49,903	46,231	(20,211)
Income tax:					
Current income tax	(22,672)	(16,808)	(374)	-	-
Deferred income tax	-	-	(20,796)	(13,188)	7,689
Net profit (loss)	38,605	23,110	28,733	33,043	(12,522)
For post-employment benefit plans	91	(57)	(88)	(2,602)	-
For income tax relating to components of other comprehensive income	(30)	19	29	859	-
Foreign currency translation adjustments	-	-	-	-	-
Total comprehensive income (loss)	**38,666**	**23,072**	**28,674**	**31,300**	**(12,522)**

(1) The financial results for the year ended December 31, 2016 and 2015 for TEBSA have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

	As of September 30,	As of December 31,		
	2018	**2017**	**2016**	**2015**
Statement of Financial Position:		*(in thousands of U.S.$)*		
Current assets:				
Cash and cash equivalents	19,555	11,795	71,109	5,964
Commercial accounts receivable and other receivables, net	69,624	50,495	65,493	14,811
Inventories, net	32,295	25,494	13,971	13,468
Current tax assets	9,111	13,836	7,738	1,962
Other non-financial assets	179	2,527	2,821	2,190
Total current assets	**130,764**	104,147	161,132	38,395
Non-current assets:				
Investments in joint ventures	356	203	127	2
Property, plant and equipment, net	550,878	565,496	586,338	606,722
Commercial accounts receivable and other receivables, net	8,911	5,961	5,399	4,753
Non-current tax assets	—	—	5,077	4,837
Deferred income taxes	—	—	—	—
Intangible assets	296	412	28	41
Total non-current assets	**560,441**	**572,072**	**596,969**	**616,355**
Total assets	**691,205**	**676,219**	**758,101**	**654,750**
Liabilities and equity				
Current liabilities				
Loans	50,652	52,789	72,686	1,706
Financial lease obligations	3,934	16,517	85,130	71,658
Commercial accounts payable and other payables	51,905	41,960	43,184	3,319
Current tax liabilities	20,433	1,942	1,677	938
Provision for employee benefits	869	548	761	632
Other non-financial liabilities	—	—	678	1,960
Total current liabilities	**127,793**	**113,756**	**204,116**	**80,213**
Non-current liabilities :				
Loans	28,209	36,879	69,370	23,433
Financial lease obligations	41,304	60,197	67,350	70,533
Commercial accounts payable and other payables	861	1,396	3,043	113,879
Retirement benefit plans	17,930	17,972	17,644	13,781
Deferred tax liability, net	114,128	123,705	102,938	90,571
Total non-current liabilities	**202,432**	**240,149**	**260,345**	**312,197**
Total liabilities	**330,225**	**353,905**	**464,461**	**392,410**
Shareholders' Equity:				
Issued capital	92,270	92,270	92,270	92,270
Reserves	92,344	34,384	34,384	34,384
Effect due to convergence to IFRS	464,410	464,410	464,410	464,410
Accumulated losses	(324,908)	(295,681)	(328,724)	(316,202)
Net profit (loss) for the period	38,605	28,733	33,043	(12,522)
Accumulated other comprehensive income	(1,741)	(1,802)	(1,743)	—
Total shareholders' equity	**360,980**	**322,314**	**293,640**	**262,340**
Total liabilities and shareholders' equity	**691,205**	**676,219**	**758,101**	**654,750**

Other Financial Information

	As of and For the Nine-Month Period Ended September 30,		As of and For the Year Ended December 31,		
	2018	2017	2017	2016 (7)	2015 (7)
Other Financial Data:	*(in thousands of U.S.$, unless otherwise indicated)*				
Gross profit	83,266	71,272	88,181	77,854	(3,090)
Gross margin (1)	16.1%	17.8%	16.5%	19.8%	(5.7%)
Net margin (2)	7.5%	5.8%	5.4%	8.4%	(23.3%)
Adjusted EBITDA (3)	107,804	96,025	125,004	111,764	24,436
Adjusted EBITDA margin (4)	20.9%	24.0%	23.3%	28.4%	45.4%
Net Debt (5)	104,544		154,587	223,427	161,366
Net Debt to Adjusted EBITDA ratio (6)	0.8x		1.2x	2.0x	6.6x

(1) We calculate gross margin as gross profit for the period divided by net operating revenue for the same period.
(2) We calculate net margin as net profit for the period divided by net revenue for the same period.
(3) We calculate Adjusted EBITDA as net profit (loss) before net financial loss other (expense) income – net (see notes 24 and 21, respectively, to the TEBSA Audited Financial Statements and the TEBSA Unaudited Condensed Financial Statements), income tax and depreciation and amortization. For a more detailed discussion of Adjusted EBITDA, see "Reconciliation of Adjusted EBITDA" and "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."
(4) We calculate Adjusted EBITDA margin as Adjusted EBITDA for the period divided by net operating revenue for the same period.
(5) We calculate Net Debt as the sum of our loans and financings (current and non-current) less amounts recorded as cash and cash equivalents. Net debt is not a measure of financial performance or liquidity under Colombian IFRS. Net debt does not have a standardized meaning, and our definition of Net debt may not be comparable with those used by other companies. For a more detailed discussion of Net debt, see "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."
(6) Net Debt to Adjusted EBITDA ratio is Net Debt as of the end of the period divided by the Adjusted EBITDA for the last twelve-month period.
(7) The financial results for the year ended December 31, 2016 and 2015 for TEBSA have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

Reconciliation of Adjusted EBITDA and Net Debt

We calculate Adjusted EBITDA of TEBSA as net profit (loss) before net financial loss other (expense) income – net (see notes 24 and 21, respectively, to the TEBSA Audited Financial Statements and the TEBSA Unaudited Condensed Financial Statements), income tax and depreciation and amortization. Adjusted EBITDA is not a measure of financial performance under Colombian IFRS and should not be considered as an alternative to net profit or as a measure of operating performance, operating cash flows or liquidity. Adjusted EBITDA does not have standardized meanings, and our definitions of Adjusted EBITDA may not be comparable with those used by other companies. Adjusted EBITDA presents limitations that limit its usefulness as measures of profitability, as a result of not considering certain costs arising from our business, which may affect, significantly, our profits, as well as financial expenses, taxes and depreciation. For a more detailed discussion of Adjusted EBITDA, see "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."

	As of and For the Nine-Month Period Ended September 30,		As of and For the Year Ended December 31,		
	2018	2017	2017	2016 (1)	2015 (1)
	(in thousands of U.S.$)				
Net profit	38,605	23,110	28,733	33,043	(12,522)
(+) Depreciation and amortization	31,856	30,871	44,660	39,457	31,176
(+) Income tax	22,672	16,808	21,170	13,188	(7,689)
(+) Financial loss	13,869	15,895	20,878	25,616	14,305
(+) Other (expenses) income, net (2)	802	9,341	9,563	460	(834)
Adjusted EBITDA	107,804	96,025	125,004	111,764	24,436

(1) The financial results for the year ended December 31, 2016 and 2015 for TEBSA have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements."

(2) Other expenses (income) - net consists mainly, during the year ended December 31, 2017, of a fine imposed on TECAN by SSPD in the amount of U.S.$11,822 thousand for the alleged non-compliance with certain regulatory requirements. Furthermore, during the year ended December 31, 2017, other expenses include expenses related to our equity investment in Calamarí, Gecelca expenses related to employer replacement, insurance policies and other employee medical expenses. For the years ended December 31, 2016 and 2015, other expenses relates mainly to expenses charged by XM and taxes, respectively

We calculate Net debt of TEBSA as the sum of our loans and financings (current and non-current) less amounts recorded as cash and cash equivalents. Net debt is not a recognized measure under Colombian IFRS, has no standard meaning and may not be comparable to other similarly titled measures provided by other companies either in Colombia or in other jurisdictions. Notwithstanding its limitations, and in conjunction with other accounting and financial information available, our management considers net debt a reasonable indicator of our indebtedness level for comparison between us and our peers. For a more detailed discussion of Net debt, see "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."

	As of September 30,	**As of December 31,**		
	2018	**2017**	**2016**	**2015**
		(in thousands of U.S.$)		
Reconciliation of Net debt:				
(+) Loans and financing – current	54,586	69,306	157,816	73,364
(+) Loans and financing – non-current	69,513	97,076	136,720	93,966
(−) Cash and cash equivalents	19,555	11,795	71,109	5,964
Net Debt	104,544	154,587	223,427	161,366

THE ISSUER AND THE GUARANTORS

The unaudited individual financial information below has not been adjusted to reflect eliminations for intercompany transactions among TPL and its subsidiaries or among subsidiaries and is based on assumptions and estimates TPL believes to be reasonable and should be read in conjunction with and is qualified by reference to the TPL Consolidated Financial Statements and the TEBSA Financial Statements and the respective notes thereto included elsewhere in this offering memorandum. The financial information below has not been audited or reviewed by our independent auditors and may not be indicative or a reliable indicator of TPL's consolidated results in the future.

The Issuer

TPL

TPL is an exempted company incorporated with limited liability under the laws of the Cayman Islands. As of and for the nine-month period ended September 30, 2018 and the year ended December 31, 2017, TPL recorded revenues of U.S.$569,649 thousand and U.S.$590,868 thousand, and had total assets of U.S.$862,683 thousand and U.S.$841,142 thousand, respectively.

The Guarantors

TEBSA

TEBSA is a public utilities company (*empresa de servicios públicos*) organized as a corporation (*sociedad anónima*) under the laws of Colombia. As of and for the nine-month period ended September 30, 2018 and the year ended December 31, 2017, TEBSA recorded revenues of U.S.$516,990 thousand and U.S.$535,647 thousand, and had total assets of U.S.$691,205 thousand and U.S.$676,219 thousand, respectively. TEBSA will provide a limited guarantee proportional to the amount that TPL lends to TEBSA through an intercompany loan in the amount of U.S.$122.4 million from the proceeds of the Notes.

TECAN

TECAN is a public utilities company (*empresa de servicios públicos*) organized as a limited joint-stock company (*sociedad en comandita por acciones*) under the laws of Colombia. As of and for the nine-month period ended September 30, 2018 and the year ended December 31, 2017, TECAN recorded revenues of U.S.$83,733 thousand and U.S.$58,717 thousand, and had total assets of U.S.$205,544 thousand and U.S.$155,260 thousand, respectively.

Energy Projects Leasing Co, LLC

Energy Projects Leasing Co., LLC, is a limited liability company organized under the laws of the State of Delaware. As of and for the nine-month period ended September 30, 2018 and the year ended December 31, 2017, Enerpro recorded financial income of U.S.$4,110 thousand and a financial loss of U.S.$6,998 thousand, and had total assets of U.S.$295,410 thousand and U.S.$291,299 thousand, respectively.

Los Amigos

Los Amigos is an exempted company limited by shares incorporated under the laws of Bermuda. As of and for the nine-month period ended September 30, 2018 and the year ended December 31, 2017, Los Amigos recorded financial income of U.S.$6,465 thousand and U.S.$10,288 thousand, and had total assets of U.S.$56,668 thousand and U.S.$88,154 thousand, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the TPL Audited Consolidated Financial Statements, the TEBSA Audited Financial Statements, the TPL Unaudited Condensed Consolidated Financial Statements, and TEBSA Unaudited Condensed Financial Statements and the related notes included elsewhere in this offering memorandum. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those set forth in the section entitled "Risk Factors" and elsewhere in this offering memorandum. You should read the following discussion in conjunction with "Forward-Looking Statements" and "Risk Factors"

Overview

We are the fourth largest electric power generation company in Colombia, as measured by OEFs, and the fifth largest electric power generation company in Colombia, as measured by installed capacity as of September 30, 2018. For the nine-month period ended September 30, 2018 and for the nine-month period ended September 30, 2017, our net revenues and Adjusted EBITDA were U.S.$569.6 million and U.S.$129.5 million and U.S.$441.2 million and U.S.$113.6 million, respectively, while for the year ended December 31, 2017, our net revenues and Adjusted EBITDA were U.S.$590,868 million and U.S.$147,237 million, respectively.

We own and operate the largest portfolio of thermal power plants in Colombia, through our subsidiaries, Termocandelaria S.C.A. E.S.P., or TECAN, and Termobarranquilla S.A. E.S.P., or TEBSA, which have an aggregate total audited installed capacity of 1,283 MW as of the date of this offering memorandum. According to XM, Colombia's power system had an installed capacity equal to 16,779 MW, as of December 31, 2017. Therefore, TPL's installed capacity represented approximately 7.6% of the installed capacity in the SIN, as of December 31, 2017.

Set forth below is a table summarizing certain key operating metrics of each of our thermal power plants.

	TEBSA		TECAN
Technology	GE/Alstom	Siemens/Kraftwerk	Mitsubishi/Siemens
Audited Installed Capacity (MW)	843	116	324
Net Heat Rate (BTU/KWh)	7,213	11,694	10,219
Main Fuel	Natural Gas		Natural Gas
Availability Factor (1)	97.29% (GE/Alstom) 98.87% (Siemens)		99.98%
Capacity Factor (1)	59.02% (GE/Alstom) 6.75% (Siemens)		11.88%
Commercial Operating Date (COD)	1998		2000

(1) For the nine-month period ended September 30, 2018

Financial Presentation and Accounting Practices

Presentation of financial information

The TPL Audited Consolidated Financial Statements and the TEBSA Audited Financial Statements were prepared in U.S. dollars and in accordance with IFRS, as issued by the IASB, including the interpretations issued by the IFRIC, in each case, as adopted in Colombia, or Colombian IFRS.

Pursuant to Law No. 1314 enacted in 2009, we began preparing our financial statements in accordance with Colombian IFRS as of January 1, 2014.

This offering memorandum also includes the TPL Unaudited Condensed Consolidated Financial Statements and the TEBSA Unaudited Condensed Financial Statements.

The TPL Unaudited Condensed Consolidated Financial Statements, and TEBSA Unaudited Condensed Financial Statements were prepared in U.S. dollars and in accordance with Colombian IFRS.

Comparability of 2016 and 2015 Audited Financial Statements

The financial results for the year ended December 31, 2016 and 2015 for each of TPL and TEBSA have limited comparability as a result of a change in our commercial strategy. Up until April 2016, we sold energy exclusively through a PPA with Gecelca. Through this PPA, TEBSA undertook to maintain exclusivity in the sale of energy to Gecelca for a term of 246 months as of October 20, 1995. This agreement expired on April 20, 2016. Upon its expiration, we pursued a direct commercial operation in the wholesale energy market administered by XM.

Critical Accounting Practices

We have identified certain key accounting policies on which our financial condition and results of operations are dependent. These key accounting policies most often involve complex quantitative analyses or are based on subjective judgments or decisions. A change in these estimates and assumptions could affect the value of our assets, liabilities, shareholders' equity and earnings, as well as our contingent assets and liabilities.

The following policies are the accounting policies that we believe are the most important to the portrayal of our financial condition and results of operations. For a full description of our accounting policies, see note 3 to the TPL Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

Leasing

Leases are classified as financial when the terms of the lease transfer substantially all the risks and advantages inherent to the property to the lessees. All other leases are considered operating leases.

Assets held under finance leases are recognized at fair value, at the beginning of the lease and, if lower, at the current value of the minimum lease payments.

The lease agreements entered into with Los Amigos and Enerpro (described in "Business—The TEBSA Power Plant—Material Agreements—Material Leasing Agreements") are classified as financing leases in accordance with IAS 17. Therefore, our power generation assets under these lease agreements are accounted as property, plant and equipment of TEBSA and TECAN, respectively. TEBSA and TECAN, as lessees, accounted for the corresponding liability as an obligation under a finance lease. These lease agreements are not reflected in the TPL Consolidated Financial Statements given that they are intercompany.

The TUAs with SPEC were classified as operating leases in accordance with IAS 17. TEBSA and TECAN recognize payments under the operating leases as a cost according to the compensation required under the respective TUA. TEBSA and TECAN recognize the contingent lease payments as expenses in the periods in which they are incurred.

Impairment of Financial Assets

At the end of each reporting period, TPL assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is considered impaired only if there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), there is an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For all financial assets carried at amortized cost, TPL first assesses whether there is objective evidence of impairment on financial assets that are individually significant, or collectively for financial assets that are not individually significant. If TPL determines that no objective evidence of impairment exists for a financial asset that is assessed individually, regardless of its significance, it includes the asset in a group of financial assets with similar credit risk characteristics and evaluates them collectively to determine whether impairment exists. Assets that are individually assessed to determine whether impairment exists, and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that there has been an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses expected and that have not yet occurred). The present value of estimated future cash flows is discounted at the original effective interest rate of financial assets. If a loan bears a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an estimation account and the amount of the loss is recognized in the statement of comprehensive income. If, in a subsequent period, the estimated amount of the impairment loss increases or decreases because of an event occurring after the impairment was recognized, the impairment loss previously recognized is increased or decreased by adjusting the estimate account.

Property, Plant and Equipment

We amortize acquisition and construction costs by applying the straight-line method throughout the useful life of the property, plant or equipment and we recognize the related depreciation in net profit or loss.

We estimate the useful life of our property, plant or equipment as follows:

Property, Plant and Equipment	Estimated Useful Life
Construction and building	10-100 years
Equipment under financial lease	4-40 years
Generation equipment (units 3 and 4)	5-40 years
Furniture and fixtures	3-10 years
Communication and Computing	2-5 years
Transportation equipment	1.5-6 years
Electrical substation	16 years

Impairment of Long-Lived Assets (non-financial)

At each reporting date, we evaluate whether there is any indication that an asset may be impaired. If such indication exists, or when annual impairment testing is required, we estimate the recoverable amount of the asset.

The recoverable amount of the asset is the higher of its fair value less costs to sell and its value in use and is determined for each individual asset.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is reduced to its recoverable amount. In assessing value in use of an asset, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments of the value of money and the specific risks of the asset.

When a previously recognized impairment loss exists, TPL performs an impairment test at each reporting date to determine whether there is evidence that such loss no longer exists or has been decreased. If such evidence exists, TPL estimates the recoverable amount of the asset. A previously recognized impairment loss is reversed only if there was a change in the assumptions used to determine the asset's recoverable amount since the last time the loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had it not been an impairment loss recognized for the asset in previous periods. Such reversal is recognized in profit or loss.

Deferred Income Taxes

Deferred tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except: (i) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except: (i) when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue Recognition

Revenue consists of the fair value of what was collected or receivable for the Reliability Charge and the sale of energy in the ordinary course of business. Until April 20, 2016 (i.e., the expiration of the Gecelca PPA), TEBSA's revenue included the fair value of what was collected or receivable for the sale of energy in the ordinary course of business in accordance with the specific criteria established in the power purchase agreement and the mandate agreement for the additional burners signed with Gecelca.

As of April 21, 2016, revenue comprises the fair value of the amount collected or receivable for the Reliability Charge and for the sale of energy in the ordinary course of business. Revenue is recognized when its amount can be reliably measured, it is likely that economic benefits will flow to the entity in the future and the transaction meets specific criteria for each of the activities.

Actuarial Calculations

The projected unit credit method is used to determine the present value of the defined benefit obligation and, when applicable, the cost for services and the cost of past services. Under this method, the benefits are attributed to periods in which the obligation to provide the benefits is created by directly applying the plan benefit formula based on the service as of the valuation date. When the benefit is based on compensation or salary, wage increases are applied until the date on which the participant is expected to finish the service. However, if the service in recent years leads to significant additional benefits than in previous years, the benefits are attributed linearly from the date on which the service provided by the employee entitles them to the benefit under the plan, until the date in which subsequent services generate the right to additional non-significant amounts of the benefit according to the plan.

For the main assumptions used in our actuarial calculations, see note 14 to the TPL Unaudited Condensed Consolidated Financial Statements and note 15 to the TPL Audited Consolidated Financial Statements.

Principal Factors Affecting Our Results of Operations

Colombian Economic Growth

As we derive our consolidated revenues entirely from our operations in Colombia, we are affected by economic conditions in the country.

Historically, GDP and domestic energy demand growth have been highly correlated. Higher economic growth rates in the economy of Colombia affect our results of operations because they generally result in more manufacturing and industrial demand for electricity and gas consumption, as well as increased demand for electricity and natural gas from domestic consumers as a result of increased employment and higher income levels that are often associated with such growth. CREG and UPME take these factors into consideration in the preparation of electricity infrastructure expansion and development plans. See "Risk Factors—Risk Factors Relating to Colombia—Our assets are located in, and our income is earned in, Colombia and, thus, we are highly dependent on economic and political conditions in Colombia."

Real GDP growth rates were 4.4%, 3.1%, 2.0%, and 1.8% in 2014, 2015, 2016 and 2017, respectively, according to DANE. These growth rates have contributed to an increase in electricity consumption in Colombia of 3.8% in 2015, 0.5% in 2016 and 0.9% in 2017, according to the UPME. Electricity consumption for 2016 and 2017 was relatively lower due to an electricity rationing campaign. The projected average annual growth rate of the Colombian electricity market, according to UPME, is 3.2% per year from 2018 to 2032.

Central Bank independence, and the adoption of an inflation-targeting regime and a free-floating currency in 1999, have contributed to declining inflation rates and increased price stability in Colombia. According to DANE, Colombia's annual inflation rate as measured by IPC was 6.8%, 5.8% and 4.1% for the years ended December 31, 2015, 2016 and 2017, respectively. Therefore, inflation does not significantly affect our financial condition and results of operations. The monetary policies set in Colombia are stable and behave independently from the government, with central bank that target inflation, which decreases the possibility that inflation could have negative effects on our companies.

The following table sets forth the year-over-year changes of various key economic indicators in Colombia, including the GDP, the IPC, the IPP, the unemployment rate and the benchmark interest rate, as well as a comparison of these changes to the changes in the growth in the electricity and natural gas sectors in Colombia for the periods indicated. For further information, see "Risk Factors—Risk Factors Relating to Colombia."

	Nine-Month Period Ended September 30,	**Year Ended December 31,**				
	2018	**2017**	**2016**	**2015**	**2014**	**2013**
			(percentages)			
Real GDP	2.5	1.8	2.0	3.1	4.4	4.9
IPC	2.6	4.1	5.8	6.8	3.7	1.9
IPP	4.2	3.3	2.2	5.5	6.0	(0.1)
Unemployment	9.5	9.4	9.2	8.9	9.1	9.6
DTF(1)	4.5	5.3	6.9	5.2	4.3	4.1
IBR(2)	4.1	4.5	6.9	5.9	4.4	3.2
Variation of electricity, gas, and water sector as a percentage of GDP	2.1	1.1	(0.8)	3.1	3.4	3.0

Source: DANE and Central Bank.

(1) Term Deposits Rate (*Depósito a Término Fijo*, or DTF).

(2) Colombian Interbank Reference Rate (*Interés Bancario de Referencia*, or IBR). This reference rate was first calculated and published in 2008.

If electricity demand outpaces capacity supply, we expect that the SIN will reflect an increase in the overall cost of the system, which will in turn be reflected in higher spot prices. Conversely, if capacity supply from efficient technologies grows faster than demand, spot prices will reflect lower overall prices.

Colombia's growing demand is poised for growth as it is one of the most underpenetrated markets in the region, as measured by energy consumption per capita. Additionally, Colombia's energy consumption is driven by economic growth and investment on the energy sector. Higher income leads to higher energy consumption on a per capita basis which will lead to higher total country energy consumption

Hydrological Conditions

Our business is dependent on hydrological conditions prevailing in Colombia as the national grid relies mostly on hydroelectric generation. Therefore, hydrology has a direct effect on power prices and the availability of energy from hydro resources. Our thermoelectric generation plants, which are mainly fueled with natural gas, are designed to cover peaks in electricity demand, any shortfalls in electricity generation from the country´s hydroelectric plants due to insufficient water resources, and to provide generation required to cope with transmission and distribution grid constraints, primarily in the Atlantic Coast region of the country.

Colombian hydrology typically follows a dual season annual cycle, with one period of low levels of rain precipitation from December to March and high levels during the rest of the year. However, in the last couple of decades, a climactic phenomenon known as El Niño that affects Colombia's rainfall hydrology and rainfall, and, in turn has affected the availability of hydro power resources.

In addition to El Niño, Colombia has been affected by an opposite phenomenon, which leads to increase in rain precipitation, known as La Niña. The effects of El Niño or La Niña can unevenly affect different regions of the country and consequently, at a given time, certain generation plants can be affected by heavy rains while generation plants located elsewhere can be affected by extended droughts. Below average rainfall in the areas where hydroelectric plants are located result in lower generation of electricity to the entire Colombian market and could cause, among other things, the creation of rationing programs for the reduction of electricity consumption to avoid the interruption of electricity supply. In 1992, the Colombian government established rolling blackouts in order to address the challenges posed by a dry season during the 1991-1992 period. In late 2009, CREG required electricity generation companies to use their thermoelectric plants and imposed restrictions on hydroelectric generation in order to preserve water resources to mitigate the negative effects of El Niño on hydrological conditions during the last quarter of 2009 and the first six months of 2010. Conversely, above-average rainfall in Colombia can lead to lower electricity prices in the spot market. In the last quarter of 2010, Colombia was affected by La Niña.

The Colombian Government intervened in TECAN's operations from November 2015 to July 2016 after a strong El Niño forced TECAN to declare that it was unable to meet its OEFs. The El Niño event resulted in a lack of rainfall which severely affected hydroelectric power plants' reservoir levels and overall capacity. See "Risk Factors—Risks Factors Relating to Colombia—Seasonal rainfall fluctuation, the climatic phenomenon such as "El Niño" and other natural phenomena such as earthquakes and floods may have a material and adverse effect on our business."

Transmission Infrastructure Availability

The availability of, and access to, the various transmission systems to deliver power to its contractual delivery point authorized by UPME and the arrangements and facilities for interconnecting the generation projects to the transmission systems could increase the reliance on thermal generators, such as us, to supply electricity to the SIN. The absence of this availability and access or the operational failure of existing interconnection facilities or transmission facilities may require us to dispatch electricity outside of the merit order, which compensates us at prices that may be higher than the then-available spot prices under normal hydrology conditions, remunerating our generation costs.

Our out-of-merit generation sales could be adversely impacted in the event that there are infrastructure investments and improvements in the Atlantic Coast that would allow other power plants to supply the region at lower prices. For further information on the how out-of-merit generation sales could be adversely impacted, see "Risk Factors—The introduction of a more efficient energy generation technology or other sources of energy could adversely affect the competitiveness of gas-fired energy."

Currency Fluctuation and Inflation

Our results of operation and financial condition are affected by currency fluctuations and inflation. Fluctuations in the exchange rates between the *peso* and the U.S. dollar, which is our functional currency, will generate either gains or losses on monetary assets and liabilities denominated in *pesos*, as well as have an effect on our revenues from sales with regulated customers (denominated in *pesos*) and unregulated customers (denominated in U.S. dollars), and can therefore affect our profitability.

For each of the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, our peso-denominated expenses represented approximately 7.2% of our total operating costs and administrative expenses while our U.S. dollar-denominated expenses represented approximately 92.8% of our total operating costs and administrative expenses.

For example, to the extent assets are denominated in *pesos*, any appreciation against the U.S. dollar will be recorded as a gain. Increases in inflation rates may also increase labor costs and other local expenses of our operations. We mitigate the effect of Colombian currency fluctuations and inflation on our results of operations and financial condition through monthly forward currency contracts and the use of U.S. dollar-denominated accounts registered with the Colombian Central Bank.

Reliability Charge

Colombia's electricity supply largely relies on hydroelectric plants. In order to guarantee enough supply during periods of drought, such as during the El Niño phenomenon which periodically affects hydroelectric capacity, CREG implemented programs to stimulate investments in power plants that could offer reliability to the SIN under hydro-scarcity periods to cover the electricity demand.

CREG Resolution 071 of 2006, as amended, established the regulatory framework for the Reliability Charge compensation scheme. Our revenues are largely driven by the Reliability Charge.

The layout of this system establishes compensation for electricity generation plants that contribute to the reliability and stability of the electricity generation matrix, based on their real generation capacity under extreme hydrological conditions by generation assets with the features and parameters set forth for the Firm Energy calculation in order to guarantee compliance with the OEFs. We refer to the compensation scheme for maximum electric energy that a generation plant is able to deliver on a continual basis during a year of extreme hydrologic scarcity as the Reliability Charge. In consideration for such compensation, electricity generation plants that have OEFs, are obligated to generate electricity in accordance with their commitment whenever the electricity spot price is higher than the Scarcity Price.

In September 2017, CREG, through Resolution 140 of 2017, modified the Scarcity Price calculation methodology, known as the marginal Scarcity Price, which in turn affected the calculation of the Reliability Charge. CREG introduced the new marginal Scarcity Price calculation methodology in order to encourage compliance with the OEF by generators during critical periods. The methodology used to calculate the marginal Scarcity Price prevents imbalances between the cost of local generation and international fuel prices, since the marginal Scarcity Price reflects the costs of local fuels, among other considerations. The marginal Scarcity Price is set by the marginal variable cost of the last plant necessary to attend 98% of the assigned OEFs.

For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we recorded approximately U.S.$116,109 thousand and U.S.$159,272 thousand from Reliability Charge revenues, representing 20.4% and 27.0%, respectively, of our total revenues.

Regulated Revenue

Through CREG resolution 062 of 2013, CREG approved the annual regulated income for thermal generators, such as us, that back-up our OEFs through the import of LNG. As a result of our use of the SPEC facility, we were awarded a special assignment of OEFs for 100% of our plants' Firm Energy, for a period of ten years, and a regulated income, or Regulated Revenue, corresponding to approximately 50% of the fixed cost of the LNG regasification infrastructure of which TPL receives 72% based on our contracted capacity of the SPEC facility, for a period of ten years.

For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we recorded approximately U.S.$22,901 thousand and U.S.$30,149 thousand in Regulated Revenues, representing 4.0% and 5.1%, respectively, of our total revenues.

Liquefied Natural Gas Cost

We purchase our gas supply from various suppliers in the LNG market through Calamarí LNG S.A. E.S.P., or Calamarí, our imported gas sales agent that was formed by TEBSA (48.27%), Zona Franca Celsia S.A. E.S.P. (28.16%), or Celsia, and TECAN (23.56%). As of September 30, 2018, we had nine long-term gas supply contracts; however, we do not intend to enter into new long-term gas supply contracts. Calamarí can act on behalf of one, two, or three of the thermal generators that it represents (subject to their individual or collective gas supply requirements). SPEC is responsible for providing port services, storage, regasification, and connection infrastructure to the natural gas transportation network.

For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, the fixed cost of access to the LNG regasification facility represented approximately 12.2% and 13.8%, respectively, of our total costs.

Regulatory Environment

Our results of operations are materially affected by regulatory changes and actions taken by the Colombian Government and by the regulatory agencies, including the CREG and the SSPD, that regulate our business. Accordingly, our operating revenues could be materially affected by the actions of government regulators. Regulatory changes that could have the most direct and significant impact on our financial performance include, among others, restrictions on fuel supply, or restrictions and changes to the prices we can charge for the electricity we sell.

For further information on the regulatory framework for electricity generation and commercialization and the effects of regulatory changes on our results of operations, see "Industry and Regulatory Overview—The Electricity Market," "Risk Factors—Risk Factors Relating to the Industry in which We Operate—Changes to, or compliance with, current regulations, legislations and rates may adversely affect our cash flows, financial condition and results of operations" and "Risk Factors—Risk Factors Relating to the Industry in which We Operate—Our businesses are subject to substantial regulation, and governmental entities could penalize or, under certain circumstances, assume control of TEBSA or TECAN if it fails to comply with the applicable regulations. Also, the agencies that regulate TEBSA's and TECAN's business can take other actions that may adversely affect their operations and profitability."

Results of Operations

Nine-Months Ended September 30, 2018 Compared to Nine-Months Ended September 30, 2017

The following discussion compares our consolidated results of operations for the nine-month period ended September 30, 2018 to our consolidated results of operations for the nine-month period ended September 30, 2017.

	For the Nine-Month Period Ended September 30,		Variation	
	2018	**2017**	**Amount**	**(%)**
Statement of Profit (Loss):	*(in thousands of U.S.$)*			
Net operating revenues	569,649	441,156	128,493	29.1
Sales and operating costs	(429,960)	(319,321)	(110,639)	34.6

	For the Nine-Month Period Ended September 30,		Variation	
	2018	2017	Amount	(%)
Depreciation and amortization	(38,715)	(31,942)	(6,773)	21.2
Gross profit	**100,974**	**89,893**	**11,081**	**12.3**
Administrative expenses	(10,165)	(8,228)	(1,937)	23.5
Other (expenses) income, net	(933)	(22,461)	21,528	(95.8)
Exchange gain (loss), net	(1,416)	(527)	(889)	168.7
Financial expenses	(14,031)	(16,625)	2,594	(15.6)
Profit (loss) before income tax	**74,429**	**42,052**	**32,377**	**77.0**
Income tax:				
Current taxes	(27,541)	(21,140)	(6,401)	30.3
Deferred taxes	-	-	-	-
Net profit (loss)	**46,888**	**20, 912**	**25,976**	**124.2**

Net Revenue

The table below presents a breakdown of our net revenues for the nine-month period ended September 30, 2018 and 2017:

	For the Nine-Month Period Ended September 30,	
	2018	2017
	(in thousands of U.S.$)	
Reliability charge – DV (1)	116,109	120,709
Reliability charge – RV (2)	(65,097)	(53,815)
Regulated revenue	22,901	21,575
Open market sales of energy (spot market)	455,215	348,684
Starts and stops	360	79
Other services	-	20
Transportation and gas marketing	37,138	974
Sale of energy by backup	526	613
Substation compensation	2,469	2,295
Fees for substation management and operation	28	22
Total	**569,649**	**441,156**

(1) DV is the Reliability Charge compensation to be received by the individual generators.
(2) RV is the sum that ASIC collects from generators, for every KWh generated by and traded in the market (CERE). RV is a generation cost expressed in Col$/KWh, and is incorporated by agents in all energy transactions.

Our net operating revenues increased by U.S.$128,493 thousand, or 29.1%, to U.S.$569,649 thousand for the nine-month period ended September 30, 2018, from U.S.$441,156 thousand in the corresponding period in 2017, primarily due to increased revenues from in-merit and out-of-merit generation sales, Transportation and gas marketing and the Regulated Revenue partially offset by decreased revenues from the Reliability Charge as further described below.

Reliability Charge. Our net revenues from the Reliability Charge decreased by U.S.$4,600 thousand, or 3.8%, to U.S.$116,109 thousand for the nine-month period ended September 30, 2018, from U.S.$120,709 thousand in the corresponding period in 2017, primarily as a result of adopting the new marginal Scarcity Price pursuant to CREG resolution 140 of 2017, which established an option that required a reduction in the Reliability Charge price from U.S.$16.5 per MWh to U.S.$15.9 per MWh as consideration for opting into the new marginal Scarcity Price.

Regulated Revenue. Our net revenues from the Regulated Revenue increased by U.S.$1,326 thousand, or 6.1%, to U.S.$22,901 thousand for the nine-month period ended September 30, 2018, from U.S.$21,575 thousand in the corresponding period in 2017, primarily as a result of the combined effect of the Regulated Revenue's indexation to the United States purchase price index and *peso* revaluation vis-à-vis the U.S. dollar.

Open market sales of energy. Our gross revenues from in-merit and out-of-merit generation sales in the spot market increased by U.S.$106,531 thousand, or 30.6% to U.S.$455,215 thousand for the nine-month period ended September 30, 2018, from U.S.$348,684 thousand in the corresponding period in 2017, primarily as a result of a greater market need in the Atlantic Coast for out-of-merit generation due to constraints in the transmission and distribution grid and a significant increase in energy demand in the Caribbean Coast.

Transportation and Gas Marketing. Our net revenues from transportation and gas marketing, increased by U.S.$36,164 thousand, or 3,712.9%, to U.S.$37,138 thousand for the nine-month period ended September 30, 2018, from U.S.$974 thousand in the corresponding period in 2017, primarily as a result of increased transportation and gas marketing operations to other thermal generators and industries, as a result of a decline in local natural gas production.

Sales and Operating Costs

The table below presents a breakdown of our sales and operating costs rendered for the nine-month period ended September 30, 2018 and 2017:

	For the Nine-Month Period Ended September 30,	
	2018	**2017**
	(in thousands of U.S.$)	
Personnel costs	6,691	6,336
Commercial management	23	16
Cost of goods and services	2,130	789
Taxes and contributions	6,866	4,349
Consumption of direct inputs (1)	399,349	294,160
Fazni contribution	2,156	1,829
Other services received	543	482
Insurance	2,431	3,170
Fee	48	39
Maintenance and operations	2,928	2,397
Consumption of spare parts	1,690	1,499
Cleaning and cafeteria	355	297
Other costs	253	232
General costs	2,061	1,218
Taxes and royalties	56	51
Services and publications cost	285	266
Energy purchases	1,665	2,140
Other operating costs	430	51
Total	**429,960**	**319,321**
Depreciation and amortization	38,715	31,942

(1) Corresponds mainly to the consumption of gas used in power generation, plus transportation costs of gas, charges for use and connection to the STN, fuel gas tax, fuel gas transport, fixed charge for availability of the storage capacity of the SPEC.

Our sales and operating costs increased by U.S.$110,639 thousand, or 34.6%, to U.S.$429,960 thousand for the nine-month period ended September 30, 2018, from U.S.$319,321 thousand in the corresponding period in 2017, primarily due to a significant increase in our consumption of direct inputs resulting from an increase in fuel and transportation costs related to a higher dispatch of electricity required by the system and, to a lesser extent, the other reasons described below.

Personnel Costs. Our personnel costs increased by U.S.$355 thousand, or 5.6%, to U.S.$6,691 thousand for the nine-month period ended September 30, 2018, from U.S.$6,336 thousand in the corresponding period in 2017, primarily as a result of yearly adjustments due to inflation and appreciation of the *peso* vis-à-vis the U.S. dollar. TEBSA and TECAN's wages are denominated in *pesos*.

Cost of Goods and Services. Our cost of goods and services increased by U.S.$1,341 thousand, or 170.0%, to U.S.$2,130 thousand for the nine-month period ended September 30, 2018, from U.S.$789 thousand in the corresponding period in 2017, primarily as a result of increased services rendered by third parties.

Maintenance and operations. Our cost of maintenance increased by U.S.$531 thousand, or 22.2%, to U.S.$2,928 thousand for the nine-month period ended September 30, 2018, from U.S.$2,397 thousand in the corresponding period in 2017, primarily as a result of: an increased number of scheduled maintenances in 2018 compared to 2017.

Taxes and Contributions. Our taxes and contributions increased by U.S.$2,517 thousand, or 57.9%, to U.S.$6,866 thousand for the nine-month period ended September 30, 2018, from U.S.$4,349 thousand in the corresponding period in 2017, primarily as a result of a higher dispatch of electricity required by the SIN, to which these taxes and contributions are tied.

Insurance. Our insurance fees decreased by U.S.$739 thousand, or 23.3%, to U.S.$2,431 thousand for the nine-month period ended September 30, 2018, from U.S.$3,170 thousand in the corresponding period in 2017, primarily as a result of a price reduction resulting from an insurance program agreement reached with insurers over a three-year period.

FAZNI Contribution. Our FAZNI contributions increased by U.S.$327 thousand, or 17.9%, to U.S.$2,156 thousand for the nine-month period ended September 30, 2018, from U.S.$1,829 thousand in the corresponding period in 2017, primarily as a result of a higher dispatch of electricity required by the SIN, to which these contributions are tied.

Consumption of Direct Inputs. Our consumption of direct inputs increased by U.S.$105,189 thousand, or 35.8%, to U.S.$399,349 thousand for the nine-month period ended September 30, 2018, from U.S.$294,160 thousand in the corresponding period in 2017, primarily as a result of an increase in fuel and transportation requirements due to a higher dispatch of electricity in the SIN and inflation adjustments in respect of our existing fuel and transportation agreements.

Depreciation and Amortization. Our depreciation of operating assets increased by U.S.$6,773 thousand, or 21.2%, to U.S.$38,715 thousand for the nine-month period ended September 30, 2018, from U.S.$31,942 thousand in the corresponding period in 2017, primarily as a result of our capital expenditures in, and renewal and maintenance of our plants, which resulted in new capital expenditures to be depreciated.

Gross Profit

As a result of the foregoing, our gross profit increased by U.S.$11,081 thousand, or 12.3%, to U.S.$100,974 thousand for the nine-month period ended September 30, 2018, from U.S.$89,893 thousand in the corresponding period in 2017.

General and Administrative Expenses

The table below presents a breakdown of our general and administrative expenses for the nine-month periods ended September 30, 2018 and 2017:

	For the Nine-Month Period Ended September 30,	
	2018	**2017**
	(in thousands of U.S.$)	
Personnel cost	3,534	2,872
Fees	2,211	1,678
Taxes and contributions (1)	2,957	2,676
Subscriptions and affiliations	348	236
Maintenance	71	37
Other services received	578	442

	For the Nine-Month Period Ended September 30,	
	2018	2017
Depreciation and amortization	113	98
Insurance	11	7
General costs	247	182
Other effective contributions	95	-
Total	**10,165**	**8,228**

(1) Corresponds mainly to the tax on transferring of funds, wealth tax, and the annual SSPD contribution.

Our general and administrative expenses increased by U.S.$1,937 thousand, or 23.5%, to U.S.$10,165 thousand for the nine-month period ended September 30, 2018, from U.S.$8,228 thousand in the corresponding period in 2017, primarily due to an increase in personnel, to better handle commercial, financial and strategic operations.

Other Operating Expenses, Net

Our other operating expenses, net decreased by U.S.$21,528 thousand, or 95.8%, to U.S.$933 thousand for the nine-month period ended September 30, 2018, from U.S.$22,461 thousand in the corresponding period in 2017, primarily due to a much lower impairment of accounts receivable and inventories.

Foreign Exchange Losses, Net

Our foreign exchange losses, net increased by U.S.$889 thousand, or 168.7%, to U.S.$1,416 thousand for the nine-month period ended September 30, 2018, from U.S.$527 thousand in the corresponding period in 2017, primarily due to a low variation in the exchange rate.

Financial Expenses, Net

Our financial expenses, net decreased by U.S.$2,594 thousand, or 15.6%, to U.S.$14,031 thousand for the nine-month period ended September 30, 2018, from U.S.$16,625 thousand in the corresponding period in 2017, primarily due to reduced interest payments on our loans as a result of a lower outstanding principal amount of our indebtedness for the nine-month period ended September 30, 2018 compared to the corresponding period in 2017.

Income Tax

Our income tax increased by U.S.$6,401 thousand, or 30.3% to U.S.$27,541 thousand for the nine-month period ended September 30, 2018, from U.S.$21,140 thousand in the corresponding period in 2017, primarily due to net profit generated during the nine month periods ended September 30, 2018 and 2017.

Net Profit

As a result of the foregoing, our net profit increased by 124.2%, or U.S.$25,976 thousand, to U.S.$46,888 thousand for the nine-month period ended September 30, 2018, from U.S.$20,912 thousand in the corresponding period in 2017.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following discussion compares our consolidated results of operations for the year ended December 31, 2017 to our consolidated results of operations for the year ended December 31, 2016.

	For the Year Ended December 31,		Variation	
	2017	2016	Amount	(%)
Statement of Profit (Loss):	*(in thousands of U.S.$)*			
Net operating revenue	590,868	497,487	93,381.0	18.8
Sales and operating costs	(432,240)	(338,641)	(93,599.0)	27.6

	For the Year Ended December 31,		Variation	
	2017	2016	Amount	(%)
Depreciation and amortization	(45,978)	(46,778)	800.0	(1.7)
Gross profit	**112,650**	**112,068**	**582.0**	**0.5**
Administrative expenses	(11,391)	(9,769)	(1,622.0)	16.6
Other (expenses) income, net	(22,880)	(670)	(22,210.0)	3,314.9
Exchange gain (loss), net	511	(8,626)	9,137.0	105.9
Financial expenses	(22,186)	(19,766)	(2,420.0)	12.2
Profit (loss) before income tax	**56,704**	**73,237**	**(16,533.0)**	**(22.6)**
Income tax:				
Current	(439)	(189)	(250.0)	132.3
Deferred	(26,408)	(25,165)	(1,243)	4.9
Net profit (loss)	**29,857**	**47,883**	**(18,026)**	**(37.6)**

Net Revenue

The table below presents a breakdown of our net revenues for the years ended December 31, 2017 and 2016:

	For the Year Ended December 31,	
	2017	2016
	(in thousands of U.S.$)	
Reliability charge – DV (1)	159,272	101,211
Reliability charge – RV (2)	(71,974)	(57,807)
Regulated revenue	30,149	1,516
Energy sales on the market	466,801	431,355
Starts and stops	79	229
Capacity charge	-	10,964
Energy delivered	-	2,755
Adjustment for tax variations	-	1,780
Additional mandate agreement	-	47
Substation compensation	3,073	1,763
Transportation and gas marketing	2,687	3,628
Sale of energy backup	749	-
Other services	2	26
Fees for substation management and operation	30	20
Total	**590,868**	**497,487**

(1) DV is the Reliability Charge compensation to be received by the individual generators.

(2) RV is the sum that ASIC collects from generators, for every KWh generated by and traded in the market (CERE). RV is a generation cost expressed in Col$/KWh, and is incorporated by agents in all energy transactions.

Our net revenues increased by U.S.$93,381 thousand, or 18.8%, to U.S.$590,868 thousand for the year ended December 31, 2017, from U.S.$497,487 thousand for the year ended December 31, 2016, primarily due to the reasons described below.

Reliability Charge. Net revenues from the Reliability Charge increased by U.S.$58,061 thousand, or 57.4%, to U.S.$159,272 thousand for the year ended December 31, 2017, from U.S.$101,211 thousand for the year ended December 31, 2016, primarily as a result of TEBSA receiving Reliability Charge revenues during the entire year in 2017 as compared to receiving Reliability Charge revenues since the expiration of TEBSA's PPA with Gecelca and start of commercial operations on April 21, 2016, during such fiscal year.

Regulated Revenue. Our net revenues from Regulated Revenue increased by U.S.$28,633 thousand, or 1,888.7%, to U.S.$30,149 thousand for the year ended December 31, 2017, from U.S.$1,516 thousand for the year ended December 31, 2016, primarily as a result of the commencement of commercial operations of the SPEC facility, on December 13, 2016, which allowed us to receive Regulated Revenue as an incentive for backing-up our OEFs with contracted capacity from the SPEC facility.

Open market sales of energy. Our gross revenues from in-merit and out-of-merit generation sales in the spot market increased by U.S.$35,446 thousand, or 8.2%, to U.S.$466,801 thousand for the year ended December 31, 2017, from U.S.$431,355 thousand for the year ended December 31, 2016, primarily as a result of a full year of commercial operation of TEBSA's plant, as discussed above.

Capacity charge, Energy delivered, Adjustment for tax variations, Additional management agreement. Our net revenues from services provided under the PPA with Gecelca ended in April of 2016. Therefore, we recorded U.S.$15,546 thousand of revenues from these services for the year ended December 31, 2016 and nothing for the year ended December 31, 2017.

Sales and operating costs

The table below presents a breakdown of our sales and operating costs for the years ended December 31, 2017 and 2016:

	For Year Ended December 31,	
	2017	**2016**
	(in thousands of U.S.$)	
Personnel cost	8,200	7,053
Costs of goods and services	1,117	3,012
Commercial management	12	-
Taxes and contributions	5,750	6,432
Fazni contribution	2,431	1,765
Other services received	643	1,259
Insurance	4,153	4,007
Fee	53	985
Maintenance and operations	3,768	3,446
Consumption of spare parts	2,096	2,332
Cleaning and cafeteria	353	329
Other costs	388	305
General costs	1,608	1,130
Taxes and royalties	65	552
Consumption of direct inputs (1)	398,628	304,986
Services and publications cost	359	485
Energy purchases	2,412	451
Other Operating costs	204	112
Total	**432,240**	**338,641**
Depreciation and amortization	45,978	46,778

(1) Corresponds mainly to the consumption of gas and diesel used in power generation, plus transportation costs of gas, fixed charge for diesel fuel supply and disbursement, and fixed charge for availability of the storage capacity of the SPEC.

Our sales and operating costs increased by U.S.$93,599 thousand, or 27.6%, to U.S.$432,240 thousand for the year ended December 31, 2017, from U.S.$338,641 thousand for the year ended December 31, 2016, primarily due to the reasons described below.

Personnel Costs. Our personnel costs increased by U.S.$1,147 thousand, or 16.3%, to U.S.$8,200 thousand for the year ended December 31, 2017, from U.S.$7,053 thousand for the year ended December 31, 2016, primarily as a result of: additional personnel contracted as part of the commercial team, annual payroll adjustments associated with inflation and the revaluation of the *peso* vis-à-vis the U.S. dollar in 2017.

Energy purchases. Our energy purchases increased by U.S.$1,961 thousand, to 434.8%, to U.S.$2,412 thousand for the year ended December 31, 2017, from U.S.$451 thousand for the year ended December 31, 2016, primarily as a result of increased scheduled maintenances in 2017 compared to 2016 resulting in additional energy purchases made to comply with contracted OEFs.

Maintenance and operations. Our cost of maintenance increased by U.S.$322 thousand, or 9.3%, to U.S.$3,768 thousand for the year ended December 31, 2017, from U.S.$3,446 thousand for the year ended December 31, 2016, primarily as a result of a maintenance schedule requiring a slight increase in maintenance compared to the previous year.

Taxes and Contributions. Our taxes and contributions decreased by U.S.$682 thousand, or 10.6%, to U.S.$5,750 thousand for the year ended December 31, 2017, from U.S.$6,432 thousand for the year ended December 31, 2016, primarily as a result of lower electricity generation by TEBSA in 2017 as a result of La Niña compared to 2016 resulting in lower environmental contributions paid by TEBSA that are tied to electricity generation.

Insurance. Our insurance fees increased by U.S.$146 thousand, or 3.6%, to U.S.$4,153 thousand for the year ended December 31, 2017, from U.S.$4,007 thousand for the year ended December 31, 2016, primarily as a result of a slight increase in insurance premiums paid in 2017.

FAZNI Contributions. Our FAZNI contributions increased by U.S.$666 thousand, or 37.7%, to U.S.$2,431 thousand for the year ended December 31, 2017, from U.S.$1,765 thousand for the year ended December 31, 2016, primarily as a result of increased electricity generation in 2017, to which these contributions are tied.

Consumption of Direct Inputs. Our consumption of direct inputs increased by U.S.$93,642 thousand, or 30.7% to U.S.$398,628 thousand for the year ended December 31, 2017, from U.S.$304,986 thousand for the year ended December 31, 2016, primarily as a result of an increase in electricity generation due to the commencement of commercial operations in TEBSA resulting in an increase in fuel and transportation requirements.

Depreciation and Amortization. Our depreciation of operating assets decreased by U.S.$800 thousand, or 1.7%, to U.S.$45,978 thousand for the year ended December 31, 2017, from U.S.$46,778 thousand for the year ended December 31, 2016.

Gross Profit

As a result of the foregoing, our gross profit increased by U.S.$582 thousand, or 0.5%, to U.S.$112,650 thousand for the year ended December 31, 2017, from U.S.$112,068 thousand for the year ended December 31, 2016.

Administrative Expenses

The table below presents a breakdown of our general and administrative expenses for the years ended December 31, 2017 and 2016:

	For the Year Ended December 31,	
	2017	**2016**
	(in thousands of U.S.$)	
Personnel cost	3,675	3,021
Fees	2,702	2,213
Taxes and contributions (1)	3,157	3,017
Subscriptions and Affiliations	388	425
Maintenance	274	74
Other services received	654	590
Depreciation and amortization	136	172
Insurance	9	3
Wealth taxes	-	15
General costs	274	173
Contributions imposed and effective	122	66
Total	**11,391**	**9,769**

(1) Corresponds mainly to the tax on transferring of funds, wealth tax, and the annual SSPD contribution.

Our administrative expenses increased by U.S.$1,622 thousand, or 16.6%, to U.S.$11,391 thousand for the year ended December 31, 2017, from U.S.$9,769 thousand for the year ended December 31, 2016, primarily due to increases of personnel cost, fees, taxes and contributions and the effect of the appreciation of the *peso* vis-à-vis the U.S. dollar on our *peso*-denominated expenses.

Other Operating Expenses, Net

Our other operating expenses, net increased by U.S.$22,210 thousand to U.S.$22,880 thousand for the year ended December 31, 2017, from U.S.$670 thousand for the year ended December 31, 2016, primarily due to the impairment of accounts receivable from Electrificadora del Caribe for an amount of U.S.$9,377 thousand, and a governmental fine of U.S.$11,822 thousand imposed on TECAN for the alleged non-compliance with certain regulatory requirements. In October 2018, the Colombian constitutional court ruled against this type of fine, determining it was unconstitutional.

Exchange Gain (Losses), Net

We recorded foreign exchange losses, net of U.S.$8,626 thousand for the year ended December 31, 2016 compared to foreign exchange gains, net of U.S.$511 thousand for the year ended December 31, 2017, primarily due to a lower variation of the *peso* exchange rate in 2017 as compared to 2016.

Financial Expenses, Net

Our financial expenses, net increased by U.S.$2,420 thousand, or 12.2%, to U.S.$22,186 thousand for the year ended December 31, 2017, from U.S.$19,766 thousand for the year ended December 31, 2016, primarily due to interests owed by TECAN under the TECAN Creditors' Agreement (as described in "—Liquidity and Capital Resources—Material Financing Agreements and Other Obligations") as a result of the end of the intervention period.

Income Tax

Our income tax increased by U.S.$1,493 thousand, or 6.9%, to U.S.$26,847 thousand for the year ended December 31, 2017, from U.S.$25,354 thousand for the year ended December 31, 2016, which represents an increase in the effective tax rate of 35% in 2016 to 47% in 2017. Such increase is primarily due to the payment of nondeductible regulatory fines and other nondeductible expenses in 2017.

Net Profit (Loss)

As a result of the foregoing, our net profit decreased by U.S.$18,026 thousand, or 37.6%, to U.S.$29,857 thousand for the year ended December 31, 2017, from U.S.$47,883 thousand for the year ended December 31, 2016.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

The following discussion compares our consolidated results of operations for the year ended December 31, 2016 to our consolidated results of operations for the year ended December 31, 2015.

	For the Year Ended December 31,		**Variation**	
	2016 (1)	**2015 (1)**	**Amount**	**(%)**
Statement of Profit (Loss):	*(in thousands of U.S.$)*			
Net operating revenue	497,487	93,287	404,200	433.3
Sales and operating costs	(338,641)	(117,280)	(221,361)	188.7
Depreciation and amortization	(46,778)	(33,720)	(13,058)	38.7
Gross profit	**112,068**	**(57,713)**	**169,781**	(294.2)
Administrative expenses	(9,769)	(7,228)	(2,541)	35.2
Other (expenses) income, net	(670)	801	(1,471)	(183.6)
Exchange gain (loss), net	(8,626)	7,861	(16,487)	(209.7)
Financial expenses	(19,766)	(16,221)	(3,545)	21.9

	For the Year Ended December 31,		Variation	
	2016 (1)	2015 (1)	Amount	(%)
Profit (loss) before income tax	**73,237**	**(72,500)**	**145,737**	(201.0)
Income tax:				
Current	(189)	(1,122)	933	(83.2)
Deferred	(25,165)	31,991	(57,156)	(178.7)
Net profit (loss)	**47,883**	**(41,631)**	**89,514**	(215.0)

(1) The financial results for the year ended December 31, 2016 and 2015 for each of TPL and TEBSA have limited comparability as a result of a change in our commercial strategy. See "Presentation of Financial and Other Information—Comparability of 2016 and 2015 Audited Financial Statements.

Net Revenue

The table below presents a breakdown of our net revenues for the years ended December 31, 2016 and 2015:

	For the Year Ended December 31,	
	2016	2015
	(in thousands of U.S.$)	
Reliability charge – DV (1)	101,211	24,097
Reliability charge – RV (2)	(57,807)	(2,612)
Regulated revenue	1,516	-
Energy sales on the market	431,355	17,723
Starts and stops	229	173
Capacity charge (3)	10,964	36,951
Energy delivered	2,755	8,014
Adjustment for tax variations	1,780	5,147
Additional mandate agreement	47	3,728
Substation compensation	1,763	-
Transportation and gas marketing	3,628	-
Sale of energy backup	-	-
Other services	26	44
Fees for substation management and operation	20	22
Total	**497,487**	**93,287**

(1) DV is the Reliability Charge compensation to be received by the individual generators.
(2) RV is the sum that ASIC collects from generators, for every KWh generated by and traded in the market (CERE). RV is a generation cost expressed in Col$/KWh, and is incorporated by agents in all energy transactions.
(3) Related to revenues derived from the PPA agreement with Gecelca which expired on April 20, 2016.

Our net revenues increased by U.S.$404,200 thousand, or 433.3%, to U.S.$497,487 thousand for the year ended December 31, 2016, from U.S.$93,287 thousand for the year ended December 31, 2015, primarily due to the reasons described below.

Reliability Charge. Our net revenues from the Reliability Charge increased by U.S.$77,114 thousand, or 320.0%, to U.S.$101,211 thousand for the year ended December 31, 2016, from U.S.$24,097 thousand for the year ended December 31, 2015, primarily as a result of the commencement of TEBSA's direct commercial operation in the energy market after the expiration of the PPA with Gecelca on April 20, 2016.

Capacity charge, Energy delivered, Adjustment for tax variations, Additional management agreement. Our net revenues from services provided under the PPA with Gecelca ended on April 20, 2016, resulting in a decrease of U.S.$38,294 thousand, or 71.1%, in revenues associated with such PPA for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Open market sales of energy. Our gross revenues from in-merit and out-of-merit generation sales in the spot market increased by U.S.$413,632 thousand, or 2,333.9%, to U.S.$431,355 thousand for the year ended December 31, 2016, from U.S.$17,723 thousand for the year ended December 31, 2015, primarily as a result of the commencement of TEBSA's direct commercial operation in the energy market after the expiration of the PPA with Gecelca on April 20, 2016.

Other Services. Our net revenues from other services, such as substation remuneration and operation, starts and stops, transportation and gas marketing, sale of energy by backup and substation fees for management, increased by U.S.$5,427 thousand, or 2,270.7%, to U.S.$5,666 thousand for the year ended December 31, 2016, from U.S.$239 thousand for the year ended December 31, 2015, primarily as a result of the commencement of TEBSA's direct commercial operation in the energy market after the expiration of the PPA with Gecelca on April 20, 2016, and TPL recording substation revenues that were previously received by Gecelca.

Sales and Operating Costs

The table below presents a breakdown of our sales and operating costs for the years ended December 31, 2016 and 2015:

	For Year Ended December 31,	
	2016	**2015**
	(in thousands of U.S.$)	
Personnel cost	7,053	6,511
Costs of goods and services	3,012	63,216
Commercial management	-	-
Taxes and contributions	6,432	5,385
Fazni contribution	1,765	-
Other services received	1,259	4,240
Insurance	4,007	4,212
Fee	985	2,608
Maintenance and operations	3,446	836
Consumption of spare parts	2,332	1,490
Cleaning and cafeteria	329	378
Other costs	305	389
General costs	1,130	918
Taxes and royalties	552	141
Consumption of direct inputs (1)	304,986	26,176
Services and publications cost	485	457
Energy purchases	451	-
Other Operating costs	112	323
Total	**338,641**	**117,280**
Depreciation and amortization	46,778	33,719

(1) Corresponds mainly to the consumption of gas and diesel used in power generation, plus transportation costs of gas, fixed charge for diesel fuel supply and disbursement, and fixed charge for availability of the storage capacity of the SPEC.

Our sales and operating costs rendered increased by U.S.$221,361 thousand, or 188.7%, to U.S.$338,641 thousand for the year ended December 31, 2016, from U.S.$117,280 thousand for the year ended December 31, 2015, primarily due to the reasons described below.

Personnel Costs. Our personnel costs increased by U.S.$542 thousand, or 8.3%, to U.S.$7,053 thousand for the year ended December 31, 2016, from U.S.$6,511 thousand for the year ended December 31, 2015, primarily as a result of increases to the minimum wage in Colombia.

Maintenance and operations. Our cost of maintenance increased by U.S.$2,610 thousand, or 312.2%, to U.S.$3,446 thousand for the year ended December 31, 2016, from U.S.$836 thousand for the year ended December 31, 2015, primarily as a result of two inspections required by the scheduled maintenance for the year ended December 31, 2016 compared to one inspection required by the scheduled maintenance the year ended December 31, 2015.

Taxes and Contributions. Our taxes and contributions increased by U.S.$1,047 thousand, or 19.4%, to U.S.$6,432 thousand for the year ended December 31, 2016, from U.S.$5,385 thousand for the year ended December 31, 2015, primarily as a result of greater electricity generation by TEBSA in 2016 as a result of El Niño compared to 2015 resulting in increased environmental contributions paid by TEBSA that are tied to electricity generation.

Insurance. Our insurance fees decreased by U.S.$205 thousand, or 4.9%, to U.S.$4,007 thousand for the year ended December 31, 2016, from U.S.$4,212 thousand for the year ended December 31, 2015, primarily as a result of decreased insurance premiums paid in 2016 following commercial negotiations with insurers.

Consumption of Direct Inputs. Our consumption of direct inputs increased by U.S.$278,810 thousand, or 1,065.1%, to U.S.$304,986 thousand for the year ended December 31, 2016, from U.S.$26,176 thousand for the year ended December 31, 2015, primarily as a result of TEBSA requiring its own gas supply and transportation after the commencement of TEBSA's direct commercial operation in the energy market after the expiration of the PPA with Gecelca on April 20, 2016.

Depreciation and Amortization. Our depreciation of operating assets decreased by U.S.$13,059 thousand, or 38.7%, to U.S.$46,778 thousand for the year ended December 31, 2016, from U.S.$33,719 thousand for the year ended December 31, 2015, in accordance to investment in maintenance carried out that year.

Gross Profit

As a result of the foregoing, our gross profit increased by U.S.$169,781 thousand, to U.S.$112,068 thousand for the year ended December 31, 2016, from losses of U.S.$57,713 thousand for the year ended December 31, 2015.

Administrative Expenses

The table below presents a breakdown of our general and administrative expenses for the years ended December 31, 2016 and 2015:

	For the Year Ended December 31,	
	2016	2015
	(in thousands of U.S.$)	
Personnel cost	3,021	2,867
Fees	2,213	2,006
Taxes and contributions (1)	3,017	970
Subscriptions and Affiliations	425	168
Maintenance	74	80
Other services received	590	666
Depreciation and amortization	172	211
Insurance	3	8
Wealth taxes	15	-
General costs	173	169
Contributions imposed and effective	66	83
Total	**9,769**	**7,228**

(1) Corresponds mainly to the tax on transferring of funds, wealth tax, and the annual SSPD contribution.
(2) Includes variables costs associated with generation such as AGC, FAZNI, CERE and Law 99.

Our general and administrative expenses increased by U.S.$2,541 thousand, or 35.2%, to U.S.$9,769 thousand for the year ended December 31, 2016, from U.S.$7,228 thousand for the year ended December 31, 2015, primarily due to increases of personnel cost, fees, and taxes and contributions.

Other (Expenses) Income, Net

We recorded other operating expenses, net of U.S.$670 thousand for the year ended December 31, 2016, compared to other operating income, net of U.S.$801 thousand for the year ended December 31, 2015, primarily due to recoveries related to pension plans which were obtained in 2015.

Foreign Exchange Losses, Net

We recorded foreign exchange losses, net of U.S.$8,626 thousand for the year ended December 31, 2016, compared to foreign exchange gains, net of U.S.$7,861 thousand for the year ended December 31, 2015, primarily due to a depreciation in the *peso* against the U.S. dollar for the year ended December 31, 2015 compared to an appreciation of the *peso* against the U.S. dollar for the year ended December 31, 2016.

Financial Expenses, Net

Our financial expenses, net increased by U.S.$3,545 thousand, or 21.9%, to U.S.$19,766 thousand for the year ended December 31, 2016, from U.S.$16,221 thousand for the year ended December 31, 2015, primarily due to increased interest expenses as a result of increased outstanding indebtedness of TEBSA for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Income Tax

We recorded an income tax of U.S.$25,354 thousand for the year ended December 31, 2016 compared to an income tax gain of U.S.$30,869 thousand for the year ended December 31, 2015, primarily due to generating taxable income for the year ended December 31, 2016 compared to no taxable income for the year ended December 31, 2015.

Net Profit (Loss)

As a result of the foregoing, we recorded a net loss of U.S.$41,631 thousand for the year ended December 31, 2015 compared to a net profit of U.S.$47,883 thousand for the year ended December 31, 2015.

Cash Flows

Nine-Month Period Ended September 30, 2018 Compared to the Nine-Month Period Ended September 30, 2017

The following discussion compares our cash flows for the nine-month period ended September 30, 2018 to our cash flows for the corresponding period in 2017.

	Nine-Month Period Ended September 30,	
	2018	**2017**
	(in thousands of U.S.$)	
Net cash provided by (used in)		
Operating activities	89,013	87,730
Investing activities	(19,301)	(18,268)
Financing activities	(48,151)	(112,969)
Net increase (decrease)	21,561	(43,507)

Cash Provided by Operating Activities

Cash provided by operating activities for the nine-month period ended September 30, 2018 amounted to U.S.$89,013 thousand compared to U.S.$87,730 thousand for the corresponding period in 2017, primarily due to a slightly better operating performance during the nine-month period ended September 30, 2018 despite lower revenues in connection with the Reliability Charge.

Cash (Used in) Investing Activities

Cash used in investing activities for the nine-month period ended September 30, 2018 amounted to U.S.$19,301 thousand compared to U.S.$18,268 thousand for the corresponding period in 2017, primarily due to additions to property, plant and equipment and increased prepayments under the HGPSA.

Cash (Used in) Financing Activities

Cash used in financing activities for the nine-month period ended September 30, 2018 amounted to U.S.$48,151 thousand compared to U.S.$112,969 thousand for the corresponding period in 2017, primarily due to a decrease in payment of principal and interest on loans and financings as a result of a lower outstanding principal amount of indebtedness. In addition, TPL paid a lower amount of dividends during the nine-month period ended September 30, 2018 compared to the corresponding period in 2017.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following discussion compares our cash flows for the year ended December 31, 2017 to our cash flows for the year ended December 31, 2016.

	Year Ended December 31,	
	2017	**2016**
	(in thousands of U.S.$)	
Net cash provided by (used in)		
Operating activities	112,665	104,319
Investing activities	(28,015)	(20,874)
Financing activities	(143,841)	(13,663)
Net increase (decrease)	**(59,191)**	**69,782**

Cash Provided by (Used in) Operating Activities

Cash provided by operating activities for the year ended December 31, 2017 amounted to U.S.$112,665 thousand compared to U.S.$104,319 thousand for the year ended December 31, 2016, primarily due to a decrease in receivables for the year ended December 31, 2017 as a result of recording a full year of direct commercial operations in the energy market compared to an increase in receivables during the year ended December 31, 2016.

Cash Provided by (Used in) Investing Activities

Cash used in investing activities for the year ended December 31, 2017 amounted to U.S.$28,015 thousand compared to U.S.$20,874 thousand for the year ended December 31, 2016, primarily due to more investments in property, plant, and equipment and prepayments under the HGPSA agreement.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities for the year ended December 31, 2017 amounted to U.S.$143,841 thousand compared to U.S.$13,663 thousand for the year ended December 31, 2016, primarily due to payment of dividends as well as significant increase of payments of interest and principal under existing loans and financings for the year ended December 31, 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

The following discussion compares our cash flows for the year ended December 31, 2016 to our cash flows for the year ended December 31, 2015.

	Year Ended December 31,	
	2016	**2015**
	(in thousands of U.S.$)	

Net cash provided by (used in)		
Operating activities	104,319	28,004
Investing activities	(20,874)	(19,019)
Financing activities	(13,663)	(5,734)
Net increase (decrease)	**69,782**	**3,251**

Cash Provided by (Used in) Operating Activities

Cash provided by operating activities for the year ended December 31, 2016 amounted to U.S.$104,319 thousand compared to U.S.$28,004 thousand for the year ended December 31, 2015, primarily due to recording net losses for the year ended December 31, 2015 and recording a net profit for the year ended December 31, 2016.

Cash Provided by (Used in) Investing Activities

Cash used in investing activities for the year ended December 31, 2016 amounted to U.S.$20,874 thousand compared to U.S.$19,019 thousand for the year ended December 31, 2015 primarily as a result of increased prepayments under the HGPSA and partially offset by reduced investments in property, plant and equipment for the year ended December 31, 2016.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities for the year ended December 31, 2016 amounted to U.S.$13,663 thousand compared to U.S.$5,734 thousand for the year ended December 31, 2015, primarily due increased payments of interest and principal under loans and financings for the year ended December 31, 2016.

Liquidity and Capital Resources

We expect our sources of liquidity and capital to include:

- cash generated from our operations;
- working capital bank facilities; and
- debt we may incur in the future.

Our cash requirements are primarily destined to fund:

- operation, maintenance and administrative expenses;
- capital expenditures;
- interest expense;
- principal repayments of debt; and
- income taxes of our subsidiaries.

Capital Expenditures

Capital expenditures for the nine-month period ended September 30, 2018 amounted to U.S.$18,241 thousand compared to U.S.$16,949 thousand for the corresponding period in 2017. During the nine-months ended September 30, 2018, our capital expenditures included higher expenses related to works in progress, as compared to the corresponding period in 2017. During the nine-month period ended September 30, 2017, our capital expenditures consisted of prepayments of HGPSA and the continuation of our maintenance program.

Capital expenditures for the year ended December 31, 2017 amounted to U.S.$26,278 thousand compared to U.S.$19,993 thousand for the year ended December 31, 2016. Our capital expenditures for the year ended December 31, 2017 included the acquisition of property, plant and equipment in amount equal to U.S.$12,855 thousand, including a U.S.$4,361 thousand investment related to refurbishing TBQ3's boiler, and U.S.$4,515 thousand related to a purchase of a stator.

For the years ended December 31, 2018 and December 31, 2019, we have budgeted capital expenditures in the amount of approximately U.S.$23,951 thousand and U.S.$19,147 thousand, respectively. These capital expenditures are expected to be financed from cash provided by our operations and are expected to cover HGPSA prepayments, and maintenance of current equipment.

TECAN is currently in the process of developing a project for converting its power plant to a CCGT cycle. The total execution time currently estimated for this project is 30 months, and we expect to invest approximately U.S.$220 million. We believe that a conversion to CCGT will place TECAN in a strong position to dispatch out-of-merit generation when compared to other coastal generators other than TEBSA, and in a strong position to dispatch in-merit generation, and could allow TECAN to participate in an additional ten-year OEF allocation as of COD, if additional regulatory adjustments are made. See "Business—The TECAN Power Plant—Conversion to CCGT."

Loans and Financings

As of September 30, 2018, the aggregate principal amount of our outstanding debt amounted to U.S.$175,499 thousand (represented by the principal amount of current and non-current loans, net of amortized costs of syndicated loan and accrued interest) of which U.S.$121,611 thousand was secured debt. As of September 30, 2018, all of our financial debt was denominated in U.S. Dollars.

The following table summarizes our financial debt as of September 30, 2018:

Loan	Maturity	Rate	Outstanding
			(in thousands of U.S.$)
Bancolombia Panamá	October 2021	Libor + 4.50%	31,293
Banco Davivienda	October 2021	Libor + 4.50%	27,611
Bancaribe Curazao Bank N.V.	October 2021	Libor + 4.50%	3,680
Banco Colpatria S.A.	October 2021	Libor + 4.50%	34,054
Banco de Bogotá	March 2018	IBR + 2.90%	-
Banco de Bogotá New York	December 2022	Libor + 3.50%	24,871
Banco de Bogotá New York	November 2018	Libor + 0.72%	12,757
Davivienda Panamá	October 2018	Libor + 1.00%	7,057
Banco BBVA (previously Gecelca S.A. E.S.P)	February 2028	13.5%	34,074
Finance Lease	August 2020	DTF + 4.30%	102
Subtotal			**175,499**
Current portion of long-term debt			(57,084)
Total long-term debt			**118,415**

Material Financing Agreements and Other Obligations

On October 26, 2016, TPL, as borrower, entered into a secured financing agreement with Banco Colpatria Multibanca Colpatria S.A., Bancolombia Panamá S.A., Banco Davivienda S.A. and Bancaribe Curazao Bank N.V., as lenders, with Cititrust Colombia S.A. Sociedad Fiduciara, as administrative agent, and Bancolombia Panamá, as local collateral agent, in an aggregate principal amount of U.S.$105 million. The loan was guaranteed by TECAN, Enerpro, Los Amigos, Merchant Project and Inversiones Termocandelaria S.A. The loan matures on October 26, 2021 and bears interest at LIBOR plus 4.50% with principal being repaid on a semi-annual basis and interest being paid quarterly. The loan is secured by: (1) a first lien on all of the outstanding capital stock of Inversiones Termocandelaria S.A., Merchant Project, Enerpro and TermoCandelaria GP; and (2) a first lien security interest on the assets owned by Enerpro, which includes the TEBSA power plant and its related equipment and machinery.

On December 19, 2017, TEBSA, as borrower, entered into a secured financing agreement with Banco de Bogotá S.A., New York Agency, in an aggregate principal amount of U.S.$25 million, the proceeds of which were used to repay a loan in *pesos* with Banco de Bogotá S.A. The loan has a five-year term from December 20, 2017 and bears interest at LIBOR plus 3.50% with interest being repaid on a semi-annual basis. The loan has an amortizing feature requiring 50% of the aggregate principal outstanding amount to be repaid in year four and the remaining principal at maturity. The loan is secured by accounts receivables transferred by TEBSA to a trust related to: (a) energy spot market transactions; (b) natural gas transportation and supply; (c) long-term energy supply agreements; and (d) supply of energy backed by the Reliability Charge.

As a result of the intervention by the SSPD, on June 3, 2016, TECAN, as borrower, entered into a creditors' agreement, or the TECAN Creditors' Agreement, related to all debt that TECAN owed to its suppliers, lenders, electricity agents of the MEM and Enerpro in an aggregate amount of Col$485 billion. Payments of principal under the TECAN Creditors' Agreement are required to be made in 60 equal monthly installments commencing the second month after the intervention period ends. This agreement bore interest of 0% during the intervention period and then bore monthly interest at a rate of IBR plus 0.5% to be paid in 12 equal monthly installments after the foregoing amortization period has ended. The TECAN Creditors' Agreement has a cash waterfall mechanism that prioritizes the operations of TECAN and the payment of its debt to its financial creditors. This agreement was secured by revenue transferred to a trust agreement.

We intend to use a portion of the proceeds from this offering to repay the above financings in full on the issue date, and expect to release the liens securing such financing as soon as practicable following repayment. See "Use of Proceeds" and "Description of Notes—Covenants—Use of Proceeds and Release of Liens."

As of September 30, 2018, we were in compliance with our financial covenants.

Contractual Obligations

Set forth below is a summary of our contractual obligations (including interest and amortized cost) as of September 30, 2018:

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
		(in thousands of U.S.$)			
Debt obligations	175,499	19,814	109,375	12,436	34,074
Fuel commitments (1)	1,161,709	306,627	644,688	210,394	-
TUAs (2)	6,728,508	747,612	2,242,836	1,495,224	2,242,836
Transportation commitments (3)	740,464	114,009	290,218	152,297	183,940
Equipment commitments (4)	175,459	13,583	40,749	27,166	93,961
Total	8,981,639	1,201,645	3,327,667	1,897,517	2,554,811

(1) Corresponds to current gas supply agreements.
(2) Corresponds to fixed costs during the year ended December 31, 2017. Going forward, these cost are indexed to the US PPI. These costs exclude variable regasification cost.
(3) This corresponds to current transportation contracts. Modifications to these or new contracts may arise.
(4) This includes the LTMA between TECAN and Mitsubishi and the HGPPSA between TEBSA and GE Global Parts and Products GmbH.

Quantitative and Qualitative Disclosures of Market Risks

We are exposed to market risks associated with spot price of energy, commodity prices, interest rates and currency exchange rates. Our primary market risk exposure is to the spot price of energy and how commodities impact our spot price.

Commodity Price Risk

We are exposed to risk resulting from changes in the cost of natural gas and other fuel commodities. We currently acquire the natural gas required for the operation of our power plants from SPEC under the TUA that currently expires on November 30, 2026 (but is renewable for an additional five years). TEBSA and TECAN agree to pay a fixed annual fee as well as a variable fee based on the amount of LNG being regasified at any given moment.

Spot market prices depend directly on, among other factors, hydrological conditions, with prices increasing during below-average rainfall seasons and falling during years of high rainfall levels. Furthermore, spot market prices are affected by international supply and demand of electricity, international oil and natural gas prices (particularly in dry seasons), energy laws and regulations and taxes. As a result, income from in-merit and out-of-merit generation sales may fluctuate, which may adversely affect our financial condition and results of operations.

Interest Rate Risk

We are exposed to risk resulting from changes in interest rates as a result of our incurrence of variable- and fixed-rate debt. As of September 30, 2018, our variable interest rate indebtedness obligations was U.S.$141,425 thousand and our fixed-rate indebtedness obligations was U.S.$34,074 thousand.

As of the date of this offering memorandum, we had no hedges for our exposure to changes in interest rates.

Currency Exchange Risk

Currency risk is the risk of incurring economic losses due to adverse changes in exchange rates of currencies other than our functional currency. Since the majority of our revenues and expenses, including purchases and operating expenses, are denominated in U.S. dollars, our foreign exchange risk arises from our exposure to currencies other than the U.S. dollar. Because our functional currency is the U.S. dollar, we translate the value of monetary assets and liabilities denominated in *pesos* into U.S. dollars when preparing our financial statements. This translation can create foreign exchange gains or losses depending on the fluctuation of the *peso* against the U.S. dollar. For the nine-month period ended September 30, 2018 and the year ended December 31, 2017, we recognized foreign exchange losses of U.S.$1,416 thousand and gains of U.S.$511 thousand, respectively.

Off-Balance Sheet Arrangements

As of the date of this offering memorandum, we do not have any off-balance sheet arrangements.

INDUSTRY AND REGULATORY OVERVIEW

Overview

The Colombian electricity sector is comprised of 74 electricity generation companies, 16 national transmission companies, of which only two are exclusively dedicated to the electricity transmission business, 32 local and regional distribution and transmission companies and 38 licensed wholesale electricity traders. As of March, 2018, Colombia had 62,308 GWh of demand, and an installed capacity of 16,853 MW. The installed capacity was comprised of 11,759 MW, 4,309 MW, and 161 MW from hydro, thermal and from non-conventional sources of renewable energy, respectively. Colombia's total energy demand has increased over the last five years. Its demand totaled approximately 61,000 GWh, 64,000 GWh, 66,000 GWh, 66,000 GWh, and 67,000 GWh for 2013, 2014, 2015, 2016, and 2017, respectively. Generators and distributors also act as traders of electricity; however, except for power utilities that were vertically integrated prior to 1994, generators cannot engage in electricity distribution and vice versa, and electricity transmission companies cannot engage in the generation, distribution or trading of electricity.

Almost all of the electricity used in Colombia is generated domestically; however, Colombia's STN is interconnected at three points to the Venezuelan grid and at two points to the Ecuadorian grid. In 2017, 0.3% of Colombia's electricity consumption was supplied over these interconnections. In 2017 and 2016, Colombia exported 0.42 GWh and 0.85 GWh, respectively, to Venezuela. Colombia imported 194.23 GWh from and exported 18.52 GWh to Ecuador in 2017 and imported 378.3 GWh from and exported 43.9 GWh to Ecuador in 2016.

Substantially all of the electricity consumed in Colombia is initially purchased at unregulated prices by electricity traders, which then resell the electricity to (1) other traders at freely negotiated prices, Unregulated Customers (which are electricity consumers that either have a peak demand greater than 0.10 MW or (2) a minimum monthly consumption greater than 55.0 MWh), or (3) distributors at regulated prices who sell it to Regulated Customers, whose peak demand or monthly consumption is below these thresholds. Generally, electricity is delivered to end-users through the networks of local distribution companies, although some large end-users have direct interconnections to regional transmission networks or the STN.

History

From 1980 to 1996, the Colombian electricity industry was heavily regulated by the Colombian Government, which often set prices charged to end-users of electricity below the cost of the electricity consumed and encouraged excess consumption and waste. The combination of a high debt load, artificially low prices and the devaluation of the *peso* in 1995 led to a financial crisis in the sector that culminated in the Colombian Government assuming control of, or significant ownership stakes in, a majority of the Colombian electricity utilities by exchanging debt owed by such utilities to the Colombian Government for equity interests in the utilities.

Beginning in 1991, the Colombian Government sought to restructure the electricity sector by implementing a series of policy reforms aimed at reducing administrative inefficiency in electric enterprises, establishing a revenue structure that would allow electricity companies to recover the true economic cost of electric services, strengthening the finances of electric enterprises and establishing schemes for the participation of private entities in the electricity sector. Based on the policy of the new 1991 Colombian Constitution, according to which the Colombian Government must fulfill the role of regulator, controller and watch dog of the energy sector rather than the role of manager, a major part of the assets that were held by the Colombian Government have been sold.

In 1994, the Colombian Congress enacted Law 142 and Law 143. These laws substantially restructured the Colombian electricity sector and provide the basic structure and regulatory framework of the sector today. The principal reforms initiated by these laws, which are discussed in further detail below, were: (i) a change in the Colombian Government's role in the sector from direct management, ownership and control of electric utilities to ordinary regulation and surveillance of electric utilities; (ii) the opening of the industry to private sector participation; (iii) the creation of an open and competitive wholesale electricity market; (iv) the regulation of transmission and distribution activities as monopolies and (v) the establishment of universal access to transmission and distribution networks.

Laws and Regulations

The Colombian Constitution provides that it is the Colombian Government's duty to ensure that public utilities are made available in an efficient manner to all of the country's inhabitants. Law 142 provides the broad regulatory framework for the provision of domestic public utility services, including electricity and gas, and Law 143 provides the regulatory framework for the generation, trading, transmission and distribution of electricity. Resolutions promulgated by the CREG give effect to the general principles set forth in Law 142 and Law 143.

Law 142 establishes that electricity and telecommunications, among other public utility services, are essential public utility services that may be provided by public and private sector entities. Public utility companies are required to (i) ensure continuous and efficient service without monopolistic abuse, (ii) comply with regulations relating to subsidies to low income users, (iii) inform users regarding efficient and safe usage of the public utility, (iv) protect the environment, (v) allow universal access to their services and (vi) report to the appropriate regulatory commission and the SSPD.

Law 143 sets out the following principles for the electricity industry, which are implemented in the resolutions promulgated by the CREG and other regulatory bodies governing the electricity sector: (i) efficiency — the correct allocation and utilization of resources and the supply of electricity at minimum cost; (ii) quality — compliance with the technical requirements established in regulations affecting the sector; (iii) continuity — a continuous electricity supply without unjustified interruptions; (iv) adaptability — the incorporation of modern technology and administrative systems to promote quality and efficiency; (v) neutrality — the impartial treatment of all electricity consumers; (vi) solidarity — the provision of funds by higher income consumers to subsidize basic consumption by lower income consumers; and (vii) equality — an adequate and non-discriminatory supply of electricity to all regions and sectors of the country.

The Colombian Constitution has several articles that refer to environmental policies and environmental protection as a collective right of all Colombian nationals.

The current laws governing environmental matters, among others are: (i) Law 99 of 1993, which created the National Environmental System (*Sistema Nacional Ambiental*) and establishes the institutional structure and principles for national environmental policy, (ii) the Natural Resources Code (Law Decree 2811 of 1974) which regulates the use and conservation of natural renewable resources, (iii) Law 1333 of 2009 which establishes the environmental administrative sanctions procedure, and (iv) Decree 1076 of 2015, which encompass in a single source the majority of the Colombian environmental regulations currently in effect in an effort to rationalize and simplify the existing environmental legal framework. Decree 1076 of 2015 compiled regulations related to environmental licensing, the granting of environmental permits (logging, water concession, water disposal, emissions, etc.), regulation of hazardous waste, protected areas and other environmental matters. According to Decree 1076 of 2015, activities such as construction and operation of energy power plants with an installed capacity equal to or greater than 10 MW, the laying of electricity transmission lines operating at 50 kV or higher, oil and gas exploration and exploitation projects and the use of alternative pollutant energy sources with an installed capacity equal to or greater than 10 MW will require environmental licenses.

Law 1333 of 2009 established the administrative environmental punitive procedure to which any individual or entity is subject to if they are liable for environmental infringement. Law 1333 of 2009 establishes the presumption of negligence or willful misconduct for environmental infringements and transfers the burden of proof to the alleged offender.

Under Law 1333 of 2009, environmental authorities may impose preventive measures for failing to fulfill the legal requirements established by an environmental permit (including an environmental license). Preventive measures by environmental authorities are not subject to appeal and the alleged offender is sanctioned if he is unable to refute the initiation of the sanctioning procedure or the presumption of negligence or willful misconduct. If the alleged environmental infringements are proved, administrative environmental sanctions imposed, pursuant to strict liability theories established by Law 1333 of 2009.

Institutional Framework

The electricity sector is under the jurisdiction of the MME, which defines the Colombian Government's policies for the sector. This duty is carried out through other governmental agencies including the SSPD, the CREG, the UPME, the MHCP, the Ministry of the Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*, or MADS), the National Department of Planning, the National Operation Council (*Centro Nacional de Operación*, or CNO), and municipal and state governments departments (*departamentos*). The responsibilities of the main governmental agencies are described below.

Ministry of Mines and Energy

The energy sector is under the jurisdiction of the MME. The MME is responsible for adopting the Colombian Government's policies on: (i) the exploration, production, transportation, processing and distribution of minerals and hydrocarbons; and (ii) the development of the mining, hydrocarbon and energy sectors. The MME also determines the order of priority for the supply of natural gas to the various sectors in certain extraordinary circumstances such as severe supply restrictions, in which the existing supply of natural gas may not be sufficient to satisfy the then current demand for such fuel. In addition, the MME, among other functions, establishes the Colombian Government's policies for natural gas exports. The authority over the electricity sector is entrusted to a number of agencies under the MME's control, including the CREG and the UPME.

Energy and Gas Regulatory Commission – CREG

The CREG is a special independent administrative body created in 1994, whose membership consists of the Minister of Mines and Energy, the Minister of Finance, the Director of the Department of National Planning (*Departamento Nacional de Planeación*) and eight experts appointed by the President for a four-year term (the four-year term does not overlap with the presidential term, which we believe gives CREG more autonomy). Resolutions of the CREG require the approval of at least seven of its members, which shall always include the approval of the Minister of Mines and Energy, the Minister of Finance or the Director of the Department of National Planning. CREG's main function is to regulate energy, gas and liquid fuels sector. In addition, regarding the energy market, the following functions have been assigned to the CREG by Law 142 and Law 143, among others: (i) establishing the conditions for the gradual deregulation of the sector towards an open and competitive market; (ii) approving charges and fees for the transmission and distribution of electricity; (iii) establishing the methodology for calculating fees for the regulated market; (iv) defining the regulated and unregulated end-user markets; (v) establishing the regulations for the planning and coordination of the operation of the STN; (vi) creating the conditions to ensure the availability of an efficient energy supply under social, economic, environmental and financial viability criteria, promoting and preserving competition; (vii) establishing the technical criteria relating to the quality, reliability and security of energy supply; and (viii) protecting consumer rights.

The CREG performs its functions by issuing regulations. The CREG's regulations and resolutions do not require congressional approval because they are administrative acts.

Mining and Energy Planning Unit – UPME

UPME is a special administrative unit whose objective is the integral, indicative, permanent and coordinated planning, with the public and private entities of the energy and mining sectors, the development and use of energy and mining resources and the production and dissemination of the required energy and mining information. UPME is also responsible for forecasting the overall electricity requirements of Colombia and planning and developing ways and means to satisfy such electricity requirements in coordination with MME and CREG, including the development of alternative sources of energy, and establishing programs to conserve and optimize the use of energy. All electricity transmission companies are required to prepare and submit information to UPME upon its request.

UPME is also responsible for managing the auctions to award projects for the expansion of the STN and the STR when the STR operators are unwilling or unable to develop them and will conduct the first auction to award a long-term power purchase agreement to be launched in Colombia in January 2019.

Superintendence of Residential Public Utilities – SSPD

The SSPD is a governmental agency created pursuant to the Colombian Constitution, and holds supervisory authority over all public utility companies. The SSPD monitors the quality and efficiency of all public utility companies, but does not issue regulations with respect to their businesses. The SSPD may impose sanctions on electricity companies for failure to comply with applicable laws and regulations applicable to public utilities companies, nonpayment and violations of the code of operations applicable to the electricity industry. The specific regulation applicable to the electricity industry establishes the principles, criteria and procedures for the planning, coordination and operation of the SIN and for noncompliance with any of the resolutions of the CREG or the UPME. SSPD may impose sanctions for violation of such regulation, such as monetary fines, removal of officers and administrative takeover (*toma de posesión*).

XM S.A. E.S.P.

XM is the Wholesale Market administrator and is responsible for planning and coordinating the SIN's operations, managing commercial exchanges in the MEM, billing for the use of the SIN and registering PPAs and commercial boards. XM also acts as MEM's clearing house.

National Dispatch Center – CND

The National Dispatch Center (*Centro Nacional de Despacho*) is responsible for the planning, supervision and control of the operations of the SIN. It is administrated by XM.

National Operation Council – CNO

The National Operation Council (*Consejo Nacional de Operación*) is responsible for establishing technical standards to facilitate the efficient integration and operation of the SIN.

Ministry of the Environment and Sustainable Development – MADS

The MADS was created by Law 99 of 1993 as the national governing authority in charge of the management of renewable natural resources and the environment. It is responsible for defining the national environmental policy and promoting the recovery, conservation, protection, management, use and exploitation of natural resources while insuring sustainable devolvement and guaranteeing the right of citizens to enjoy a healthy environment.

National Environmental Licenses Authority – ANLA

The ANLA was created by Decree 3573 of 2011 and is responsible for granting or denying the environmental licenses and permits of competence of the MADS to large-scale projects. The environmental license is the authorization that a competent environmental authority issues for the construction and execution of projects, works or activities that, based on the applicable regulation, are likely to cause significant negative impacts to natural resources, the environment or the general landscape. In accordance with Decree 1076 of 2015, the projects, works or activities within the energy sector that require an environmental license from ANLA are: (i) the construction and operation of electric power generation plants with installed capacity equal to or greater than 100 MW; (ii) projects for exploration and use of alternative energy sources with an installed capacity equal to or greater than 100 MW; and (iii) the laying of the transmission lines of the STN, composed of the set of lines with their corresponding substations that are projected to operate at voltages equal to or greater than two hundred and twenty 220 kV.

Autonomous Regional Corporations

The Autonomous Regional Corporations (*Corporaciones Autónomas Regionales*) are responsible for the execution of the policies, plans, programs and projects regarding the environment and renewable natural resources in their respective jurisdictions. Furthermore, they are responsible for granting the environmental license required for the construction and operation of (i) power plants with capacities equal or greater than 10 MW and below 100 MW, and (ii) the transmission lines of the SRT that are projected to operate at voltages equal to or greater than 50 kV and below 220 kV within their jurisdictional area. They are also responsible for granting individual environmental permits for logging, water concessions, water discharge, air emissions, riverbed occupation, applicable as the project, work or activity may require them for its operation.

Commercialization Advisory Committee – CAC

The Commercialization Advisory Committee (*Comité Asesor de Comercialización*) is responsible for assisting the CREG in evaluating and adjusting the commercial aspects of the MEM.

Colombian National Department of Planning – DNP

DNP (*Departamento Nacional de Planeación*), together with CONPES (*Consejo Nacional de Política Económica y Social*), is a technical entity responsible for conducting studies and advising the Colombian Government on matters related to Colombia's development, including, the development of infrastructure projects.

Colombian Ministry of Finance and Public Credit – MHCP

The MHCP (*Ministerio de Hacienda y Crédito Público*) is responsible for, among other issues, establishing Colombia's tax, customs, public credit and monetary policies, among others.

Functional Separation of the Electricity Sector

Pursuant to applicable regulations, the electricity sector is largely segregated. In order to achieve efficiency in the provision of electricity services and encourage private sector investment, Law 142 and Law 143 segregated the electricity industry into four service functions: generation, transmission, distribution and commercialization (or trading). Pursuant to Article 74 of Law 143 and article 1 of CREG Resolution 095 of 2007, the vertical integration of utilities companies incorporated after the enactment of such Law is prohibited.

Electricity companies integrated prior to the enactment of Law 142, are allowed to continue engaging in all of the functions in which they were previously engaged as long as they maintain separate accounting records for each business activity.

Additionally, companies incorporated after Law 142 and Law 143 were enacted can simultaneously operate activities considered as complementary, such as generation and commercialization, or distribution and commercialization; however, according to such laws, companies cannot undertake generation and distribution activities at the same time, and transmission companies cannot operate in any other activities.

Other CREG Resolutions limit companies' participation in each of the sector activities, namely CREG Resolutions 060 of 2007 and 101 of 2010 which limit companies' participation in each of the sector's activities and define the methodologies for calculating such participation: (i) when the participation of an electricity generation company in electricity generation activities in Colombia is above 30% and the Herfindahl Hirschamn Index is equal to or greater than 1,800, such generator must make available to other agents an amount of energy such that its participation in such activity returns to 30% or less and (ii) when the participation of an electricity generation company in electricity generation activities in Colombia is between 25% and 30%, and the Herfindahl Hirschman Index is equal or greater than 1,800, the CREG will report such situation to the SSPD, who may exercise additional supervision of such generator in accordance with its functions. For the purposes of CREG Resolution 60 of 2007 the participation of an electricity generation company in electricity generation activities in Colombia will be calculated as the quotient, multiplied by 100 times, of (i) the sum of the Firm Energy produced by the plants owned by the generator, the plants represented by the generator before the MEM, and the Firm Energy produced or represented before the MEM by other generators that are controlled by, or under the common control with such generator and (ii) the sum of the Firm Energy produced by all the plants or generation units of the SIN.

Under CREG Resolution 024 of 2009, as amended by CREG Resolution 128 of 2006, individual traders may not have a direct or indirect participation in the electricity trading sector above 25%. The participation of an individual trader in the electricity trading sector will be calculated as the quotient, multiplied by 100 times, of (i) the commercial demand of the relevant trader, as well as traders controlled by, or under the common control with such one trader and including the non-domestic demand served by the trader and (ii) the sum of the total demand and the non-domestic demand. If the individual trader exceeds the 25% threshold, it shall reduce its participation percentage within one year.

Pursuant to CREG Resolution 128 of 1996, as amended, no electricity generation company may directly own more than 25% of the capital of a distribution company. The same restriction would apply to a distribution company that owns capital stock of a generation company. This ownership restriction is not applicable to affiliates or subsidiaries of the relevant electricity distribution company. Also, electricity distribution companies may have ownership interests in excess of 25% of the shareholdings of integrated companies that perform electricity generation, distribution and commercialization activities, provided that the integrated company's electricity generating capacity does not exceed 2% of the total Firm Energy declared for purposes of the Reliability Charge (as defined herein) mechanism.

Any company may in principle enter the electricity transmission business. However, electricity transmission companies cannot carry out any of the other activities in the sector, that is, generation, distribution or trading, and cannot purchase assets of other transmission companies that have been awarded expansion projects as a result of the bidding processes. Generation, distribution and trading companies, including vertically integrated companies, may not own more than 15% of the shares of a transmission company, unless the revenues originated in the transmission activities of the transmission company do not represent more than 2% of the total revenue of the STN.

Integrated companies may not absorb utilities created after Law 143 that carry out any of the generation, transmission or distribution activities.

The Electricity Market

The MEM is based on a competitive market model and operates under open access principles. The Colombian Government regulates this market through an institutional structure that is responsible for setting policies and regulations, as well as for exercising surveillance and control powers in respect of market participants. See "—Operation of the MEM." The MEM relies on a central agency known as ASIC for its effective operation.

The MEM is formed by various systems for the exchange of information between electricity generation and commercialization companies operating in the SIN. These systems are designed to enable market participants to make short-and long-term electricity transactions. All of the electricity supply offered by generation companies connected to the SIN and all the electricity requirements of end-customers, whose demand is represented by commercialization companies, is traded in the MEM. The SIN is comprised of (i) power generation plants, (ii) the STN, (iii) the regional and inter-regional transmission lines, (iv) the distribution lines and (v) the electrical loading points of the customers.

Substantially all of the electricity generated in Colombia is initially purchased on a wholesale basis through the MEM. XM through CND, conducts the planning, supervision and control of the operation of the resources of the SIN, manages the ASIC and is in charge of the settlement and administration of the charges for the use of networks (STN and STR) in the SIN.

The designated participants of the MEM are generation and commercialization companies. Generation companies are required to participate in the MEM with all their generation plants or units connected to the SIN with capacities equivalent to or exceeding 20 MW. This electricity is centrally dispatched by the CND. The generation plants or units connected to the SIN with capacities between 10 MW and 20 MW may voluntarily participate in the MEM, through which the electricity generated by such plants or units can be centrally dispatched by the CND. All commercialization companies that deal with end-customers connected to the SIN are required to conduct their electricity transactions through the MEM. Unlike other market participants, electricity transmission companies do not enter into agreements with other market participants. The only agreements entered into by electricity transmission companies are mandates granted by XM.

In 2014, Law 1715 was enacted to promote and establish incentives for the utilization of non-conventional renewable energy sources in Colombia. The MME recently issued Decree 570 of 2018 setting out the public policy guidelines to define and implement a long-term contracting mechanism for power generation projects (mainly aimed at non-conventional renewable energy sources such as solar power, wind generation, small hydroelectric plants, geothermal, tides and biomass, among others).

Moreover, CREG, through Resolution CREG 114 of 2018, determined the principles and general conditions that must be met for trading of electricity in order for the price of generating such energy from non-conventional sources is recognized in the cost component of the price charged to Regulated User. The MME is also moving forward with creating a regulatory environment for this type of energy source. In this sense, pursuant to Decree 570 of 2018 and Resolutions MME 40791 and 40795 of 2018, the MME defined the rules applicable to a long-term contracting mechanism by means of which renewable energy projects might be integrated to the Colombian energy matrix.

The Colombian electricity market is divided into two market segments: the Regulated Market and the Unregulated Customers. The tariffs applicable to the Regulated Market are set forth by the CREG according to a certain formula. Under CREG Resolution 119 of 2007, the current applicable tariff for a unit of cost (*costo unitario*, or CU), of the service applicable to the Regulated Market is:

CU = G + T + D + R+ C+ P

Where:

G .... Is the cost of purchasing electricity from a generator.

T .... Is the cost for the use of the STN.

D .... Is the cost for the use of the distribution network.

R .... Is the cost of restrictions, including ancillary services related to electricity generation.

C .... Is the cost of the commercialization service.

P .... Is the cost of electricity losses.

The framework and rules of operation have remained stable since the introduction of the MEM, undergoing only necessary modifications to further promote market competition and efficiency. Since the creation of the wholesale electricity market in 1995, relatively stable amounts of electricity have been exchanged between generators, trading and distribution companies. Initially, electricity distribution-and commercialization companies were required to enter into contracts to supply 100% of their Regulated Market and, although this requirement has been eliminated, distribution companies acting in their capacity as commercialization companies still tend to secure contracts for a large proportion of their Regulated Market.

Electricity transactions in the MEM are carried out under the following modalities: the spot market, bilateral contracts, international energy transactions, OEF auctions and recently regulated long-term auctions. All generation companies in the MEM with an installed capacity above 10 MW can freely enter into any or all of these transactions.

The Spot Market

The MEM relies on a single node system. In the spot market, the transmission network is considered neutral, which implies that the generator sets its daily price offer and its hourly availability declaration without considering the physical and technical restrictions of the transmission network. Electricity resources to be dispatched at a particular time are selected based on the lowest price offered. This mechanism is known as the Ideal Dispatch, and differs from the programed dispatch because in the latter the CND takes into account the restrictions that may affect the transmission network.

The price offered by generation companies that participate in the MEM reflects the variable costs of generation as well as opportunity costs. The price of the last resource used to meet the total demand in each hour is the one that sets the price to be used to pay all the inframarginal resources at the same hour, and it is known as the spot price. Electricity demand from commercialization companies that is not covered by bilateral contracts is settled at the spot price.

Bilateral Financial Contracts Market

In the bilateral contracts market, generation and commercialization companies sell and purchase electricity under the terms of mutually and freely agreed contracts. The market for bilateral contracts is essentially a medium-term financial market, in which contracts have an average duration that ranges between one and seven years. The purpose of these contracts is to reduce the exposure of both the supplier and the end-customer of electricity to short-term price volatility. Generation and commercialization companies that initially entered into the agreement deliver the electricity committed under these contracts through the spot market. Pursuant to *Capacidad de Respaldo de Operaciones en el Mercado* (CROM) requirements, which set forth limits to register contracts to purchase or sell energy in the MEM, the capacity to purchase or sell energy in the market, as established in CREG Resolution 156 of 2012, must be positive before registering any new contract.

The purchase of electricity by commercialization and distribution companies through bilateral contracts to supply the demand of Regulated Customers is subject to certain rules aimed at ensuring fair competition among generation and commercialization companies and the only criteria to adjudicate is lowest price. On the other hand, the purchase of electricity by commercialization companies through bilateral contracts to supply the demand of Unregulated Customers is freely negotiated between the parties to the contract. The only components included in the tariff, which are subject to free negotiation, are the G and C components. See "—The Electricity Market." Companies engaged in both the generation and the commercialization businesses may only purchase up to 60.0% of their own electricity for sale on the Regulated Market, and are required to participate in the electricity market on the same terms as any other generator in order to purchase the additional electricity.

Firm Energy Auctions (Reliability Charge)

Firm Energy auctions are aimed at allocating Firm Energy among generators and investors in order to ensure a reliable and price-efficient supply of Firm Energy in the long term. The allocation of Firm Energy among generators and investors is conducted from time to time through a dynamic auction mechanism. The electricity demand of end-customers connected to the SIN is determined by a price/quantity function established by the CREG in anticipation of the auction. Firm Energy auctions are conducted four years in advance of the date on which the OEF is due. The price of OEF is established through a closed envelope mechanism.

In order to provide a funding mechanism for electricity projects during the development period, generators and investors are authorized to sell a portion of their future Firm Energy under special circumstances in auctions that take place within five to ten years before the Firm Energy of their projects becomes available (GPPS Plants). Once generators and investors have sold part of their future Firm Energy under the special mechanism created by the CREG, they are required to participate in the auctions with the Firm Energy that has not been committed under the same rules applicable to all other participants.

CREG Resolution 071 of 2006, as amended by CREG Resolution 140 of 2017, established the regulation for the Reliability Charge (as defined therein), which remunerates a generator's commitment to deliver Firm Energy. The generation plants that are awarded OEFs, are remunerated through the Reliability Charge compensation. In consideration for such compensation, electricity generation plants that have willingly committed to this scheme and that have been awarded OEFs must generate electricity, in accordance with their commitment, whenever the electricity spot price is higher than the Scarcity Price or according to the rules set forth in Resolution CREG 140 of 2017. When the spot price exceeds the Scarcity Price, the generated energy will be remunerated according to the Scarcity Price defined by CREG and published by XM.

The first Firm Energy auction took place in May 2008 and allocated OEFs from December 2012 to November 2013. In addition, there was an allocation of OEFs in relation to three generation projects for 3,017 GWh from December 2012 to November 2032. These projects represent an installed capacity of 430 MW (78 MW hydro, 150 MW thermal and 202 MW fuel oil).

In June 2008, through an auction mechanism for generation projects with construction periods longer than the first auction, new OEFs were sought to cover long-term energy requirements (i.e., at least 20 years from December 2014). As a result, six projects were allocated OEFs.

In December 2011, the CREG convened the second Reliability Charge auction to cover a 70,000 GWh per year target demand required to cover the country's energy needs for the 2015-2016 period. Through a "descending clock auction," five new projects were awarded with an additional capacity to the system of 575 MW and additional Firm Energy of 3,710 GWh per year. In a closed envelope auction for plants requiring longer construction periods — GPPS — four projects were awarded, with the commitment to deliver additional Firm Energy of 6,075 GWh per year.

Pursuant to Resolution CREG 104 of 2018, the CREG convened a new Reliability Charge auction for the period between December 1, 2022 and November 30, 2023, which is intended to be launched by the ASIC in January 2019. The CREG will use the following electric demand projection published by UPME in April 2018 to determine the target demand to be covered by the auction:

2022-2023 Term

Month	Target Demand (GWh)
Dec-2022	6,863
Jan-2023	6,840
Feb-2023	6,523
Mar-2023	7,002
Apr-2023	6,763
May-2023	7,063
Jun-2023	6,860
Jul-2023	6,963
Aug-2023	7,104
Sep-2023	6,962
Oct-2023	7,005
Nov-2023	6,852
Total	82,800

The following agents are willing to participate in this auction: (i) owners of operating power plants or generation units, or their representatives; (ii) in-operation power plants with on-going works; and (iii) new and special plants or generation units (according to the definition set forth in CREG Resolution 071 of 2006).

TEBSA and TECAN have participated in various OEF auctions, through which they will receive, as consideration for the fulfillment of their OEFs, the following revenues:

Name	**Installed Audited Capacity (MW)(1)**	**OEF Allocation (GWh/year)**	**Revenue (in millions of U.S.$)**
TEBSA	959	7,209.28	114.9
TECAN	324	2,570.55	41.0
Total	1,283	9,779.83	155.9

(1) Installed audited capacity corresponds to the results of the most recent audits of Net Effective Capacity and Heat Rate on our equipment.

Long-term Energy Supply Agreements

The MME recently issued Decree 570 of 2018, which sets out the public policy guidelines to define and implement a long-term contracting mechanism for power generation projects (mainly aimed at non-conventional energy sources). Because of such Decree, the MME issued Resolutions MME 40791 and 40795 of 2018, through which it defined the rules applicable to a long-term contracting mechanism by means of which renewable energy projects might be integrated with the Colombian energy matrix. However, currently those resolutions are under review by the MME in order to change some of the rules of the long-term contracting mechanism.

This long-term PPA mechanism is expected to be a "closed envelope" auction to be carried out by UPME in the first quarter in 2019, by means of which new generation plants with a capacity equivalent to or exceeding 20 MW (entering into operation by December 1, 2021), new projects with a capacity equivalent to or exceeding 10 MW willing to participate in the dispatch and trading agents will be awarded with the execution of take-or-pay long-term supply energy contracts. Such take-or-pay modality will be associated to a percentage of the generation output of the plant and to a minimum amount of the dispatched energy. The electricity demand to be awarded through this auction, amounts to 3,443.00 MWh/year, which correspond to 4.35% of the electric demand projected by the UPME for the year 2022.

Operation of the MEM

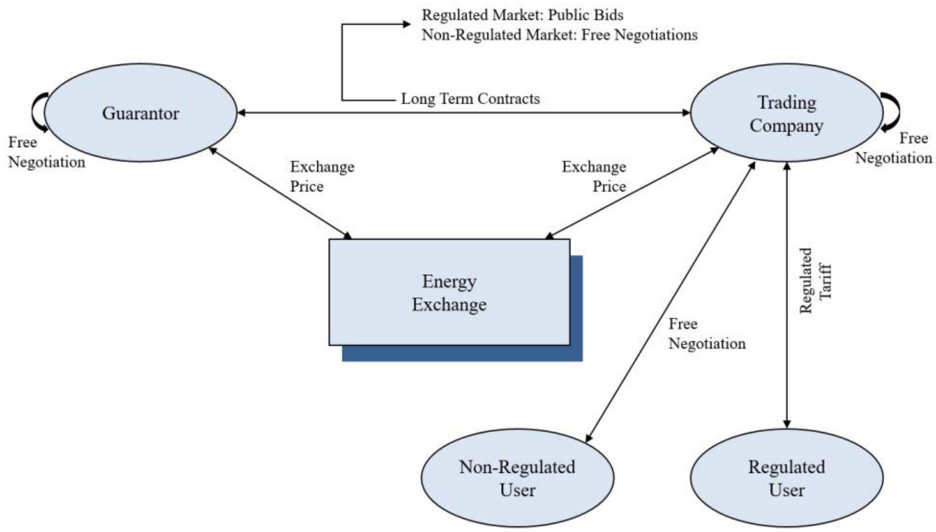
Access to the MEM is granted to generation and commercialization companies pursuant to agreements executed with XM. These agreements, also known as mandates, enable XM to act on behalf of generation and commercialization companies in the transactions conducted at the MEM and entitle XM to collect and distribute revenues resulting from the charges for the use of the STN and from transactions conducted in the spot market. Essentially, XM acts as a clearing house. XM, acting through ASIC, is also in charge of settling and collecting the Reliability Charge, which is paid by the end-users of the SIN, through the fees charged by commercialization/distribution companies.

The mandates granted to XM include transmission, distribution, generation and commercialization mandates. Under the transmission and distribution mandates, XM conducts the billing, collection, payment and settlement of charges for the use of transmission assets owned by electricity transmission companies and the billing and settlement of regional transmission charges by electricity distribution and regional transmission companies. Under the generation mandates, XM undertakes the clearing and settlement of electricity purchases and the billing and collection of amounts owed by purchasers to electricity generators as a result of transactions carried out at the MEM. Under the commercialization mandates, XM undertakes the clearing and settlement of electricity purchases and the billing and collection of amounts owed by purchasers to electricity traders as a result of transactions carried out in the Energy spot market.

XM also records all the hedging contracts entered into by electricity generators and commercialization companies, analyzes dispatch on an hourly basis and calculates the amounts owed to or by generators and commercialization companies under bilateral contracts or as a result of spot transactions. XM only bills and collects the amounts owed with respect to transactions executed in the MEM.

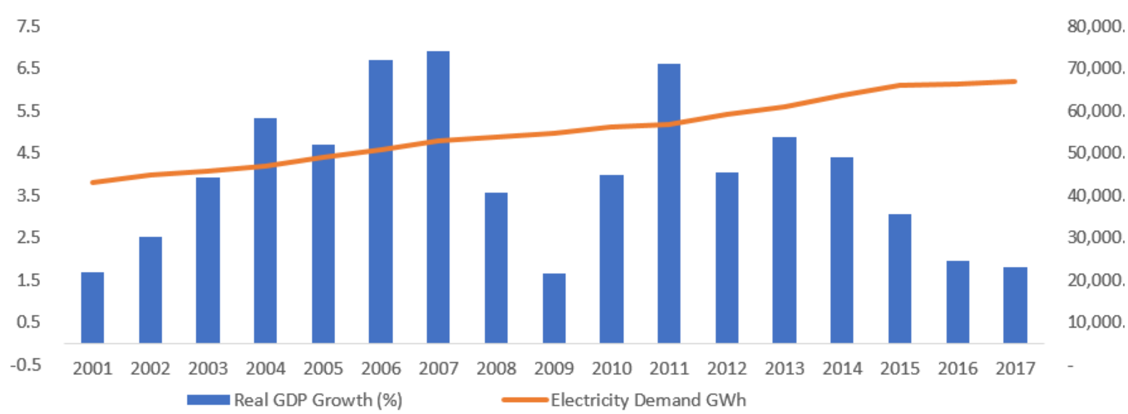
Transmission Regulated Revenues are paid solely by commercialization companies and received by electricity transmission companies through settlement in the MEM.

The chart below illustrates the operation of the MEM:



Electricity Demand

During the period from 2006 to 2017, electricity demand grew at an annual compounded growth rate of 2.5%, from approximately 51,000 GWh in 2006 to 66,893 GWh in 2017. By comparison, Colombia's gross domestic product grew at a compounded annual rate of 4.0% and its population grew at a compounded annual rate of 1.1% over the same period. Colombia's demand for electricity has increased steadily since 2000. The following table illustrates the overall growth in GDP in Colombia and in the demand for electricity from 2000 to 2017.



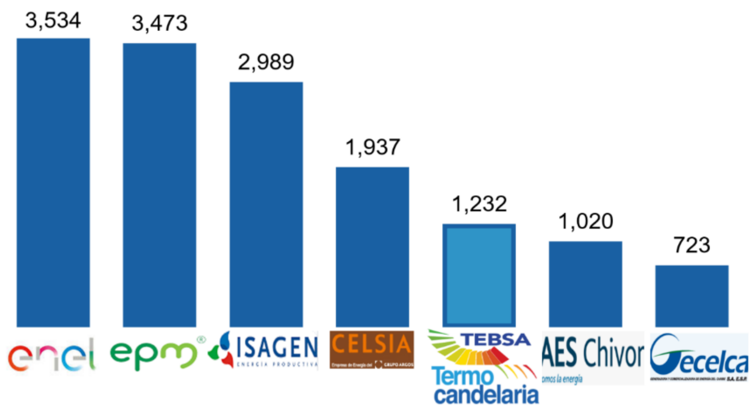
Source: UPME, DANE

UPME estimates the electricity demand according to different factors analyzed every year and give an estimate of how much electricity is expected to be required for the next period. These factors are, among others: (i) behavior of the national economy; (ii) electricity demand analysis by sectors; (iii) monitoring of the historical energy demand; and (iv) projection of the energy demand by sectors. According to UPME estimates, the electricity demand in 2018 will range between 69,480 GWH and 66,191 GWH, resulting in an expected growth rate between 5.7% and (1.0%) compared to 2017.

UPME estimates that electricity demand will grow approximately 2.8% to 3.1% per year from 2017 to 2032. UPME projects a demand for electricity in 2032 ranging from 99,090 GWh to 104,012 GWh.

Supply

In 1980, installed generating capacity was 4,177 MW (approximately 70% hydroelectric and 30% thermal). As of March, 2018, installed generating capacity had grown to 17,310 MW (approximately 70% hydroelectric, 29% thermal and 1% minor plants and cogeneration). The following chart illustrates TPL's position as the fifth largest power generation company in the SIN when measured by MW of installed capacity registered with the SIN as of January 2019.



Source: XM

The following table illustrates the total amount of electricity generated in Colombia from 1995 to 2017.

Year	GWh/Year	Annual Increase
1995.......	40,674	
1996.......	40,481	(0.47)%
1997.......	41,949	3.6%
1998.......	42,520	1%
1999.......	40,563	(4.6)%
2000.......	41,355	2.0%
2001.......	43,136	4.3%
2002.......	44,743	3.7%
2003.......	46,803	4.6%
2004.......	48,618	3.9%
2005.......	50,467	3.8%
2006.......	52,368	3.8%
2007.......	52,853	0.9%
2008.......	53,870	1%
2009.......	54,678	1.5%
2010.......	56,147	2.7%
2011.......	58,959	5.0%
2012.......	59,890	1.6%
2013.......	62,196	3.8%
2014.......	64,264	3.3%
2015.......	66,548	3.5%
2016.......	65,940	(0.9)%
2017.......	66,893	1.1%

Source: XM

In 2008, an auction was held to allocate Firm Energy to electricity generators between December 2010 and November 2013. Following the 2008 auction process, three new electricity generation projects were allocated a combined OEF of 3,008 GWh/year from December 2012 to November 2013. The total amount of Firm Energy allocated for the period 2012 to 2013 was 65,869 GWh/year.

The allocation of Firm Energy between the different generators and investors is done through a dynamic auction. Generators and investors actively participate in these transactions, and the demand is represented by the price and energy quantity determined by CREG.

Once the CREG announces the date on which the auction will take place, the prequalification period begins, which ends on the day on which the auction is carried out. During this period, the agents, both generators and investors, send the information required to participate in the bid. Only agents who have met all the requirements of that particular process will be qualified to offer their Firm Energy in the auction.

According to projections on new interests in electricity assets for 2019, contained in the expansion plan report of the UPME and XM, electricity generation capacity is expected to reach 17,226 MW by 2018 and 17,630 MW by 2019 and international interconnections are expected to increase from five to seven by 2019.

For projects with an expected construction period greater than four years, the auction sought to ensure the reliability of the supply of Firm Energy in the long run (20 years) beginning in December 2014. As a result of this mechanism, four projects were allocated the following generation capacity.

Name	Operation Date	Capacity (MW)	OEF Allocation KWh-day	Type
Cucuana	2015	60	136,986	Hydro
Miel II	(*)	135	505,205	Hydro
Sogamoso	2015	800	6,439,048	Hydro
El Quimbo	2015	400	4,520,548	Hydro
Total		**1,395**	**11,601,787**	

Source: XM
(*) As of the date of this offering memorandum, this project is not in operation

A second auction was held in 2011, to allocate OEF for an amount of 61 TWh-Year in the period from 2015 to 2016 to generators with existing plants and 3.7 TWh-Year of OEF for the period between 2015 and 2035 to generators with new plants. Five new plants were awarded with the mechanism and a total capacity of 575 MW, as set forth in the table below:

Project	Operation Date	Location	Type	OEF KWh-day	Capacity (MW)
Proyecto Hidroeléctrico del Río Ambeima	2019	Tolima	Hydro	205,479	45
Central Hidroelétrica Carlos Lleras Restrepo	2016	Antioquia	Hydro	547,945	78
San Miguel	2017	Antioquia	Hydro	336,096	42
Gecelca 32	2016	Córdoba	Thermal	5,400,000	250
Tasajero II	2015	Norte de Santander	Thermal	3,647,997	160

Source: CREG

This auction guaranteed the supply of energy even in hydrological critical conditions such as the El Niño phenomenon.

Total generation capacity is expected to increase by 1,538 MW during the period from 2017 to 2019, according to XM estimates, going from 16,594 MW in 2017 to 18,132 MW in 2019. The following table sets forth generation capacity that is currently under development (not including international interconnections) and the type of expected generation for the indicated periods.

Name	Type	Date	Total Capacity (MW)
TermoNorte	Thermal	November 2018	88
Pescadero-Ituango*	Hydro	August 2019*	1200
Total			**1,288**

Source: UPME

(*)It is improbable that this project will achieve commercial operations on this date.

On April 28, 2018 an emergency in the Ituango Project currently in development occurred when there was flooding in the upper portion of one of the tunnels used for diverting the dam. The project closed two out of the three evacuation tunnels, and the third evacuation tunnel collapsed. As a result, the dam started to fill up to dangerous levels as it was not completed, and the project had to flood the power house in order to get rid of excess water. As a result, the flow of the river in the lower part of the river is expected to decrease. EPM stated that the emergency was the product of an unexpected geological fault. As a result of the flooding there has been an indefinite delay to the new project and approximately five thousand people were evacuated from the area. According to information recently provided by EPM, they expect that the first-generation units of the project will commence operations in December 2021. However, there is no certainty about the project's COD.

Revenues of Electricity Generation Companies

The revenues of electricity generation companies consist mainly of the revenues resulting from electricity sales at the spot market, bilateral contracts and the Reliability Charge (as defined herein) mechanism, as described below.

Dispatch and Pricing

The main purpose of the spot market is to enable participants (generators, traders and distributors (acting as traders)) to purchase and sell electricity. The spot market provides the means for conducting sales of electricity that has not otherwise been committed under contracts or spot sales. The spot price for electricity traded at the spot market is the price of the highest priced generating unit dispatched in hourly periods based on the Ideal Dispatch mechanism to cover the demand.

Electricity generators in the spot market submit supply bids to XM daily in which they establish the daily prices for the electricity they generate and the available capacity, on an hourly basis, for the next day (day- ahead market). Based on those bids, XM ranks generators using the Ideal Dispatch system, which is a system that assumes unlimited transmission capacity through the SIN and disregards network restrictions. The ranking starts with the lowest bids and establishes, on an hourly basis, the merit order in which generators would be dispatched on the following day to meet expected electricity demand. The price ranking system is intended to ensure that national demand, including international demand, is satisfied by the lowest cost combination of available generating units in Colombia.

Besides the Ideal Dispatch mechanism, XM also uses a planned dispatch mechanism that takes into account the transmission restrictions of the SIN as well as other conditions necessary to supply electricity demand expected for the following day in a predictable, reliable and cost-efficient manner. XM periodically reviews the planned dispatch mechanism in response to changes that may affect the system throughout the day, including demand, availability and system restrictions, among other changes.

The differences between Real Dispatch capacity and ideal optimal dispatch are known as "restrictions," due to grid limitations. Restricted generators, which are generators whose actual generation is lower than optimal dispatch, are charged with the MPO (maximum offered price given total demand). Out-of-merit generators, which are generators whose actual generation is greater than optimal dispatch, are credited, taking into account the spot market price for hydro-generators and the regulated pricing mechanics set by the CREG for thermal- generators. These restrictions are allocated among traders according to CREG Resolution 034 of 2001, its modifications and further resolutions. Out-of-merit generation sales are a significant source of our total revenue.

The Reliability Charge

Colombia's electricity supply largely relies on hydro-power plants. In order to guarantee enough supply under drought periods caused by changes in atmospheric conditions such as the El Niño phenomenon, the regulator has implemented programs to stimulate investments in power plants that could offer reliability to the Colombian power system under hydro scarcity periods. In 1996 the capacity charge was established to remunerate the power necessary to supply 105% of the expected demand under drought conditions and, in December 2006, the CREG changed that program and adopted the Reliability Charge regime.

The Reliability Charge is intended to compensate electricity generation plants that contribute to the predictability and stability of electricity generation during certain periods through a system under which Firm Energy generators awarded, with OEFs, are entitled to fixed annual payment for a predetermined period of time and, in consideration for such compensation, are required to deliver the awarded Firm Energy when the electricity spot price is higher than the Scarcity Price (described below). ASIC settles and collects such compensation, which is paid by all the end-customers of the SIN through fees charged by commercialization companies.

The central element of the Reliability Charge mechanism is Firm Energy. Firm Energy is the maximum amount of electricity that a given generation plant is able to produce, on a permanent and continuous basis, under extreme hydrological conditions during a given period of time. Firm Energy is a concept that has been designed to guarantee the reliability and efficiency of the supply of electricity in the long term, providing investment incentives, electricity back-up during critical periods and peak price hedging. The obligation to supply Firm Energy is triggered when the spot price exceeds the Scarcity Price. Under this circumstance, generation companies with OEFs are required to supply a certain daily quantity of electricity at the Scarcity Price.

The Scarcity Price, which is established by the CREG and updated monthly, has a twofold purpose. On one hand, it indicates the time when the different generation units or plants will be required to fulfill their OEFs, and on the other hand, it is the maximum purchase price for this electricity when the demand does not have a bilateral contract.

CREG Resolution 140 of 2017 modified the method to calculate the scarcity marginal price for the Reliability Charge. According to this resolution, ASIC will calculate the marginal price, monthly, applying the formula that considers: (i) variable costs of the plant participating in the auction, which may vary depending on the type of technology used; (ii) heat rate; (iii) fuel costs; (iv) AO&M expenses; and (v) other variable costs as defined in CREG Resolution 034 of 2001.

The scarcity marginal price for thermal power plants that uses one or more types of fuels would be calculated monthly by ASIC, according to the following equation:

$$CV_{i,j,m} = \left[\frac{HR_{i,j} \times C.Referencia_{j,m}}{1000}\right] + COM_{j,m} + OCV_m$$

Where:

$CV_{ij,m}$ is the variable cost of the plant *i* with the fuel *j* in month *a* expressed in Col$/kWh;

HR_{ij} is the heat rate of the plant *i* with the fuel *j* expressed in MBTU/MWh. Corresponds to the last declared value in the terms of the Reliability Charge;

$C.\ Referencia_{j,m}$ is reference costs for the fuel *j* for month *m* expressed in Col$/MBTU;

$COM_{j,m}$ are the maintenance and operation cost for the fuel *j* for month *m* expressed in Col$/kWh. Corresponds to the defined value in article 1 of CREG Resolution 034 of 2001;

OCV_m Other variable costs for month *m* expressed in Col$/kWh. Corresponds to the defined value in article 1of CREG Resolution 034 of 2001.

The variable costs of the thermic power plants that use more than one type of fuel, will be calculated for each fuel with the equation described above.

Firm Energy can be acquired through centralized transactions at the ASIC. Firm Energy is auctioned and allocated only among generators or investors that have or are planning to own generation assets. See "—The Electricity Market—Firm Energy Auctions (Reliability Charge)."

Contingency Mechanisms

The contingency mechanisms are market instruments aimed at facilitating the supply of electricity during scarcity periods as well as compliance by generators of their OEFs. The graphic below illustrates the several levels of contingency mechanisms:

Firm Energy Secondary Market. The secondary market for Firm Energy is a bilateral contracts market, where only the generators participate, or the Secondary Market. The generators who offer their generation are those with Firm Energy that has not been auctioned or that has not been committed under secondary market contracts. The generators that demand generation supply are those that temporarily require Firm Energy to comply with their OEF.

Voluntary Disconnectable Demand. Generators that believe they may not have enough electricity to meet their Firm Energy requirements may approach end-customers of the SIN with back-up generation equipment or with the ability to modify their productive process, in order to have these end-customers reduce their electricity demand. In this case, the demand reduction on the part of the end-customers is deducted from the generator's obligation and, in exchange, the generator is required to compensate the commercialization company that represents these end-customers, at a price previously agreed upon between these two parties.

Last Resource Generation. This mechanism involves generation assets that were not previously awarded OEFs or that do not participate directly in the MEM. Such generation assets are used in extraordinary circumstances, exclusively to cover totally or partially the OEFs that have already been allocated to a generator that has not fulfilled its OEFs. This mechanism allows a generator that is unable to fulfill its OEFs to purchase energy from the spot market or install its own generation assets as a last resort to cover its OEFs.

Reconfiguration Auction. Based on the latest electricity demand projections for the year "t," the CREG evaluates whether the Firm Energy allocated for "t" is sufficient to cover the demand for that year. If the CREG considers it necessary to adjust the OEFs, it may announce a date for a reconfiguration auction to purchase (if it is a shortfall situation) or a reconfiguration auction to sell (if it is a Firm Energy surplus) energy.

Deviation. Pursuant to CREG Resolution 071 of 2006, as amended, the OEFs are triggered whenever the spot price exceeds the Scarcity Price. However, not all generators will be required to dispatch energy pursuant to their OEFs, and those generators that fail to meet certain dispatch criteria shall pay the deviation to the dispatching generators. The ASIC will calculate the Deviation owed to the dispatching generators in accordance with the process established in Annex 7 of Resolution CREG 071 of 2006. Even though this is not strictly a contingency mechanism, the purpose of the deviation is to ensure the reliability of the energy demand.

International Electricity Transactions

International electricity transactions are currently in place with Ecuador and Venezuela under different regulatory regimes. With respect to Ecuador, the regime is known as "TIES," which is a short-term operational and commercial energy exchange. This regime takes into account the difference in electricity prices between the two countries. This difference in prices results in what is known as congestion rents (*Rentas de Congestión*). These congestion rents decrease the price paid by end-users. International interconnection payments are made through charges for the use of the STN.

With respect to Venezuela, international electricity transactions are agreed to under bilateral contracts between market participants. International interconnections with Venezuela are considered connectivity assets, although they are not deemed to be part of the STN. Interconnection fees are freely agreed to between the parties.

Electricity Transmission

Electricity transmission is defined by applicable CREG regulations as the transportation of electricity through the STN at a tension level equal to or greater than 220 kV and electricity distribution at the STR or SDL at a tension less than 220 kV. Electricity transmission services are a natural monopoly regulated by the CREG and are regulated independently from other components of the electricity sector.

The STN is comprised of two subsystems, one on the Atlantic coast and one in the central, western and southern parts of Colombia, which are interconnected by 500kV lines. The STN links Colombia's 43 local and regional electricity distribution and transmission networks into a single interconnected network. Approximately 95% of the electricity consumed in Colombia is transmitted over the STN. The remainder is mainly generated and consumed locally in Colombia's sparsely populated southeastern region. As of December 31, 2017, the STN was comprised of 17,941 MW of transformation capacity in 230kV substations, 11,490 MW of transformation capacity in 500kV substations, 2,535 km of 500kV lines and 12,622 km of 220/230kV lines.

The vast majority of generating stations, grid supply points for electricity transmission and end-users are directly or indirectly connected by the STN. The STN enables the operation of generating stations to be coordinated, which reduces the amount of backup generating capacity needed for plant maintenance and the amount of reserve needed on a daily basis.

The transmission of electricity in Colombia is a regulated business, with the following characteristics:

- electricity transmission is a regulated natural monopoly;
- there is open access to the STN and STR;
- the STN and STR are owned by multiple electricity transmission and distribution companies;
- electricity transmission plays a passive role in the electricity sector's productive chain;
- the service provided by electricity transmission companies must meet availability and reliability criteria determined by CREG and must maintain certain voltage levels;
- the expansion of the STN and the STR are defined by the UPME; and
- revenues for electricity transmission companies are divided into those derived from assets existing prior to January 2000 and those derived from the construction and operation of new electricity transmission assets (including transmission lines and transmission substations) obtained through a bidding process organized by the UPME.

Electricity Transmission is a Natural Monopoly

The Colombian electricity transmission system is organized on the principle that transmission of electricity nationwide is best achieved through a single system, which can belong to different shareholders. A centralized system results in lower costs than what would be obtained by having several entities with different systems competing. Some of the factors that make the transmission of electricity a natural monopoly are:

- the topological dispersion of generation and demand promotes a unified grid;
- economies of scale are obtained by investing in the same grid; and
- competitive pricing for electricity transmission is unsustainable because of the redundancy and excess installed capacity that competition in the sector would entail.

Open Access to the STN

All the market participants in the electricity industry have free access to the STN, through the payment of charges for interconnection and use of the system. Open access to the STN is a necessary condition if competition is to be promoted in the MEM. Pursuant to the CREG's Resolution 001 of 1994, or CREG 001 of 1994, electricity transmission companies must allow indiscriminate access to their grids to any user, trader or generator, subject to their satisfaction of legal and technical regulations issued by the CREG and the UPME.

Multiple Ownership of the STN

Currently, the STN is owned by 29 companies of which eight operate grids with a tension level of over 220 kV. Transelca and Intercolombia are the only companies dedicated exclusively to the transmission of electricity in Colombia.

The table below sets forth the participation of electricity transmission companies in the STN as of December 31, 2017. This table shows the percentage of the grid over or equal to 220 kV represented by the various transmission companies:

	STN as of December 31, 2017	
Company	Km	%
Centrales Electricas del Norte de Santander S.A. E.S.P	8.53	0.1%
Distasa S.A. E.S.P.	18.75	0.1%
Electrificadora de Santander S.A. E.S.P.	120.41	0.8%
Empresa de Energía del Pacifico S.A. E.S.P.	272.33	1.8%
Empresas Públicas de Medellín S.A. E.S.P.	1,037.97	6.8%
Grupo Energía Bogotá S.A.E.S.P.	1,533.58	9.9%
Intercolombia S.A. E.S.P.	10,705.26	69.7%
Transelca S.A.E.S.P.	1,634.64	10.7%
Total STN	**15,223.88**	**100.0%**

Source: XM

BUSINESS

Overview

We are the fourth largest electric power generation company in Colombia, as measured by OEFs, and the fifth largest electric power generation company in Colombia, as measured by installed capacity as of September 30, 2018. For the nine-month period ended September 30, 2018 and for the nine-month period ended September 30, 2017, our net revenues and Adjusted EBITDA were U.S.$569.6 million and U.S.$129.5 million and U.S.$441.2 million and U.S.$113.6 million, respectively, while for the year ended December 31, 2017, our net revenues and Adjusted EBITDA were U.S.$590,868 million and U.S.$147,237 million, respectively.

We own and operate the largest portfolio of thermal power plants in Colombia, through our subsidiaries, Termocandelaria S.C.A. E.S.P., or TECAN, and Termobarranquilla S.A. E.S.P., or TEBSA, which have an aggregate total audited installed capacity of 1,283 MW as of the date of this offering memorandum. According to XM, Colombia's power system had an installed capacity equal to 16,779 MW, as of December 31, 2017. Therefore, TPL's installed capacity represented approximately 7.6% of the installed capacity in the SIN, as of December 31, 2017.

Set forth below is a table summarizing certain key operating metrics of each of our thermal power plants.

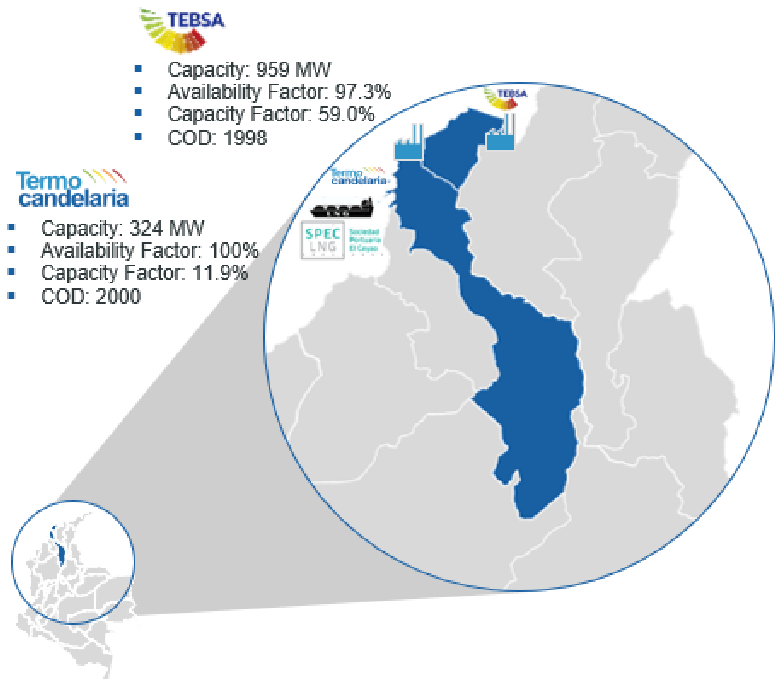
	TEBSA		TECAN
Technology	GE/Alstom	Siemens/Kraftwerk	Mitsubishi/Siemens
Audited Installed Capacity (MW)	843	116	324
Net Heat Rate (BTU/KWh)	7,213	11,694	10,219
Main Fuel	Natural Gas		Natural Gas
Availability Factor (1)	97.29% (GE/Alstom) 98.87% (Siemens)		99.98%
Capacity Factor (1)	59.02% (GE/Alstom) 6.75% (Siemens)		11.88%
Commercial Operating Date (COD)	1998		2000

(1) For the nine-month period ended September 30, 2018.

On October 29, 2014, TEBSA and TECAN entered into a terminal use agreement, or TUA, with Sociedad Portuaria el Cayao S.A. E.S.P., or SPEC, the only LNG regasification facility in Colombia, thereby securing access up to 72% (48.4% TEBSA and 23.5% TECAN) of the gross 170,000 m^3 of storage capacity (equivalent to 400 MMscf/d of regasification capacity) of the facility, for a period of ten years ending on November 30, 2026, with the right to further extend for any period agreed by the parties. If there is no agreement between the parties and if TEBSA and TECAN have not provided notice to extend the contract four years in advance, the extension will be for five years until 2031.

The location of our plants in Colombia's Atlantic region and our permanent access to LNG at competitive prices are distinct competitive advantages that differentiate us from other generators in the country and make our operations key to the stability of the national grid.

The map below shows the locations of our power plants as well as SPEC's location:



For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we derived: (i) 20.4% and 27.0%, respectively, of our revenues from the Reliability Charge; (ii) 68.5% and 66.8%, respectively, of our revenues from in-merit generation and out-of-merit generation, net of Reliability Charge-RV; (iii) 4.0% and 5.1%, respectively, of our revenues from Regulated Revenue (*Ingreso Regulado*), or Regulated Revenue; (vi) 0.4% and 0.5%, respectively, of our revenues from substation asset compensation (based on a regulated tariff); and (v) 6.5% and 0.5%, respectively, of our revenues from gas resales to other generators (i.e., Firm Energy capacity resale). The remainder of our revenues for the nine-month period ended September 30, 2018 and the year ended December 31, 2017 were derived from sales of energy backup and Starts and Stops income. Power plants receive Starts and Stops remuneration when they are called to dispatch at a time when the plant has not previously been in service, and must therefore incur a start-up cost to be able to go on-line to provide the required dispatch, and to later go back into standby mode once the system no longer requires that it generate energy.

For an in-depth discussion on TEBSA and TECAN's revenue streams see "Business—The TEBSA Power Plant—Revenue Streams," and "Business—The TEBSA Power Plant—Transmission Assets."

We believe the fixed revenue streams from the Reliability Charge and Regulated Revenue, as well as our expectation for continued out-of-merit generation, provide us with stable cash flows that limit our exposure to fluctuations in the Colombian energy spot market rates. In addition, the revenues that we receive from in-merit generation allow us to improve our margins due to the operating leverage attained by selling electricity at spot prices that exceed our variable costs.

Reliability Charge

Colombia's electricity supply largely relies on hydro power plants. In order to guarantee enough supply during periods of drought, such as during the El Niño phenomenon, CREG implemented programs to stimulate investments in power plants that could offer reliability to the SIN under hydro-scarcity periods in order to efficiently cover electricity demand.

CREG Resolution 071 of 2006, as amended, established the regulatory framework for the Reliability Charge compensation scheme. The layout of this system establishes compensation for electricity generation plants that contribute to the reliability and stability of the electricity generation matrix, based on their real generation capacity under extreme conditions. The Reliability Charge refers to the fixed remuneration that compensates generators for having generation assets available with the features and parameters set forth for the Firm Energy calculation in order to guarantee compliance with their assigned OEFs on a continual basis during a year of extreme hydrologic scarcity. In consideration for such compensation, electricity generation plants that have willingly committed themselves to this scheme and have been awarded Firm Energy are obligated to generate electricity in accordance with their commitment whenever the electricity spot price is higher than the current Scarcity Price and generated volumes are compensated at the then-applicable Scarcity Price. As compensation for making this capacity available to the system, generators are awarded annual U.S. dollar-linked payments for a predetermined number of years. For the year ended December 31, 2017, TEBSA and TECAN recorded U.S.$117.0 million and U.S.$42.3 million, respectively, from Reliability Charge revenues.

In September 2017, CREG, through Resolution 140 of 2017, modified the Scarcity Price calculation, known as the marginal Scarcity Price, which in turn affected the calculation of the Reliability Charge. CREG modified the Scarcity Price calculation in order to encourage compliance with the OEF by generators during critical periods. The modification ensures that generators will benefit from the marginal Scarcity Price by reflecting the real cost of purchasing fuel locally instead of the cost of purchasing fuel indexed to international fuel prices, thereby preventing inaccurate pricing resulting from differences between international prices and local fuel prices, among other considerations. The marginal Scarcity Price is set by the marginal variable cost incurred by the last plant needed to generate energy in order to account for 98% of the assigned OEFs. See "Risk Factors—Risk Factors Relating to the Industry in which We Operate—Changes to, or compliance with, current regulations, legislations and rates may adversely affect our cash flows, financial condition and results of operations."

Out-of-Merit and In-Merit Generation Sales

Our net revenues include revenues derived from in-merit and out-of-merit generation sales. In-merit generation sales are transactions in the energy exchange at spot prices and take place when the spot market price is higher than the marginal production costs of the respective plant, allowing generators to sell their energy at a profit.

Out-of-merit generation sales occur as a consequence of grid constraints, derived from transmission capacity limitations and local distribution system deficiencies, which limit the availability in the Atlantic Coast of electricity from efficient generators located in the center of the country. During out-of-merit generation periods, plants are called to dispatch electricity to supply a given area and are compensated at a marginal price equal to their declared production cost. Out-of-merit generation is essential for the Atlantic region, our principal area of operations, and Colombia to avoid black-outs. Given the strategic location and the efficiency of our power plants, this enables us to ensure a stable dispatch volume during both dry and rainy seasons.

For the year ended December 31, 2017, TPL recorded U.S.$466,801 thousand in net operating revenue from in-merit generation and out-of-merit generation. See "Risk Factors—Risk Factors Relating to Our Business—The success of our business depends, in part, on factors beyond our control" and "Risk Factors—Risk Factors Relating to the Industry in which We Operate—The introduction of a more efficient energy generation technology or other sources of energy could adversely affect the competitiveness of gas-fired energy, including our plants" for additional information relating to our in-merit and out-of-merit generation revenues and related risks.

LNG Facility and Regulated Revenue

Through CREG resolution 062 of 2013, CREG approved the annual Regulated Revenue for thermal generators, such as us to support the fulfilment of their OEFs with LNG. As a result of our Terminal Use Agreement with SPEC, we were awarded a Regulated Revenue corresponding to approximately 50% of the fixed cost of the LNG regasification infrastructure (of which we receive 72% based on our allocation of SPEC's capacity) for a period of ten years. For the year ended December 31, 2017, TEBSA and TECAN recorded U.S.$20,303 thousand and U.S.$9,846 thousand, respectively, from Regulated Revenues.

Our Strengths

Solid regulatory framework with transparent rules that foster investment. Colombia has a sophisticated electricity market which is dominated by private sector participants and supported by a solid legal framework that fosters private investment. A robust network of regulatory agencies oversees every segment of the electricity market from generation to commercialization to ensure the long-term financial and operational sustainability of the system.

The electricity sector is crucial for the Colombian Government, which has stepped in in the past to intervene and fix contractual imbalances. In light of its focus on maintaining the system's sustainability, Colombia has implemented transparent electricity and power pricing mechanisms that compensate generators for their investments and factor in variable costs. Through the Reliability Charge, the Colombian Government has established a mechanism to guarantee energy supply at efficient prices during times of severe weather conditions and foster investments in additional capacity, thus ensuring the long-term sustainability of the industry.

Supportive industry dynamics favoring efficient thermal generators. Colombia is one of the least penetrated markets in the region in terms of energy consumption per capita, thus providing ample room for growth. With consumption per capita of 1,193 kWh in 2017, according to UPME, Colombia's electricity demand is projected to grow at a CAGR of approximately 3.2% over the next decade, outpaced by the demand in the Atlantic region served by TEBSA and TECAN, which is expected to grow at a CAGR of 3.6%. A continuous need for in-situ generation on the Atlantic coast is required for the stabilization of the regional grid, in light of transmission grid restrictions that limit the availability of electricity from hydro generators located in the center of the country, and benefiting local players in the Atlantic region that are able to generate at efficient costs.

Industry growth is supported by the fact that Colombia is the fourth largest and second fastest growing economy in Latin America in terms of GDP. GDP grew, on average, 3.32% per annum from 2012 to 2017 and inflation remained in the lower single digits at 4.1% in 2017. Furthermore, Colombia has an improving credit profile and is undergoing an upward cycle backed by strong oil price dynamics and expansionary monetary policy. We expect that Colombia's economic growth will benefit the power system as energy demand growth and GDP are highly correlated and GDP growth should lead to incremental energy demand on the back of industrial development and increasing residential consumption.

Strategically located, highly efficient assets supporting the stability and growth of the national grid. Our operations are key for Colombia's power sector, producing 27.1% and 34.5% of the electricity generated in the Atlantic region during the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, respectively, and covering 7.3% of Colombia's energy demand as of September 30, 2018, according to XM. We are the fourth largest electric power generation company in Colombia, as measured by OEFs, and the fifth largest electric power generation company in Colombia, as measured by installed capacity as of September 30, 2018, accounting for 1,283 MW of Colombia's total installed capacity. We are also the largest thermal portfolio in the Colombian power sector and we are one of the most reliable and efficient thermal generators in the STN.

Our operations are located in the Atlantic region, the region with the second highest level of energy consumption in the country (and for the first time, during September 2018, the Atlantic region was the largest energy consumer in Colombia). The Atlantic region is also the second fastest growing region based on a CAGR of GDP of 4.4% between 2000 and 2016, compared to 4.1% for Colombia as a whole. Due to transmission network constraints in the Atlantic region, power generators such as TPL are required to dispatch outside of the merit order, receiving revenues that compensate their declared variable production costs at prices higher than the then-available spot market price in order to ensure generators that supply energy in-situ have the appropriate incentives and maintain financial sustainability. TEBSA is required to dispatch out-of-merit when marginal production cost is above the spot market price, but TEBSA will be compensated at a marginal price equal to its declared production costs even under strong hydrological conditions. Due to its efficiency and ability to supply local energy deficits, TEBSA has historically operated with a load factor in excess of 50%.

Diversified revenue profile supported by U.S. dollar-denominated Reliability Charge and Regulated Revenue payments and upsides from out-of-merit and in-merit generation. Our revenues are largely driven by the Reliability Charge, introduced in Colombia in December 2006 as a means to guarantee energy supply during extreme weather conditions. Our ability to maintain a permanent dispatch above the industry average for thermal power plants and our access to the LNG regasification facility, or SPEC facility, have proven to be competitive advantages that have resulted in CREG assigning each of TEBSA and TECAN OEFs for 100% of their Firm Energy, ensuring annual U.S dollar-linked revenues until 2025. For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we recorded approximately U.S.$116,109 thousand and U.S.$159,272 thousand from Reliability Charge revenues, representing 20.4% and 27.0%, respectively, of our total revenues.

In addition, we receive additional annual, regulated payments from Colombia's power system to compensate us for backing our OEFs through imported LNG. TEBSA and TECAN entered into a TUA with SPEC, the only regasification unit in Colombia as of the date of this offering memorandum, securing access to unloading, storage and regasification capacity for a period of ten years beginning on December 13, 2016, with the right to be extended for a minimum of 5 years or any period agreed by the parties.

Under each TUA, each of TEBSA and TECAN is required to pay a fixed amount and a variable cost tied to the volume stored and regasified for use, respectively. As an incentive for us to provide OEFs with LNG and given the benefit of meeting out-of-merit generation with gas (versus liquid fuels), Colombia's power system pays TEBSA and TECAN their Regulated Revenue pursuant to CREG Resolution 062 of 2013, for a period of ten years. For the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we recorded approximately U.S.$22,901 thousand and U.S.$30,149 thousand in Regulated Revenues, representing 4.0% and 5.1%, respectively, of our total revenues.

Furthermore, TEBSA owns transmission and interconnection-related assets that contribute approximately U.S.$3.1 million annually to our revenue. Our long-term access to SPEC capacity, positions us as a potential seller of natural gas in the region in the future.

In addition to Regulated Revenue, TEBSA's scale and efficiency, as measured by heat rate, makes us one of the most efficient thermal generators in the Atlantic region and has led to high volumes of both out-of-merit and in-merit generation sales, providing additional revenue upsides. If called to dispatch in-merit, based on the prices that we quote to the system, we are remunerated at the spot price or the Scarcity Price, if the Scarcity Price is triggered. In the event that the Scarcity Price is triggered, marginal costs have historically been below the applicable Scarcity Price and provide us with the potential to create profits from in-merit generation. Out-of-merit generation is essential to guarantee energy supply in regions with transmission deficits such as the Atlantic region. TEBSA dispatches energy regularly having one of the lowest heat rates in the Atlantic region, which allows it to monetize gas supply transport take-or-pay contracts. The pricing formula for out-of-merit generation passes through all the dispatching and marginal generation costs to end-users.

Sound credit profile with conservative leverage metrics. We have a low financial leverage and stable cash flow generation principally derived from guaranteed revenues from the Reliability Charge and Regulated Revenue. We also have a strong cash base, which gives us the opportunity to wait to access financial markets on favorable terms and as of September 30, 2018, we recorded cash and cash equivalents of U.S.$48,366 thousand. After giving effect to this offering and the use of proceeds thereof as described herein, we expect to record a leverage of approximately 2.5x gross debt to Adjusted EBITDA ratio and 2.2x Net Debt to Adjusted EBITDA as of and for the last-12 months ended September 30, 2018 reflecting our strong credit profile. Furthermore, for the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, we had cash flow from operations of U.S.$89,013 thousand and U.S.$112,665 thousand, respectively. Beginning in 2021, we expect to use our cash flow from operations to reduce our outstanding indebtedness under the Notes and further enhance our leverage profile.

Room for additional growth and competitive enhancements. We believe that TECAN has the potential to increase its audited installed capacity by 242 MW, from 324 MW to 566 MW, if converted from an OCGT to CCGT. This installed capacity increase would represent an increase of approximately 20% of our total installed capacity and would allow TECAN to bid for incremental OEFs with their assorted Reliability Charge revenues. As a CCGT, we also expect that TECAN will become more efficient by reducing its heat rate to approximately 6,500 BTU/KWh, thus allowing TECAN to meet out-of-merit generation capacity needs at more competitive prices and to participate in in-merit generation sales at prevailing spot prices. We have received the required environmental licenses for the construction and operation of TECAN's CCGT project. For more detailed information about the conversion to CCGT, please see "Business—The TECAN Power Plant—Conversion to CCGT."

In addition, TEBSA's CCGT has the potential to increase connection to the grid point from 791 MW to 815 MW. TEBSA is developing the expansion of its 110kV substation with an EPC turn-key contract with GE Energy Colombia S.A., or GE, for COP 14,045 million (U.S.$4.8 million). The system will compensate TEBSA for the expansion once it achieves COD.

Furthermore, through our ten-year TUA with SPEC (which may be extended by five years until 2031), we have secured long-term access to LNG regasification capacity. By contracting for approximately 72% of the capacity of the SPEC facility, the only existing LNG regasification and storage facility in Colombia, SPEC provides us with 122,400 m3 of gross storage capacity and 288 MMcf/d of regasification capacity. We believe that our LNG contract will benefit our operations during extreme hydrological conditions, as competitively priced LNG would become our main fuel source. Only TECAN and TEBSA (71.83%) and Zona Franca Celsia S.A. E.S.P. (28.16%) have contractual access to LNG through SPEC, providing us with a competitive advantage to generate electricity during extreme hydrological conditions. Furthermore, beginning in 2021 the CREG expects an energy deficit in Colombia and our access to competitively priced LNG would likely allow us to increase our in-merit generation and margins derived therefrom. Given the benefits derived from SPEC, and because of TEBSA's strategic location, we believe that our facility has the potential to evolve into a key LNG hub in the Caribbean and in South America.

TEBSA's contracted capacity in the regasification facility gives it the option to sell unneeded natural gas in the secondary market in Colombia to other generators, thus increasing its revenue sources. We expect that in the long-term the price of domestic natural gas will converge with the price of LNG from the international market, thereby closing any potential premiums from the import and liquefaction of LNG.

Deep industry knowledge and regulatory experience. We have a highly experienced senior management team with an average of 20 years of experience and valuable knowledge of the Colombian energy sector. We have a proactive and constructive relationship with regulators and are actively involved in shaping energy policies in the country. Our proactive approach enables us to provide sector leadership on issues that are important to us and all of our stakeholders, including our customers, employees and shareholders, while maintaining the highest standards of environmental and social responsibility.

Our Strategy

Our strategy is based on the following key objectives:

Maintain the sound operation of our power plants with stable and predictable cash flows. We are committed to maintaining the sound operation of our power plants to generate predictable and stable cash flows. Our Reliability Charge and Regulated Revenues for the use of LNG provide us with stable and predictable cash flows and we will seek to continue pursuing the benefits of these long-term and reliable cash flows in the future. Furthermore, TEBSA's substation revenues provide us with an additional and stable source of cash flows, and we expect to supplement our revenues with the sale of LNG resulting from excess capacity from SPEC.

Expand installed generation capacity and increase plant efficiencies through expansion of TEBSA's current CCGT and conversion of TECAN's OCGT to CCGT. One of our key objectives is to expand our installed generation capacity and increase the efficiency of our power plants through the conversion of our TECAN plant from an OCGT to a CCGT and the expansion of TEBSA's plant, potentially allowing us to secure incremental revenues from the Reliability Charge and in-merit and out-of-merit generation.

We expect that if we pursue the conversion project, it would achieve a Commercial Operating Date, or COD, within approximately 2.5 years from the start of construction. Our decision to pursue TECAN's conversion project depends on whether we are awarded incremental OEFs, with the related additional Reliability Charge, in order to have the incremental cash flow to support the project. We expect that if we decide to pursue the expansion of TEBSA's plant, we would increase its capacity by an estimated 124 MW.

Deepen our market leadership in Colombia by expanding our generation capacity to satisfy increasing electricity demand. By converting from an OCGT to a CCGT, TECAN will be able to expand its generation capacity and deepen our market leadership in the Atlantic region. TEBSA's CCGT has the potential to increase connection to the grid point from 791 MW to 815 MW, allowing us to capture and satisfy future increases in demand.

Provide high quality service while operating our plants efficiently, safely and sustainably. We strive to provide high quality service while operating our facilities safely, efficiently and sustainably. In terms of safety, we implement and follow the industry safety standards in Colombia in order to ensure the safety of our employees and contractors. In terms of operational efficiency, we focus on ensuring the long-term availability, reliability and asset integrity with preventive and predictive maintenance and monitoring. In terms of sustainability, we seek to be good corporate citizens and develop our business in a manner, which complies with applicable legal and environmental regulations, and we currently have an ISO 9001:2015 certification valid until the end of 2019.

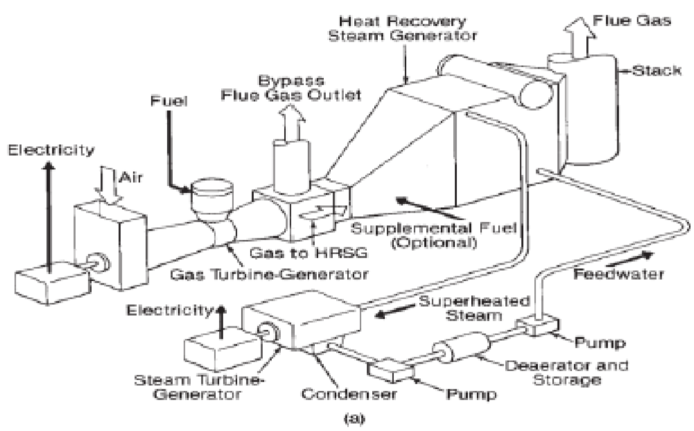
The TEBSA Power Plant

General

TEBSA is the largest and one of the most efficient thermal power plants in the NIS. The plant consists of nine generation units, including five Alstom/GE gas turbines and two Alstom/GE steam turbines arranged in two interconnected combined-cycle blocks. In addition, the plant has two Siemens KWU (KRAFTWERK UNION) conventional steam turbines. As of the date of this offering memorandum, the aggregate installed capacity of the plant is 959 MW.

TEBSA has the highest load factor for a thermal power plant in the Colombian power system. As of September 30, 2018, TEBSA's energy generation represented 6.8% of the total electricity demand, 18.4% of the total thermal capacity, and 5.6% of the total installed capacity of the Colombian power system.

The following diagram illustrates the main components and the operation of the TEBSA power plant:



- Natural gas is delivered by SPEC from the SPEC facility to the gas regulation station located in Cartagena and operated by Promigas. Gas is then delivered to TEBSA by Promigas through an approximately 150 km transportation pipeline from the different sources of gas supply.

- The natural gas is fed to a gas turbine, which has been upgraded to and recertified as XL technology and has, together with the related WY18Z 078LLT type generator, an approximate effective capacity of 100 MW.

- Each of our heat recovery steam generators manufactured by Distral under a Combustion Engineering license, recovers hot exhaust gases from each of our turbines and produces high-pressure steam.

- Our two water treatment plants treat up to 60x24 cubic meters of river water per day and supply up to 45x24 cubic meters of demineralized water required by the Power Plant daily to feed its heat recovery steam generator.

- Our Alstom/GE Tandem Compound model steam turbines and their related WX21Z 085 LLT type generator have an approximate effective capacity of 175 MW (Cycle 2).

- Transformers manufactured by ABB of 120 MVA for the gas turbine and 215 MVA for the steam turbine, which transform voltage from 13.8 KV to 220 KV in GT11, GT12, GT13, from 13.8 KV to 110 KV in GT21 and GT22, and from 18 KV to 220 KV in the Steam Turbines ST14 and ST24.

- Conventional substation of breaker and half design. Total power generated through the combined cycle is delivered to the transmission network through four 220 KV Lines and five 110 KV lines transmission lines.

- Closed-circuit of low-pressure steam discharged by the steam turbine, condensed and re-circulated as cooling water to the heat recovery boilers.

Set forth below is a table summarizing certain key operating metrics of each of our TEBSA power plant:

	TEBSA	
	Combined Cycle	**Rankine Cycle**
Distance from Airport	7.7km	7.7km
Distance from LNG Facility	154km	154km
Technology	GE/Alstom	Siemens / Kraftwerk
Capacity (MW)	843 MW	116 MW
Net Heat Rate (BTU/KWh)	7,213	11,694
Main Fuel	Natural gas	Natural gas
Availability Factor (1)	97.29%	98.87%
Fuel Storage		1 x 1.9m gallons
Gas Turbines	5 x Alstom/GE 100 MW	
Steam Turbines	2 x Alstom GE Tandem 175 MW	2 x Siemens / Kraftwerk
Cooling system	River water	River water
Emission control	Dry low-nox burners	-
Electronic interconnection	TEBSA Substation 110 kV / 220 kV	TEBSA Substation 110 kV / 220 kV

(1) As of September 30, 2018.

Revenue Streams

Our net revenues are derived, in part, from payments received from ASIC relating to the Reliability Charge, which compensates electricity generators for their ability to supply electricity during times of severe weather conditions. We also receive an annual income pursuant to CREG Resolutions 062 of 2013, 022 of 2014 and 195 of 2016 called the Regulated Revenue which is awarded to thermal power plants who back-up OEFs with LNG imports from the SPEC. Furthermore, our net revenues include revenues derived from in-merit and out-of-merit generation sales as well as, to a lesser extent, from TEBSA's substation. In-merit generation sales are transactions in the energy exchange at spot prices that take place when the spot market price is higher than the marginal production costs of the respective plant. Out-of-merit generation sales occur as a consequence of grid constraints due to transmission limits and local distribution system deficiencies that limit the availability in the Atlantic Coast of electricity from efficient hydro generators located in the center of the country. During out-of-merit generation, the plant is required to supply an area at a positive reconciliation price. A positive reconciliation price is the price at which out-of-merit generators are remunerated, and is based on the out-of-merit generator's declared marginal cost. Out-of-merit generation is essential for the Atlantic region, our main area of influence, and Colombia to avoid black-outs. Given their strategic location and the efficiency of our power plants, this enables us to ensure a stable dispatch volume during both dry and rainy seasons. In addition, we also record revenues from our transmission and interconnection-related assets as further described below in "—Transmission Assets."

Construction of the TEBSA Power Plant

Construction of the TEBSA power plant began in 1995 and achieved full combined cycle in 1998. The power plant was accepted under the Build-Own-Operate, or BOO, contract on October of 1998 when all performance tests were successfully completed and full commercial operation was achieved. Among other construction related activities, TEBSA selected the major equipment suppliers and the various construction service providers, negotiated the respective subcontractor agreements and supervised the work performed. Each subcontractor agreement was entered into directly between TEBSA and the relevant equipment or construction services provider.

Power Plant Components

Description

The following are the main components of the TEBSA power plants:

- *Turbines*. The turbines consist of nine units including five Alstom/GE GT11N2 gas turbines, each with a capacity of 100 MW, and two Alstom/GE steam turbines, with a capacity of 175 MW, which are arranged in two interconnected combined-cycle blocks. Together, these components give TEBSA a total installed capacity of 959 MW. Between 2011 and 2016, TEBSA invested U.S.$15.1 million to upgrade all five of its gas turbines with state-of-the-art air compressors by OEM.

- *Rankine Cycle*. The TEBSA power plant's power block also includes two Siemens / Kraftwerk steam turbines with condensing features.

- *Control Room*. TEBSA's operations are managed and controlled from one centralized control room equipped with state-of-the-art Emerson Electric DCS Ovation technology for the Siemens plant and Procontrol for the combined cycle plant. In addition, TEBSA's plant has a PTIMAX Data Validation System which provides measurements of efficiency and heat rates, which depend on plant specifications and influences (e.g. ambient conditions and fuel composition)

- *Substation*. TEBSA's facility includes two substations, which allow TEBSA to deliver electricity to the national (220 kV) grid as well as to the Barranquilla (110 kV) grid. This gives TEBSA a transformation capacity of 380 MVA, which allows TEBSA to deliver up to 915 MWh to the grid.

- *Transmission Lines*. TEBSA's facility is connected to five 110 kV and four 220 kV transmission lines. It also includes two interconnected substations.

Cooling System Process

- Water from the Magdalena River passes through filters to remove solid sediments.

- River water circulates through each condenser to cool steam from the turbines

- Additional water from the Magdalena River is filtered and mineralized to produce demineralized water to feed boiler and to generate steam for the turbines

- Wastewater from phase 3 is treated in a neutralization tank to ensure pH between 6 and 9 in order to comply with Colombian regulation.

- Cooling water source for cooling combined cycle unit in ABB block is treated using Edospina facility and for Siemens plant is treated using Wabag facility.

Maintenance and Power Plant Downtime

The types of maintenance that we perform include hot gas route inspections, inspections of the security equipment for the gas turbine and hydro system and major maintenance.

We regularly perform comprehensive maintenance on the TEBSA power plant and facilities, including maintenance to turbines, engines, generators, transformers, as well as civil works maintenance. We develop the activities following recommendations provided by manufacturers. Once activities are scheduled, TEBSA's own O&M personnel perform the maintenance which has an annual cost of approximately U.S.$1 million. We also enter into long-term service agreements for maintenance. See "—Material Agreements—Maintenance Agreements" for additional information.

On June 25, 2015, TEBSA and GE Energy Colombia S.A., or GE Energy Colombia, entered into a Hot Gas Path Service Agreement, or HGPSA. In addition, on June 25, 2015, Los Amigos entered into the HGPPSA with GE Global Parts & Products GmbH, or GE Global Parts, for a term equal to five operating periods and a closing term to provide services and spare parts related to the maintenance of the Alstom GT 11N2 and GT11N2XL gas turbines of the combined cycle plant. See "—Material Agreements—HGPPSA" for additional information.

During scheduled maintenance our generation units are not available for dispatch. However, unscheduled repairs may also interrupt the operation of the TEBSA power plant and affect its availability for dispatch. In order to avoid the amount of time that is spent on unscheduled repairs, we maintain spare turbine parts onsite under the HGPPSA with GE Global Parts. Our most recent scheduled maintenance occurred during the months of September and November 2018. Our next scheduled maintenance is expected to occur in December 2018.

Transmission Assets

TEBSA owns transmission and interconnection-related assets. The plant is connected to five 110kV and four 220 kV transmission lines. It also includes two interconnected substations (110 kV and 220 kV) with 380 MVA transformation capacity that allows TEBSA to deliver up to 915 MWh to the grid. The substation allows TEBSA to deliver power to both the local (Barranquilla) and national (Colombia) grids. In aggregate, our transmission assets contributed U.S.$2.5 million and U.S.$3.2 million to our revenues for the nine-month period ended September 30, 2018 and for the year ended December 31, 2017, respectively.

TEBSA is currently developing the expansion of its 110 kV substation with an EPC Turn-Key contract with GE for approximately U.S.$4.8 million. Regulated Revenues from transmission and distribution assets will compensate TEBSA for the expansion once the expansion achieves COD. We believe that this expansion will accomplish COD in February 2019.

Plant Enhancement and Performance

Since 2011, TEBSA has enhanced its plant through significant investment. Notably, between 2011 and 2016, OEM upgraded all five gas turbines with state-of-the-art air compressors with an investment of U.S.$15.1 million. Since 2011, TEBSA also implemented a rotor replacement and refurbishment program, which includes the acquisition and installment of a new rotor totaling U.S.$6.3 million. Between 2012 and 2014, TEBSA replaced major components of the steam turbines through a U.S.$9.2 million investment. In addition, TEBSA upgraded gas turbines' filter houses resulting in improved gains in efficiency and output.

Between 2015 and 2017, during the Combined cycle Units major Inspections, TEBSA upgraded to the latest state-of-the-art Bently Nevada 3500 System 1 vibration monitoring system on its combined cycle block units, and has upgraded its CO_2 and hydraulic fire control system.

These enhancements have resulted in significant improvements in TEBSA's Alstom Combined Cycle unit's capacity and heat rate. Between 2014 and 2016, its capacity increased from 827.8 MW to 843.4 MW with additional duct burners, or ADB, and from 774.2 MW to 786.8 MW without ADB. During the same time, TEBSA's heat rate decreased from 7.3 kBTU/MWh to 7.2 kBTU/MWh with ADB, and 7.1 kBTU/MWh to 7.0 kBTU/MWh without ADB.

During 2016 and 2017, TEBSA achieved high levels of operational performance. Specifically, TEBSA's Alstom unit technical availability percentage remained the same between 2015 and 2016 at 96% and its availability percentage in 2017 was 96.7%. TEBSA's Siemens unit technical availability percentage decreased from 96% to 94% between 2015 and 2016 and decreased to 84.9% in 2017, due to the major Boiler Inspection, which included a turbine condenser retubing process.

TEBSA's Alstom unit fuel consumption decreased from 38,144 GBTU to 34,377 GBTU between 2015 and 2016 and further decreased to 30,840 GBTU in 2017. Fuel consumption for its Siemens units increased from 3,981 GBTU to 4,350 GBTU between 2015 and 2016 and decreased to 526.4 GBTU in 2017. Finally, TEBSA's Alstom units' utilization rate decreased from 74% in 2015 to 62% in 2016 and to 52.97% in 2017. Its Siemens unit utilization rate increased from 27% in 2015 to 30% in 2016 and decreased to 2.89% in 2017. These performance numbers are a result of a transition from an "El Niño" event that occurred between 2015 and 2016 and a "La Niña" event in 2017 which decreased plant capacity when compared with 2016 numbers.

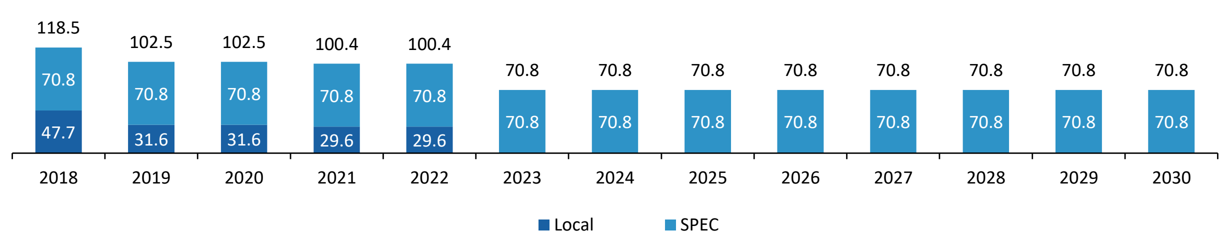
TEBSA's Supply of Natural Gas and Transition to LNG

TEBSA has traditionally contracted its gas supply for energy generation through take-or pay domestic contracts, and prior to entering into LNG access contracts, TEBSA had entered into long-term domestic natural gas contracts that run through 2022. In 2015, TEBSA contracted 194 GBTU of regasification capacity with SPEC (with fixed and variable costs), allowing it to support its OEFs. Going forward, TEBSA's commercial strategy is to gradually phase out local gas supply and transition to utilize the SPEC facility as its sole source of natural gas to meet its needs. TEBSA currently has access to the SPEC facility until 2025, at which point it will have the option to renew to 2031.

TEBSA and TECAN purchase their gas supply from various suppliers in the LNG market through Calamarí, their imported gas sales agent that was formed by TEBSA, Celsia and TECAN, which currently own 48.39%, 28.09% and 23.50% of Calamarí, respectively. In respect of out-of-merit generation, pricing is set through a tender process ensuring competitive regional prices. As of the date of this offering memorandum, no new long-term gas supply contracts are being contracted; therefore, TEBSA and TECAN bring a new supply of gas when it is required through SPEC. Calamarí can act on behalf of one, two, or three of the thermal generators that it represents (subject to their individual or collective gas supply necessities). SPEC is responsible for providing port storage, regasification, and connection infrastructure to the natural gas transportation network.

The below graph shows TEBSA's contracted capacity for domestic gas and LNG infrastructure capacity:

(In thousands of GBTUs per year)



TEBSA's annual transportation cost is currently U.S.$69 million annually, comprised of fixed and variable costs.

Licenses and Permits

As of the date of this offering memorandum, TEBSA has one environmental license and three environmental permits that are essential for its operations. These include an environmental license, a water concession, a superficial water discharge permit, an atmospheric emissions permit, and a waste permit, which are expected to be renewed once every ten years. The environmental license was issued by the Ministry of the Environment and

Sustainable Development (*Ministerio de Ambiente, y Desarrollo Sostenible*) pursuant to Resolution 314 of 1995, which went into effect on April 4, 1995, and has been granted for the life of the project.

The superficial water concession and water discharge permit were issued pursuant to Resolution 143 of 1996 by the Regional Autonomous Corporation of Atlantico. Such concession and permit were renewed by Resolution 688 of 2016 for a five-year period. Resolution 688 of 2016 was appealed by TEBSA. By means of Resolution 114 of 2017, the Regional Autonomous Corporation of Atlantico decided the appeal which went into effect on March 10, 2017 and determined that the water concession and water discharge permit will expire on March 10, 2022.

The atmospheric emissions permit was also issued by the Regional Autonomous Corporation of Atlantico pursuant to Resolution 690 of 2016 for a five-year period. Resolution 690 of 2016 was appealed by TEBSA. By means of Resolution 114 of 2017, the Regional Autonomous Corporation of Atlantico decided the appeal and it went into effect on February 18, 2017. The atmospheric emissions permit will expire on February 18, 2022.

Insurance

TEBSA maintains full-risk coverage for all of its physical assets. This insurance provides, among others, coverage for material damages (U.S.$630 million as a first loss system, including U.S.$294 million for loss of profits from damages, as well as machinery and equipment breakdown). TEBSA maintains a terrorism and sabotage policy with a limit of U.S.$50 million. TEBSA also maintains a third-party liability policy for premises, labor and operations with a U.S.$26 million coverage limit, which also covers labor liabilities as well as accidental environmental liability.

TEBSA also has a D&O policy through SBS Seguros Colombia S.A. See “Management—D&O Insurance” for additional information.

Our smaller equipment, which is not insured under our main policy, is covered under a separate policy.

We believe that the level of insurance coverage that TEBSA maintains is reasonably appropriate for the risks that its business faces and is comparable to the level of insurance and reinsurance coverage maintained by other companies of comparable size operating in the business in which it is engaged.

Material Agreements

Natural Gas Supply Agreements

TEBSA entered into various natural gas supply contracts with Colombian suppliers to support its OEFs prior to the regasification facility coming into operation. These agreements vary in volume, price and expiration dates with the latest contract expiring in 2022. TEBSA and the various domestic natural gas suppliers may agree to allow these contracts to phase out as we transition fully into LNG that will be regasified at SPEC’s facility. The natural gas supply contracts match the location of origin of the contracted gas supply and adjust according to the expiration date of such sources of supply.

In 2014, TEBSA contracted 194 GBTU of regasification capacity with SPEC, which allows it to support its OEFs.

TEBSA LNG Agency Purchase Agreement

On July 31, 2015, TEBSA and Calamarí entered into an LNG agency purchase agreement (*contrato de mandato sin representación para la compra de gas natural licuado*), or the TEBSA LNG Agency Purchase Agreement, pursuant to which Calamarí purchases LNG from different international suppliers on behalf of TEBSA. Calamarí is authorized to import and sell LNG pursuant to CREG Resolution 062 of 2013 as amended by CREG Resolutions 259 and 144 of 2016. The TEBSA LNG Agency Purchase Agreement shall terminate on the termination date of the TUA, or November 30, 2026. The TEBSA LNG Agency Purchase Agreement may be terminated earlier upon a breach of contractual obligations by any of the parties or upon an early termination agreed in writing by the parties.

Under the TEBSA LNG Agency Purchase Agreement, Calamarí negotiates and purchases LNG from international suppliers on behalf of TEBSA in exchange for a marketing margin equal to 1.67% of the purchase price of LNG actually delivered to the terminal and available for use by TEBSA. The LNG is delivered to the SPEC facility. TEBSA, as a member of the *Grupo de Generadores Térmicos* – GT, has an option to provide LNG-based energy pursuant to CREG regulations 106, 139 and 182 of 2011.

Pursuant to the TEBSA LNG Agency Purchase Agreement, within three to four months prior to the succeeding fiscal quarter, TEBSA notifies Calamarí what its expected LNG demand will be for such quarter.

Within five business days after receiving a notice from TEBSA (or the other principals as the case may be), Calamarí will provide TEBSA and the other principals with the provisional quarterly delivery program. Each of the principals (including TEBSA) will have an opportunity to comment or propose changes to the delivery program. Calamarí will then issue a definitive delivery program for such quarter.

TEBSA has an obligation to provide the LNG vendor with a payment guarantee under the relevant master LNG purchase and sale agreement and which must comply with such agreement.

In addition to the above, TEBSA grants Calamarí the right to commercially engage with other purchasers of natural gas in the wholesale market in respect of any LNG owned and stored by TEBSA in excess of the amounts TEBSA requires to meet is LNG-based energy OEFs. If Calamarí acts as seller of such excess LNG, Calamarí may charge TEBSA a mutually agreed upon fee.

TEBSA and Calamarí will be liable for the damages (other than indirect, special and consequential damages) that such party may cause the other as a result of a breach under the agreement and such party will be liable for such damages or any damages that result from its actions or omissions or those of its employees, contractors or subcontractors. In addition, Calamarí's liability to TEBSA shall be limited, for a given year, to the specific amounts that TEBSA shall pay or has already paid Calamarí for that given year. Both TEBSA and Calamarí agree to indemnify each other for any reasonable loss or expense, and any direct and foreseeable damages during the term of the agreement. Both parties agree to protect and completely exonerate the other party and its administrators, employees and agents from any claims or causes of action from third parties in respect of the agreement.

Master LNG Sale and Purchase Agreements

Calamarí, as agent, and TEBSA, TECAN and Celsia, as buyers, have entered into various master LNG sale and purchase agreement, or Master LNG SPAs, with different LNG vendors. The terms of the various Master LNG SPAs are substantially similar to each other. The terms and conditions of LNG sale and purchase transactions among the relevant parties are governed by the general terms and conditions set forth in the applicable Master LNG SPAs and in the applicable confirmation notice, which sets forth the conditions of a particular sale and purchase of LNG. No party has a binding commitment, obligation or liability with respect to the sale or purchase of any quantity of LNG unless the LNG vendor, Calamarí and at least one of the buyers have executed a confirmation notice with respect to a specific quantity of LNG. In the event that there is more than one buyer participating in the sale and purchase of LNG, the rights and obligations of each such buyer shall be several and not joint. Upon the execution of a confirmation notice, the LNG vendor agrees to sell and deliver to each applicable buyer at Cartagena, Colombia, and each applicable buyer agrees to purchase on a take-or-pay basis the quantity of LNG specified to be delivered in the confirmation notice at the prices determined in accordance with the Master LNG SPAs and the relevant confirmation notice. Most of the Master LNG SPAs have a five-year term as well as fixed termination dates ranging from 2020 to 2023.

If the applicable buyer fails to take part or all of an LNG cargo, as scheduled in a confirmation notice, for any reason other than the LNG vendor's fault, it shall use reasonable efforts to agree to a revised delivery window for such delivery. If within a 72-hour period after such failure or notice of such failure, the parties are unable to agree to reschedule the relevant LNG cargo, the cargo shall be deemed not delivered and the buyer will be liable to pay the LNG vendor a buyer's deficiency payment. The deficiency payment shall equal the contract price multiplied by the deficiency quantity. The buyer's deficiency payment shall be the sole and exclusive remedy with respect to the buyer's failure to take. The LNG vendor will however have a right to recover demurrage.

In the event that the LNG vendor fails to supply the LNG cargo for any reason other than the fault of the applicable buyer or force majeure, the LNG vendor along with Calamarí and the applicable buyer shall use reasonable efforts to agree to a new delivery window for the delivery of such LNG cargo. If within a 72-hour period after such failure or notice of such failure, the above-mentioned parties are unable to agree to reschedule the relevant LNG cargo, the cargo shall be deemed not delivered and the LNG vendor will be liable to pay Calamarí a deficiency payment, which shall be the amount equal to the product of the contracted quantity less any quantity delivered and the price difference between the buyer's resupply cost less the applicable contract price. The LNG vendor's deficiency payment shall be the sole and exclusive remedy with respect to the LNG vendor's failure to supply.

Unless otherwise agreed by the LNG vendor and the applicable buyer under a Master LNG SPA, simultaneously with the execution of a confirmation notice, the applicable buyer shall provide the LNG vendor with either a guarantee or an irrevocable stand-by letter of credit. This buyer guarantee shall be in an amount equal to 110% of the estimated value of each LNG cargo included in a confirmation notice multiplied by the participating share of such buyer.

In addition, if the LNG vendor does not have the equivalent of a "BBB" rating by Standard & Poor's, the LNG vendor shall provide to the applicable buyer either a parent company guarantee or an irrevocable stand-by letter of credit. The amount of the LNG vendor's guarantee shall be agreed by the buyer, the LNG vendor and Calamarí in the confirmation notice. The letters of credit in favor of either the buyer or the LNG vendor shall cover up to 20% of the (i) undelivered quantity of LNG multiplied by the contract price or (ii) unloaded LNG multiplied by the contract price in the case of LNG that is off-spec.

In respect of force majeure, the LNG vendor shall not be liable for any failure to perform or a delay in the performance of its obligations (other than payment obligations) if and to the extent that the performance is prevented or delayed by an act or circumstance beyond the reasonable control of the LNG vendor, such as war, radioactive contamination, loss of the LNG ship, among others. The applicable buyer shall not be liable for failure to perform or delay in performance (other than payment obligations) if and to the extent that such performance is prevented or delayed by an act or circumstance (such as the ones mentioned above) beyond the reasonable control of such applicable buyer and which cannot be avoided by the exercise of due diligence and is not due to such applicable buyer's fault or negligence.

Events of default under these agreements include non-performance of a party's obligations, the insolvency of a party and the dissolution of a party, among others.

The parties to the master LNG SPAs are liable to one another in respect of direct costs, losses or damages. No party will be liable to another party (nor its affiliates) for loss of profit, loss of revenue, lost or increased production costs, loss of use, loss of contract, business interruption or any special, incidental, consequential or punitive damages or losses suffered by one party in connection with any of these agreements or any confirmation notice.

Natural Gas Transportation Agreements

TEBSA has a mix of natural gas transportation strategies. Certain of TEBSA's contracts utilize 100% fixed cost remuneration, while others set forth a variable cost per cubic foot in addition to the fixed cost. In Colombia, natural gas transporters have regulated pairings of fixed and variable costs they are permitted to charge. TEBSA has contracts for its domestic gas supply and for the gas supplied from the SPEC facility. While TEBSA currently has more transportation capacity for domestic supply, this trend will reverse as TEBSA gradually shifts to rely solely on the SPEC facility for gas supply.

TEBSA has sufficient contracted gas transport capacity for 100% of its gas requirements according to its gas supply agreements, which include both domestic natural gas as well as imported LNG, until 2026.

Transportation Agreements between TEBSA and Promigas

TEBSA and Promigas have entered into several take-or-pay agreements for the transportation of natural gas. The different transportation agreements correspond to the different supply sources. Pursuant to CREG Resolution 89 of 2013 as amended by Resolution 114 of 2017, Promigas provides pipeline transportation for the contracted capacity of natural gas during the term of each agreement. In exchange for Promigas' service, TEBSA pays Promigas fees based on a methodology set by CREG. In addition, TEBSA is obligated to provide Promigas with an irrevocable bond that guarantees TEBSA's obligations under the agreement. The amount of such irrevocable bond shall be determined by multiplying the contracted capacity of natural gas (equivalent to 70 days) by the fixed transportation fee. The Promigas transportation services have fixed termination dates ranging from 2016 to 2026 and the agreements allow for termination upon certain events, including payment default or a breach in a party's obligations that is not cured within 15 days after its occurrence.

The occurrence of a force majeure event will not free the parties of their obligations under the transportation agreement unless the following steps are taken and the force majeure event is not resolved:

- The party affected by the force majeure event shall notify the other party in writing of and within the 24 hours following the occurrence of the event, and shall provide all the information necessary to demonstrate the occurrence of the event and it's within the following five days.

- Once notice is provided, the obligation to deliver, to accept delivery, or to transport natural gas, as applicable, shall be suspended for a period from the occurrence of the event until such time as the force majeure event has ceased. Neither party shall have failed to comply under these circumstances.

- If, however, within ten business days of receipt of the notice, the unaffected party denies the existence of a force majeure event, the parties will proceed in accordance with the disputes resolution mechanism provided for in their contract.

- The party that invokes the occurrence of a force majeure event shall make its best efforts to remedy the cause of the force majeure event, and shall inform the other party, in writing, once the force majeure event has ended.

Promigas is obligated to meet its obligations under the transportation agreement unless a force majeure event prevents it from performing its obligations thereunder.

If, as a consequence of the occurrence of a force majeure event or for causes attributable to third parties, the natural gas does not comply with certain quality specifications at the delivery point, TEBSA will have the option of accepting delivery of that natural gas. Consequently, Promigas would not have failed to comply with the quality specifications under the transportation agreement.

In the event that TEBSA fails to comply with its payment obligations under the transportation agreements, Promigas shall send a written notification specifying the unpaid amounts. The agreement provides TEBSA with a three business day grace period. If TEBSA fails to pay Promigas beyond the grace period, Promigas shall have the right to suspend the transportation service; however, TEBSA can draw on its performance bond in favor of Promigas to satisfy its payment obligations. Promigas has the right to terminate the applicable transportation agreement with TEBSA if amounts due thereunder are over 60 days overdue and unpaid. Upon an early termination, Promigas shall not be liable to TEBSA for any of its obligations and TEBSA shall be liable for all outstanding amounts.

TEBSA and Promigas agree to indemnify each other as a result of damages arising from a breach of contractual obligations; however, this indemnity is capped at 75% of the value of the gas transported under the agreement. In addition, each party agrees to indemnify the other for loss of profits capped at 25% of the value of the gas transported under the agreement.

Transportation Agreement between TEBSA and Gascaribe

TEBSA and Gases del Caribe S.A. E.S.P., or Gascaribe, a natural gas trader, entered into a natural gas transportation agreement executed in July 14, 2013. Pursuant to this agreement, Gascaribe agrees to provide TEBSA with pipeline transportation service for the firm contracted capacity (up to a maximum of 26.2 MPCD) of natural gas without interruption (subject to certain types of interruptions that have been agreed by the parties, such as maintenance of the pipeline) until November 30, 2022.

In exchange for Gascaribe's services, TEBSA shall pay Gascaribe fees in accordance with CREG Resolution 122 of 2012, as amended, for providing access to the transportation system owned by Promigas. In addition, TEBSA and Gascaribe are obligated to provide each other with an irrevocable bond (or in the case of TEBSA, an irrevocable bond or an insurance policy) that guarantees their respective obligations under the agreement. Further, Gascaribe is obligated obtain and maintain a third party liability policy in favor TEBSA. In addition, TEBSA is obligated to either obtain and maintain a performance obligation insurance policy, or issue an irrevocable bond in favor of Gascaribe. The insurance policy must be for an amount equal to the maximum indemnity limit established in the agreement, as discussed below.

TEBSA and Gascaribe agree to indemnify each other as a result of damages arising from damages arising out of breach of contract obligations; however, this indemnity is capped at 75% of the value of the gas transported under the agreement. In addition, each party agrees to indemnify the other for loss of profits capped at 25% of the value of the gas transported under the agreement.

The occurrence of a force majeure event will not free the parties of their obligations under the transportation agreement unless the following steps are taken and the force majeure event is not resolved:

- The party affected by the force majeure event shall notify the other party in writing of and within the 24 hours following the occurrence of the event and shall provide all the information necessary to demonstrate the occurrence of the event and its effects within the next five days.

- Once notice is provided, the obligation to deliver, to accept delivery, or to transport natural gas, as applicable, shall be suspended for a period from the occurrence of the event until such time as the force majeure event has ceased. Neither party shall have failed to comply under these circumstances.

- If, however, within ten business days of receipt of the notice, the unaffected party denies the existence of a force majeure event, the parties will proceed in accordance with the disputes resolution mechanism provided for in their contract.

- The party that invokes the occurrence of a force majeure event shall make its best efforts to remedy the cause of the force majeure event, and shall inform the other party, in writing, once the force majeure event has ended.

Gascaribe is obligated to meet its obligations under the transportation agreement unless a force majeure event prevents it from performing its obligations thereunder.

In the event that TEBSA fails to comply with its contractual obligations under the transportation agreement, Gascaribe shall have the right to suspend its services and to send a written notification to TEBSA. TEBSA will have three business day to provide a response specifying the measures that it will take to remedy the contractual breach. Gascaribe has the right to terminate the transportation agreement with if TEBSA fails to remedy any outstanding breach within 20 business days after receipt of Gascaribe's notification. Upon an early termination, Gascaribe can draw on the irrevocable bond.

This transportation agreement terminates on November 30, 2022.

Terminal Use Agreement (Contrato de Prestación de Servicios de Regasificación)

On October 29, 2014, TEBSA and SPEC entered into a TUA, or TEBSA TUA, pursuant to which SPEC, as terminal operator, agrees to build, operate and maintain a terminal that would guarantee TEBSA the permanent availability of such terminal for its contracted capacity for the receipt of Liquefied Natural Gas (LNG) imports, storage, regasification and gas delivery at the point of entry to the Gas National Transportation System and provide the port infrastructure, regasification, storage and connection to the entry point of the Gas National Transportation System The TUA expires on November 30, 2026 having TEBSA the right to an extension, provided TEBSA gives notice of such extension at least four years prior to the termination date. The extension term is to be mutually agreed between the parties, and in the absence of an agreement, the extension will be of five-years Notwithstanding the foregoing, SPEC will not be obligated to extend the TUA if the clients requesting such renewal do not acquire the contracted capacity of the non-renewing clients. TEBSA agrees to pay SPEC a fixed annual fee for the availability of the terminal as well as other variable fees for the services provided by the terminal. These fees are divided proportionally in accordance with the respective contracted capacities of each client (i.e., TEBSA, TECAN or Celsia).

Under the TEBSA TUA, SPEC is required to maintain insurance with respect to the terminal and with respect to any other activity that it may perform under the TEBSA TUA. These insurance policies must also include TEBSA as an additional insured or as a beneficiary. TEBSA shall also maintain an insurance program with respect to its LNG as well as third party liability insurance, an all risk property insurance, among others. All of these insurance policies shall include SPEC as an additional insured. TEBSA shall also ensure that the gas transportation agreements are subject to third party liability and all risk property insurance.

If SPEC fails to comply with certain obligations under the TEBSA TUA, it shall be required to pay TEBSA penalties for (i) causing TEBSA to declare as unavailable before the MEM and (ii) not complying with LNG unloading obligations and / or a delay in unloading obligations as set .

Maintenance Agreements

TEBSA's employees are responsible for the operation and maintenance of the power plant equipment. TEBSA performs the main maintenance cycles directly with OEMs. Furthermore, TEBSA's employees as well as OEMs are required maintain the balance of the plant.

TEBSA entered into an HGPPSA for the maintenance of the specific hot gas path parts of the gas turbine. It also has a maintenance agreement (*Contrato para la prestación de servicios relativo a la central Termobarranquilla*) for the maintenance of the power plants.

Any inspection or maintenance that might be required will not interrupt the plants' operations as these are scheduled to take place in a manner that allows the plants to partially operate while a particular gas turbine is inspected.

HGPPSA

On June 25, 2015, TEBSA and GE Global Parts entered into the HGPPSA, pursuant to which GE Global Parts agrees to provide TEBSA with all the hot gas path parts required for inspections and repairs of the gas turbines as well as with advice that TEBSA needs for the operation and maintenance of the plant. The hot gas path parts are those parts contained in the portion of the gas turbine that are normally exposed to combustion gases.

TEBSA pays an annual fixed fee and a variable fee to GE Global Parts for these services based on the amount of "equivalent operating hours," or EOHs. EOH is the metric for the hours of operation of a particular gas turbine that are needed before maintenance is required. TEBSA must operate and maintain the plant in accordance with GE Global Part's recommendations and procedures. TEBSA must also schedule all inspections and notify GE Global Parts at least 18 months in advance of a scheduled inspection.

The term of the HGPPSA consists of five operating terms and a closing term. The operating term is a pre-agreed period of EOHs have been reached for each of the gas turbines. The closing term is the period commencing on the date on which all operating terms have expired and consists of two months after the last operating term expired. The agreement can be renewed by either party subject to one party notifying the other party, at least one year prior to the first scheduled expiration of the operating term, of its desire to renew the agreement. The parties will then negotiate in good faith to renew the agreement, prior to the expiration of the operating term, on mutually agreeable terms.

TEBSA may partially terminate the HGPPSA after each gas turbine has reached a pre-agreed period of EOHs since the beginning of its operating term by providing prior written notice at least 12 months in advance. In such event, TEBSA is required to pay GE Global Parts a termination fee. TEBSA may also terminate the agreement if GE Global Parts becomes insolvent or bankrupt, fails to perform its obligations in any material respect and such failure continues after TEBSA provides written notice, among other scenarios. GE Global Parts may suspend or terminate the agreement by providing written notice if TEBSA fails to pay any sum due that is not subject to a good faith dispute, TEBSA becomes bankrupt or fails to perform its obligations in any material respect and such failure continues after GE Global Parts provides written notice.

GE Global Parts shall be responsible for the delivery of the parts to TEBSA and acknowledges responsibility for any failure to perform his obligations, in which case GE Global Parts shall pay TEBSA liquidated damages. If

GE Global Parts notifies TEBSA that it will not be able to deliver the parts on time, and agrees with TEBSA on a new delivery date, then GE Global Parts deliver these parts at a different date but at its own transportation, customs and storage costs. Liquidated damages are TEBSA's sole and exclusive remedy for damages with respect to any deficiencies in GE Global Parts' performance under the HGPPSA and these liquidated damages are subject to a cap per year.

Each party shall indemnify the other party as a result of any claims arising from injury or death to persons or property to the extent these are caused by the acts or omissions of one of the parties, its agents, subcontractors or suppliers. No party shall be liable to the other party for incidental, indirect, consequential or special damages.

Each party's liability towards the other party is limited to the performance of its contractual obligations. GE Global Parts' liability in any contract year shall not exceed a pre-agreed-percentage of the aggregate amount of the operating term annual fee plus the operating term EOH fees which have been actually paid by TEBSA for GE Global Parts' performance during the applicable contract year.

TEBSA must maintain insurance for each gas turbine and all the parts. GE Global Parts shall be an additional insured.

HGPSA

In connection with the HGPPSA, TEBSA and GE Energy also entered into a services agreement pursuant to which GE Energy agreed to provide technical field assistance and certain additional services during inspections and overhauls of the gas turbines.

Onshore Maintenance Agreement

On June 25, 2015, TEBSA and Alstom Colombia S.A. (currently known as GE Energy Colombia S.A.), or Alstom Colombia, entered into an onshore maintenance agreement, or the Onshore Maintenance Agreement, pursuant to which Alstom Colombia agrees to provide guidance, supervision and recommendations to TEBSA's maintenance personnel in connection with all inspections, overhauls and repairs of the gas turbines as well as technical assistance and advice. In addition, Alstom Colombia assists with the coordination of the repair, replacement and refurbishing of each of the hot gas path parts and provides the necessary reports on these parts after every inspection. Further, Alstom Colombia assigns a qualified engineer in situ to the TEBSA power plant, which must be present at all times during the plant's normal business hours. TEBSA pays Alstom Colombia a fixed annual fee in exchange for Alstom Colombia's services.

The term of the Onshore Maintenance Agreement consists of five operating terms and a closing term. The agreement can be renewed by either party subject to one party notifying the other party, at least one year prior to the first scheduled expiration of the operating term. The parties will then negotiate in good faith to renew the agreement, prior to the expiration of the operating term, on mutually agreeable terms.

TEBSA may terminate the agreement by providing written notice to Alstom Colombia so long as TEBSA pays Alstom Colombia a penalty in an amount equal to 50% of the operating term annual fee and 5% of the remaining contract value. Alstom Colombia must provide TEBSA with a performance guarantee executed by one of its affiliates in which Alstom Colombia's affiliate guarantees payment and performance by Alstom Colombia.

In the event Alstom Colombia breaches its contractual obligations, TEBSA shall be entitled to liquidated damages and can terminate the agreement.

None of the parties shall be liable for any breach of its contractual obligations, whether partial or total, if such breach is the result of a force majeure event. The party affected by a force majeure event, as contractually defined, shall not be liable for any breach of its contractual obligations arising out of the force majeure event so long as it provides written notification in this respect.

Each party shall indemnify, defend and hold harmless the other party from any claims, actions or liabilities by or to third parties and the related incidental expenses which arise out of injury or death to persons or property to the extent these are caused by the acts or omissions of one of the parties, its agents, subcontractors or suppliers. In case that TEBSA or Alstom Colombia shall be found liable for an act or omission on a joint and several basis, they shall be liable on a proportional basis.

TEBSA must maintain all risk and general third-party liability insurance for the gas turbine and the combined cycle block. Alstom Colombia shall be included as an additional insured in such policies. Alstom Colombia shall maintain insurance to cover for workers' compensation, personal injury, transportation and third-party liability, among others.

Material Leasing Agreements

On September 14, 1995, TEBSA, as lessee, and Los Amigos, a wholly-owned subsidiary of TEBSA, as lessor, entered into an equipment lease agreement in respect of certain equipment to be used for the generation and transmission of electricity at TEBSA's power plants, or the Los Amigos Lease Agreement. On June 9, 2009, TEBSA, as lessee, and Los Amigos, as lessor, amended and restated the original lease agreement in order to reduce the amortization payments thereunder. The Los Amigos Lease Agreement will expire in December 2028.

Under the Los Amigos Lease Agreement, TEBSA leases from Los Amigos seven power generation units for 32 years and pays the lessor monthly in accordance with an amortization schedule set forth under the Los Amigos Lease Agreement. TEBSA has an option to purchase the equipment leased under the agreement at a price equal to the outstanding intercompany subordinated indebtedness between Los Amigos, as borrower, and TPL, as lender, at the expiration of the Los Amigos Lease Agreement plus U.S.$1.00.

Through the subordinated indebtedness referred to in the previous paragraph, Los Amigos pays principal and interest to TPL with proceeds received from the lease payments under the Los Amigos Lease Agreement. A failure by TEBSA to make payment under the Los Amigos Lease Agreement will not result in a default.

TEBSA is responsible for the maintenance and repair of the leased equipment and Los Amigos has no obligation to maintain, repair or replace the leased equipment or any of its parts. In addition, TEBSA is responsible for maintaining insurance coverage with respect to the leased equipment.

The Los Amigos Lease Agreement may be terminated by Los Amigos, in its sole discretion, if TEBSA fails to pay any rent installment when due (other than a subordinated rent installment), TEBSA fails to perform its contractual obligations and such failure has a material and adverse effect on the ability of Los Amigos to perform its obligations under the financing documents (and such breach is not remedied within 60 days after receipt of written notice), among others.

On October 26, 2016, the Los Amigos Lease Agreement and the rights thereunder were pledged in favor of Bancolombia Panamá S.A., as collateral agent, in respect of the syndicated loan facility described in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Loans and Financings—Material Financing Agreements and Other Obligations."

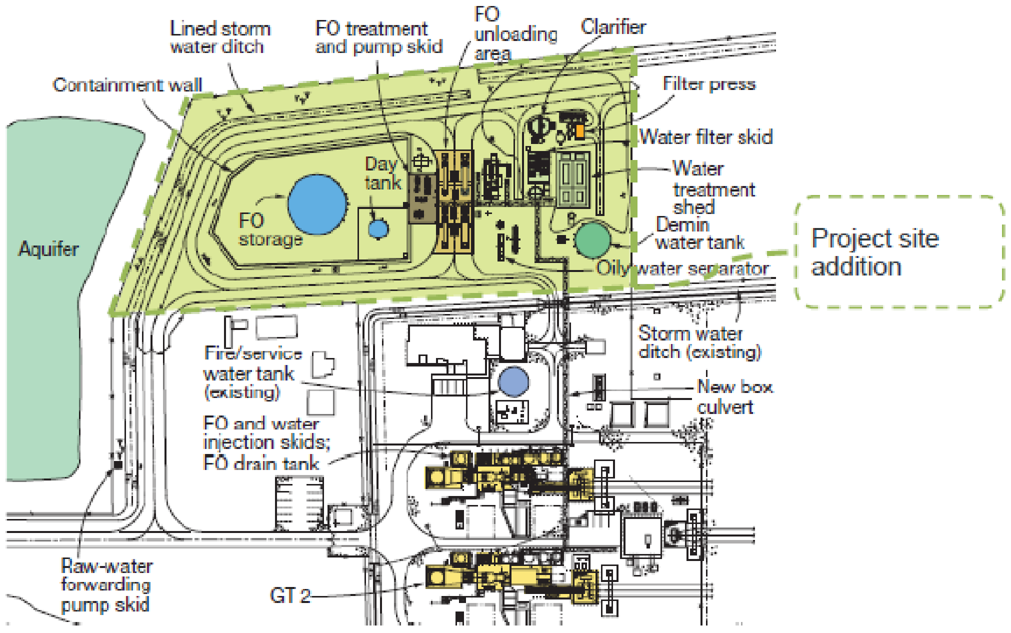
The TECAN Power Plant

TECAN is an OCGT, power generation plant consisting of two Westinghouse 501FC gas turbine units. The plant began operating in 2000 and in 2007 converted the turbine's fuel system from natural gas only to a dual-fuel, with diesel or fuel oil #2 as alternative fuel. As of the date of this offering memorandum, the aggregate audited installed capacity of the plant is 324 MW.

TECAN is strategically located near the city of Cartagena, along Colombia's Atlantic coast and maintains continuous access to natural gas through direct connection with the Promigas pipeline, which supplies gas from SPEC, Guajira and La Creciente. TECAN can also access liquid fuel supply through the Port of Cartagena and the oil refinery of Ecopetrol located in Cartagena's Mamonal industrial zone if required.

General

The following diagram illustrates the main components and the operation of the TECAN Power Plant:



- Natural gas is delivered by SPEC from the SPEC facility through a dedicated ten km pipeline to the gas regulation station located in Cartagena and operated by Promigas. Gas is then delivered to TECAN by Promigas through an approximately five km main transportation pipeline.

- Alternatively, TECAN can be operated with diesel fuel to allow operation if there is a temporary interruption of natural gas supply.

- Each dual-fuel (natural gas and diesel) turbine has been upgraded to DF42 (Diffused Flame) technology and has, together with the related generator, an approximate effective capacity of 157 MW.

- Chillers lower the temperature of the air thereby increasing the efficiency of the power generation process.

- Our water treatment plant treats up to approximately 3,800 cubic meters of water per day and supplies approximately 2,700 cubic meters of demineralized water required by the Power Plant daily for emissions control.

- Our gas turbines and their two related generators have a combined audited installed capacity of 324 MW (Brayton cycle).

- Step-up transformers manufactured by ABB of 215 MVA for each gas turbine, which transform voltage from 13.8 kV to 220 kV for CT1 and from 18.0 kV to 220 kV for CT2.

- Conventional substation with a breaker and a half configuration.

- Total power generated through the two gas turbines is delivered to the utility network through the four 220 kV transmission lines connecting the generation units to the grid.

Set forth below is a table summarizing certain key operating metrics of each of our TECAN power plant:

Distance from Airport	18.4 km
Distance from LNG Facility	16.4 km
Technology...............................	Mitsubishi/Siemens
Audited Installed	324 MW

Capacity........................	
Net Heat Rate........	10,219 BTU/kWh
Main Fuel................................	Natural gas
Secondary Fuel	Diesel
Availability Factor (1)...............	99.98
Fuel Storage	1 x 1.3 million gallons (Diesel)
Gas Turbines	2 x Westinghouse 501FC – 157
Cooling system.......................................	Aqueduct water
Emission control....................................	DF42 burners
Substation (Voltage)...............................	220 kV

(1) As of September 30, 2018.

For further information on TECAN's various revenue streams see "—The TEBSA Power Plant—Revenue Streams."

Construction of the TECAN Power Plant

Construction of the TECAN power plant began in 199, accomplished COD in June 2000, and was converted to a dual-fuel (diesel) plant in 2007. Our strategy, however, continues to entirely rely on natural gas imported through the SPEC LNG port, storage, and regasification facility for each of our TEBSA and TECAN power plants.

Power Plant Components

Description

The following are the main components of the power plants:

- *Turbines:* The TECAN power plant consists of two Westinghouse 501FC gas turbine units with 157 MW for a total audited installed capacity of 324 MW. In 2007, Mitsubishi Power Systems Americas and Emerson Electric converted TECAN's power plant so that it could utilize duel fuel (diesel), however, its strategy is to only produce using natural gas. During the conversion, key equipment, including a new state of the art diffused flame DF42 combustion system, was installed; a water injection system for output enhancement systems was included; a dual fuel forwarding and injection system, diesel storage, unloading and treatment system were put in place; and a water treatment and demineralization were replaced at the power plant, which left the plant in a like-new condition.

- *Control Room*: The TECAN power plant has a state-of-the-art Distributed Control System (DCS), called Ovation, manufactured by Emerson. It also has a monitor with all RTU signals. Additionally, it has all of the fail registers for the connection diameter of all of its generation units, and a server that transmits in real-time, all of the variables of the generation units to a Mitsubishi remote-control center in Orlando, Florida (RMC). In this same place we can find all of the energy measurement systems, electric protection boards, and network synchronization boards. This room has a fire detection and extinction system using FE13.

- *Substation*: TECAN uses a natural gas supply substation for each of its gas turbines, and has the option to utilize diesel as a secondary fuel source.

- *Transmission Lines*: TECAN's facility is connected through four lines to Colombia's national power grid, two going to the Termocartagena 220 kV substations, and two connected to the 220 kV Ternera substation.

- *Fuel storage tanks*: TECAN has two storage tanks with capacities of 60,000 and 1,260,000 gallons, which is enough to support TECAN's operations at full capacity for two days.

- *Water injection system*: TECAN's plant uses a water injection system consisting of diffusion flame combustors – DF42, which are used to improve output and to control CO2 emissions when operating with diesel. The DF42 system also helps the plant maintain an excellent start-up reliability record.

- *Water storage tank*: TECAN's water storage tank is able to store 650,000 gallons of its demineralized water.

Operational performance

During 2016, TECAN achieved high levels of operational performance. The availability of TECAN's CT1 unit increased from 83% to 96% between 2015 and 2016 and increased to 99.7% in 2017. The availability of TECAN's CT2 unit increased from 85% to 97% between 2015 and 2016 and increased to 99.59% in 2017. The fuel consumption of TECAN's CT1 unit increased from 76.38 GBTUs of diesel to 256.76 GBTUs, and from 4.57 GBTUs of natural gas to 167.65 GBTUs from 2015 to 2016. In 2017, the fuel consumption of TECAN's CT1 unit was 0 GBTUs and 406.15 GBTU of natural gas. Between 2015 and 2016, the fuel consumption of TECAN's CT2 unit increased from 101.66 GBTU of diesel to 259 GBTU, and from 16.51 GBTU of natural gas to 316.49 GBTU. In 2017, the fuel consumption of diesel of TECAN's CT2 unit was 0 GBTU and natural gas consumption was 144.1 GBTU. The utilization rate of its CT1 unit increased between 2015 and 2016 from 3.3% to 12.4%, and decreased to 2.1% in 2017. Between 2015 and 2016, the utilization rate of its CT2 unit increased from 4.8% and 13.6% and decreased to 0.7% in 2017.

Dual fuel technology process:

- TECAN's fuel unloading station receives and processes four 12,000 gallon delivery trucks simultaneously

- Coalescing and particulate filters process oil from two unloading skids.

- Build-in basin directs spills to a trench under the grating which connects to an oil and water separator

Water treatment process

- Water from a municipal aquifer passes through a floating suction arrangement;

- The water is pumped into the water treatment and demineralization plant by two 60hp motor driven raw water forwarding pumps that can process at a rate of 800gpm;

- Once the water is treated, it is pumped into storage tanks;

- The demineralization forwarding pumps then deliver water to the turbines;

- The demineralized water that is not used in the combustion process is recirculated through the system to decrease waste and environmental impact;

- Finally, a hydrojet system pumps demineralized water to the Alfa-Laval centrifuge system so that it can be used in fuel washing.

Conversion to CCGT

TECAN is currently in the process of developing a project for converting its power plant to a CCGT cycle. The total execution time currently estimated for this project is 30 months, and we expect to invest approximately U.S.$220 million. We believe that a conversion to CCGT will place TECAN in a strong position to dispatch in-merit generation, and could allow TECAN to participate in an additional ten-year OEF as of COD, if additional regulatory adjustments are made. This project is subject to TECAN receiving OEFs at the Reliability Charge auction that is to be conducted in the first semester of 2019.

TECAN has completed certain steps necessary in order to complete a conversion to the CCGT cycle. For example, TECAN has received approval of an environmental license for the construction and operation of the CCGT project, and the UPME is set to register this CCGT project as a phase 3 construction project, which allows us to participate in an additional OEF allocation process. In addition, the GEB (*Grupo de Energia de Bogota*), has provided a positive feasibility study to UPME in connection with an increase of the installed capacity of the current connection point from 484 MW to 566 MW. Additionally, our legal advisors are reviewing the requirements to determine the feasibility of obtaining authorization for the development of the project under a Special Permanent Free Trade Zone before its conversion to CCGT. Finally, TECAN has already prepared the documentation containing all the technical requirements needed by the EPC Company that will be in charge of developing the conversion to CCGT.

Licenses and Permits

As of the date of this offering memorandum, TECAN has an environmental license that includes all required environmental permits, including an emissions permit, a water discharge permit, and a woodcutting permit. The environmental license was initially issued by the Autonomous Regional Corporation of "Canal del Dique" pursuant to Resolution 507 of 1996, granted to KMR Power Corp. By means of Resolution 541 of July 6, 1999, the Ministry of the Environment and Sustainable Development, approved the assignment of the environmental license to TECAN. The Ministry of the Environment later modified the environmental license pursuant to Resolution 0045 of January 12, 2007 to account for the Dual Fuel Project, and pursuant to Resolution 0410 of March 7, 2008 to account for the Combined Cycle Project. This license and its amendments are valid for the life of the project.

Insurance

TECAN maintains full-risk coverage for all of its physical assets. TECAN's insurance includes a Property Damage and Business Interruption Policy that provides U.S.$178 million in coverage for material damages, U.S.$76 million in coverage for lost revenues due to business interruption, U.S.$6 million in coverage for lost or damaged LNG inventory. In addition, it has insurance policies that provide U.S.$50 million in coverage for damages resulting from terrorism, U.S.$9 million in coverage for non-contractual civil liability, U.S.$10 million in coverage for director and administrator civil liability, and U.S.$500 thousand for import transportation coverage.

TECAN also has a D&O policy through AXA Colpatria Seguros S.A. See "Management—TEBSA—D&O Insurance" for additional information.

We believe that the level of insurance coverage that TECAN maintains is reasonably appropriate for the risks that its business faces and is comparable to the level of insurance and reinsurance coverage maintained by other companies of comparable size operating in the business in which it is engaged.

Material Agreements

Natural Gas and LNG Purchase Agreements

TECAN relies on the supply of LNG through Calamarí and its contracted capacity of the SPEC facility to back-up OEFs and plant dispatch. TECAN can also access the local gas secondary market when required through the mechanisms permitted under Resolution 114 of 2017. The TECAN LNG Agency Purchase Agreement is identical to the TEBSA LNG Agency Purchase Agreement described in "—TEBSA Power Plant—Material Agreements—TEBSA LNG Agency Purchase Agreement."

Master LNG Sale and Purchase Agreements

See "—TEBSA Power Plant—Material Agreements—Master LNG Sale and Purchase Agreements" for a description of these agreements.

Natural Gas and LNG Transportation Agreements:

TECAN has contracted natural gas transportation capacity from the SPEC facility for 100% of its requirements at full load dispatch. TECAN's contracts are under the regulated pair of charges equivalent to 100% variables costs and zero fixed cost (only AO&M, this means a minimum fixed cost component corresponding to the administration, operation and maintenance). In Colombia, natural gas transporters have regulated pairings of fixed and variable costs they are permitted to charge, depending on the structure of the agreement. TECAN has contracts for the gas supplied from the LNG Facility.

TECAN has only one agreement with Promigas. The amounts contracted are in line with other contracts involving natural gas fields in Colombia and satisfy the capacity required to back-up energy obligations required under the applicable CREG regulations and plant operation at maximum load and as a combined cycle if the project is developed.

Transportation Agreement between TECAN and Promigas

TECAN and Promigas have entered into a take-or-pay agreement for the transportation of natural gas. Pursuant to CREG Regulation 89 of 2013 as amended by CREG Resolution 114 of 2017, Promigas provides pipeline transportation for the contracted capacity of natural gas during the term of the agreement. In exchange for Promigas' service, TECAN pays Promigas fees based on a methodology set by CREG. In addition, TECAN is obligated to provide Promigas with an irrevocable bond that guarantees TECAN's obligations under the agreement. The amount of such irrevocable bond shall be determined by multiplying the contracted capacity of natural gas (equivalent to 70 days) by the fixed transportation fee. The Promigas transportation services have fixed termination date of November 30, 2026 and the agreement allows for termination upon certain events, including breach of contractual obligations by any of the parties.

The occurrence of a force majeure event will not free the parties of their obligations under the transportation agreement unless the following steps are taken and the force majeure event is not resolved:

- The party affected by the force majeure event shall notify the other party in writing of the occurrence of the event within the 24 hours following the occurrence of the event and shall provide all the information necessary to demonstrate the occurrence of the event and the effects within the next five days.

- Once notice is provided, the obligation to deliver, to accept delivery, or to transport natural gas, as applicable, shall be suspended for a period from the occurrence of the event until such time as the force majeure event has ceased. Neither party shall have failed to comply under these circumstances.

- If, however, within ten business days of receipt of the notice, the unaffected party denies the existence of a force majeure event, the parties will proceed in accordance with the disputes resolution mechanism provided for in their contract.

- The party that invokes the occurrence of a force majeure event shall make its best efforts to remedy the cause of the force majeure event, and shall inform the other party, in writing, once the force majeure event has ended.

Promigas is obligated to meet its obligations under the transportation agreement unless a force majeure event prevents it from performing its obligations thereunder.

If, as a consequence of the occurrence of a force majeure event or for causes attributable to third parties, the natural gas does not comply with certain quality specifications at the delivery point, TEBSA will have the option of accepting delivery of that natural gas. Consequently, Promigas would not have failed to comply with the quality specifications under the transportation agreement.

In the event that TECAN fails to comply with its payment obligations under the transportation agreements, Promigas shall send a written notification specifying the unpaid amounts. The agreement provides TECAN with a three business day grace period. If TECAN fails to pay Promigas beyond the grace period, Promigas shall have the right to suspend the transportation service; however, TECAN can draw on its performance bond in favor of Promigas to satisfy its payment obligations. Promigas has the right to terminate the applicable transportation agreement with TECAN if amounts due thereunder are over 60 days overdue and unpaid. Upon an early termination, Promigas shall not be liable to TECAN for any of its obligations and TECAN shall be liable for all outstanding amounts.

TECAN and Promigas agree to indemnify each other as a result of damages arising from a breach of contractual obligations; however, this indemnity is capped at 75% of the value of the gas transported under the agreement. In addition, each party agrees to indemnify the other for loss of profits capped at 25% of the value of the gas transported under the agreement.

Terminal Use Agreement (TUA)

See "—TEBSA Power Plant—Material Agreements—Terminal Use Agreement (TUA)" for a description of this agreement.

Maintenance Agreement

On March 1, 2010, TECAN entered into a Long Term Maintenance Agreement, or LTMA, with Mitsubishi, in respect of the maintenance of the turbines and other parts of the TECAN plant.

TECAN's employees are responsible for the operation and maintenance of the power plant equipment. TECAN performs main maintenance cycles on its gas turbines directly with OEMs. Maintenance of balance of plant is performed by TECAN personnel and purveyors and OEMs where required.

Under the LTMA, Mitsubishi provides TECAN with supervised field service personnel, technical advisors, project management and scheduling with respect to service work, the supply of special tools, guidance and direction to the TECAN maintenance personnel among other maintenance service work. Further, Mitsubishi provides TECAN with a 24-hour real time remote monitoring system from Mitsubishi's service center in the United States. TECAN pays a fixed annual fee in exchange for Mitsubishi's services.

The LTMA expires on the earlier of the date on which a total of seven maintenance inspections have been completed on the covered gas turbines and February 23, 2023. The term of the agreement can be extended at TECAN's request until the earlier of (i) the date on which four Maintenance Inspections have been completed on the gas turbines since the first day of the extended term and (ii) the fifth anniversary of the first day of the extended term.

TECAN may terminate the LTMA or a specific purchase order by providing written notice to Mitsubishi at any time after Mitsubishi (i) commits a material breach of the LTMA and fails to cure such breach within 30 days after receipt of written notice, (ii) becomes insolvent or (iii) is found guilty of fraud or willful misconduct.

In addition, pursuant to the LTMA, as amended, TECAN may terminate the LTMA by providing Mitsubishi (i) at least 90 days' written notice at any time after (a) deciding to proceed with combined cycle closing, (b) giving Mitsubishi the opportunity to submit a proposal for a new long term agreement for the supply of parts and services for the two gas turbines and additional equipment coverage at TECAN's option, and (c) deciding in its sole and absolute discretion to award the long term agreement for the two gas turbines operating in combined cycle configuration to another vendor selected to supply the Steam Turbine technology or (ii) otherwise at any time after two (2) maintenance inspections have been completed since March 1, 2018 (one on each of the two gas turbine or both on the same gas turbines), so long as TECAN is not in default and TECAN refunds Mitsubishi all discounts received under the purchase orders issued together with all reasonable and documented costs incurred by Mitsubishi for work to be performed under an outstanding purchase order issued after March 1, 2018.

Mitsubishi may terminate the LTMA by providing written notice to TECAN in the event that TECAN (i) commits a material breach of the LTMA and fails to cure such breach within 30 days after receipt of written notice, (ii) fails to make any payments when due and fails to remedy such default within two business days after receiving written notification, (iii) becomes insolvent or (iv) is found guilty of fraud or willful misconduct.

In addition, Mitsubishi may terminate the LTMA by providing at least 30 days' prior written notice in the event that TECAN suffers a change of control or Mitsubishi denies a required consent to an assignment of the LTMA, among other scenarios.

Each party shall indemnify, defend and hold harmless the other party from any claims, actions or liabilities by or to third parties and the related incidental expenses which arise out of injury or death to persons or property, claims by any governmental authority or the violation or alleged violation of any governmental requirements in connection with the performance of such party's contractual obligations, to the extent these are caused by the acts or omissions of one of the parties, its agents, subcontractors or suppliers. No party shall be liable to the other party for claims based solely upon the fraud or willful misconduct of the party bringing an indemnity claim.

In respect of force majeure, no party shall be liable for any failure to perform or a delay in the performance of its obligations (other than the payment obligations) if and to the extent that such performance is prevented or delayed by an act or circumstance beyond the reasonable control of such party.

Material Leasing Agreements

On June 21, 2000, TECAN, as lessee, and Enerpro, a wholly-owned subsidiary of TECAN, as lessor, entered into an amended and restated equipment lease agreement, or the Enerpro Lease Agreement, in respect of the lease of certain generation and transmission equipment at the power plant located in Mamonal, Sector Arroz Barato, Cartagena de Indias, Colombia, with a capacity of approximately 300 MW. The Enerpro Lease Agreement was amended to reduce the amortization payments. The Enerpro Lease Agreement will expire in December 2020.

Under the Enerpro Lease Agreement, TECAN leases two power generation units for 20 years and pays the lessor monthly in accordance with an amortization schedule. On the final lease payment date, TECAN has an option to purchase the equipment leased under the agreement at a price equal to U.S.$1.00 plus any amounts due or past due under the Enerpro Lease Agreement on such date.

TECAN is responsible for the maintenance and repair of the leased equipment and Enerpro has no obligation to maintain, repair or replace the leased equipment or any of its parts. In addition, TECAN is responsible for maintaining insurance coverage with respect to the leased equipment.

Each of TECAN and Enerpro may terminate the Enerpro Lease Agreement upon the occurrence of an event of default. In the event that TECAN has caused an event of default, Enerpro would have the right to declare due and payable amounts equal to the casualty loss payment as of the lease payment date immediately preceding the occurrence of the event of default plus interest. TECAN shall have the right to bring suit for specific performance, with regards to the leased equipment or to take whatever action may appear necessary or desirable to enforce performance of Enerpro's contractual obligations. A payment default may lead to early termination in the event that the default is not cured within the applicable cure period under the Enerpro Lease Agreement.

On October 26, 2016, the Enerpro Lease Agreement and the rights thereunder were pledged in favor of Bancolombia Panamá S.A., as collateral agent, in respect of the syndicated loan facility described in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Loans and Financings—Material Financing Agreements and Other Obligations."

On August 23, 2007, TECAN, as lessee, and Enerpro, as lessor, enter into a lease agreement, or the Dual-Fuel Lease, in respect of the lease of the equipment necessary for the execution and operation of the conversion project of the TECAN plant to generate alternative fuel. The Dual-Fuel Lease will expire on December 2027.

Under the Dual-Fuel Lease, TECAN leases from the lessor the required equipment for 20 years and pays the lessor monthly. On the final lease payment date, TECAN has an option to purchase the equipment leased under the agreement at a price equal to U.S.$1.00 plus any amounts due or past due under the Dual-Fuel Lease.

Enerpro is responsible for the maintenance and repair of the leased equipment and TECAN is obligated to maintain in good condition the leased equipment according to its purpose during the term of the lease. TECAN is also responsible of all the payments to the manufacturers and suppliers for the use of the equipment and the operation of the plant. In addition, TECAN is responsible for maintaining all insurance coverage with respect to the leased equipment during the term of the lease in the terms agreed under the Fiscal Agency.

In the event that the equipment is destroyed or damage by a fire or any other accident or the rights over the equipment or the temporal use of it are taken away from TECAN, Enerpro must immediately repair, restore or substitute the equipment with the product of the insurance or the expropriation sentence, and if it is not enough, Enerpro can either repair, restore or substitute or terminate the Dual-Fuel Lease.

Each of TECAN and Enerpro may terminate the lease agreement upon the occurrence of an event of default. In the event that TECAN has caused an event of default, Enerpro would have the right to: (i) declare due and payable amounts equal to the casualty loss payment as of the lease payment date immediately preceding the occurrence of the event of default plus interest; (ii) enter the plant and prohibit the use of the equipment, and if TECAN refuses the entrance to the plant, Enerpro can initiate a restoration process; and (iii) take whatever action that may appear necessary or desirable to enforce performance of Enerpro's contractual obligations. TECAN shall have the right to bring suit for specific performance, with regards to the leased equipment or to take whatever action that may appear necessary or desirable to enforce performance of Enerpro's contractual obligations. In the event of a payment default and such default continues for 90 days after the lessor notifies TECAN of such payment default, the lessor may (at its discretion) immediately terminate the Dual-Fuel Lease.

On December 18, 2007, the Dual-Fuel Lease was amended in order to clarify the descriptions and the value of the leased equipment.

Seasonality

The effects of seasonality on the hydro-thermal electricity generation system in Colombia is characterized by periods of the year where the supply of hydraulic generation increases or decreases depending the level of rainfall and the availability of water to power hydroelectric power plants. In Colombia, the wet season is between May 1st and November 30th and the dry season is between December1st and April 30th. Spot prices increase during the dry season because higher cost thermal generation units are dispatched with greater frequency to offset the reduction in hydraulic generation. We mitigate the effects of seasonality by seeking to enter into energy sales PPAs, which minimize our exposure to the spot market price volatility.

Property, Machinery and Equipment

We own all of the real property on which the TECAN and TEBSA power plants are located and have full rights of ownership over the tangible and intangible assets we use in the operation of the TECAN and TEBSA power plants. We believe that the TECAN and TEBSA power plants are in good operating condition. As of December 31, 2017, the net book value of our property, machinery and equipment was approximately U.S.$696 million.

Employees

As of September 30, 2018, TEBSA had 136 employees, of which approximately 34% were part of a union. As of September 30, 2018, TECAN had a total of 31 direct employees.

Since 1995, we have reviewed the publicly available compensation and benefits information of our competitors in the Colombian energy sector and have worked with our employees to offer competitive compensation packages in order to retain the best talent and remain competitive.

Social Matters

TEBSA continues to offer the surrounding areas a Social Responsibility Plan (*Plan de Gestión Social*) that is aimed at promoting their economic development, and social and cultural development, with a goal of generating a positive impact and influence on the area. The communities that are a part of this Plan are the Las Margaritas, Salamanca, Los Mangos and Costa Hermosa neighborhoods in the Soledad municipality.

In 2017, the development of this social responsibility plan continued as a result of the alliance established with *ACTUAR Famiempresas del Atlántico* 16 years ago. This alliance guaranteed the efficient administration of TEBSA's resources, thereby reaching a larger number of beneficiaries and resulting in a positive impact on the surrounding communities. Since 2002, we have invested more than Col$4,268,925 thousand in this social responsibility plan. During the year ended December 31, 2017, we invested approximately Col$360,571 thousand.

Legal Proceedings

The following is a description of the most relevant legal proceedings in which we are involved:

Group Action Initiated by Maria Bonfante and others

On December 1, 2015, Maria Bonfante and others commenced a class action (*acción de grupo*) before the Administrative Tribunal of Bolivar against the MME and all Colombian electricity generation companies (including TEBSA and TECAN) that have received income from the Reliability Charge. The claimants argue that despite citizens having paid the Reliability Charge in their electricity bills, electricity generation companies nonetheless increased tariffs during scarcity periods, instead of using the compensation received through the Reliability Charge to cover the costs of generating electricity and avoiding increased tariffs.

The claims are estimated at approximately U.S.$4.7 million. However, if a decision is issued in favor of the claimants, the amount awarded would have to be paid by the different defendants according to the amounts received from the Reliability Charge. In such case, TEBSA and TECAN would have to pay restitution equal to the amount that they received from the Reliability Charge from 2006 through today.

The defendants used procedural defenses to dismiss the case. As a result, on August 15, 2017 the Administrative Tribunal of Bolivar decided to declare void all the procedural acts admitting the suit and ordered the recommencement of all proceedings. Given the difficulty to prove that the resources received from the Reliability Charge could have been used to reduce the tariffs charged to final users, we believe that the claims will be dismissed. We expect that the Administrative Tribunal of Bolivar will issue a final decision within three years, which is a reasonable amount of time for the administrative tribunals to issue decisions on class actions.

Administrative Proceeding Initiated against XM Compañía de Expertos en Mercados S.A. E.S.P. and Interconexión Electrica S.A. E.S.P.

Between 2008 and 2013, claimants, including EMGESA S.A. and Central Hidroeléctrica Betania S.A., initiated several administrative proceedings (*acción de nulidad y restablecimiento del derecho*) before the Administrative Tribunal of Antioquia against XM and Interconexión Electrica S.A. E.S.P., or ISA, claiming that the invoices through which the Reliability Charge is collected and paid to TECAN are null and void. In addition, the claimants requested a judicial review of the amounts paid through the Reliability Charge.

TECAN was asked by XM and ISA as a third-party defendant (*llamado en garantía*) to respond jointly with the claimants, considering that TECAN provided information for XM and ISA to issue such invoices. An unfavorable decision in this proceeding may result in TECAN paying the difference between the original Reliability Charge collected and the judicial review of such amounts. However, as of the date of this offering memorandum, the claimants abandoned 78 of the filed proceedings, and a decision relating to the remaining 25 proceedings is pending. We believe that the claimants abandoned such claims because they lacked the required evidence to support them. We believe it very likely that claimants will withdraw the remaining claims or that the judicial decision will be favorable to TECAN.

Arbitration Proceedings

Arbitration proceeding initiated by Gecelca against TEBSA

On July 24, 2018, the Barranquilla Chamber of Commerce Arbitration Center served TEBSA notice of an arbitration proceeding initiated by Gecelca against TEBSA, claiming that TEBSA breached a mandate agreement for the supply and commercialization of complementary capacity of the TEBSA power purchase agreement entered into with Gecelca. Gecelca claimed damages of approximately U.S.$7.0 million plus accrued interest, resulting from the unavailability of complementary capacity of the TEBSA power plant.

As of the date of this offering memorandum, the arbitration proceeding is in its initial stages and the arbitral tribunal has not yet been formed. Considering the early stage of the arbitration proceeding, it is not possible to determine its outcome. Based on a preliminary review of the arbitration claim, TEBSA believes that it is likely to obtain a favorable decision. This assessment may change over the course of these proceeding.

Public Lighting Tax Arbitration Proceeding Initiated by TEBSA against Gecelca

On October 19, 2018, TEBSA initiated an arbitration proceeding against Gecelca, at the Bogota Chamber of Commerce's Arbitration Center, requesting, among other things, the final liquidation of both entities' power purchase agreement, dated March 29, 1995, which expired on April 26, 2016.

Such claim is based on pending accounts receivable owed by Gecelca to TEBSA, pursuant to this contract, for the supply of electric power through a power generation plant located in the municipality of Soledad, Colombia. In such agreement, the parties, among other thing, agreed to adjust the costs related to capacity and electricity generation pursuant to any changes in applicable regulation, including any amendments to tax and environmental regulations.

In addition, TEBSA requested that the liquidation recognize the right to evacuate the energy through the 220 kV Soledad-Sabanalarga transmission line, without any charge, even if the applicable regulations change.

This arbitration proceeding is in its early stages and we are awaiting Gecelca's reply. We believe that TEBSA is likely to receive a favorable decision given the express agreement between TEBSA and Gecelca for Gecelca to pay additional costs resulting from changes to applicable regulations. In addition, Gecelca recently reimbursed TEBSA U.S.$2,119 thousand that was derived from public lighting taxes, and the privilege to use the right of way without additional cost is an express contractual right.

Assuming Gecelca does not file a counterclaim, an unfavorable resolution of this proceeding would result in TEBSA having to pay the expenses related to the arbitration, which we estimate could amount to U.S.$323,624, as well as attorney's fees ranging from U.S.$42,032 to U.S.$126,097.

MANAGEMENT

TPL

Board of Directors

Our board of directors is the main deliberative body responsible for determining the direction and general guidelines of our business operations, including our long-term strategy, the control and inspection of our performance, and the supervision of the management activities of our managers.

Pursuant to our memorandum and articles of association, our board of directors consists of five persons.

Our board of directors meets whenever deemed necessary, upon request of a director or after receiving a call notice for a meeting. With the exception of certain Matters defined as “Material Business” which requires four of all five members of the board of directors to be approved, decisions of the board of directors are made by an affirmative vote of the majority of its members present in a meeting. According to article 71 of the articles of association of TPL, no member of the board of directors of TPL may vote in respect of any contract or transaction in which the member has an interest.

The following table sets forth the name, age, position and last date of election for each current member of our board of directors:

Name	Date of Birth	Position	Election Date
Carlos Fuentes	January 16, 1971	Director	May 28, 2015
Fernando José Tisne	April 11,1970	Director	April 23, 2009
Eduardo Damian Villareal	June 8, 1961	Director	November 20,2012
Juan Luis Rivera	August 4, 1971	Director	October 4, 2017
Jose Fernando Llano	February 1, 1966	Director	May 28, 2015

The following is a brief summary of the business and educational experience of our current board of directors:

Carlos Fuentes. Carlos Fuentes has served as a director on TPL’s board of directors since May 2015. He has more than 20 years of experience in the energy sector, and is currently the Managing Partner and chief executive officer of SCL Energía Activa. Mr. Fuentes has held various positions at Gener as Senior Analyst and then as Project Manager. While at Gener, he was part of the team that evaluated and pursued privatization opportunities in Latin America, including Brazil (Paranagua) and Argentina (the sale of Chilquinta Energia S.A.’s stake in Central Puerto S.A. and conversion of an existing open-cycle generation plant into a combined cycle plant at the Central Térmica Loma de la Lata). As chief executive officer of SCL Energía, Mr. Fuentes has been involved in substantially all of the company’s projects. He was part of the restructuring team of TECAN. Mr. Fuentes has also worked as a Senior Analyst and Project Manager on projects with generation capacity in excess of 1,100 MW. He is a board member of Fund I companies in Chile, Peru and Colombia. The total monetary amount involved in projects led by Mr. Fuentes is in excess of U.S.$1 billion. He received a degree in Business Administration from the *Universidad de Santiago de Chile,* and completed postgraduate studies in Finance at the University of California, Berkeley.

Fernando José Tisne. Fernando José Tisne has served as a director on TPL’s board of directors since April 2009. He is a partner at Moneda Asset Management and portfolio manager of LATAM Fixed Income. He joined Moneda in 1994 and later became a partner in 2006. In 1999 Mr. Tisne took charge of the creation and development of the Fund Moneda Deuda Latinoamericana Fondo de Inversión. The fund was one of the first funds in the world specialized in LATAM corporate high yield fixed income, with over U.S.$1 billion in assets under management. The fund was later distinguished by Bloomberg in 2013 as the world’s most profitable fixed income fund in the emerging markets in the previous ten years. Mr. Tisne was also the president of the Chilean Association of Investment Funds from 2011 to 2015. He received a degree in Commercial Engineering from *Pontificia Universidad Católica de Chile* with an emphasis in Business Administration.

Eduardo Damian Villareal. Eduardo Damian Villareal has served as a director on TPL's board of directors since November 2012. He has more than 22 years of experience working in the energy sector. He is currently the Managing Partner at SCL Energia Activa, and has occupied that role since 2009. He is also currently a board member of Fund I portfolio companies in Colombia. Mr. Damián also worked for Pangue S.A. in Chile (450 MW), where he participated in its U.S.$300 million restructuring. He has also been the Chief Financial Officer of CB Transporte & Infraestructura, and was the Chief Executive Officer of Chivor S.A., a 1,000 MW hydro dam facility in Colombia. Mr. Villareal led Chivor S.A.'s takeover process along with its U.S.$400 million debt restructuring. He was also president of Itabo S.A. in the Dominican Republic, and chairman of the Generation Companies Council in Colombia. Mr. Villareal was also the Chief Executive Officer of TPL during its turnaround from 2002 to 2011. Mr. Damian has been Chief Executive Officer or Chief Financial Officer of companies with asset values and generation capacities in excess of U.S.$1.5 billion and 2,700 MW. He received a degree in Business Administration from the *Universidad Católica de Valparaíso*, and completed postgraduate studies in Finance at the *Universidad de Chile*.

Juan Luis Rivera. Juan Luis Rivera has served as a director on TPL's board of directors since October 2017. He has more than 19 years of experience in asset management. He joined Moneda Asset Management in 2006, where he is currently a portfolio manager. While there, Mr. Rivera launched the absolute return strategy for LATAM fixed and variable income. Before joining Moneda, Mr. Rivera was the general manager of Bancard, where he increased its investment portfolio form U.S.$250 million to U.S.$1.3 billion in assets mainly in LATAM and the US. He has also been a professor at Chilean Universities, and a member of the boards of directors of several leading companies in Latin America. He received a degree in Commercial Engineering from the *Pontificia Universidad Católica de Chile*, and an MBA from Harvard Business School.

José Fernando Llano. José Fernando Llano has served as a director on TPL's board of directors since May 2015. He is currently the president of the private equity unit at Mercantil Colpatria SA, and has occupied that position since 2010. He has also been president of the private equity unit of Colpatria, Banco Santander, and Seguros Bolivar. He received a Law Degree from *Pontificia Universidad Javeriana de Bogotá*, with a specialization in Business Administration.

Management

Our managers are our legal representatives. They are principally responsible for our day-to-day management and for implementing the policies and general guidelines established by our board of directors.

Our managers are elected at a board of directors' meeting for a one-year term, subject to re-election, and can be removed or replaced by our board of directors at any time.

Pursuant to our memorandum and articles of association, our executive board has full powers to carry out the acts necessary for our operations in the ordinary course and to achieve our corporate purpose, however specific such powers may be delegated to our managers, including powers to dispose of and encumber fixed assets, waive rights, negotiate and settle matters, provided that we comply with the applicable legal and statutory requirements.

The following table sets forth the name, age, position and last date of election for each of our managers:

Name	Date of Birth	Position	Election Date
Luis Miguel Fernandez	August 11, 1972	Chief Executive Officer	October 1, 2010
Ernesto Alberto Ritzel Feske	August 18, 1969	Chief Financial Officer	July 17, 2018
Miguel Perez Ghisays	June 9, 1964	Chief Operating Officer & General Manager	October 1, 2003
Jose Rosales Mendoza	November 13, 1963	Commercial & Regulatory Manager	October 19, 2010

The terms of office of the Chief Executive Officer listed above will expire one year after their election date.

The following is a brief summary of the business and educational experience of our current managers:

Luis Miguel Fernandez. Luis Miguel Fernandez has served as chief executive officer since October 2010 and has led the value creation process of TEBSA's, ensuring long term fuel supply and plant performance, efficiency and reliability enhancement. He joined TECAN in December 1999 and would then serve as a financial manager between 2003 and 2010, where he played a key role in the turn-around strategy. He also led TECAN's complete financial restructuring in 2007 prior to becoming CEO. Mr. Fernandez also has over 19 years of experience in multinational and national companies within the electricity generation sector, and was president of the Association of Energy Generators, or ANDEG, on two occasions. He holds a degree in Business Administration from *Universidad de los Andes*.

Ernesto Alberto Ritzel Feske. Ernesto Alberto Ritzel Feske served as our chief financial officer from 2004 to 2015 and recently re-joined us in June 2018. He has over 25 years of experience in managerial positions in companies across different industries, including the energy sector. Prior to joining TEBSA in 2004, he held several finance positions at Cementos del Caribe (now known as Cementos Argos). He has also held chief financial officer positions at Grupo Daabon Logistics and Sociedad Portuaria Regional de Barranquilla. He holds a degree in Business Administration and a Masters in Business from the *Universidad del Norte*.

Miguel Perez Ghisays. Miguel Perez Ghisays has served as chief operations officer of our board of directors since June of 2010, and as general manager for TECAN since 2016. He has played a key role in TECAN's turnaround strategy between 2003 and 2006, and in the optimization of the TEBSA plant. In addition, Mr. Ghisays also supports TEBSA in operating matters and has over 24 years of experience in power generation plants, working as plant operator, shift supervisor, O&M superintendent, assistant plant manager and deputy manager for GE Power Systems and responsible for technical operations for TEBSA. He holds a degree in Electrical Engineering from *Universidad Tecnologica de Bolivar*, and a Masters in Management from *Universidad de los Andes.*

Jose Rosales Mendoza. Jose Rosales Mendoza has served as commercial & regulatory manager of our board of directors since October of 2010. He also supports the commercial & regulatory area of TPL. Mr. Mendoza has over 25 years of experience in the power sector, with previous roles at Termoflores and CORELCA, or Corporación Eléctrica de La Costa. Previous to joining TEBSA, in 2010, Mr. Mendoza was the power manager at E2 Energia Eficiente, a company specialized in providing energy efficiency solutions. He holds a degree in Electrical Engineering as well as a degree in Finance from *Universidad del Norte* in Barranquilla.

TEBSA

Board of Directors (Junta Directiva)

TEBSA's board of directors (*junta directiva*) is the main deliberative body responsible for determining the direction and general guidelines of our business operations, including our long-term strategy, the control and inspection of our performance, and the supervision of the management activities of our managers.

Pursuant to its bylaws, TEBSA's board of directors consists of five members with two alternates each, elected during a general shareholders' meeting, for a unified one-year term of office, subject to re-election. The chairman is appointed by the members of the board of directors in the board meeting. TEBSA's bylaws require an affirmative vote by four out of its five members in order to approve certain matters.

TEBSA's board of directors meets whenever deemed necessary at least every two months, upon written notice submitted to each director. The board of directors could also meet in extraordinary circumstances upon being called by the chairman (*Presidente de la Sociedad*), the statutory auditor or two of its members. Except for certain decisions subject to a qualified majority, decisions of the board of directors are made by an affirmative vote of the majority of its members present at a meeting. In accordance with Colombian Corporations Law, a member of the board of directors is prohibited from voting in any meeting, or participating in any business operation or activity, in which such member has a conflict of interest with us, unless such member has obtained the express authorization of the shareholders' meeting for doing so.

The following table sets forth the name, age, position and last date of election for each current member of our board of directors:

Name	Date of Birth	Position	Election Date
Andrés Yabrudy Lozano (2)	April 29, 1963	Member	March 23, 2018
Erick Wehdeking Arcieri (2)	August 3, 1970	Member	March 23, 2018
José Fernando Llano (1)	February 1, 1966	Member	March 23, 2018
Fernando José Tisne (1)...	April 11,1970	Member	March 23, 2018
Eduardo Damian Villareal (1).................................	June 8, 1961	Member	March 23, 2018
Domingo Laíno Garcia (2)......................................	January 4, 1968	First Alternate	March 23, 2018
Rubén Rodríguez Álvarez (2)	October 15, 1961	First Alternate	March 23, 2018
Matthieu Blanc (1)..	September 6, 1986	First Alternate	March 23, 2018
Juan Luis Rivera (1)..	August 4, 1971	First Alternate	March 23, 2018
Francisco Colchero Ducci (1)	September 6, 1975	First Alternate	March 23, 2018

(1) Member and alternate appointed by TPL controlling shareholders.
(2) Member and alternate appointed by Gecelca minority voting shareholders.

The terms of office of the directors listed above will expire on the date set forth at our annual shareholders' meeting taking place in 2019.

The following is a brief summary of the business and educational experience of the current members of our board of directors:

Andrés Yabrudy Lozano. Andrés Yabrudy Lozano has served as a member on TEBSA's board of directors since March 2018. He more than 30 year of experience in power sector planning, power plant operations, energy regulation, energy and fuel markets, and power plant development and management. He is currently the president of Gecelca, and has occupied that position since August 2008. He received a degree in Electrical Engineering and an MBA from the *Universidad del Norte Barranquilla*.

Erick Wehdeking Arcieri. Erick Wehdeking Arcieri has served as a member on TEBSA's board of directors since March 2018. He has more than 20 years of experience in the administrative and financial areas of companies in the power sector. He is currently the administrative Vice-president of Gecelca and general manager of the Gecelca 3 Power plant. He majored in Business and received an MBA from the *Universidad del Norte Barranquilla*.

Jose Fernando Llano. See "—TPL—Board of Directors".

Fernando José Tisné. See "—TPL—Board of Directors".

Eduardo Damian Villareal. See "—TPL—Board of Directors".

Domingo Laino Garcia. Domingo Laino Garcia has served as a first alternate to TEBSA's board of directors since March 2018. He has more than 20 years of experience in the power sector in the maintenance, operations, regulation, energy and fuel markets areas, and in project development. He is currently an energy manager at Gecelca. He received a degree in Electrical Engineering, and an MBA from the Universidad del Norte Barranquilla, as well as a Masters in the Power Sector from the *Pontificia Universidad Comillas de Madrid* in Spain.

Rubén Rodríguez Álvarez. Rubén Rodríguez Álvarez has worked 37 years in the energy sector, where he has gained experience working on commercial, operational, and regulatory matters. He has also acquired in-depth knowledge of the gas, coal and electric markets, during his time working at Corelca S.A. ESP and Gecelca S.A. He has a Law and Economics degree with a specialization in finance and administrative law.

Matthieu Blanc. Matthieu Blanc has served as a first alternate to TEBSA's board of directors since March 2018. He has more than five years of experience in capital markets and equities research. He is currently part of the Unidad de Capital Privado of Mercantil Colpatria SA, and has been there since 2016. He participated actively in fund raising for U.S.$7.5 billion in equity linked instruments at Citi Bank in London, and was part of Larrain Vial

Colombia as a power markets leader. He received a degree from the Nantes Business School in Nantes, France, and has an MBA in finance.

Juan Luis Rivera. See "—TPL—Board of Directors."

Francisco Colchero Ducci. Francisco Colchero Ducci has served as a first alternate to TEBSA's board of directors since March 2018. He is an executive director at Devon, and CEO of Celfin Capital SA, a General Fund Manager. He has also served manager of Celfin Capital AGF and as investment manager of Celfin Capital S.A. He has also been a director of Termochilca SAC and director of Maestro Perú SA. He received a degree in industrial civil engineering from the *Universidad Católica de Chile*, and an MBA from the Kellogg School of Management at Northwestern University.

Compensation

Overview

The main goal of our compensation policy is to promote a culture of results by hiring and retaining qualified employees and aligning our management's interests with that of our shareholders.

Our executive officers receive fixed and variable compensation, including a performance bonus. The performance bonus of our executive officers is established taking into consideration certain strategic performance indicators of our company, such as Adjusted EBITDA, expenses, plant availability, maintenance costs and also personal performance goals of our executive directors.

TPL's directors do not receive any compensation. TEBSA's and TECAN's directors and executive officers receive customary benefits and salary payments required by law.

D&O Insurance

TEBSA has contracted D&O insurance through SBS Seguros Colombia S.A. to provide coverage for our management against claims arising from acts committed in the exercise of their functions in the aggregate amount of Col$30,000,000 thousand for which we pay an annual premium of Col$74,993 thousand. TEBSA's D&O insurance policy was renewed on June 17, 2018 for a one-year term.

TECAN has contracted D&O insurance through AXA Colpatria Seguros S.A. to provide coverage for our management against claims arising from acts committed in the exercise of their functions in the aggregate amount of U.S.$10 million for which we pay an annual premium of U.S.$23,000. TECAN's D&O insurance policy was renewed on October 27, 2018 for a one-year term.

PRINCIPAL SHAREHOLDERS

TPL

The following table sets forth information concerning the ownership of our share capital, which consists solely of ordinary shares, as of September 30, 2018:

Shareholders	Number of Ordinary Shares	% of Total
TPL Holding Ltd.	18,225,707	60.75%
Golden Americas Ltd. (1).	4,329,242	14.43%
Moneda Asset Management (2)	3,109,351	10.36%
Other (3)	4,335,700	14.46%
Total	30,000,000	100.00%

(1) Golden Americas Ltd.'s capital stock consists solely of common shares, which are 100% owned by SCL Energia Activa.
(2) Moneda Asset Management refers to: (i) Moneda Deuda Latinoamericana Fondo de Inversión (5.99%); (ii) Moneda Renta CLP Fondo de Inversion (3.88%); and (iii) Alnoranda Holdings Ltda. (0.49%).
(3) Other refers to various individual investors holding equity interests directly or through investment vehicles.

Certain non-affiliate shareholders of the Company will purchase notes in this offering for an aggregate principal amount of U.S.$105 million, representing approximately 26% of the aggregate principal amount of notes to be issued in this offering.

TPL Holding Ltd.

The following table sets forth information concerning the ownership of TPL Holding Ltd., which consists solely of common shares, as of September 30, 2018:

Shareholders	Number of Common Shares	% of Table
Primerose Inc. (1)	325,474	33.33%
TPL Co-Investment Fund L.P. (2)	325,474	33.33%
Moneda Asset Management (3)	325,474	33.33%
Total	976,422	100.00%

(1) Primerose Inc.'s capital stock consists of common shares, and is controlled by Mercantil Colpatria.
(2) TPL Co-Investment Fund L.P.'s capital stock consists of common shares, and is controlled by Mercantil Colpatria..
(3) Moneda Asset Management refers to: (i) Fondo de Inversion Privado TPL (18.51%); (ii) Alnoranda Holdings Inc. (0.81%); (iii) Moneda Deuda Latinoamericana Fondo Inversion (7.32%); and (iv) Moneda Latin American Corporate Debt Fund (6.70%).

TEBSA

The following table sets forth information concerning the ownership of TEBSA, which consists solely of common shares, as of September 30, 2018:

Shareholders	Number of Common Shares	% of Total
TermoCandelaria Power Ltd	83,439,850	57.34%
Gecelca S.A. E.S.P.	61,864,972	42.51%
Other (1)	210,295	0.14%
Total	145,515,117	100.00%

(1) Other includes GPUI Colombia S.A.S., which owns 0.04% of the capital stock of TEBSA.

TECAN

TECAN is a wholly-owned subsidiary of TPL. TPL holds its equity interest through Merchant Project, which indirectly holds its equity interest in TECAN through Termocandelaria GP LLC, Termocandelaria Sub I LLC, Termocandelaria Sub II LLC, Termocandelaria Sub III LLC and Inversiones Termocandelaria S.A.

TPL Memorandum and Articles of Association

The following summarizes certain key provisions of the Memorandum and Articles of Association of TPL adopted by special resolution on October 21, 2016, or M&AA.

The M&AA represent the constitution of TPL and, subject to the requirements of the Cayman Islands' Companies Law (2018 Revision), or the Companies Law, they govern its internal organization, management and structure. The M&AA may only be amended by a resolution of shareholders holding no less than 85% of the then issued and outstanding Shares.

The M&AA contain provisions relating to share capital. They set out TPL's authorized share capital and empower TPL to issue new shares, including redeemable shares.

Inter alia, the M&AA provide that:

- a quorum of holders of no less than 75% of the issued and outstanding Shares is required for a general meeting of TPL;

- TPL must obtain approval by shareholders that own no less than 75% of the issued Shares if it wishes to offer, allot, issue, or sell Shares, or enter into any agreement or arrangement so to do, and may only do so subject to the shareholders' rights of first refusal in proportion to their holdings in TPL;

- transfers of Shares are permitted to a Person Related to the shareholder (as defined in the M&AA), to Bancolombia Panamá S.A. as collateral agent of a credit agreement between TPL and certain financial institutions, and to any person to whom a security interest is granted, in each case following enforcement of the relevant security interest, and otherwise as permitted by the M&AA;

- if a shareholder holding more than 50% of the then-issued and outstanding Shares receives an offer to purchase 25% or more of its Shares, the shareholder must provide the other shareholders with a Sale Notice (as defined in the M&AA). Recipients of the Sale Notice will have the option, expiring after 30 days, to offer a number of Shares up to a proration of their holding in TPL by written notice;

- if a shareholder holding more than 50% of the then-issued and outstanding Shares receives an offer to purchase its Shares which such shareholder wishes to accept, such shareholder has the right to direct minority shareholders to tender their Shares for sale on the same terms within 20 days of the receipt of the offer;

- TPL's Board of Directors will comprise five individuals, three appointed by TPL Holding Ltd (provided it continues to hold at least 46% of the voting rights in TPL) one appointed by Moneda S.A. Administradora General de Fondos (provided it continues to control or advise at least 14% of the voting rights in TPL) and one appointed by Golden Americas, Ltd (provided it continues to control or advise at least 14% of the voting rights in TPL), provided that if the holdings fall below such limits the shareholders shall approve an amendment to the M&AA in accordance with the provisions of the M&AA. As provided by Cayman law, each Director must act in the best interests of TPL; and

- subject to: (i) the Companies Law, (ii) the business plan of TPL, (iii) any restrictions set forth in financing agreements entered into by TPL from time to time; and (iv) the availability of cash for such purpose, the Directors shall declare and pay annual dividends of no less than 80% of the net profits of TPL and its consolidated subsidiaries, provided that such mechanism allows TPL to comply with (i) all obligations under existing notes, contracts, agreements and undertakings documenting or reflecting the indebtedness of TPL and (ii) all tax requirements pursuant to applicable laws. Any change or deviation from the dividend policy of TPL, including, but not limited to, the decision to set aside any profits in order to create voluntary reserves, must be approved by special resolution of the members.

The M&AA may be inspected by a shareholder by application to TPL's registered office.

RELATED PARTY TRANSACTIONS

Colombian law sets forth certain restrictions and limitations on transactions carried out with certain related parties, such as directors and senior management of a company, as well as its subsidiaries and affiliates. The transactions that are limited or prohibited are described in the Colombian Code of Commerce, as amended by Law 222 of 1995, which establishes, among other things, the following: (i) transactions between the parent company and its subsidiaries or affiliates must be of a real nature and may not differ considerably from standard market conditions, nor be to the detriment of the Colombian Government, stockholders or third parties, and (ii) subsidiaries may not acquire any shares issued by their parent company. Furthermore, pursuant to Law 222 of 1995, legal representatives, board members and any other manager (*administrador*), or a Manager, must refrain from participating in activities in which they have a conflict of interest, unless an express authorization is granted in a shareholders' meeting. Even though there is no legal definition of conflict of interest, the Superintendence of Corporations (*Superintendencia de Sociedades*) has issued judgements and non-binding decisions identifying cases of conflict of interest, such as the execution of contracts between a company and (i) its Manager, an affiliate of such Manager or a company in which such Manager is a shareholder, legal representative or board member, or (ii) its controlling shareholder or parent company.

On June 22, 2017, Calamarí, as sales agent, and each of TEBSA and TECAN, as buyer, entered into two separate agreements for the purchase of LNG pursuant to which TEBSA purchases its gas supply from various suppliers in the LNG market through Calamarí.

TEBSA and Gecelca entered into contracts for the purchase and sale of natural gas from time to time pursuant to which TEBSA was required to purchase natural gas. As of the date of this offering memorandum, these contracts have expired.

See Note 24 of the TPL Unaudited Condensed Consolidated Financial Statements for more information regarding our material related party transactions as of September 30, 2018.

DESCRIPTION OF NOTES

We will issue the notes under an indenture (the "Indenture") to be entered into amongst us, the Subsidiary Guarantors and The Bank of New York Mellon, as trustee (the "Trustee"), registrar, transfer agent and paying agent. We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights. You may obtain a copy of the Indenture in the manner described under "Listing and General Information" in this offering memorandum, and, for so long as the notes are admitted to listing on the Singapore Exchange Securities Trading Ltd. ("SGX-ST") and to trading on the Official List of the SGX-ST, at the office of the paying agent in Singapore.

You can find the definition of capitalized terms used in this section of this offering memorandum under "—Certain Definitions." In this section, when we refer to:

- the "Company," we mean TermoCandelaria Power Ltd. (parent company only) and not its Subsidiaries;

- the "Subsidiary Guarantors," we mean each of Termocandelaria S.C.A. E.S.P., Energy Projects Leasing Co., LLC, Los Amigos Leasing Company Ltd. and Termobarranquilla S.A. E.S.P. (collectively, the "Initial Subsidiary Guarantors") and any other Subsidiary that provides a Subsidiary Guarantee after the Issue Date;

- "TEBSA," we mean Termobarranquilla S.A. E.S.P.;

- a "Subsidiary Guarantee," we mean a guarantee of the obligations of the Company with respect to the Indenture and the Notes provided by a Subsidiary of the Company on or after the Issue Date, as described below in "—Subsidiary Guarantees;" and

- the "Notes" in this section, we mean the notes offered pursuant to this offering memorandum and, unless the context otherwise requires, any Additional Notes, as described below in "—General."

General

The Notes will:

- be senior unsecured obligations of the Company;

- rank equal in right of payment with all other existing and future senior unsecured indebtedness of the Company;

- rank senior in right of payment to all existing and future subordinated indebtedness of the Company, if any;

- be effectively subordinated to all existing and future secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness;

- be subordinated to obligations of the Company preferred by statute or by operation of law;

- be guaranteed by each Subsidiary Guarantor with such guarantee ranking equal in right of payment with all other existing and future senior unsecured indebtedness of such Subsidiary Guarantor; and

- be effectively subordinated to all existing and future indebtedness of any Subsidiary that does not provide a Subsidiary Guarantee.

As of September 30, 2018:

- we had consolidated total indebtedness of U.S.$175,499 thousand, of which U.S.$121,625 thousand was secured indebtedness;

- the Company and the Initial Subsidiary Guarantors had U.S.$175,499 thousand of indebtedness (on a combined basis), of which U.S.$121,611 thousand was secured indebtedness;

- the non-guarantor Subsidiaries did not have any indebtedness;

- the Company and the Initial Subsidiary Guarantors had U.S.$862,024 thousand of assets (on a combined basis), representing 99.92% of the Company's total consolidated assets;

- the non-guarantor Subsidiaries had U.S.$659 thousand of assets (on a combined basis), representing 0.08% of the Company's total consolidated assets.

As of September 30, 2018, on an as adjusted basis to give effect to this offering and the application of net proceeds from this offering as described under "Use of Proceeds" in this offering memorandum:

- we would have had consolidated total indebtedness of U.S.$410.0 million, none of which would have been secured indebtedness;

- the Company and the Initial Subsidiary Guarantors would have had U.S.$410 million of indebtedness (on a combined basis), none of which would have been secured indebtedness; and

- the non-guarantor Subsidiaries would not have had any indebtedness (on a combined basis).

Subject to the limitations set forth under "—Covenants—Limitation on Incurrence of Additional Indebtedness," the Company may, without your consent, issue additional Notes ("Additional Notes") in one or more transactions, which have substantially identical terms (other than issue price, issue date and initial interest payment date) as Notes issued on the Issue Date. Any Additional Notes will be consolidated and form a single class with the Notes issued on the Issue Date, so that, among other things, Holders of any Additional Notes will have the right to vote together with Holders of Notes issued on the Issue Date as one class. Unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes, such Additional Notes shall be issued with a separate CUSIP number.

The Notes will be issued in the form of one or more Global Notes without coupons, registered in the name of a nominee of DTC, as depositary. The Notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. See "Form of the Notes" in this offering memorandum.

Principal, Maturity, Amortizations and Interest

The Company will initially issue U.S.$410.0 million aggregate principal amount of Notes. The Notes will mature on January 30, 2029 (the "Maturity Date"), unless earlier redeemed or repurchased in accordance with the terms of the Indenture. See "—Optional Redemption," "—Change of Control Event" and "—Covenants—Limitation on Asset Sales." On each anniversary of the Issue Date commencing on January 30, 2021 (each a "Principal Payment Date") until the Maturity Date, the Company shall make a principal payment corresponding to such Principal Payment Date in the amount set forth below, which principal payment shall be in addition to interest payments and Additional Amounts, if any, due with respect to the Notes on the relevant date. The amount below will be adjusted pro rata upon the issuance of Additional Notes, partial redemption of Notes or repurchases of Notes.

Principal Payment Date	Aggregate Principal Amount Payment Due
January 30, 2021	U.S.$30,750,000
January 30, 2022	U.S.$30,750,000

January 30, 2023	U.S.$30,750,000
January 30, 2024	U.S.$30,750,000
January 30, 2025	U.S.$30,750,000
January 30, 2026	U.S.$30,750,000
January 30, 2027	U.S.$30,750,000
January 30, 2028	U.S.$30,750,000

Interest on the Notes will accrue at the rate of 7.875% per year and will be payable semi-annually in arrears on January 30 and July 30 of each year, commencing on July 30, 2019. Payments will be made to the persons who are registered Holders at the close of business on the January 28 and July 28, as the case may be, immediately preceding the applicable interest payment date (whether or not a Business Day).

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Initially, the Trustee will act as registrar, transfer agent and paying agent for the Notes. The Company may change the registrar, transfer agent and paying agent, without notice to Holders. If a Holder of a non-Global Note in an aggregate principal amount of at least U.S.$1,000,000 has given wire transfer instructions to the Company and the Trustee, the Trustee, as paying agent, will remit all principal, premium, if any, and interest payments in respect of those Notes received from the Company in accordance with those instructions. All other payments on the non-Global Notes will be made at the office or agency of the paying agent in New York City unless the Company elects to make interest payments by check mailed to the registered Holders at their registered addresses. Payments on Global Notes shall be made to DTC in accordance with its applicable procedures.

As long as the Notes are admitted to listing on the SGX-ST and to trading on the Official List of such exchange and the rules of the exchange so require, the Company will also maintain a transfer agent and a paying agent in Singapore.

Subsidiary Guarantees

Initial Subsidiary Guarantors

The obligations of the Company pursuant to the Indenture and the Notes, will be fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by each of the Initial Subsidiary Guarantors; *provided*, *however*, that the Subsidiary Guarantee provided by TEBSA, shall be limited to (a) the lower of (i) U.S.$122.4 million, which is the aggregate principal amount of the Intercompany Loan to be made by the Company to TEBSA with a portion of the proceeds from the offering of the Notes and (ii) the aggregate principal amount of Notes then outstanding *plus* (b) the amount of interest and other payment obligations under the Indenture in the same proportion as such aggregate principal amount in clause (a) bears to the aggregate principal amount of Notes then outstanding.

Future Subsidiary Guarantors

(1) If after the Issue Date, the Company determines in good faith at the end of each fiscal quarter that, based on the most recent consolidated financial statements of the Company provided or required to be provided to the Trustee pursuant to "—Covenants—Reports to Holders:"

(a) the combined net tangible assets of the Company and the Subsidiary Guarantors (calculated by including and excluding the same line items in the definition of Consolidated Net Tangible Assets but measured on a combined basis from the unconsolidated accounts for the Company and the Subsidiary Guarantors) do not represent at least 90.0% of the Company's Consolidated Net Tangible Assets; or

(b) the combined Adjusted EBITDA of the Company and the Subsidiary Guarantors (calculated by including and excluding the same line items in the definition of Consolidated Adjusted EBITDA but measured on a combined basis from the unconsolidated accounts for the Company and the Subsidiary Guarantors for such line items) do not represent at least 90.0% of the Company's Consolidated Adjusted EBITDA;

then the Company will cause one or more of its Restricted Subsidiaries to become a Subsidiary Guarantor and execute a supplemental indenture providing for a Subsidiary Guarantee within thirty (30) days from such determination so that, on a *pro forma* basis after any such Restricted Subsidiary becomes a Subsidiary Guarantor,

(a) the combined net tangible assets of the Company and the Subsidiary Guarantors (calculated by including and excluding the same line items in the definition of Consolidated Net Tangible Assets but measured on a combined basis from the unconsolidated accounts for the Company and the Subsidiary Guarantors) would represent at least 90.0% of the Company's Consolidated Net Tangible Assets, and

(b) the combined Adjusted EBITDA of the Company and the Subsidiary Guarantors (calculated by including and excluding the same line items as are included or excluded in the definition of Consolidated Adjusted EBITDA but measured and determined on a combined basis from the unconsolidated accounts for the Company and the Subsidiary Guarantors for such line items) would represent at least 90.0% of the Consolidated Adjusted EBITDA of the Company;

provided that such Restricted Subsidiary's Subsidiary Guarantee will be limited to the maximum amount that would not result in a breach or violation by such Restricted Subsidiary of its charter, bylaws or other constitutive document or any applicable law and that such Restricted Subsidiary shall not be required to execute any such supplemental indenture if the execution or enforcement of such supplemental indenture and the resultant Subsidiary Guarantee thereunder would result in a breach or violation by such Restricted Subsidiary of any then-existing agreement to which it is a party; *provided, however*, that such charter, bylaws or other constitutive document was not adopted, revised or amended and any such agreement was not entered into, revised or amended to avoid guaranteeing the obligations of the Company under the Notes or the Indenture and the Company has delivered to the Trustee an Officer's Certificate to that effect.

For the avoidance of doubt, 100% of the net tangible assets and the adjusted EBITDA of TEBSA shall be included in the calculations to be made pursuant to this clause (1)(a) and (b). As of September 30, 2018, TEBSA had U.S.$521,006 thousand of net tangible assets, representing 72.4% of the Company's Consolidated Net Tangible Assets. For the nine months ended September 30, 2018, the adjusted EBITDA of TEBSA was U.S.$107,804 thousand, representing 83.2% of the Company's Consolidated Adjusted EBITDA. See "—Certain Definitions—Consolidated Net Tangible Assets," "—Certain Definitions—Consolidated Adjusted EBITDA" and "Risks Factors—Risks Related to the Notes and the Guarantees—The terms of the Notes limit the guarantee by TEBSA. Any claim against TEBSA in excess of the guaranteed amount will be subordinated to the claim of other creditors of TEBSA."

(2) The Company will not permit any non-guarantor Restricted Subsidiary thereof, or group of non-guarantor Restricted Subsidiaries, directly or indirectly, to Incur any Indebtedness or Guarantee any Indebtedness in excess of U.S.$10.0 million (or its equivalent in any other currency) individually, or U.S.$20.0 million (or its equivalent in any other currency) in the aggregate, at any one time outstanding, unless each such non-guarantor Restricted Subsidiary who has Incurred or Guaranteed such Indebtedness becomes a Subsidiary Guarantor within thirty (30) days after such Incurrence or Guarantee by executing and delivering to the Trustee a supplemental indenture providing for its Subsidiary Guarantee, which will rank senior in right of payment to or equally in right of payment with such company's other Indebtedness or Guarantee of such other Indebtedness, as applicable; *provided* that such Restricted Subsidiary's Subsidiary Guarantee will be limited to the maximum amount that would not result in a breach or violation by such Restricted Subsidiary of its charter, bylaws or other constitutive document or any applicable law and that such Restricted Subsidiary shall not be required to execute any such supplemental indenture if the execution or enforcement of such supplemental indenture and the resultant Subsidiary Guarantee thereunder

would result in a breach or violation by such Restricted Subsidiary of any then-existing agreement to which it is a party; *provided, however,* that such charter, bylaws or other constitutive document was not adopted, revised or amended and any such agreement was not entered into, revised or amended to avoid guaranteeing the obligations of the Company under the Notes or the Indenture and the Company has delivered to the Trustee an Officer's Certificate to that effect.

Notwithstanding the foregoing, (i) any Restricted Subsidiary (other than the Subsidiary Guarantors) that Incurs Indebtedness to finance the TECAN CCGT Project pursuant to clause (n) under the caption "—Covenants—Limitation on Incurrence of Additional Indebtedness" will not be required to become a Subsidiary Guarantor under clause (1)(a) or clause (2) of this covenant as long as the Indebtedness Incurred to finance the TECAN CCGT Project remains outstanding; and (ii) Calamarí LNG S.A. E.S.P will not be required to become a Subsidiary Guarantor under clause (1) or (2) of this covenant as long as it remains a regulated entity solely engaged in the provision of natural gas agency services and it is not a Wholly-Owned Subsidiary of the Company.

In connection with the execution of a supplemental indenture, the Company shall provide the Trustee an opinion of counsel and an Officer's Certificate.

The Subsidiary Guarantee of a Subsidiary Guarantor will automatically terminate and be unconditionally released upon:

- a sale, assignment, transfer, conveyance or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale, assignment, transfer, conveyance or disposition of all or substantially all the assets of the applicable Subsidiary Guarantor (other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture;

- a sale, assignment, transfer, conveyance or other disposition (including by way of consolidation or merger) of all or any portion of the equity interests in the applicable Subsidiary Guarantor (other than to the Company or a Restricted Subsidiary) if as a result of such sale, assignment, transfer, conveyance or other disposition such Subsidiary Guarantor ceases to be a Subsidiary of the Company or a Restricted Subsidiary thereof, to the extent such sale, assignment, transfer, conveyance or disposition is otherwise permitted by the Indenture;

- the designation in accordance with the Indenture of the Subsidiary Guarantor as an Unrestricted Subsidiary or the Subsidiary Guarantor otherwise ceases to be a Restricted Subsidiary in accordance with the Indenture; or

- defeasance or discharge of the Notes, as provided in "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Unrestricted Subsidiaries

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries." Under the circumstances described below under the caption "–Covenants – Limitation on Designation of Unrestricted Subsidiaries," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." If so designated, the Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture.

Additional Amounts

All payments in respect of the Notes will be made free and clear of and without any deduction or withholding for or on account of any present or future taxes, duties, levies, imposts, assessments or other government charges and any interest, penalties or other liabilities with respect thereto ("Taxes"), unless the withholding or deduction of such Taxes is required by law or the official interpretation thereof, or by the administration thereof or pursuant to any agreement between us and the United States or any authority thereof. If we are required by any law of the Cayman Islands or any jurisdiction where the Company or any Subsidiary Guarantor is incorporated or resident for tax purposes or from or through which any payment in respect of the Notes is made by the paying agent or the Company, or any political subdivision thereof (a "Relevant Jurisdiction") or any taxing authority of a Relevant Jurisdiction to withhold or deduct any Taxes from or in respect of any sum payable under the Notes, we shall (i) pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts receivable by Holders of any Notes after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction, (ii) make such withholding or deduction, and (iii) pay the full amount withheld or deducted to the relevant tax or other authority in accordance with applicable law, except that no such Additional Amounts will be payable in respect of:

- any present or future Taxes that would not have been imposed but for any present or former connection between the Holder (or a fiduciary, settlor, beneficiary, member or shareholder of the Holder) or beneficial owner of the Notes and the Relevant Jurisdiction (other than the mere receipt of a payment, the ownership or holding of a Note, or enforcing rights thereunder);

- any estate, inheritance, capital gains, excise, personal property tax, sales, transfer, gift or similar tax, assessment or other governmental charge imposed with respect to the Notes;

- any Taxes that would not have been imposed but for the failure of the Holder or any other Person or beneficial owner of the Notes to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction, for tax purposes, of the Holder or any beneficial owner of the Note if compliance is required by law, regulation or by an applicable income tax treaty to which the Relevant Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of the Tax and we have given the Holders or beneficial owners, as applicable, at least 30 days' notice, in writing, that Holders or beneficial owners, as applicable, will be required to provide such certification, identification or information; *provided* that such certification, identification or other reporting requirement is not materially more onerous than the provision of forms required by the United States under analogous circumstances;

- any Tax not payable by way of deduction or withholding from payments on or in respect of the Notes;

- any present or future Taxes with respect to a Note presented for payment, where presentation is required, more than 30 days after (i) the date on which the payment became due and payable or (ii) the date on which payment thereof is duly provided for and notice is provided to holders, whichever occurs later, except to the extent that the Holder of such Note would have been entitled to such Additional Amounts on presenting such Note for payment on any date during such 30-day period;

- any payment on the Note to a Holder that is a fiduciary, a partnership, a limited liability company or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership, an interest holder in such a limited liability company or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of the Note; or

- in the case of any combination of the items listed above.

The Company will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Taxes in respect of which we have paid any Additional Amount. We will make copies of such documentation available to the Holders of the Notes or the relevant Paying Agent upon request.

Any reference in this offering memorandum, the Indenture or the Notes to principal, premium, interest or any other amount payable in respect of the Notes by us will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this section.

Notwithstanding anything to the contrary in this section, neither the Company nor any Subsidiary Guarantor, the paying agent nor any other person shall be required to pay any Additional Amounts with respect to any payment in respect of any Taxes or any withholding or deduction imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") ("FATCA"), or any successor law or regulation implementing or complying with, or introduced to conform to, such sections, or imposed pursuant to any intergovernmental agreement or any agreement entered into pursuant to Section 1471(b)(1) of the Code.

Optional Redemption

Optional Redemption with a Make-Whole Premium

At any time prior to January 30, 2023 (the "First Call Date"), the Company will have the right, at its option, to redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus, the greater of (1) 1% of such principal amount of the Notes, and (2) the excess of: (a) the present value at such redemption date of all required payments thereon as if such Notes were redeemed on the First Call Date (excluding accrued but unpaid interest to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, over (b) the then outstanding principal amount of the Notes (the "Make- Whole Amount"), plus in each case any accrued and unpaid interest on the principal amount of the Notes to, but excluding, the date of redemption (subject to the right of the Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that Notes in an aggregate principal amount equal to at least U.S.$100,000,000 remain outstanding immediately after the occurrence of any partial redemption.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"*Comparable Treasury Issue*" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to January 30, 2023, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity comparable to January 30, 2023.

"*Independent Investment Banker*" means one of the Reference Treasury Dealers appointed by the Company.

"*Comparable Treasury Price*" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Reference Treasury Dealer*" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Scotia Capital (USA) Inc. or their respective affiliates which are primary United States government securities dealers and not less than one other leading primary United States government securities dealer in New York City reasonably designated by the Company; *provided* that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotation*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm New York City time on the third Business Day preceding such redemption date.

Optional Redemption without a Make-Whole Premium

On and after the First Call Date, the Company will be entitled at its option at any time and from time to time to redeem all or a portion of the Notes at the redemption prices (expressed as percentages of principal amount on the redemption date), plus accrued and unpaid interest to, but excluding, the redemption date (subject to the right of the Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on January 30 of the years set forth below:

Period	Redemption Price
2023	103.938%
2024	102.625%
2025	101.313%
2026 and thereafter	100.000%

provided that Notes in an aggregate principal amount equal to at least U.S.$100,000,000 remain outstanding immediately after the occurrence of any partial redemption.

Optional Redemption Upon Eligible Equity Offerings

At any time, or from time to time, prior to or on January 30, 2022, the Company may, at its option, use an amount not to exceed the net cash proceeds of one or more Eligible Equity Offerings to redeem up to 35% of the aggregate principal amount of the outstanding Notes (including any Additional Notes) at a redemption price equal to 107.875% of the principal amount on the redemption date, plus any accrued and unpaid interest to, but excluding, the redemption date (subject to the right of the Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

- after giving effect to any such redemption at least 65% of the aggregate principal amount of the Notes (including any Additional Notes) issued under the Indenture remains outstanding; and

- the Company will make such redemption not more than 60 days after the consummation of such Eligible Equity Offering.

"Eligible Equity Offering" means a public or private offering for cash occurring after the Issue Date, of Qualified Capital Stock of the Company or any direct or indirect parent of the Company (to the extent the proceeds thereof are contributed to the common equity of the Company).

Optional Redemption Upon Tax Event

If the Company determines that, as a result of any amendment to, expiration of, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction, any taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to, expiration of, or change of such laws, rules or regulations becomes effective or, in the case of a change in official interpretation or application, is announced on or after the date of this offering memorandum (or on or after the date a Relevant Jurisdiction becomes a Relevant Jurisdiction, if later), we (or a Subsidiary Guarantor) would be obligated, to pay any Additional Amounts with respect to the Notes (see "—Additional Amounts," "Taxation—Certain Cayman Islands Tax Consequences," "Taxation—Certain Colombian Tax Consequences" and "Taxation—Certain Bermuda Tax Consequences"), *provided* that the Company, in its business judgment, determines that such obligation cannot be avoided by the Company taking reasonable measures available to it, including reasonable measures to change the paying agent, then, at its option, all, but not less than all, of the Notes may be redeemed at any time at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the redemption date due thereon up to but not including the date of redemption; *provided* that (1) no notice of redemption for tax reasons may be given earlier than 60 days prior to the earliest date on which the Company (or a Subsidiary Guarantor) would be obligated to pay these Additional Amounts if a payment on the Notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

Prior to the giving of any notice of redemption pursuant to this provision, the Company will deliver to the Trustee:

- an Officer's Certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred; and

- an Opinion of Counsel from legal counsel in a Relevant Jurisdiction of recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment.

Notice of the redemption, once delivered by us to the Holders, will be irrevocable.

Optional Redemption Procedures

Notice of any redemption will be given at least 30 but not more than 60 days before the redemption date to Holders of Notes to be redeemed in accordance with the provisions described in "—Notices" below.

Notes called for redemption will become due on the date fixed for redemption. The Company will pay the redemption price for the Notes together with accrued and unpaid interest thereon to but not including the date of redemption. On and after the redemption date, interest will cease to accrue on the Notes as long as the Company has deposited with the paying agent funds in satisfaction of the applicable redemption price together with accrued and unpaid interest thereon pursuant to the Indenture. Upon redemption of the Notes by the Company, the redeemed Notes will be cancelled and cannot be reissued.

If fewer than all of the Notes are being redeemed, the Notes to be redeemed shall be selected as follows: (1) if the Notes are listed on an exchange, in compliance with the requirements of such exchange or (2) on a pro rata basis to the extent practicable, or, if the pro rata basis is not practicable for any reason, by lot or by such other method as most nearly approximates a pro rata basis, in each case as long as the Notes are in global form, subject to customary DTC procedures (in integral multiples of U.S.$1,000; *provided* that the remaining principal amount of such Holder's Note will not be less than U.S.$200,000). Upon surrender of any Note redeemed in part, the Holder will receive a new Note equal in principal amount to the unredeemed portion of the surrendered Note.

Change of Control Event

Upon the occurrence of a Change of Control Event, each Holder will have the right to require that the Company purchase all or a portion (in integral multiples of U.S.$1,000; *provided* that the remaining principal amount of such Holder's Note will not be less than U.S.$200,000) of the Holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon up to but excluding the purchase date (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control Event occurs, the Company must send a notice to each Holder, with a copy to the Trustee, offering to purchase the Notes as described above (a "Change of Control Offer") as described in "—Notices" below. The Change of Control Offer will state, among other things, the purchase date, which must be at least 30 but not more than 60 days from the date the notice is given, other than as may be required by law (the "Change of Control Payment Date").

On the Business Day immediately preceding the Change of Control Payment Date, the Company will, to the extent lawful, deposit with the paying agent funds in an amount equal to the Change of Control Payment, in respect of all Notes or portions thereof so tendered.

On the Change of Control Payment Date, as applicable, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered and not withdrawn; and

(2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, as applicable, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer, as applicable will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes in connection with a Change of Control Offer, as applicable. To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with such securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

Other existing and future indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control Event or require that Indebtedness be purchased upon a Change of Control Event. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes upon a Change of Control Event may cause a default under such indebtedness even if the Change of Control Event itself does not.

If a Change of Control Offer occurs, the Company may not have available funds sufficient to make the Change of Control Payment, for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations it may have. However, we cannot assure you that the Company would be able to obtain necessary financing, and the terms of the Indenture may restrict the ability of the Company to obtain such financing.

Holders will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control Event.

The Company will not be required to make a Change of Control Offer upon a Change of Control Event if: (a) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (b) prior to the date the Change of Control Offer is required to be made, the Company has given notice of redemption in respect of all of the outstanding Notes in accordance with the Indenture.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Event, conditional upon such Change of Control Event, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

In the event that the Holders of not less than 90% of the aggregate principal amount of outstanding Notes accept a Change of Control Offer and the Company or a third party purchases all the Notes held by such Holders, the Company will have the right, on not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a purchase price equal to 101% of the principal amount of Notes outstanding plus accrued and unpaid interest and Additional Amounts, if any, on the Notes that remain outstanding, to, but excluding, the date of redemption.

Covenants in the Indenture restricting the ability of the Company and its Restricted Subsidiaries to Incur additional Indebtedness, to grant Liens on property, to make Restricted Payments and to make Asset Sales may also make more difficult or discourage a takeover of the Company, whether favored or opposed by the management or its Board of Directors. Consummation of any Asset Sale may, in certain circumstances, require redemption or repurchase of the Notes, and the Company or the acquiring party may not have sufficient financial resources to effect such redemption or repurchase. In addition, restrictions on transactions with Affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries. While these restrictions cover a wide variety of arrangements that have traditionally been used to effect highly leveraged transactions, the Indenture may not afford the Holders protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger, recapitalization or similar transaction.

One of the events that constitutes a Change of Control under the Indenture is the disposition of "all or substantially all" of the Company's assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of "all or substantially all" of the assets of a Person. In the event that Holders elect to require the Company to purchase the Notes and the Company contests such election, there can be no assurance as to how a court interpreting New York State law would interpret that phrase under certain circumstances.

Covenants

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) except that:

(a) the Company and the Restricted Subsidiaries (except for TEBSA) may Incur Indebtedness if, at the time of and immediately after giving *pro forma* effect to the Incurrence thereof and the application of the net proceeds therefrom, (i) the Consolidated Fixed Charge Coverage Ratio of the Company shall be greater than or equal to 2.50 to 1.0 and (ii) the Net Debt to EBITDA Ratio of the Company shall not exceed 3.00 to 1.00; and

(b) TEBSA may Incur Indebtedness if, at the time of and immediately after giving *pro forma* effect to the Incurrence thereof and the application of the net proceeds therefrom, (i) the Consolidated Fixed Charge Coverage Ratio of the Company shall be greater than or equal to 2.50 to 1.0, (ii) the Consolidated Fixed Charge Coverage Ratio of TEBSA shall be greater than or equal to 2.50 to 1.0, (iii) the Net Debt to EBITDA Ratio of the Company shall not exceed 3.00 to 1.00; and (iv) the Net Debt to EBITDA Ratio of TEBSA shall not exceed 3.00 to 1.00.

(2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may, at any time, Incur the following Indebtedness ("Permitted Indebtedness"):

(a) Indebtedness in respect of the Notes (excluding Additional Notes) and the Subsidiary Guarantees (including in respect of any Additional Notes);

(b) Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date; *provided*, *however*, that any Indebtedness of the Company and its Restricted Subsidiaries to be repaid with the proceeds from the offering of the Notes on or after the Issue Date shall not be considered outstanding for purposes of clause (i) below;

(c) Hedging Obligations entered into by the Company and its Restricted Subsidiaries for bona fide hedging purposes and not for speculative purposes, including without limitation, Hedging Obligations with respect to the Notes;

(d) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; *provided* that, if the Company or any Subsidiary Guarantor is the obligor of such Indebtedness and the payee is not the Company or any Subsidiary Guarantor, such Indebtedness (other than intercompany lease agreements in respect of the TECAN CCGT Project) must be expressly subordinated to the prior payment in full of all obligations under the Notes and the Indenture, in the case of the Company, or a Subsidiary Guarantor's Subsidiary Guarantee, in the case of a Subsidiary Guarantor; *provided further* that in the event that at any time any such Indebtedness ceases to be held by the Company or any Restricted Subsidiary, such Indebtedness will be deemed to be Incurred by the Company or the relevant Restricted Subsidiary, as the case may be, and not permitted by this clause (d) at the time such event occurs;

(e) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within ten Business Days of receipt of notice of insufficient funds;

(f) Indebtedness of the Company or any of its Restricted Subsidiaries represented by letters of credit for the account of the Company or any Restricted Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(g) Indebtedness consisting of letters of credit, bankers' acceptances, performance bonds, appeal bonds, surety bonds, customs bonds and other similar instruments and reimbursement obligations Incurred by the Company or any Restricted Subsidiary in the ordinary course of business securing the performance of contractual, regulatory, concession, franchise or license obligations of the Company or any Restricted Subsidiary (in each case, other than for an obligation for borrowed money);

(h) Indebtedness of the Company or any of its Restricted Subsidiaries to the extent the net proceeds thereof are promptly used to redeem the Notes in full or deposited to defease or discharge the Notes, in each case in accordance with the Indenture; provided that the Notes and all other such amounts are redeemed, fully satisfied or defeased within 30 days after the incurrence of such Indebtedness;

(i) Refinancing Indebtedness in respect of:

(i) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1)); or

(ii) Indebtedness Incurred pursuant to clauses (a), (b), (j), (k) and (n);

(j) Acquired Indebtedness of any Restricted Subsidiary that was not Incurred to finance the acquisition thereof provided that, after giving effect to the Incurrence of such Acquired Indebtedness, either:

(i) the Company would be permitted to Incur at least $1.00 of additional Indebtedness under clause (1) above; or

(ii) the Company would have (x) a Consolidated Fixed Charge Coverage Ratio at least equal to, or greater than, the Consolidated Fixed Charge Coverage Ratio immediately prior to such transaction, and (y) a Consolidated Net Debt to EBITDA Ratio at least equal to, or lower than, the Consolidated Net Debt to EBITDA Ratio immediately prior to such transaction;

(k) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred in connection with the disposition of any business, assets or Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness will at no time exceed the gross proceeds actually received by the Company and the Restricted Subsidiary in connection with such disposition;

(l) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be Incurred by the Indenture;

(m) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations, in each case, in the ordinary course of business;

(n) Indebtedness Incurred to finance the construction and development of the TECAN CCGT Project, including any other obligations under any project document related thereto; *provided, however*, that a Rating Reaffirmation is obtained prior to the Incurrence of any such Indebtedness;

(o) Deeply Subordinated Indebtedness; and

(p) in addition to Indebtedness referred to in clauses (a) through (o) above, Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount at any one time outstanding not to exceed the greater of: (x) U.S.$80.0 million and 10.0% of the Company's Consolidated Net Tangible Assets (or the equivalent in other currencies).

(3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant:

(a) the outstanding principal amount of any item of Indebtedness will be counted only once (without duplication for Guarantees, related Capital Lease Obligations or otherwise);

(b) in the event that an item of Indebtedness meets the criteria of clause (1) above or more than one of the categories of Permitted Indebtedness described in clauses (a) through (p) of clause (2) above, the Company or any Restricted Subsidiary may, in its sole discretion, divide and classify (or at any time reclassify) such item of Indebtedness in any manner that complies with this covenant;

(c) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(d) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with IFRS;

(e) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness will not be included; and

(f) the accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; *provided* that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) above will be counted as Indebtedness outstanding thereunder for purposes of any future Incurrence under such provision.

(4) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a non-U.S. currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred or, in the case of revolving credit Indebtedness, first committed; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a "Restricted Payment"):

(a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:

- dividends or distributions payable in Qualified Capital Stock of the Company;
- dividends or distributions payable to the Company and/or a Restricted Subsidiary; or
- dividends, distributions or returns of capital made on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than *pro rata* basis to any minority holder);

(b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company held by Persons other than the Company or any of its Restricted Subsidiaries;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness (other than the purchase, repurchase, redemption, defeasance or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due prior to the maturity of the Notes and due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition); or

(d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment and immediately after giving *pro forma* effect thereto:

(1) a Default or an Event of Default has occurred and is continuing;

(2) the Company is not able to Incur at least U.S.$1.00 of additional Indebtedness pursuant to paragraph (1)(a) of "—Limitation on Incurrence of Additional Indebtedness;" or

(3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof will exceed the sum of:

(A) 75% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, beginning on the first day of the first completed fiscal quarter during which the Issue Date occurs, to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; *plus*

(B) 100% of the aggregate net cash proceeds and Fair Market Value of property received by the Company since the Issue Date from any Person from any:

- contribution to the Capital Stock of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company; or

- issuance and sale (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company;

excluding, in each case, any net cash proceeds:

(x) received from a Restricted Subsidiary of the Company;

(y) used to acquire Capital Stock or other assets from an Affiliate of the Company; *plus*

(C) an amount equal to the sum, for all Unrestricted Subsidiaries, of the following:

(x) the cash return, and the fair market value of assets or property received, after the Issue Date, on Investments in an Unrestricted Subsidiary made after the Issue Date pursuant to this paragraph as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above); *plus*

(y) all distributions or dividends to the Company or a Restricted Subsidiary from Unrestricted Subsidiaries or any Person in which the Company or any Restricted Subsidiary owns an Equity interest but is not a Subsidiary thereof (*provided* that such distributions or dividends shall be excluded in calculating Consolidated Net Income for purposes of clause 3(A) to the extent already included in clause 3(A) above); *plus*

(z) the Fair Market Value of Investments in an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; *plus*

(D) the cash return, and the Fair Market Value of property received, after the Issue Date, on any other Investment made after the Issue Date pursuant to this paragraph, as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above).

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration pursuant to the preceding paragraph;

(2) any Restricted Payment,

(x) in exchange for Qualified Capital Stock of the Company; or

(y) through the application of the net cash proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Restricted Subsidiary of the Company;

provided, that the value of any such Qualified Capital Stock issued in exchange for such acquired Capital Stock and any such net cash proceeds will be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net cash proceeds of a substantially concurrent sale, other than to a Restricted Subsidiary of the Company, of:

(x) Qualified Capital Stock of the Company; or

(y) Refinancing Indebtedness for such Subordinated Indebtedness;

provided, that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any net cash proceeds referred to above shall be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(4) repurchases by the Company or the Subsidiary Guarantors of Capital Stock of the Company or the Subsidiary Guarantors or options, warrants or other securities exercisable or convertible into Capital Stock of the Company or the Subsidiary Guarantors from employees or directors of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of the employees or directors, in an amount not to exceed U.S.$2.5 million (or the equivalent in other currencies) in any calendar year and U.S.$5.0 million (or the equivalent in other currencies) in the aggregate;

(5) repurchases of Capital Stock deemed to occur upon the exercise of stock options if the Capital Stock represent all or a portion of the exercise price thereof (or related withholding taxes), and Restricted Payments by the Company or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of the Company or any Restricted Subsidiary;

(6) the payment of a dividend or distribution by the Company in an aggregate amount of up to U.S.$191 million on the Issue Date using a portion of the net proceeds from the offering of the Notes to prepay in full existing Indebtedness of one of the shareholders of the Company described under "Use of Proceeds" in this offering memorandum; and

(7) if no Default or Event of Default has occurred and is continuing or would exist after giving *pro forma* effect thereto, Restricted Payments in an amount which, when taken together with all Restricted Payments made pursuant to this clause (7) does not exceed the greater of (i) U.S.$40.0 million (or the equivalent thereof in other currencies) and (ii) 5.0% of the Company's Consolidated Net Tangible Assets.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend) and (4) above will be included in such calculation and amounts expended pursuant to clauses (2), (3), (5), (6) and (7) above will not be included in such calculation.

The amount of any Restricted Payments not in cash will be the Fair Market Value on the date of such Restricted Payment of the property, assets or securities proposed to be paid, transferred or issued by the Company or the relevant Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

Limitation on Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets sold or otherwise disposed of; and

(b) at least 75% of the consideration received for the assets sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale is in the form of (1) cash or Cash Equivalents; (2) assets (other than current assets as determined in accordance with IFRS or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; (3) Capital Stock in a Person engaged primarily in a Permitted Business that will become a Restricted Subsidiary as a result of such Asset Sale; or (4) a combination of any of the foregoing. For purposes of this clause (b), each of the following will be deemed to be cash: (i) any liabilities of the Company or such Restricted Subsidiary (other than Subordinated Indebtedness) that are assumed by the transferee of any such assets pursuant to a customary novation agreement or other arrangement that releases the Company or such Restricted Subsidiary from further liability; and (ii) any securities, notes or other obligations received by the Company or such Restricted Subsidiary from such transferee that are, within 180 days after the consummation of the Asset Sale, converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents, but only to the extent of the cash or Cash Equivalents actually received in that conversion.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(1) repay, prepay or purchase any Senior Indebtedness of the Company or any Restricted Subsidiaries, in each case for borrowed money (including any such Senior Indebtedness represented by bonds, notes, debentures or other similar instruments) or constituting a Capitalized Lease Obligation and, if the Indebtedness being repaid is revolving credit Indebtedness, permanently reduce the commitments with respect thereto without Refinancing;

(2) make capital expenditures in a Permitted Business;

(3) purchase:

(A) property or assets (other than current assets as determined in accordance with IFRS or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; or

(B) Capital Stock of a Person engaged primarily in a Permitted Business that will become, upon purchase, a Restricted Subsidiary,

from a Person other than the Company and its Restricted Subsidiaries; and

(4) any combination of (1), (2) and (3).

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within the 365 days of the Asset Sale as described in clauses (1) through (4) of the immediately preceding paragraph (any such Net Cash Proceeds not so applied, "Excess Proceeds"), the Company will make an offer (within 10 Business Days of such 365th day (subject to deferral as described below)) equal to the Excess Proceeds to purchase Notes (the "Asset Sale Offer"), at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus any accrued and unpaid interest thereon, to, but excluding, the purchase date (the "Asset Sale Offer Amount"). The Company will purchase pursuant to an Asset Sale Offer from all tendering Holders on a *pro rata* basis, and, at the Company's option, on a *pro rata* basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of Notes and the other Senior Indebtedness to be purchased equal to such Excess Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant period set forth above.

The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of Excess Proceeds from one or more Asset Sales equal to or in excess of U.S.$20.0 million (or the equivalent in other currencies). At that time, the entire amount of Excess Proceeds, and not just the amount in excess of U.S.$20.0 million (or the equivalent in other currencies), will be applied as required pursuant to this covenant.

Pending application in accordance with this covenant, Net Cash Proceeds may be Invested in Cash Equivalents.

Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be at least 30 and not more than 60 days from the date the notice is given, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of U.S.$1,000 in exchange for cash; *provided* that the principal amount of such tendering Holder's Note will not be less than U.S.$200,000.

On the Business Day immediately preceding the Asset Sale Offer Payment Date, the Company will, to the extent lawful deposit with the paying agent funds in an amount equal to the Asset Sale Offer Amount in respect of all Notes or portions thereof so tendered.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and

(2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

To the extent that Holders of Notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw Notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of Excess Proceeds, the Company will purchase the Notes and the other Senior

Indebtedness on a *pro rata* basis (based on amounts tendered). If only a portion of a Note is purchased pursuant to an Asset Sale Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of Notes and other Senior Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of Excess Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds in any manner not prohibited by the Indenture.

If at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any non-cash consideration), the conversion or disposition will be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof will be applied in accordance with this covenant within 365 days of conversion or disposition.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any property or asset unless, the Company or the Restricted Subsidiary would be entitled to,

(1) Incur Indebtedness in an amount equal to the Attributable Indebtedness with respect to such Sale and Leaseback Transaction pursuant to the covenant described under the caption "—Limitation on Incurrence of Additional Indebtedness," and

(2) create a Lien on such property or asset securing such Attributable Indebtedness without equally and ratably securing the Notes pursuant to the covenant described under the caption "—Limitation on Liens,"

in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions.

Limitation on Designation of Unrestricted Subsidiaries

The Company may designate after the Issue Date any Subsidiary of the Company as an "Unrestricted Subsidiary" under the Indenture (an "Unrestricted Subsidiary Designation") only if:

(1) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to such Unrestricted Subsidiary Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "—Limitation on Transactions with Affiliates"; and

(2) the Company would be permitted to make an Investment at the time of such Unrestricted Subsidiary Designation (assuming the effectiveness of such Unrestricted Subsidiary Designation and treating such Unrestricted Subsidiary Designation as an Investment at the time of such Unrestricted Subsidiary Designation) pursuant to the covenant described under the caption "—

Limitation on Restricted Payments" in an amount (the "Designation Amount") equal to the amount of the Company's Investment in such Subsidiary on such date.

The Company may revoke any Unrestricted Subsidiary Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") only if:

(1) no Default or Event of Default has occurred and is continuing at the time of and after giving effect to such Revocation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the Indenture.

Upon a Restricted Subsidiary becoming an Unrestricted Subsidiary,

(1) all existing Investments of the Company and the Restricted Subsidiaries therein (valued at the Company's proportional share of the Fair Market Value of its assets less liabilities) will be deemed made at that time;

(2) all existing Capital Stock or Indebtedness of the Company or a Restricted Subsidiary held by it will be deemed Incurred at that time, and all Liens on property of the Company or a Restricted Subsidiary held by it will be deemed incurred at that time;

(3) all existing transactions between it and the Company or any Restricted Subsidiary will be deemed entered into at that time;

(4) it is released at that time from its Subsidiary Guarantee, if any; and

(5) it will cease to be subject to the provisions of the Indenture as a Restricted Subsidiary.

Upon an Unrestricted Subsidiary becoming, or being deemed to become, a Restricted Subsidiary,

(1) all of its Indebtedness and Disqualified or Preferred Stock will be deemed Incurred at that time for purposes of "—Limitation on Incurrence of Additional Indebtedness";

(2) Investments therein previously charged under "Limitation on Restricted Payments" will be credited thereunder;

(3) it may be required to issue a Subsidiary Guarantee; and

(4) it will thenceforward be subject to the provisions of the Indenture as a Restricted Subsidiary.

The designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be deemed to include the designation of all of the Subsidiaries of such Subsidiary. All Unrestricted Subsidiary Designations and Revocations, other than those made on the Issue Date pursuant to the Indenture, must be evidenced by an Officer's Certificate, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other

Restricted Subsidiary (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock shall not be deemed a restriction on the ability to pay dividends or make distributions on Capital Stock);

(2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary (it being understood that the subordination of loans or advances made to the Company or any other Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances); or

(3) transfer any of its property or assets to the Company or any other Restricted Subsidiary (it being understood that such transfers shall not include transfers of the type described in (1) or (2) above).

(b) Paragraph (a) above of this covenant will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order;

(2) the Indenture, the Notes or the Subsidiary Guarantees;

(3) the terms of any Indebtedness outstanding on the Issue Date;

(4) the terms of any binding agreement with respect to any Restricted Subsidiary relating to its Capital Stock or assets in effect on the Issue Date, and any amendments or restatements thereof; *provided* that any amendment or restatement is not materially more restrictive with respect to such encumbrances or restrictions than those in existence on the Issue Date;

(5) restrictions on the transfer of assets subject to any Permitted Lien;

(6) customary provisions restricting the ability of any Restricted Subsidiary to undertake any action described in clauses (a)(1) through (a)(3) above in joint venture agreements and other similar agreements entered into in the ordinary course of business and with the approval of the Company's Board of Directors;

(7) customary restrictions on cash or other deposits imposed by customers under contracts or other arrangements entered into or agreed to in the ordinary course of business;

(8) restrictions in Indebtedness Incurred by any Restricted Subsidiary in compliance with the covenant described under "—Limitation on Incurrence of Additional Indebtedness;" *provided* that such restrictions (i) are not materially more disadvantageous to Holders of the Notes than is customary in comparable financings and (ii) would not be expected to materially adversely affect the ability of the Company to make payments on the Notes;

(9) customary non-assignment provisions of any license agreement or other contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset that is subject to a Lien that secures Indebtedness, in each case permitted to be Incurred under the Indenture;

(10) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; *provided* that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;

(11) customary restrictions imposed on the transfer of copyrighted or patented materials;

(12) encumbrances or restrictions imposed by the terms of Indebtedness Incurred to finance all or any part of the purchase price or cost of construction, development, improvement or modification of assets in the ordinary course of business that impose encumbrances and restrictions only on the assets so acquired, constructed, developed, improved or modified, as applicable;

(13) restrictions (A) with respect to any Person, or to the property or assets of any Person, at the time the Person is acquired by the Company or any Restricted Subsidiary, or (B) with respect to any Unrestricted Subsidiary at the time it is designated or is deemed to become a Restricted Subsidiary, which encumbrances or restrictions (i) are not applicable to any other Person or the property or assets of any other Person and (ii) were not put in place in anticipation of such event and any extensions, renewals, replacements or refinancings of any of the foregoing, *provided* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced;

(14) any agreement governing Acquired Indebtedness, not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired; and

(15) an agreement that amends, extends, renews, refinances or replaces an agreement referred to in clauses (1)—(14) of this paragraph (b); provided that such agreement is, taken as a whole, not materially more restrictive with respect to such encumbrances or restrictions than those contained in the agreement that it amends, extends, renews, refinances or replaces.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables, unless contemporaneously therewith effective provision is made to secure the Notes, the Subsidiary Guarantees and all other amounts due under the Indenture equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the Notes or the Subsidiary Guarantees prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

(a) either:

(1) the Company is the surviving or continuing Person; or

(2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):

(A) is a corporation organized and validly existing under the laws of the Cayman Islands, Colombia, a member country of the European Union or the United States of America, any State thereof, the District of Columbia, any other OECD member country or any other country in Latin America whose long-term foreign currency-denominated debt has an Investment Grade Rating from at least two Rating Agencies; and

(B) expressly assumes, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of all amounts payable pursuant to the Indenture and the principal of, and premium, if any, and interest on all of the Notes and the performance and observance of the covenants of the Notes and the Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a *pro forma* basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be, (1) will be able to Incur at least U.S.$1.00 of additional Indebtedness pursuant to paragraph (1)(a) of "—Limitation on Incurrence of Additional Indebtedness" or (2) would have (x) a Consolidated Fixed Charge Coverage Ratio at least equal to, or greater than, the Consolidated Fixed Charge Coverage Ratio immediately prior to such transaction, and (y) a Consolidated Net Debt to EBITDA Ratio at least equal to, or lower than, the Consolidated Net Debt to EBITDA Ratio immediately prior to such transaction;

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a *pro forma* basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default has occurred and is continuing;

(d) if the surviving or continuing Person is not the Company, each Subsidiary Guarantor has confirmed by supplemental indenture that its Subsidiary Guarantee will apply to the Obligations of the Surviving Entity in respect of the Indenture and the Notes; and

(e) the Company or the Surviving Entity has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture(s), if any, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction and the execution of the supplemental indenture(s), if any, have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clauses (b) and (c) above will not apply to any merger or consolidation (including by way of redomiciliation or migration) of the Company into an Affiliate of the Company incorporated solely for the purpose of reincorporating, redomiciling or migrating the Company in or to another jurisdiction.

The foregoing shall not apply to (i) any transfer of assets by the Company to any Subsidiary Guarantor, (ii) any transfer of assets among Subsidiary Guarantors, or (iii) any transfer of assets by a Restricted Subsidiary to the Company or any Subsidiary Guarantor.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing Person, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes with the same effect as if such

Surviving Entity had been named as such and the Company shall be relieved of its obligations under the Indenture and the Notes. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under "—Change of Control" if applicable.

No Subsidiary Guarantor may consolidate with or merge with or into any Person, or sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or permit any Person to merge with or into the Subsidiary Guarantor unless:

(i) the other Person is the Company or any Restricted Subsidiary that is a Subsidiary Guarantor or becomes a Subsidiary Guarantor concurrently with the transaction; or

(ii) (1) either (x) the Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes by supplemental indenture all of the obligations of the Subsidiary Guarantor under its Subsidiary Guarantee; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing;

(iii) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture; or

(iv) the Subsidiary Guarantor or the successor has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture(s), if any, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction and the execution of the supplemental indenture(s), if any, have been satisfied.

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), unless:

(a) the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company;

(b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$7.5 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be set forth in an Officers' Certificate delivered to the Trustee stating that such transaction complies with clause (a) above;

(c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$15.0 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be approved by a majority of the members of the Company's Board of Directors (including a majority of the disinterested members thereof, if any), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with clause (a) above; and

(d) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$30.0 million (or the equivalent in other currencies), the Company will, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such Affiliate Transaction to the Company and any such Restricted Subsidiary, if any, from a financial point of view from an Independent Financial Advisor and file the same with the Trustee.

(2) Paragraph (1) above will not apply to:

(a) Affiliate Transactions with or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;

(b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors and employees of the Company or any Restricted Subsidiary;

(c) Affiliate Transactions undertaken pursuant to the terms of any agreement or arrangement to which the Company or any of its Restricted Subsidiaries is a party as of or on the Issue Date, as these agreements or arrangements may be amended, modified, supplemented, extended, renewed or replaced from time to time; *provided* that any future amendment, modification, supplement, extension, renewal or replacement entered into after the Issue Date will be permitted to the extent that its terms are not more materially disadvantageous to the Holders of the Notes than the terms of the agreements or arrangements in effect on the Issue Date;

(d) Any issuance or sale of Capital Stock (other than Disqualified Capital Stock) of the Company;

(e) Affiliate Transactions of the Company or any other Restricted Subsidiary with a Person that is not an Affiliate thereof and that is subsequently merged with or into the Company, another Restricted Subsidiary, and, in any such case, such transaction is not entered into as a result of or in connection with or in anticipation of such merger or such Person becoming a Restricted Subsidiary;

(f) the entering into of a customary agreement providing registration rights to the shareholders of the Company and the performance of such agreements;

(g) transactions with customers, clients, suppliers, purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture; *provided* that, in the reasonable determination of the Company's management, such transactions are on terms that are not materially less favorable, taken as a whole, as could reasonably have been obtained at the time of such transactions in a comparable transaction with a Person that is not an Affiliate of the Company;

(h) transactions or payments, including grants of securities, stock options and similar rights, pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business or approved by the Company's Board of Directors in good faith;

(i) any employment agreements entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(j) the provision of administrative services to any joint venture or Unrestricted Subsidiary on substantially the same terms of the services provided to or by Restricted Subsidiaries or other transactions to such entities on terms consistent with generally accepted transfer pricing guidelines;

(k) any Restricted Payments made in compliance with "—Limitation on Restricted Payments" and Permitted Investments; and

(l) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary in the ordinary course of business and not exceeding U.S.$3.0 million (or the equivalent in other currencies) outstanding at any one time.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Use of Proceeds and Release of Liens

The Company will: (i) use the net proceeds from the offering of the Notes as described under "Use of Proceeds," (ii) promptly but not later than 5 days following the Issue Date, take all necessary actions on its part (but not actions required to be taken on the part of the creditors or the collateral agent) and/or cause its Restricted Subsidiaries to take all necessary actions on their part (but not actions required to be taken on the part of the creditors or the collateral agent) (including, but not limited to, submitting all relevant documentation to and making any required filings with governmental agencies, registries or authorities under applicable law) to terminate any Liens over assets or property of the Company or any of its Restricted Subsidiaries that secure Indebtedness to be repaid with the net proceeds from the offering of the Notes, and (iii) effectively terminate and release in full all Liens over assets or property of the Company or any of its Restricted Subsidiaries that secure Indebtedness to be repaid with net proceeds from the offering of the Notes as promptly as practicable but no later than 60 days following the Issue Date.

Reports to Holders

So long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will furnish to the Holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Company will furnish or cause to be furnished to the Trustee in English (for distribution only to the Holders of Notes):

- within 90 days after the end of the first, second and third quarters of the Company's fiscal year ending December 31 (commencing with the quarter ending December 31, 2018), quarterly unaudited financial statements (consolidated) prepared in accordance with IFRS of the Company for such period; and

- within 120 days after the end of the fiscal year of the Company commencing with the fiscal year ended December 31, 2018, annual audited financial statements (consolidated) prepared in accordance with IFRS of the Company for such fiscal year and a report on such annual financial statements by the Auditors.

Each such annual report will include a "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's or any other Person's compliance with any of its covenants under the Indenture, the Notes or any Subsidiary Guarantee (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company's or any other Person's compliance with the covenants described above or with respect to any reports or other documents filed under the Indenture; provided, however, that nothing herein shall relieve the Trustee of any obligations to monitor the Company's timely delivery of all reports described in the second paragraph of this section "—Reports to Holders."

Substitution of the Company as Issuer

(a) Notwithstanding any other provision contained in the Indenture, the Company may, without the consent of any Holder of the Notes, be substituted as principal debtor in respect of the Notes by any (i) Wholly-owned Subsidiary of the Company or (ii) direct or indirect parent of the Company, of which the Company is a Wholly-owned subsidiary (in that capacity, the "Substituted Debtor"); *provided*, that the following conditions are satisfied:

(1) the Substituted Debtor is a corporation organized and validly existing under the laws of the Cayman Islands, Colombia, a member country of the European Union or the United States of America, any State thereof, the District of Columbia, any other OECD member country or any other country in Latin America whose long-term foreign currency-denominated debt has an Investment Grade Rating from at least two Rating Agencies;

(2) such documents will be executed by the Substituted Debtor, the Company, the Subsidiary Guarantors and the Trustee as may be necessary to give full effect to the substitution, including a supplemental indenture under which (i) the Substituted Debtor assumes all of the Company's payment obligations under the Indenture and the Notes and assumes, jointly and severally with the Company, all of the Company's other obligations under the Indenture and the Notes; (ii) the Company fully, unconditionally and irrevocably guarantees (the Company thereafter, the "Substituted Guarantor") in favor of each Holder and the Trustee all of the obligations of the Substituted Debtor under the Indenture and the Notes, including the payment of all sums payable under the Indenture and the Notes by the Substituted Debtor as such principal debtor; (iii) each Subsidiary Guarantor's Subsidiary Guarantee remains in full force and effect guaranteeing the obligations of the Substituted Debtor and the covenants, events of default and other obligations other than the Substituted Debtor's payment obligations continue to apply to the Company and its current and future Restricted Subsidiaries in respect of the Notes to the same extent such provisions applied prior to such substitution as if no such substitution had occurred, it being the intent that the rights of the Holders in respect of the Notes be unaffected by the substitution (the "Issuer Substitution Documents");

(3) the Issuer Substitution Documents shall contain a provision (i) to ensure that each Holder has the benefit of a covenant in terms corresponding to the obligations of the Company in respect of the payment of additional amounts set forth in "—Additional Amounts" if the Substituted Debtor is organized in a jurisdiction other than the Cayman Islands, and (ii) to indemnify and hold harmless each Holder and beneficial owner of the Notes against all taxes or duties (x) imposed by the jurisdiction in which the Substituted Debtor is organized and which arise by reason of a law or regulation in effect or contemplated on the effective date of the substitution, which may be incurred or levied against such Holder or beneficial owner of the Notes as a result of the substitution and which would not have been so incurred or levied had the substitution not been made, or (y) which are imposed on such Holder or beneficial owner of the Notes by any country (including any political subdivision or taxing authority thereof) in which such Holder or beneficial owner of the Notes resides or is subject to tax and which would not have been so imposed had the substitution not been made; *provided* that any Holder making a claim with respect to such tax indemnity shall provide the Company with notice of such claim, along with supporting documentation, within 60 days following the execution of the Issuer Substitution Documents; *provided further* that none of the Company, the Subsidiary Guarantors, any paying agent or any other person shall be required to indemnify any Holder or beneficial owner of the Notes for any taxes imposed pursuant to FATCA, the laws of the Cayman Islands or the jurisdiction of the Substituted Debtor implementing FATCA, or any agreement between the Company or the Substituted Debtor and the United States or any authority thereof implementing FATCA.

(4) the Company shall have delivered, or procured the delivery to the Trustee of, an Opinion of Counsel addressed to the Trustee from a leading firm of New York lawyers to the effect that the Issuer Substitution Documents are enforceable and constitute valid and binding obligations of the parties thereto and an Opinion of Counsel from a leading firm of the jurisdiction of organization of the Substituted Debtor as to the due authorization, execution and delivery of the Issuer Substitution Documents by the Substituted Debtor, as well as an Officer's Certificate as to compliance with the provisions described under this section;

(5) the Substituted Debtor shall have appointed a process agent in the Borough of Manhattan, the City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Issuer Substitution Documents;

(6) the Company shall have obtained a Ratings Reaffirmation prior to any substitution; and

(7) no Default or Event of Default has occurred and is continuing.

(b) Not later than 10 Business Days after the execution of the Issuer Substitution Documents, the Substituted Debtor shall give notice thereof to the Holders of the Notes in accordance with the provisions described under "—Notices."

(c) For the avoidance of doubt, the foregoing provisions will not apply to any reincorporation, re-domiciliation or migration of the Company in or to another jurisdiction in which the Company remains the Surviving Entity.

Covenant Suspension

If on any date following the Issue Date (i) the Notes have Investment Grade Ratings from at least two of Fitch, Moody's and S&P, and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the Company and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the "Suspended Covenants"):

(1) "—Covenants—Limitation on Incurrence of Additional Indebtedness";

(2) "—Covenants—Limitation on Restricted Payments";

(3) "—Covenants—Limitation on Asset Sales";

(4) "—Covenants—Limitation on Designation of Unrestricted Subsidiaries";

(5) "—Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(6) clause (b) of the first paragraph of "—Covenants—Limitation on Merger, Consolidation and Sale of Assets";

(7) "—Covenants—Conduct of Business"; and

(8) "—Covenants—Limitation on Transactions with Affiliates."

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") at least two of Fitch, Moody's or S&P no longer give the Notes an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture.

The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to in this description as the "Suspension Period." In the event of any such reinstatement, no action taken or omitted to be taken by the Company or any of its Restricted Subsidiaries in respect of the Suspended Covenants prior to such reinstatement will give rise to a Default or Event of Default under the Indenture; provided that (1) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under "—Covenants—Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period, provided further that any Subsidiaries designated as Unrestricted Subsidiaries during the Suspension Period shall automatically become Restricted Subsidiaries on the Reversion Date (subject to the Company's right to subsequently designate them as Unrestricted Subsidiaries pursuant to "—Covenants—Limitation on Designation of Unrestricted Subsidiaries"), and (2) all Indebtedness Incurred, or Disqualified Capital Stock or Preferred Stock issued, during the Suspension Period will be classified to have been Incurred or issued pursuant to clause (b) of the second paragraph of "—Covenants—Limitation on Incurrence of Additional Indebtedness."

No representation is made that the Notes would ever achieve or maintain Investment Grade Ratings.

Notices

Notices to Holders of non-Global Notes will be mailed to them at their registered addresses. Notices to Holders of Global Notes will be given to DTC in accordance with its applicable procedures.

In addition, from and after the date the Notes are listed on the SGX-ST and so long as it is required by the rules of such exchange, all notices to Holders of Notes shall be disclosed by us to the SGX-ST via SGXNET and published by us in a leading newspaper having general circulation in Singapore (which is expected to be The Business Times). If and so long as such Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange.

Notices will be deemed to have been given on the date of delivery to DTC or mailing, as applicable, or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Events of Default

The following are "Events of Default" under the Indenture:

(1) default in the payment when due of the principal of or premium, if any, on (including, in each case, any related Additional Amounts) any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to an optional redemption, a Change of Control Offer or an Asset Sale Offer;

(2) default for 30 days or more in the payment when due of interest (including any related Additional Amounts) on any Notes;

(3) the failure to perform or comply with any of the provisions described under "—Covenants—Limitation on Merger, Consolidation and Sale of Assets";

(4) the failure by the Company or any Restricted Subsidiary to comply with any other covenant or agreement contained in the Indenture or the Notes for 60 days or more after written notice to the Company thereof from the Trustee or to the Company and the Trustee from the Holders of at least 25% in aggregate principal amount of the outstanding Notes;

(5) default by the Company or any Restricted Subsidiary under any Indebtedness which:

   (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness and continues following the expiration of any applicable grace period provided in such Indebtedness and has not been cured or waived; or

(b) results in the acceleration of such Indebtedness prior to its Stated Maturity;

and the principal or accreted amount of Indebtedness covered by clause (a) or (b) at the relevant time, aggregates U.S.$20.0 million (or the equivalent in other currencies) or more;

(6) failure by the Company or any of its Restricted Subsidiaries to pay one or more final judgments against any of them, aggregating U.S.$20.0 million (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of 60 days or more (to the extent not covered by a reputable and creditworthy insurance company);

(7) certain events of bankruptcy affecting the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary; or

(8) except as permitted by the Indenture, any Subsidiary Guarantee of any Significant Subsidiary or group of Subsidiary Guarantors that, taken together, would constitute a Significant Subsidiary is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any such Subsidiary Guarantor or group of Subsidiary Guarantors denies or disaffirms its obligations under its Subsidiary Guarantee.

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) has occurred and is continuing, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may declare the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes to be immediately due and payable by notice in writing to the Company (and the Trustee if given by the Holders) specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in clause (7) above occurs with respect to the Company, then the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the outstanding Notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its compensation and reimbursed the Trustee for its expenses, disbursements and advances (including without limitation, reasonable and documented counsel fees and expenses) outstanding at that time.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The Holders of a majority in principal amount of the outstanding Notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Notes.

The Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity and/or security reasonably satisfactory to it. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such Holder gives to the Trustee written notice of a continuing Event of Default;

(2) Holders of at least 25% in principal amount of the then outstanding Notes make a written request to pursue the remedy;

(3) such Holders of the Notes provide to the Trustee satisfactory indemnity;

(4) the Trustee does not comply within 60 days; and

(5) during such 60-day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a Holder of a Note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The Company is required, within five Business Days of becoming aware of any Default or Event of Default, to deliver to the Trustee an Officer's Certificate describing such Default or Event of Default, the status thereof and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. In the absence of any such notice of Default or Event of Default from the Company or any Holder and any description of any Default or Event of Default in such Officer's Certificate, the Trustee shall not be deemed to have notice or be charged with knowledge of any Default or Event of Default. The Indenture provides that if a Default or Event of Default occurs and the Trustee has received written notice thereof, the Trustee must give to each Holder notice of the Default or Event of Default within 45 days after the Trustee receives written notice thereof. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the Holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding Notes and all obligations of the Subsidiary Guarantors discharged with respect to the Subsidiary Guarantees ("Legal Defeasance"). Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes on the 91st day after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on, the Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trusts, duties and immunities of the Trustee and obligations of the Company and the Subsidiary Guarantors in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to the covenants that are described under "—Covenants" (other than "Limitation on Merger, Consolidation and Sale of Assets") ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (other than non-payment and bankruptcy, receivership, reorganization and insolvency events with respect to the Company) described under "—Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that:

   (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

   (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

   in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from any failure to comply with "—Covenants—Limitation on Incurrence of Additional Indebtedness" as a result of the borrowing of the funds required to effect such deposit);

(5) the Company has delivered to the Trustee an Officer's Certificate stating that such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company has delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(7) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the Notes and the rights, powers, trusts duties and immunities of the Trustee and the obligations of the Company and the Subsidiary Guarantors in connection therewith, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either:

(a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable or will become due and payable within one year, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States or a combination thereof sufficient without reinvestment in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent accountants delivered to the Trustee to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit (in the case of Notes that have become due and payable), or to the stated maturity or redemption date, as the case may be, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable by it under the Indenture and the Notes; and

(3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company, the Subsidiary Guarantors and the Trustee, without the consent of the Holders, may amend, modify or supplement the Indenture and the Notes for the following purposes:

(1) to cure any ambiguity, defect or inconsistency contained therein;

(2) to provide for the assumption by a Surviving Entity of the obligations of the Company under the Indenture or a Subsidiary Guarantor under its Subsidiary Guarantee;

(3) to add Subsidiary Guarantees or additional Guarantees with respect to the Notes and the Indenture or release a Subsidiary Guarantee in accordance with the terms of the Indenture;

(4) to secure the Notes;

(5) to add to the covenants of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;

(6) to provide for the issuance of Additional Notes in accordance with the Indenture;

(7) to evidence the replacement of the Trustee as provided for under the Indenture;

(8) if necessary, in connection with any release of any security permitted under the Indenture;

(9) to make any other change that does not adversely affect the rights of any Holder in any material respect;

(10) to provide for uncertificated Notes in addition to or in place of certificated Notes; or

(11) to conform the text of the Indenture, the Subsidiary Guarantees or the Notes to any provision of this "Description of Notes," to the extent such provision was intended to be a verbatim recitation of the text of the Indenture, the Subsidiary Guarantees or the Notes (as applicable), which such intention shall be evidenced to the Trustee by delivery of an Officer's Certificate from the Company, upon which the Trustee may conclusively rely.

Other modifications to, amendments of, and supplements to, the Indenture or the Notes may be made with the consent of the Holders of a majority in principal amount of the then outstanding Notes issued under the Indenture, except that, without the consent of each Holder affected thereby, no amendment may:

(1) reduce the percentage of the principal amount of the outstanding Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any Notes payable in money other than that stated in the Notes;

(5) make any change in provisions of the Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such Notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of outstanding Notes to waive certain Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control Event that has occurred or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;

(7) eliminate or modify in any manner a Subsidiary Guarantor's obligations with respect to its Subsidiary Guarantee which adversely affects Holders in any material respect, except as contemplated in the Indenture;

(8) make any change in the provisions of the Indenture described under "—Additional Amounts" that adversely affects the rights of any Holder or amend the terms of the Notes in a way that would result in a loss of exemption from any applicable taxes; and

(9) make any change to the provisions of the Indenture or the Notes that adversely affects the ranking of the Notes.

Governing Law; Jurisdiction

The Indenture, the Notes and the Subsidiary Guarantees will be governed by, and construed in accordance with, the law of the State of New York.

Each of the Company and the Subsidiary Guarantors will submit to the jurisdiction of the U.S. federal and New York state courts located in The City of New York, Borough of Manhattan and will appoint an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture, the Notes or any Subsidiary Guarantee.

According to the laws of the State of New York, claims against us for the payment of principal of and premium, if any, and interest on the Notes must be made within six years from the due date for payment thereof.

The Trustee

The Bank of New York Mellon is the Trustee under the Indenture. The office of the Trustee at which its corporate trust business is principally administered is located at 240 Greenwich Street, Floor 7 East, New York, New York 10286, Attention: Corporate Trust Department.

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

No Personal Liability

No past, present or future incorporator, director, officer, employee, shareholder or controlling person, as such, of the Company or any Subsidiary Guarantor will have any liability for any obligations of the Company under the Notes, the Indenture or the Subsidiary Guarantee or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws or under Peruvian corporate law.

Currency Indemnity

The Company, and each Subsidiary Guarantor, will pay all sums payable under the Indenture, the Notes or such Subsidiary Guarantee solely in U.S. Dollars. Any amount received or recovered in a currency other than U.S. Dollars by any payee, in respect of any sum expressed to be due to it from the Company or any Subsidiary Guarantor, will only constitute a discharge to the Company or any such Subsidiary Guarantor to the extent of the U.S. Dollar amount which such payee is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which such payee is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to the Trustee under the Indenture or any Holder under the Indenture or any Note, the Company, and any Subsidiary Guarantor, will indemnify such payee against any loss it sustains as a result. In any event, the Company and the Subsidiary Guarantors will indemnify each payee against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for a payee to certify in a satisfactory manner that it would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which it was able to do so. In addition, payees will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;

- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any Holder or the Trustee; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Indenture, any Note or any Subsidiary Guarantee.

Listing

Application has been made for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this offering memorandum. Admission of the Notes to the Official List of the SGX-ST and the quotation of the Company on the SGX-ST are not to be taken as an indication of the merits of the Company or the Notes. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for a certificated Note, the Company will appoint and maintain a paying agent in Singapore, where the certificated Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for a certificated Note, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the certificated Notes, including details of the paying agent in Singapore. The Notes will be traded on the SGX-ST in a minimum board lot size of SGD$200,000 (or its equivalent in foreign currencies) for so long as the Notes are listed on the SGX-ST.

Singapore Listing Agent

Colin Ng & Partners LLP is the Singapore Listing Agent in respect of the Notes. The Company will maintain such agency so long as the Notes are listed on the Official List of the SGX-ST. The address of the Singapore Listing Agent is set forth on the inside back cover of this offering memorandum.

Certain Definitions

The following sets forth certain of the defined terms used in the Indenture. Reference is made to the Indenture for full disclosure of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Acquired Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"*Additional Amounts*" has the meaning set forth under "—Additional Amounts" above.

"*Additional Notes*" has the meaning set forth under "—General" above.

"*Affiliate*" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. Solely for purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Asset Acquisition*" means:

(1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;

(2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or

(3) any Revocation with respect to an Unrestricted Subsidiary.

"*Asset Sale*" means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including, without limitation, a Sale and Leaseback Transaction (each, a "disposition"), by the Company or any Restricted Subsidiary of:

(a) any Capital Stock other than Capital Stock of the Company (other than directors' qualifying shares and shares issued to foreign nationals to the extent required by applicable law); or

(b) any property or assets (other than cash, Cash Equivalents or Capital Stock) of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under "—Covenants—Merger, Consolidation and Sale of Assets" or any disposition which constitutes a Change of Control;

(2) the sale of property or equipment that, in the reasonable determination of the Company, has become worn out, obsolete or damaged or otherwise unused in connection with the business of the Company or any Restricted Subsidiary;

(3) sales or other dispositions of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(4) for purposes of "—Covenants—Limitation on Asset Sales" only, the making of a Restricted Payment permitted under "—Covenants—Limitation on Restricted Payments" and any Permitted Investment;

(5) a disposition to the Company or a Restricted Subsidiary, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;

(6) the creation of a Permitted Lien;

(7) dispositions of receivables and related assets or interests in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(8) (i) the licensing or sublicensing of intellectual property or other general intangibles, including entering into cross-licensing arrangements, in the ordinary course of business and (ii) the abandonment or other disposition of intellectual property that is, in the reasonable judgment of management of the Company or the relevant Restricted Subsidiary, no longer economically convenient to maintain or useful in the conduct of the Permitted Business;

(9) any sale of Capital Stock in, or Indebtedness of other securities of, an Unrestricted Subsidiary;

(10) a Sale and Leaseback Transaction permitted under the proviso at the end of "—Covenants—Limitation on Sale and Leaseback Transactions";

(11) the issuance of Disqualified Capital Stock permitted by the covenant described under "—Covenants—Limitation on Incurrence of Additional Indebtedness"; provided such Disqualified Capital Stock is issued by a Subsidiary Guarantor and is not convertible into or exchangeable for Qualified Capital Stock;

(12) the good faith surrender or waiver of contract rights, tort claims or statutory rights in connection with a settlement;

(13) the lease, assignment, licensing or sub-lease or sub-licensing of any real or personal property (including intercompany leases of equipment) in the ordinary course of business; and

(14) any transaction or series of related transactions involving property or assets with a Fair Market Value not in excess of U.S.$2.0 million (or the equivalent in other currencies).

"*Asset Sale Offer*" has the meaning set forth under "—Covenants—Limitation on Asset Sales."

"*Asset Sale Offer Amount*" has the meaning set forth under "—Covenants—Limitation on Asset Sales."

"*Asset Sale Offer Payment Date*" has the meaning set forth under "—Covenants—Limitation on Asset Sales."

"*Asset Sale Transaction*" means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition.

"*Attributable Indebtedness*" means, in respect of a Sale and Leaseback Transaction the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"*Board of Directors*" means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

"*Board Resolution*" means, with respect to any Person, a copy of a resolution of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"*Business Day*" means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in Bogotá, Colombia.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated and whether or not voting) of equity of such Person, including each class of Common Stock, Preferred Stock, limited liability interests or partnership interests, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under IFRS. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with IFRS.

"*Cash Equivalents*" shall mean:

(1) United States dollars or Colombian Pesos held by the Company or any Restricted Subsidiary from time to time;

(2) securities issued or directly and fully guaranteed or insured by the United States or the Colombian governments or any agency or instrumentality of the United States or the Colombian governments (provided that the full faith and credit of the United States or Colombia, as the case may be, is pledged in support of those securities) having maturities of not more than 12 months from the date of acquisition;

(3) certificates of deposit, demand and time deposits and eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any commercial bank having capital and surplus in excess of U.S.$250 million, a Thomson Bank Watch Rating, or its equivalent, of "B" or better and the outstanding indebtedness of which is rated at least "A-" by S&P or at least A3 by Moody's (or the equivalent of such rating by such rating organization, or, if no rating of S&P or Moody's then exists because neither of the foregoing then rates obligations of the type described in this clause, the equivalent of such rating by any other United States nationally recognized securities rating agency);

(4) commercial paper with a maturity of 180 days or less from the date of acquisition of an issuer which at the date of acquisition has outstanding indebtedness rated at least "A-l" by Standard & Poor's Rating Group or at least "P-l" by Moody's (or the equivalent of such rating by such rating organization, or, if no rating of S&P or Moody's then exists because neither of the foregoing then rates obligations of the type described in this clause, the equivalent of such rating by any other United States nationally recognized securities rating agency);

(5) readily marketable direct obligation issued by any state of the United States or any political subdivision thereof, in either case having one of the two highest rating categories obtainable from either Moody's or S&P and in each case maturing within 12 months after the date of acquisition; and

(6) money market funds that invest primarily in securities described in clauses (1) through (5) of this definition

"*Change of Control*" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) other than to the Company or one of its Subsidiaries;

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that (i) the Permitted Holders cease to be the beneficial owners, directly or indirectly, or more than 50% of the outstanding Voting Stock of the Company, measured by voting power rather than number of shares, (ii) the Company ceases to be the beneficial owner, directly or indirectly, of more than 50% of the outstanding Voting Stock of Termobarranquilla S.A. E.S.P., measured by voting power rather than number of shares; or (iii) the Company ceases

to be the beneficial owner, directly or indirectly, of more than 50% of the outstanding Voting Stock of Los Amigos Leasing Company Ltd., measured by voting power rather than number of shares; or

(3) the adoption of a plan relating to the liquidation or dissolution of the Company.

"*Change of Control Event*" means either (i) the occurrence of a Change of Control described in clauses 2(ii) or (iii) of the definition of "Change of Control" or (ii) the occurrence of both a Change of Control described in clauses 1, 2(i) or (3) of the definition of "Change of Control" and a Ratings Decline.

"*Change of Control Offer*" has the meaning set forth under "—Change of Control."

"*Change of Control Payment*" has the meaning set forth under "—Change of Control."

"*Change of Control Payment Date*" has the meaning set forth under "—Change of Control."

"*Commodity Agreement*" means, with respect to any Person, any commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity or raw material futures contract or any other agreement as to which such Person is a party designed to manage commodity risk of such Person.

"*Common Stock*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"*Consolidated Adjusted EBITDA*" means, with respect to any Person for any period, Consolidated Net Income for such Person for such period, *plus* the following (without duplication) to the extent deducted or added in calculating such Consolidated Net Income for such period:

(1) Consolidated Fixed Charges for such Person;

(2) Consolidated Income Tax Expense for such Person;

(3) Consolidated Non-cash Charges for such Person;

(4) any other (expenses) income – net, non-operating and/or non-recurring charges, expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period; and

(5) any net loss from disposed or discontinued operations;

less (x) all non-cash credits and gains increasing Consolidated Net Income for such Person for such period, (y) all cash payments made by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period relating to non-cash charges that were added back in determining Consolidated Adjusted EBITDA in any prior period and (z) non-operating and/or non-recurring income or gains (less all fees and expenses related thereto) increasing Consolidated Net Income of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period.

"*Consolidated Fixed Charge Coverage Ratio*" means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Adjusted EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the "Four Quarter Period") to Consolidated Fixed Charges for such Person for such Four Quarter Period. For purposes of this definition, Consolidated Adjusted EBITDA and Consolidated Fixed Charges will be calculated after giving effect on a pro forma basis in good faith for the period of such calculation for the following:

(1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company) and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period and at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and

(2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of such Four Quarter Period.

For purposes of making such *pro forma* computation:

(a) interest on any Indebtedness bearing a floating rate of interest will be calculated as if the rate in effect on the applicable date of determination had been the applicable rate for the entire Four Quarter Period (taking into account any Interest Rate Agreements applicable to such Indebtedness);

(b) interest on any Indebtedness under a revolving credit facility will be computed based upon the average daily balance of such Indebtedness during such Four Quarter Period, or if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation; and

(c) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, will be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

"*Consolidated Fixed Charges*" means, with respect to any Person for any period, the sum (without duplication) determined on a consolidated basis in accordance with IFRS of, net of any interest income:

(1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period determined on a consolidated basis in accordance with IFRS, including, without limitation, the following (whether or not interest expense in accordance with IFRS):

(a) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) in the form of additional Indebtedness;

(b) any amortization of deferred financing costs;

(c) the net costs under Hedging Obligations (including amortization of fees) in respect of Indebtedness or that are otherwise treated as interest expense or equivalent under IFRS; *provided* that if Hedging Obligations result in net benefits rather than costs, such benefits will be credited to reduce Consolidated Fixed Charges unless, pursuant to IFRS, such net benefits are otherwise reflected as a cash gain in Consolidated Net Income;

(d) all capitalized interest;

(e) the interest portion of any deferred payment obligation;

(f) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances;

(g) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company) or secured by a Lien on the assets of such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company), whether or not such Guarantee or Lien is called upon; and

(2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period; and

(3) the product of

(x) cash and non-cash dividends paid, declared, accrued or accumulated on any Disqualified Capital Stock of the Company or a Restricted Subsidiary, except for dividends payable in the Company's Qualified Capital Stock or paid to the Company or to a Restricted Subsidiary, and

(y) a fraction, the numerator of which is one and the denominator of which is one minus the sum of the currently effective combined Federal, state, local and foreign tax rate applicable to the Company and its Restricted Subsidiaries.

"*Consolidated Income Tax Expense*" means, with respect to any Person for any period, the provision for federal, state, local and any other income taxes payable by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period as determined on a consolidated basis in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries for such period on a consolidated basis, determined in accordance with IFRS; *provided* that there will be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary gains or losses or income or expenses or charges;

(3) the net income (or loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that the Company's equity in the net income of any Person will be included up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (4) below); and except further that the Company's equity in the net loss of any Person will be included to the extent such loss has been funded with cash from the Company or a Restricted Subsidiary;

(4) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(A) of "—Covenants—Limitation on Restricted Payments," the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;

(5) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;

(6) any gain (or loss) from foreign exchange translation or change in net monetary position;

(7) any net gain or loss (after any offset) resulting in such period from Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes; *provided* that the net effect on income or loss (including in any prior periods) will be included upon any termination or early extinguishment of such Hedging Obligations, other than any Hedging Obligations with respect to Indebtedness (that is not itself a Hedging Obligation) and that are extinguished concurrently with the termination or other prepayment of such Indebtedness; and

(8) the cumulative effect of changes in accounting principles.

"*Consolidated Net Tangible Assets*" " means the total consolidated assets of the any Person and its Restricted Subsidiaries, as shown on the most recent balance sheet of such Person provided to the trustee pursuant to "—Covenants—Reports to Holders" (or required to be provided thereunder), less (a) all current liabilities of such Person and its Restricted Subsidiaries after eliminating (1) all intercompany items between such Person and any Restricted Subsidiary or between Restricted Subsidiaries and (2) all current maturities of long-term Indebtedness; and (b) all goodwill, patents, tradenames, trademarks, copyrights, franchises, experimental expenses, organization expenses and any other amounts classified as intangible assets in accordance with IFRS; all calculated in accordance with IFRS and calculated on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by such Person and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

"*Consolidated Non-cash Charges*" means, with respect to any Person for any period, the aggregate depreciation, amortization and other non-cash expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with IFRS (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

"*Consolidated Net Indebtedness*" means, with respect to any Person as of any date of determination, an amount equal to the aggregate amount (without duplication) of all Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) outstanding at such time, less the sum of (without duplication) consolidated cash and Cash Equivalents recorded as current assets in all cases determined in accordance with IFRS and as set forth in the most recent consolidated balance sheet of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company).

"*Covenant Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Covenant Suspension Event*" has the meaning set forth under "—Covenant Suspension."

"*Currency Agreement*" means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed solely to hedge foreign currency risk of such Person.

"*Deeply Subordinated Indebtedness*" means any Subordinated Indebtedness of the Company which is (i) subordinated in right of payment to the Notes, pursuant to a written agreement to that effect, (ii) (A) does not mature or require any amortization, redemption or other repayment of principal (other than through conversion or exchange of such Indebtedness into Qualified Stock of the Company or any Indebtedness meeting the requirements of this definition), (B) does not require payment of any cash interest or any similar cash amounts, (C) contains no change of control or similar provisions and (D) does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment of the Company (other than as a result of insolvency proceedings of the Company), in each case, prior to the 90th day following the stated maturity of the Notes and all other amounts due under the Indenture, (iii) does not provide for or require any security interest or encumbrance over any asset of the Company or any Restricted Subsidiary and (iv) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance of its obligations under the Notes and the Indenture.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Designation Amount*" has the meaning set forth under "—Covenants—Limitation on Designation of Unrestricted Subsidiaries" above.

"*Disqualified Capital Stock*" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in any case, on or prior to the 91st day after the Stated Maturity of the Notes.

"*Event of Default*" has the meaning set forth under "—Events of Default."

"*Excess Proceeds*" has the meaning set forth under "Covenants—Limitation on Asset Sales."

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Fair Market Value*" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; *provided* that the Fair Market Value of any such asset or assets, if greater than U.S.$10.0 million, will be determined conclusively by the Board of Directors of the Company acting in good faith.

"*Fitch*" means Fitch Ratings Ltd. and its successors.

"*Four Quarter Period*" has the meaning set forth in the definition of Consolidated Fixed Charge Coverage Ratio above.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise; or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part;

provided that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee," when used as a verb, has a corresponding meaning.

"*Hedging Obligations*" means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Agreement.

"*Holder*" means the Person in whose name a Note is registered in the note register pursuant to the terms of the Indenture.

"*IFRS*" means the International Financial Reporting Standards as adopted by the International Accounting Standards Board which are in effect from time to time.

"*Incur*" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence" and "Incurred" will have meanings correlative to the foregoing); *provided* that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of the Company and (2) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Capital Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Capital Stock or Preferred Stock will be considered an Incurrence of Indebtedness.

"*Indebtedness*" means, with respect to any Person, without duplication:

(1) the principal of and premium, if any, in respect of (i) debt of such Person for money borrowed and (ii) debt evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable;

(2) all Capital Lease Obligations of such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such person and all obligations of such person under any title retention agreement in each case due more than six months after such property is acquired (but excluding trade accounts payable or other short-term obligations to suppliers payable within 180 days, in each case arising in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit or similar instruments securing obligations (other than obligations described in clauses (1) and (2) above) entered into in the ordinary course of business of such person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(5) all net obligations under Hedging Obligations of such Person (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);

(6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (10) below;

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (5) above which is secured by any Lien on any property or asset of such Person (other than the Capital Stock of an Unrestricted Subsidiary), the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the Indebtedness so secured;

(8) all liabilities recorded on the balance sheet of such Person in connection with a sale or other disposition of accounts receivables and related assets; and

(9) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any; *provided* that:

(a) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined pursuant to the Indenture;

(b) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof; and

(10) all liabilities recorded on the balance sheet of such Person in connection with any equity commitments, whether pursuant to letters of credit or otherwise, other than any such liabilities in connection with any equity contribution commitment that (i) is or would be permitted under the covenant "—Limitation on Restricted Payments" so long as treated as an Investment and (ii) the corresponding amount of the equity contribution commitment is deposited in a reserve account and is not recognized as cash, Cash Equivalents or marketable securities of the Person or any of its Subsidiaries in calculating the Consolidated Net Indebtedness thereof;

it being understood that leases in effect on the Issue Date that are deemed operating leases under IFRS 16 – *Leases* will not be deemed "Indebtedness."

The amount of Indebtedness of any Person at any date will be, with respect to contingent obligations, the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingency obligations at such date.

"*Independent Financial Advisor*" means an accounting firm, appraisal firm, investment banking firm or consultant of internationally recognized standing that is, in the judgment of the Company's management, qualified to perform the task for which it has been engaged and which is independent in connection with the relevant transaction.

"*Initial Subsidiary Guarantors*" has the meaning set forth under "—General" above.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed solely to hedge interest rate risk of such Person.

"*Investment*" means, with respect to any Person, any:

(1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) or performance guarantee to any other Person (other than advances or extensions of credit to customers in the ordinary course of business);

(2) capital contribution (including any commitment to make such capital contribution) (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to any other Person; or

(3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

"Investment" will exclude accounts receivable or deposits arising in the ordinary course of business. "Invest," "Investing" and "Invested" have corresponding meanings.

For purposes of the "—Limitation on Restricted Payments" covenant, the Company will be deemed to have made an "Investment" in an Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Unrestricted Subsidiary Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

"*Investment Grade Rating*" means a rating equal to or higher than (a) BBB-, in the case of S&P and Fitch, and (b) Baa3, in the case of Moody's.

"*Issue Date*" means the first date of issuance of Notes under the Indenture.

"*Legal Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Lien*" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided* that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder; provided that in no event shall an operating lease be deemed to constitute a Lien.

"*Moody's*" means Moody's Investors Service, Inc., or any successor thereto.

"*Net Cash Proceeds*" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

(1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale;

(4) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale; and

(5) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with IFRS, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

"*Net Debt to EBITDA Ratio*" means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Net Indebtedness for such Person as of such date to Consolidated Adjusted EBITDA for such Person for the Four Quarter Period.

For purposes of this definition, Consolidated Net Indebtedness and Consolidated Adjusted EBITDA will be calculated after giving effect on a *pro forma* basis in good faith for the period of such calculation for the following:

(1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries, and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period or at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, to the extent, in the case of an Incurrence, such Indebtedness is outstanding on the date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and

(2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries, including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of the Four Quarter Period.

For purposes of making such *pro forma* computation, the amount of Indebtedness under any revolving credit facility will be computed based on:

(a) the average daily balance of such Indebtedness during such Four Quarter Period; or

(b) if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation,

in each case giving *pro forma* effect to any borrowings related to any transaction referred to in clause (2) above.

"*Obligations*" means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), premium, Additional Amounts, penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the Notes and the Subsidiary Guarantees, the Indenture.

"*Officer*" means, with respect to any Person, the chairman of the Board of Directors, president, chief executive officer, chief financial officer, chief operating officer, or any vice president, treasurer, secretary, or attorney-in-fact of such Person.

"*Officer's Certificate*" means, in connection with any action to be taken by the Company or any Subsidiary Guarantor a certificate signed by an Officer of such Person in accordance and compliance with the terms of the Indenture and that is delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion of counsel, who may be counsel for the Company (except as otherwise provided in the Indenture), obtained at the expense of the Company, a Surviving Entity or a Restricted Subsidiary, and that is reasonably acceptable to the Trustee.

"*Permitted Business*" means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Issue Date and any business ancillary or complementary thereto.

"*Permitted Holders*" means (i) TPL Holdings Limited, (ii) Primerose Inc., (iii) TPL Co-Investment Fund L.P., (iv) Moneda Asset Management, (v) Golden Americas Ltd., and (iii) any non-natural Person that is an Affiliate of any of the Persons referred to in the preceding clauses (i) through (v) and with respect to which a Person or Persons listed in the preceding clauses (i) through (v) owns the majority of the aggregate of the total voting power of the Voting Stock in such non-natural Person, on a fully diluted basis.

"*Permitted Indebtedness*" has the meaning set forth under clause (2) of "—Covenants—Limitation on Incurrence of Additional Indebtedness."

"*Permitted Investments*" means:

(1) any Investment in the Company or in a Restricted Subsidiary of the Company;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment,

(a) such Person becomes a Restricted Subsidiary of the Company engaged in a Permitted Business, or

(b) such Person is merged or consolidated with or into, or transfers or conveys substantially all its assets to, or is liquidated into, the Company or a Restricted Subsidiary engaged in a Permitted Business;

(4) any Investment acquired from a Person which is merged with or into the Company or any of its Restricted Subsidiaries, or any Investment of any Person existing at the time such Person becomes a Restricted Subsidiary of the Company and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction;

(5) Investments to the extent made with Capital Stock of the Company (other than Disqualified Stock);

(6) any acquisition and holding of (a) Colombian federal and state tax credits acquired solely to pay amounts owed by the Company or any of its Restricted Subsidiaries to Colombian tax authorities and (b) discounted obligations of any Colombian governmental authority acquired solely to pay tax amounts owed by the Company or any of its Restricted Subsidiaries to such Colombian governmental authority;

(7) Investments made as a result of the receipt of non-cash consideration from (A) an Asset Sale made pursuant to and in compliance with the provisions of "—Covenants—Limitation on Asset Sales" or a disposition excluded under the definition of Asset Sale or (B) a sale, lease, transfer or other disposition not constituting an Asset Sale;

(8) any Investment acquired solely in exchange for Qualified Capital Stock of the Company or the licensing of intangible property;

(9) Hedging Obligations otherwise permitted under the Indenture;

(10) (i) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business, (ii) Cash Equivalents or other cash management investments or liquid or portfolio securities pledged as collateral pursuant to the covenant described under the caption "—Covenants—Limitation on Liens," (iii) endorsements for collection or deposit in the ordinary course of business, and (iv) securities, instruments or other obligations received in compromise or settlement of debts created in the ordinary course of business, or by reason of a composition or readjustment of debts or reorganization of another Person, or in satisfaction of claims or judgments;

(11) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances,

contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date, or as otherwise permitted under the Indenture);

(12) Guarantees of Indebtedness permitted under "—Covenants—Limitation on Incurrence of Additional Indebtedness" and the creation of Liens on the assets of the Company or any Restricted Subsidiary in compliance with the covenant described under "—Covenants— Limitation on Liens";

(13) Guarantees of Indebtedness Incurred by Unrestricted Subsidiaries in respect of the TECAN CCGT Project provided that such Guarantees are permitted under "—Covenants—Limitation on Incurrence of Additional Indebtedness";

(14) advances, loans or extensions of trade credit in the ordinary course of business by the Company or any of its Restricted Subsidiaries;

(15) advances made to customers, clients, distributors, suppliers (including, for the avoidance of doubt, Calamarí LNG S.A. E.S.P.) or purchasers or sellers of goods or services, in each case, in the ordinary course of business and consistent with past practice;

(16) Investments consisting of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Company or a Restricted Subsidiary of the Company;

(17) payroll, travel and other loans or advances to, or Guarantees issued to support the obligations of, officers and employees, in each case in the ordinary course of business;

(18) Investments in marketable securities or instruments to fund the Company's or its Restricted Subsidiaries' pension and other employee-related obligations pursuant to compensation arrangements consistent with past practice approved by the Board of Directors or senior management of the Company;

(19) loans or advances to employees or directors of the Company or any Restricted Subsidiary of the Company the proceeds of which are used to purchase Capital Stock of the Company, in an aggregate amount not in excess of U.S.$2.0 million at any one time outstanding;

(20) Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under health, safety or environmental obligations; and

(21) in addition to Investments listed above, Investments in Persons engaged in Permitted Businesses in an aggregate amount, taken together with all other Investments made in reliance on this clause (21), not to exceed the greater of (i) U.S.$20.0 million and (ii) 2.5% of the Company's Consolidated Net Tangible Assets.

"*Permitted Liens*" means any of the following Liens:

(1) Liens existing on the Issue Date and any extension, renewal or replacement thereof; provided, however, that any Liens securing Indebtedness to be repaid with the proceeds from the offering of the Notes shall not be considered outstanding for purposes of any extension, renewal or replacement thereof;

(2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of

business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by IFRS shall have been made in respect thereof;

(3) (a) licenses, sublicenses, leases or subleases granted by the Company or any of its Restricted Subsidiaries to other Persons not materially interfering with the conduct of the business of the Company or any of its Restricted Subsidiaries and (b) any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by the Indenture to which the Company or any Restricted Subsidiary is a party;

(4) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, customs duties, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(5) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(6) Liens on patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the extent such Liens arise from the granting of license to use such patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to any Person in the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(7) Liens securing reimbursement obligations with respect to letters of credit, banker's acceptances, performance bonds, appeal bonds, surety bonds, customs bonds or other similar bonds incurred in the ordinary course of business and not for purposes of obtaining credit;

(8) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;

(9) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings, *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(10) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(11) deposits in the ordinary course of business securing liability for reimbursement obligations of insurance carriers providing insurance to the Company or its Restricted Subsidiaries and any Liens thereon;

(12) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired;

(13) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution;

(14) Liens securing Hedging Obligations;

(15) Liens to secure any Refinancing Indebtedness which is permitted to be Incurred in accordance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness;" provided that such new Liens securing Refinancing Indebtedness:

(a) are not materially less favorable to the Holders and are not materially more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and

(b) do not extend to any property or assets other than the property or assets (*plus* improvements on or additions to such property or asset) securing the Indebtedness being Refinanced by such Refinancing Indebtedness;

(16) Liens on the Capital Stock of Unrestricted Subsidiaries;

(17) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary or by the Company to a Restricted Subsidiary and permitted to be Incurred under the Indenture;

(18) Liens securing Acquired Indebtedness Incurred in accordance with "—Covenants—Limitation on Incurrence of Additional Indebtedness" not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; *provided* that

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary; and

(b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;

(19) Liens securing Indebtedness Incurred to finance, refinance or refund the purchase price or cost (including the cost of construction, development or improvement) of property or assets acquired by the Company or any Restricted Subsidiary (by purchase, construction or otherwise), including after acquired inventory or other assets; *provided* that (i) no such Lien shall extend to or cover any property or assets other than the property or assets so acquired, constructed, developed or improved and the Liens securing any such Indebtedness will be created within 365 days of such acquisition, construction, development or improvement and (ii) the aggregate principal amount of secured Indebtedness of the Company and its Restricted Subsidiaries, after given effect to the proposed Incurrence of any Indebtedness under this clause, shall not exceed 20% of the Company's Consolidated Indebtedness;

(20) Liens securing Indebtedness Incurred to finance all or part of the construction or development of the TECAN CCGT Project; *provided* that (i) a Rating Reaffirmation is obtained prior to the Incurrence of such Indebtedness, (ii) the Lien in respect of such Indebtedness is limited to assets, equipment, insurance policies, contractual rights and/or revenues relating to the TECAN CCGT

Project, and (iii) the aggregate principal amount of Indebtedness secured by the Liens will not exceed (but may be less than) the cost of construction or development of the TECAN CCGT Project;

(21) Liens securing the Notes and any Subsidiary Guarantees;

(22) Sale and Leaseback Transactions pursuant to the proviso at the end of the covenant described under the caption "—Covenants—Limitation on Sale and Leaseback Transactions";

(23) Liens arising from precautionary Uniform Commercial Code financing statement and similar filings in other jurisdictions regarding operating leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business; and

(24) Liens securing an amount of Indebtedness outstanding at any one time not to exceed the greater of (x) U.S.$60.0 million and (y) 7.5% of the Company's Consolidated Net Tangible Assets (or the equivalent in other currencies); *provided* that the aggregate principal amount of secured Indebtedness of the Company and its Restricted Subsidiaries (including any secured Indebtedness Incurred under clause (20) above), after giving effect to the proposed Incurrence of any Indebtedness under this clause, shall not exceed 20% of the Company's Consolidated Indebtedness.

"*Person*" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*Post-Petition Interest*" means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"*Preferred Stock*" means, with respect to any Person, any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

"*Rating Agencies*" shall mean Fitch, Moody's and S&P or, if any of Fitch, Moody's or S&P shall not make a rating on the Notes publicly available, such other "nationally recognized statistical rating organization" (within the meaning of Rule 15c3 1(c)(2)(vi)(F) under the Exchange Act) as the Company may select (as certified by a Board Resolution) as a replacement agency for Fitch, Moody's or S&P or each of them, as the case may be.

"*Ratings Decline*" means, at any time during a Ratings Decline Period, the occurrence of a downgrade of the rating of the Notes by at least one Rating Agency by one or more gradations (including gradations within ratings categories as well as between rating categories) and the resulting rating of the Notes is below Investment Grade; *provided* that such downgrade was a result, in whole or in part, of a Change of Control.

"*Ratings Decline Period*" means the period that (a) begins on the earlier of (i) the date of the first public notice of the occurrence of, or the intention by the Company or any other Person to effect, a transaction that, if consummated, would constitute a Change of Control and (ii) the occurrence of such Change of Control and (b) ends 90 days following the later of such notice or the consummation of such Change of Control (which period will be (x) extended for so long as any of the Rating Agencies has publicly announced that it is considering a possible downgrade or (y) reduced in the event of a Ratings Reaffirmation to the date on which the Ratings Reaffirmation has been obtained).

"*Rating Reaffirmation*" means, (i) in connection with the entering into definitive credit documentation to finance the construction or development of the TECAN CCGT Project, a written reaffirmation from each Rating Agency then rating the Notes stating that the credit rating on the Notes, which was in effect immediately prior to a public notice of the intention to Incur any Indebtedness in connection with such definitive credit documentation, will not be decreased as a result of such Incurrence to finance the construction or development of the TECAN CCGT Project, or (ii) in connection with a Change of Control or a substitution requiring a Rating Reaffirmation under the terms described under "—Substitution of the Company as Issuer," a written reaffirmation from each Rating Agency then rating the Notes stating that the credit rating on the Notes, which was in effect immediately prior to a public notice of such Change of Control or substitution or of the intention of the Company or of any other Person to effect such Change of Control or substitution, will not be decreased as a result of such Change of Control or substitution, as the case may be.

"*Refinance*" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

(1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of fees and expenses incurred by the Company in connection with such Refinancing);

(2) such new Indebtedness has:

   (a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; and

   (b) Stated Maturity that is equal to or later than the Stated Maturity of the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is:

   (a) Indebtedness of the Company or any Subsidiary Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company or any Subsidiary Guarantor; and

   (b) Subordinated Indebtedness, then such Refinancing Indebtedness will be subordinated to the Notes or any relevant Subsidiary Guarantee, if applicable, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"*Restricted Payment*" has the meaning set forth under "—Covenants—Limitation on Restricted Payments."

"*Restricted Subsidiary*" means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

"*Reversion Date*" has the meaning set forth under "—Covenant Suspension."

"*Revocation*" has the meaning set forth under "—Covenants—Limitation on Designation of Unrestricted Subsidiaries."

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"*S&P*" means Standard & Poor's Rating Service or any successor thereto.

"*Senior Indebtedness*" means the Notes and the Subsidiary Guarantees and any other Indebtedness of the Company or any Restricted Subsidiary that ranks at least equal in right of payment with the Notes or the relevant Subsidiary Guarantee, as the case may be.

"*Significant Subsidiary*" means a Restricted Subsidiary of the Company that would constitute a "Significant Subsidiary" of the Company in accordance with Rule 1-02 under Regulation S-X under the Securities Act in effect on the Issue Date.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"*Subordinated Indebtedness*" means, with respect to the Company or any Restricted Subsidiary, any Indebtedness of the Company or such Restricted Subsidiary, as the case may be, which is expressly subordinated in right of payment to the Notes or the relevant Subsidiary Guarantee, as the case may be.

"Subsidiary" means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50% of the voting power of the other Person's outstanding Voting Stock.

"*Subsidiary Guarantee*" means the unconditional guarantee, on a joint and several basis, of the full and prompt payment of all Obligations of the Company under the Indenture and the Notes, in accordance with the terms of the Indenture.

"*Subsidiary Guarantor*" means each Initial Subsidiary Guarantor and each Restricted Subsidiary of the Company that provides a guarantee of the obligations of the Company under the Notes after the Issue Date pursuant to the terms of the Indenture.

"*Surviving Entity*" has the meaning set forth under "—Covenants—Limitation on Merger, Consolidation and Sale of Assets."

"*Suspended Covenants*" has the meaning set forth under "—Covenant Suspension."

"*Suspension Period*" has the meaning set forth under "—Covenant Suspension."

"*TECAN CCGT Project*" means the proposed conversion of the TECAN power plant from a Bryton-cycle power plant to a combined cycle power plant.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company designated as an Unrestricted Subsidiary pursuant to "—Covenants—Limitation on Designation of Unrestricted Subsidiaries." Any such Unrestricted Subsidiary Designation may be revoked by a Board Resolution of the Company, subject to the provisions of such covenant.

"*Unrestricted Subsidiary Designation*" has the meaning set forth under "—Covenants—Limitation on Designation of Unrestricted Subsidiaries" above.

"*Voting Stock*" means, with respect to any Person, securities of any class of Capital Stock of such Person then outstanding and normally entitled to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person. The term "normally entitled" means without regard to any contingency.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

(1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into

(2) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

(b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"*Wholly-Owned Subsidiary*" means any Subsidiary of the Company of which at least 99.9% of the outstanding Capital Stock or other ownership interests (other than directors' qualifying shares) of such entity shall at the time be owned by the Company and/or by one or more Wholly-Owned Subsidiaries of the Company.

FORM OF THE NOTES

Notes sold in offshore transactions in reliance on Regulation S will be represented by a permanent global note or notes in fully registered form without interest coupons, or the Regulation S Global Note, and will be registered in the name of a nominee of DTC and deposited with a custodian for DTC. Notes sold in reliance on Rule 144A will be represented by a permanent global note or notes in fully registered form without interest coupons, or the Restricted Global Note and, together with the Regulation S Global Note, the Global Notes, and will be deposited with a custodian for DTC and registered in the name of a nominee of DTC.

The Notes will be subject to certain restrictions on transfer as described in "Transfer Restrictions." A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the trustee of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes to be a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, or a Restricted Global Note Certification. This certification requirement will apply to such transfers until the 40th day after the later of the commencement of the offering and the settlement date of this offering. Beneficial interests in the Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note only upon receipt by the trustee of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, or a Regulation S Global Note Certification. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains an interest.

Except in the limited circumstances described under "—Global Notes," owners of the beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated notes. The Notes are not issuable in bearer form.

Global Notes

Upon receipt of the Regulation S Global Note and the Restricted Global Note, DTC will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC, or DTC Participants, or persons who hold interests through DTC Participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the indenture and the Notes. Unless DTC notifies the Issuer that it is unwilling or unable to continue as depositary for a Global Note, or ceases to be a "clearing agency" registered under the Exchange Act, or any of the Notes becomes immediately due and payable in accordance with "Description of Notes— Events of Default," owners of beneficial interests in a Global Note will not be entitled to have any portions of such Global Note registered in their names, will not receive or be entitled to receive physical delivery of notes in certificated form and will not be considered the owners or holders of the Global Note (or any notes represented thereby) under the indenture or the Notes. In addition, no beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the indenture and, if applicable, those of Euroclear and Clearstream).

Investors may hold their interests in the Global Notes directly through DTC if they are DTC Participants, or indirectly through organizations that are direct or indirect DTC Participants, including Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their account holders through customers' securities accounts in their respective names on the books of their respective depositaries, which, in turn, will hold such interests in the Global Notes in customers' securities accounts in the depositaries' names on the books of DTC.

Payments of the principal of and interest on Global Notes will be made to DTC or its nominee as the registered owner thereof. None of TPL, any Guarantor, any initial purchaser, the trustee or any of their respective agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Issuer and the Guarantors anticipate that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note representing any notes held by its nominee, will credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer and the Guarantors also expect that payments by DTC Participants to owners of beneficial interests in such Global Note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificated certificate in respect of such interest. Transfers between accountholders in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described above, crossmarket transfers between DTC participants, on the one hand, and directly or indirectly through Euroclear or Clearstream account holders, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the applicable Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream account holders may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream account holder purchasing an interest in a Global Note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and such credit of any transactions in interests in a Global Note settled during such processing day will be reported to the relevant Euroclear or Clearstream accountholder on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream account holder to a DTC Participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised that it will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more DTC Participants to whose account or accounts with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such DTC Participant or DTC Participants has or have given such direction. However, in the limited circumstances described above, DTC will exchange the Global Notes for certificated notes (in the case of notes represented by the Restricted Global Note, bearing a restrictive legend), which will be distributed to its participants. Holders of indirect interests in the Global Notes through DTC Participants have no direct rights to enforce such interests while the Notes are in global form.

The giving of notices and other communications by DTC to DTC Participants, by DTC Participants to persons who hold accounts with them and by such persons to holders of beneficial interests in a Global Note will be governed by arrangements between them, subject to any statutory or regulatory requirements as may exist from time to time.

DTC has advised as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for DTC Participants and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include security brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("indirect participants").

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Regulation S Global Note and in the Restricted Global Note among participants and accountholders of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer and the Guarantors or any agent will have any responsibility for the performance of DTC, Euroclear or Clearstream or their respective participants, indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Issuance of Certificated Notes

If (1) DTC or any successor to DTC is at any time unwilling or unable to continue as a depositary for the reasons described in "—Global Notes" and a successor depositary is not appointed by the Issuer or the Guarantors within 90 days, or (2) any of the Notes has become immediately due and payable in accordance with "Description of Notes—Events of Default," the Issuer will issue certificated notes in registered form in exchange for the Regulation S Global Note and the Restricted Global Note, as the case may be. Upon receipt of such notice from DTC, the Issuer will use its best efforts to make arrangements with DTC for the exchange of interests in the Global Notes for certificated notes and cause the requested certificated notes to be executed and delivered to the trustee in sufficient quantities and authenticated by the trustee for delivery to holders. Persons exchanging interests in a Global Note for certificated notes will be required to provide the trustee with (a) written instruction and other information required by the Issuer and the trustee to complete, execute, authenticate and deliver such certificated notes, and (b) in the case of an exchange of an interest in a Restricted Global Note, certification that such interest is not being transferred or is being transferred only in compliance with Rule 144A under the Securities Act. In all cases, certificated notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any authorized denominations, requested by DTC.

In the case of certificated notes issued in exchange for the Restricted Global Note, such certificated notes will bear, and be subject to, the legend described in "Transfer Restrictions" (unless the Issuer determines otherwise in accordance with applicable law). The holder of a restricted certificated note may transfer such note, subject to compliance with the provisions of such legend, as provided in "Transfer Restrictions." The Issuer may remove the legend at its option. Once issued in certificated form, the Issuer does not need to make any provision to exchange the certificated notes into Global Notes.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear, Clearstream or DTC.

TAXATION

The following discussion summarizes certain Cayman, Colombian and U.S. federal tax considerations that may be relevant to the, ownership and disposition of the Notes. This summary is based on laws and regulations now in effect in the Cayman Islands, Colombia and the United States, each of which may change (possibly on a retroactive basis). This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your own tax advisors about the tax consequences of the ownership and disposition of the Notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Certain Cayman Island Tax Consequences

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands law, payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Notes. Notes in certificated form will be stampable if they are executed in or brought into the Cayman Islands. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

The Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (the "**US IGA**"). The Cayman Islands has also signed, along with over 80 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard ("**CRS**" and together with the US IGA, "**AEOI**").

Cayman Islands regulations have been issued to give effect to the US IGA and CRS (collectively, the "**AEOI Regulations**").

All Cayman Islands "Financial Institutions" are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they are able to rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations). TPL is relying upon one of the available exemptions in each of the AEOI Regulations and therefore qualifies as a "Non-Reporting Financial Institution". As such, TPL will have no obligations under the AEOI Regulations save in relation to CRS where TPL will be obliged to notify the Cayman Islands Tax Information Authority of (i) its status and classification under CRS (including the relevant exemption it is relying upon), and (ii) the details of the individual appointed as principal point of contact and a second individual who has the authority to change such principal point of contact, in respect of TPL.

For information on any potential withholding tax that may be levied against TPL, see also "Certain U.S. Federal Income Tax Consequences".

Certain Colombian Tax Consequences

This summary is based on the tax laws of Colombia as in effect on the date of this offering memorandum, as well as regulations, rulings, and decisions in Colombia available on or before such date and now in effect. New tax laws and regulations, and uncertainties in the interpretation with respect to existing and future tax policies could affect the validity of this summary.

Prospective purchasers of the Notes should consult an independent tax advisor as to Colombian tax consequences of the purchase, ownership, and disposition of the Notes, including, in particular, the application of the tax considerations discussed below to their particular situations, as well as the application of state, local, non-Colombian or other tax laws.

Entities and individuals resident in Colombia are subject to Colombian income taxes on all sources of income, whether foreign or Colombian. Non-resident entities and non-resident individuals are subject to income tax in Colombia solely on Colombian sources of income, which generally is derived from (i) the sale of assets located in the Colombia at the time of the sale, (ii) the operation or use of tangible and intangible assets in Colombia, and (iii) the rendering of services within the Colombian territory. Double taxation treaties executed by Colombia, if applicable, provide for special rules regarding income taxes.

Note that the purchase, ownership and disposition of the Notes should not have any tax effects for Colombian tax purposes as long as the Notes are not considered Colombian assets, and the owner is not a tax resident or a Colombian legal entity. For purposes of Colombian taxation, an entity is deemed to be domestic and resident in Colombia if it meets any of the following: (i) it has had its effective place of management in Colombia during the corresponding calendar year, (ii) it has as its principal domicile the Colombian territory or (iii) it has been incorporated according to the Colombian law.

Permanent establishments in Colombia are considered as Colombian taxpayers in connection with income and taxable gains attributable to such permanent establishment. Colombian tax law defines a permanent establishment as a foreign entity or individual performing activities in Colombia through (i) a fixed place of business (e.g. branches, factories or offices), or (ii) a Colombian dependent agent empowered to execute agreements on behalf of the foreign entity or individual. A foreign entity or individual will not be deemed to have a permanent establishment in Colombia solely by virtue of the fact it acts through a broker or any other independent agent. Furthermore, the mere fact of purchasing, receiving interest payments and selling the Notes does not *per se* constitute a permanent establishment in Colombia for a non-resident entity and a non-resident individual.

On the other hand, individuals are tax residents of Colombia if they meet any of the following criteria:

- Such person physically stays in Colombia, for more than 183 calendar days (continuously or discontinually) within any given 365-consecutive-day term. When a person's physical stay exceeds one year of the taxable period, that person shall be regarded as resident as of the second year of the taxable period.

- Such person is a member of the Colombian Government's foreign service or is related to a member of the Colombian Government foreign service in a foreign state in which that person is exempt from taxes during the time of service by virtue of any provisions of the Vienna Conventions on diplomatic relations.

- Such person is a Colombian national residing abroad, provided that, additionally, any of the following conditions are met:

    - Such person has a spouse or permanent companion, or dependent children, who are tax residents of Colombia; or

    - 50% or more of such person's total income is sourced in Colombia; or

    - 50% or more of such person's assets are managed in Colombia; or

    - 50% or more of such person's assets are deemed to be located in Colombia; or

    - such person has been summoned by the Colombian Tax Office to provide proof of tax residency in another country (other than Colombia) and has failed to provide such evidence; or

    - such person is a resident of a country deemed a tax heaven under Colombian law.

In any of the six cases above, the Colombian national should not be considered as a resident for tax purposes if: (i) 50% or more of the individual's annual income is sourced in the jurisdiction where he or she is domiciled, or (ii) 50% or more of such individual's assets are located in the jurisdiction where he or she is domiciled.

Changes in tax laws and regulations, and interpretations thereof, can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting tax deductions and eliminating tax-based incentives and non-taxed income. In addition, tax authorities or courts may interpret tax regulations differently than we do, which could result in tax litigation and associated costs and penalties.

Certain Bermuda Tax Consequences

The following is a summary of certain Bermuda tax consequences of an investment in the Notes. The below is a general summary of current Bermuda law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Bermuda law.

Under existing Bermuda law, payments of interest and principal on the Notes will not be subject to taxation in Bermuda and no withholding will be required on the payment of interest and principal to any holder of the Notes who is ordinarily resident in Bermuda, nor will gains derived from the disposal of the Notes be subject to Bermuda income or corporation tax. Bermuda currently has no capital gains tax and no estate duty, inheritance tax or gift tax.

There is no income or other tax of Bermuda imposed by withholding or otherwise on any payment to be made by Los Amigos pursuant to the Guarantee.

Certain U.S. Federal Income Tax Consequences

The following is a description of certain U.S. federal income tax considerations relevant to the ownership and disposition of the Notes by a U.S. Holder (as defined below) thereof. This description only applies to notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as: financial institutions; insurance companies; real estate investment trusts; regulated investment companies; grantor trusts; tax-exempt organizations; dealers or traders in securities or currencies; U.S. Holders that have a functional currency other than the U.S. dollar; certain former citizens and long-term residents of the United States; or holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax, alternative minimum tax, or Medicare contribution tax consequences of the ownership and disposition of the Notes and does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their original "issue price." The issue price of a note is equal to the first price to investors (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money. Each prospective purchaser should consult its own tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of holding and disposing of the Notes.

This description is based on the U.S. Internal Revenue Code of 1986, as amended ("the Code"), Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of this description is subject to change, possibly with retroactive effect, or differing interpretations, which could affect the tax consequences described herein.

For purposes of this description, a "U.S. Holder" is a beneficial owner of the Notes who for U.S. federal income tax purposes is a citizen or individual resident of the United States; a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any State thereof, including the District of Columbia; an estate the income of which is subject to U.S. federal income taxation regardless of its source; or a trust (1) (a) if a U.S. court is able to exercise primary supervision over the administration of the trust and (b) one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to the tax consequences to it of the ownership and disposition of the Notes.

U.S. Holders

2017 Legislation. Under recently enacted legislation, U.S. Holders that use an accrual method of accounting for tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. The application of this rule thus may require the accrual of income earlier than would be the case under the general tax rules described above and below, although the precise application of this rule is unclear at this time. This rule generally will be effective for tax years beginning after December 31, 2017 or, for debt instruments issued with original issue discount, for tax years beginning after December 31, 2018. U.S. Holders that use an accrual method of accounting should consult with their tax advisors regarding the potential application of this legislation to their particular situation.

Characterization of the Notes. In certain circumstances, the Issuer may be obligated to pay amounts in excess of stated interest or principal on the Note (see "Description of Notes—Change of Control Event"). The obligation to make these payments may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments," or CPDIs. Under the applicable Treasury Regulations, the possibility of a contingent payment on a note may be disregarded if the likelihood of the contingent payment, as of the issue date, is "remote or incidental." The Issuer intends to take the position, and the remainder of this discussion assumes, that the likelihood of a contingent payment on the Notes is remote or the amount of such payment is incidental, and that the Notes therefore do not constitute CPDIs under the applicable Treasury Regulations. The Issuer's determination, however, is not binding on the U.S. Internal Revenue Service or the "IRS", and if the IRS were to challenge this determination, a U.S. Holder may be required to accrue income on the Notes that it owns in excess of stated interest, and to treat as ordinary income, rather than capital gain, any income realized on the taxable disposition of such Notes before the resolution of the contingency. The remainder of this discussion assumes that the Notes will not be treated as CPDIs for U.S. federal income tax purposes.

Payments of Interest. Stated interest paid on a note (including the amount of any Additional Amounts) will be taxable as ordinary interest income at the time it accrues or is received by a U.S. Holder, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. If the stated redemption price at maturity of the Notes exceeds their issue price by an amount that equals or exceeds the statutory de minimis amount for U.S. federal income tax purposes, the Notes will be treated as having been issued with original issue discount ("OID") for U.S. federal income tax purposes in the amount of such excess. In such event, a U.S. Holder generally would be required to include OID in income (as ordinary income) as it accrues, in advance of the receipt of cash payment thereof and regardless of such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued with less than a de minimis amount of OID for U.S. federal income tax purposes.

The interest on the Notes will generally be treated as foreign-source income for U.S. foreign tax credit purposes and will generally constitute "passive category income." The rules governing the foreign tax credit are complex. U.S. Holders should consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Disposition of the Notes. Upon the sale, exchange, retirement or other taxable disposition of a note, a U.S. Holder will generally recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, retirement or other taxable disposition and such U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in the note will generally equal the cost of the note. Gain or loss, if any, will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, retirement or other taxable disposition the note has been held for more than one year. For these purposes, the amount realized does not include any amount attributable to accrued but unpaid interest, which will be treated as interest as described above under the caption "—Payments of Interest." Long-term capital gain recognized by non-corporate U.S. Holders is subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. Gain or loss, if any, realized on the sale, exchange, retirement or other taxable disposition of a note will generally be U.S.-source income for purposes of computing a U.S. Holder's foreign tax credit limitation.

Substitution of the Issuer. The Issuer may, without the consent of any holder of the Notes, be substituted as principal debtor in respect of the Notes by any (i) wholly-owned subsidiary of the Issuer or (ii) direct or indirect parent of the Issuer, of which the Issuer is a wholly-owned subsidiary (in that capacity, the "Substituted Debtor") (see "Description of Notes—Substitution of the Company as Issuer"). The substitution of another principal debtor in place of the Issuer, may be treated for U.S. federal income tax purposes as an exchange of the Notes for new notes, resulting in recognition of taxable gain or loss to U.S. Holders for these purposes and possible other adverse tax consequences. U.S. Holders should consult their own tax advisors regarding the U.S. federal tax consequences of such substitution.

Surtax on Net Investment Income. Certain U.S. Holders who are individuals, estates or trusts will be required to pay a 3.8 percent tax on the lesser of (i) the U.S. Holder's "net investment income" for the relevant taxable year (or undistributed "net investment income" in the case of an estate or trust) and (ii) the excess of the U.S. Holder's modified adjusted gross income for the relevant taxable year (or adjusted gross income in the case of an estate or trust) over a certain threshold. A U.S. Holder's "net investment income" generally will include interest income (including OID, if any) and its net gains from a taxable disposition of the Notes, unless such interest (including OID, if any) or gains are derived in the ordinary course of the conduct of a trade or business. U.S. Holders should consult their own tax advisors regarding the application of this additional tax to their investment in the Notes.

Tax Return Disclosure Obligation with Respect to Foreign Financial Assets. Certain owners of "specified foreign financial assets" with an aggregate value in excess of certain threshold amounts may be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons; (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties; and (iii) interests in foreign entities. Under these rules, the Notes (or accounts in which the Notes are held) may be treated as "specified foreign financial assets." U.S. Holders are urged to consult their own tax advisors regarding the application of this reporting requirement to their investment in the Notes.

Information Reporting and Backup Withholding. Payments of interest and proceeds from the sale of a note that are made within the United States or through certain U.S.-related financial intermediaries are generally subject to information reporting, and may be subject to backup withholding, unless (1) a U.S. Holder is an exempt recipient or (2) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to the U.S. Holder will be allowed as a credit against your U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors concerning the application of information reporting and backup withholding rules.

THE ABOVE DESCRIPTION IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP AND DISPOSITION OF THE NOTES. PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

PLAN OF DISTRIBUTION

We intend to offer the Notes through the initial purchasers. Merrill Lynch, Pierce, Fenner & Smith Incorporated and Scotia Capital (USA) Inc. are acting as the initial purchasers. Subject to the terms and conditions contained in a purchase agreement between us, the guarantors and the initial purchasers, we have agreed to sell to the initial purchasers and the initial purchasers have agreed to purchase from us, (severally and not jointly) the principal amount of the Notes listed opposite its name below.

Initial Purchasers	Principal Amount of Notes
Merrill Lynch, Pierce, Fenner & Smith Incorporated	U.S.$205,000,000
Scotia Capital (USA) Inc.	U.S.$205,000,000
Total	**U.S.$410,000,000**

The purchase agreement provides that the obligations of the initial purchasers to purchase the Notes are subject to approval of legal matters by counsel and to the satisfaction of the terms and conditions set forth in the purchase agreement. The initial purchasers have agreed, severally and not jointly, to purchase all the Notes if they purchase any of the Notes.

The initial purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters and other conditions contained in the purchase agreement, such as, but not limited to, the receipt by the initial purchasers of officers' certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

We have agreed to indemnify the initial purchasers and their affiliates against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers and their affiliates may be required to make in respect of those liabilities.

The initial purchasers have advised us that they propose to offer the Notes for resale at the offering price that appears on the cover of this offering memorandum. After the initial offering, the initial purchasers may change the offering price and any other selling terms. The initial purchasers may offer and sell Notes through certain of their affiliates.

Notes Are Not Being Registered

The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Form of the Notes."

The initial purchasers propose to offer the Notes for resale to persons they reasonably believe to be qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States to non-U.S. persons in reliance on Regulation S. The Notes sold to qualified institutional buyers under Rule 144A will be represented by one or more Global Notes and the Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented by one or more Global Notes. The Notes will be subject to restrictions on transfer and will bear restrictive legends. See "Form of the Notes."

In addition, until 40 days after the commencement of the offering, or the "Distribution Compliance Period," an offer or sale of notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described in "Transfer Restrictions."

No Sale of Similar Securities

Termocandelaria Power Ltd. has agreed that, for a period of 90 days following the date of this offering memorandum, it will not, without the prior written consent of the initial purchasers, directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or establish an open "put equivalent position" within the meaning of Rule 16a-1 under the Exchange Act, or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act in respect of, any debt securities of Termocandelaria Power Ltd. or securities exchangeable for or convertible into debt securities of Termocandelaria Power Ltd. other than the offer and sale of the Notes.

This lockup provision applies to debt securities or any securities convertible into or exercisable or exchangeable for debt securities.

New Issue of Notes

The Notes are a new issue of securities with no established trading market. We have made an application for the Notes to be listed on the SGX-ST; however, we cannot ensure that a liquid or active public trading market for the Notes will develop. The initial purchasers have advised us that they presently intend to make a market in the Notes after completion of this offering. However, they are under no obligation to do so and may discontinue any market making activities at any time without any notice.

If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their offering price, depending on prevailing interest rates, the market for similar securities, our performance, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made to investors on or about January 30, 2019, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the Securities Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder may be required, by virtue of the fact that the Notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

Price Stabilization and Short Positions

In connection with the offering, the initial purchasers may purchase and sell Notes in the open market. Purchases and sales in the open market may include

- Short sales, purchases to cover syndicate short positions and stabilizing purchases;
- Short sales involve secondary market sales by the initial purchasers of a greater number of Notes than they are required to purchase in the offering;
- Syndicate covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover short positions; and
- Stabilizing transactions involve bids to purchase Notes for the purpose of pegging, fixing or maintaining the price of the Notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover syndicate short positions and stabilizing purchases may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise but are not required to do so.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the initial purchasers make any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

As of the date of this offering memorandum, we had outstanding amounts due to affiliates of Scotia Capital (USA) Inc. of U.S.$34.1 million. In connection with our intended prepayment of indebtedness described in "Use of Proceeds" and "Management Discussions and Analysis of Financial Conditions and Results of Operations—Liquidity and Capital Resources—Loans and Financings—Material Financing Agreements and Other Obligations" we expect to repay all of the indebtedness owed to affiliates of Scotia Capital (USA) Inc., which is one of the initial purchasers in this offering.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Stamp Taxes

Purchasers of any Notes sold outside the United States may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price paid by such purchasers for such Notes.

Sales Outside the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the Notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration

Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the Cayman Islands

Section 175 of the Companies Law (2018 Revision) of the Cayman Islands provides that an exempted company that is not listed on the Cayman Islands Stock Exchange is prohibited from making any invitation, whether directly or indirectly, to the public in the Cayman Islands to subscribe for any of its Notes. Each purchaser of the Notes agrees that no invitation may be made to the public in the Cayman Islands to subscribe for the Notes.

Notice to Prospective Investors in Chile

THIS PRIVATE OFFERING BEGAN ON JANUARY 10, 2019 AND IS GOVERNED UNDER THE PROVISIONS OF GENERAL RULE NO. 336 (NORMA DE CARÁCTER GENERAL N° 336) OF THE CHILEAN SECURITIES AND INSURANCE COMMISSION (SUPERINTENDENCIA DE VALORES Y SEGUROS, OR "SVS"). THIS OFFERING RELATES TO NOTES THAT HAVE NOT BEEN REGISTERED WITH THE REGISTRY OF FOREIGN SECURITIES (REGISTRO DE VALORES EXTRANJEROS) OF THE SVS AND AS SUCH ARE NOT SUBJECT TO THE SUPERVISION OF THE SVS. BECAUSE THE NOTES ARE NOT REGISTERED WITH THE REGISTRY OF FOREIGN SECURITIES, THERE IS NO OBLIGATION OF THE ISSUER TO DELIVER PUBLIC INFORMATION IN CHILE IN CONNECTION WITH THE NOTES RELATED TO THE OFFERING. THE NOTES MAY NOT BE SOLD IN A PUBLIC OFFERING IN CHILE AS LONG AS SUCH NOTES ARE NOT REGISTERED IN THE REGISTRY OF FOREIGN SECURITIES.

ESTA OFERTA PRIVADA SE INICIÓ EL DÍA 10 DE ENERO DE 2019 Y SE ACOGE A LAS DISPOSICIONES DE LA NORMA DE CARÁCTER GENERAL N° 336 DE LA SUPERINTENDENCIA DE VALORES Y SEGUROS. ESTA OFERTA VERSA SOBRE VALORES NO INSCRITOS EN EL REGISTRO DE VALORES O EN EL REGISTRO DE VALORES EXTRANJEROS QUE LLEVA LA SUPERINTENDENCIA DE VALORES Y SEGUROS, POR LO QUE TALES VALORES NO ESTÁN SUJETOS A LA FISCALIZACIÓN DE ÉSTA. POR TRATAR DE VALORES NO INSCRITOS NO EXISTE LA OBLIGACIÓN POR PARTE DEL EMISOR DE ENTREGAR EN CHILE INFORMACIÓN PÚBLICA RESPECTO DE LOS VALORES SOBRE LOS QUE VERSA ESTA OFERTA. ESTOS VALORES NO PODRÁN SER OBJETO DE OFERTA PÚBLICA MIENTRAS NO SEAN INSCRITOS EN EL REGISTRO DE VALORES CORRESPONDIENTE.

Notice to Residents in the Republic of Colombia

The Notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering or intermediation of securities under applicable Colombian securities laws and regulations. Furthermore, foreign financial entities must abide by the terms of Part 4 of Decree 2555 of 2010 to offer privately the Notes to their Colombian clients.

Notice to Prospective Investors in the European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Directive.

Notice to Prospective Investors in Guatemala

The Notes have not been, and will not be, registered for public offering in Guatemala with the Securities Market Registry under the Stock Exchange Act, Decree 34-96 of Congress of Guatemala, amended by Decree 49- 2008 (the "Guatemalan Securities and Commodities Act"). Accordingly, the Notes may not be offered or sold in Guatemala, except in certain limited transactions exempted from the registration requirements of the Guatemalan Securities and Commodities Act. The Notes do not benefit from tax incentives accorded by the Guatemalan Securities and Commodities Act and are not subject to regulation or supervision by the Securities Market Registry.

Notice to Prospective Investors in Hong Kong

The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Notes has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Ireland

The initial purchasers have represented, warranted and agreed that they have not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

(i) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any Central Bank of Ireland ("Central Bank") rules issued and / or in force pursuant to Section 1363 of the Companies Act 2014 (as amended) (the "Companies Act");

(ii) the Companies Act;

(iii) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank;

(iv) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the European Union (Market Abuse) Regulations 2016 and any Central Bank rules issued and / or in force pursuant to Section 1370 of the Companies Act, and it will assist the Issuer in complying with its obligations thereunder;

(v) Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs); and

(vi) the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989.

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and, accordingly, each initial purchaser undertakes that it will not offer or sell any notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Korea

Each of the initial purchasers has represented and agreed that the Notes have not been and will not be registered with the Financial Services Commission (the "FSC") under the Financial Investment Services and Capital Markets Act of Korea (the "FSCMA"), as amended. Accordingly, the Notes have not been and will not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transactions Act of Korea and the Enforcement Decree thereof), or to any other person for reoffering, resale or re-delivery, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, other than to a qualified institutional investor (a "QIB") as specified in Article 2-2, Paragraph 2, Item 4 of the Regulations on the Issuance of Securities and Public Disclosure, Etc. of Korea and registered with the Korea Financial Investment Association (the "KOFIA") as a QIB and the Notes to be acquired by such QIBs at the time of issuance must be less than 20% of the aggregate issue amount of the Notes pursuant to Article 2-2-2, Paragraph 2, Item 3 of the above Regulations or except as otherwise permitted by the applicable Korean laws and regulations.

Notice to Residents in the Republic of Panama

The Notes have not been registered with SMV, and, therefore, the Notes are not authorized for public offering in Panama and may not be offered, placed, distributed, commercialized and/or negotiated publicly in Panama, except in transactions exempted from registration under the securities laws of Panama. Documents relating to the offering of the Notes, as well as information contained therein, may not be offered publicly in Panama nor be used in connection with any public offering for subscription or sale of the Notes in Panama. The SMV has not reviewed the information contained in this offering memorandum. The Notes and offering thereof are not subject to the supervision of the SMV, and the Notes do not benefit from the tax incentives provided by the securities laws of Panama.

Notice to Prospective Investors in Peru

The Notes and the information contained in this offering memorandum have not been and will not be registered with or approved by the Peruvian Securities Market Superintendency (*Superintendencia del Mercado de Valores*) or the Lima Stock Exchange and as such are not subject to the supervision of such entities. Accordingly, the Notes cannot be offered in Peru and the offering cannot be addressed to Peruvian investor, except if such offering is considered a private offering under the securities laws and regulations of Peru. The Peruvian securities market law establishes, among other things that any particular offer may qualify as private if it is directed exclusively to institutional investors; such institutional investor cannot resell securities acquired in a private offer, unless resold to another institutional investor or by means of a public offer. As this offering is only made in Peru on a private basis, the issuer is not subject to the disclosure obligations set forth in the Peruvian Securities Legislation. Peruvian Institutional Investors, as defined by Peruvian legislation, must rely on their own examination of the issuer and the terms of the offering to determine their ability to invest in the Notes.

Notice to Prospective Investors in Singapore

Each initial purchaser has acknowledged that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, each initial purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore), as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notice to Prospective Investors in Spain

The Notes may not be offered, sold or distributed in Spain, nor may any subsequent resale of the Notes be carried out except (i) in circumstances which do not constitute a public offering of securities in Spain within the meaning of section 35 of the Restated Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October 2015 (Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores) (the Securities Market Act), as developed by Royal Decree 1310/2005 of 4 November on admission to listing and on issues and public offers of securities (Real Decreto 1310/2005 de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, de Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos), and supplemental rules enacted thereunder or in substitution thereof from time to time; and (ii) by institutions authorized to provide investment services in Spain under the Securities Market Act (and related legislation) and Royal Decree 217/2008 of 15 February on the Legal Regime Applicable to Investment Services Companies (Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión).

Neither the Notes nor the offering memorandum have been registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) and, therefore, the offering memorandum is not intended to be used for any public offer of Notes in Spain.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the Notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in the Netherlands

The Notes (including the rights representing an interest in the Notes in global form) which are the subject of this offering memorandum, have not been and shall not be offered, sold, transferred or delivered to the public in the Netherlands, unless in reliance on Article 3(2) of the Prospectus Directive and provided such offer is made exclusively to legal entities which are qualified investors (within the meaning of the Prospectus Directive) in the Netherlands.

For the purposes of the abovementioned paragraphs, the expression an "offer of Notes to the public" in relation to any notes in the Netherlands means the announcement or communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

TRANSFER RESTRICTIONS

The Notes have not been registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in accordance with an applicable exemption from the registration requirements thereof. Accordingly, the Notes are being offered and sold only (1) to certain QIBs (as defined in Rule 144A) in compliance with Rule 144A, or (2) outside the United States to non-U.S. persons in reliance upon Regulation S. As used in this section, the terms "United States," "U.S. person" and "offshore transactions" have the meanings given to them in Regulation S.

Each purchaser of Notes or beneficial owner of the Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the initial purchasers as follows:

If it is acquiring the Notes in a sale being made in reliance upon Rule 144A, it understands that the Notes will, unless otherwise agreed by us and the noteholder, bear a legend substantially to the following effect:

> **"This security has not been registered under the Securities Act or the securities laws of any state or other jurisdiction. Neither this security nor any interest or participation herein may be reoffered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of within the United States, or for the account or benefit of U.S. persons, in the absence of such registration or unless such transaction is exempt from, or not subject to, such registration.**
>
> **The holder of this security by its acceptance hereof: (1) represents that it is a "qualified institutional buyer" (as defined in Rule 144A) purchasing this security for its own account or for the account of one or more qualified institutional buyers; (2) agrees to offer, sell or otherwise transfer such security, only (a) to the Issuer or any affiliate thereof, (b) pursuant to a registration statement that has been declared effective under the Securities Act, (c) to a person it reasonably believes is a "qualified institutional buyer" purchasing for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales that occur outside the United States in compliance with Rule 903 or 904 under Regulation S under the Securities Act, or (e) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction; and (3) agrees that it will deliver to each person to whom this security is transferred a notice substantially to the effect of this restrictive legend. This legend will only be removed at the option of the Issuer.**

BY ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (1) NO ASSETS OF AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("THE CODE"), APPLIES, OR, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH PLAN, OR A NON-U.S. PLAN, GOVERNMENTAL PLAN, CHURCH PLAN, OR OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO FEDERAL, NON-U.S., STATE OR LOCAL LAWS, REGULATIONS OR RULES THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA AND SECTION 4975 OF THE CODE HAVE BEEN USED TO PURCHASE OR HOLD THIS NOTE OR ANY INTEREST HEREIN, OR (2) THE PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE, OR ANY INTEREST HEREIN, WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. OR OTHER PLAN, A VIOLATION OF ANY FEDERAL, NON-U.S., STATE OR LOCAL LAWS, REGULATIONS OR RULES THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE)."

If it is acquiring the Notes in a sale being made in reliance upon Regulation S, it understands that the Notes will bear a legend substantially to the following effect:

"This security has not been registered under the Securities Act, or the securities laws of any state or other jurisdiction, and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except as set forth in the following sentence. By its acquisition hereof, the holder (1) represents that it is not a U.S. person, is not acquiring this security for the account or benefit of a U.S. person and is acquiring this security in an offshore transaction, (2) by its acceptance hereof, agrees to offer, sell or otherwise transfer such security only (a) to the Issuer or any affiliate thereof, (b) pursuant to a registration statement that has been declared effective under the Securities Act, (c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a "qualified institutional buyer" as defined in Rule 144A purchasing for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A in a transaction meeting the requirements of Rule 144A, (d) pursuant to offers and sales that occur outside the United States in compliance with Rule 903 or 904 under Regulation S under the Securities Act or (e) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction and (3) agrees that it will deliver to each person to whom this security is transferred a notice substantially to the effect of this restrictive legend. This legend will be removed after 40 consecutive days beginning on and including the later of (a) the day on which the Notes are offered to persons other than distributors (as defined in Regulation S) and (b) the date of the closing of the original offering. As used herein, the terms "offshore transaction," "United States" and "U.S. person" have the meanings given to them by Regulation S under the Securities Act.

BY ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (1) NO ASSETS OF AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("THE CODE"), APPLIES, OR, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH PLAN, OR A NON-U.S. PLAN, GOVERNMENTAL PLAN, CHURCH PLAN, OR OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO FEDERAL, NON-U.S., STATE OR LOCAL LAWS, REGULATIONS OR RULES THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA AND SECTION 4975 OF THE CODE HAVE BEEN USED TO PURCHASE OR HOLD THIS NOTE OR ANY INTEREST HEREIN, OR (2) THE PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE, OR ANY INTEREST HEREIN, WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. OR OTHER PLAN, A VIOLATION OF ANY FEDERAL, NON-U.S., STATE OR LOCAL LAWS, REGULATIONS OR RULES THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE)."

If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it agrees that, until the expiration of a 40-day "distribution compliance period" within the meaning of Rule 903 of Regulation S, no offer or sale of the Notes shall be made by it to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(o) of the Securities Act except to a qualified institutional buyer and in compliance with the applicable restrictions set forth in the legends above.

It will be deemed to have represented and agreed that either: (1) no assets of a Plan or of a non-U.S. plan, governmental plan, church plan or other plan subject to federal, non-U.S., state or local laws, regulations or rules that are substantially similar to Section 406 of ERISA and Section 4975 of the Code (each a "Similar Law") have been used to purchase or hold the Notes or any interest therein or (2) the purchase, holding and disposition of the Notes, or any interest therein, will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan, a violation of any Similar Law).

It acknowledges that we and the initial purchasers will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by its purchase of Notes are no longer accurate, it will promptly notify us and the initial purchasers. If it is acquiring any notes as a fiduciary or agent for one or more investor accounts, it represents that is has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

It understands that we may receive a list of participants holding positions in its securities from one or more book-entry depositories.

Each purchaser of Notes will be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as holders of the Notes.

Each person purchasing Notes from the initial purchasers or through an affiliate of the initial purchasers pursuant to Rule 144A, by accepting delivery of this offering memorandum, acknowledges that: (i) it has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of the information contained in this offering memorandum or its investment decision; and (ii) no person has been authorized to give any information or to make any representation concerning us or the Notes other than those contained in this offering memorandum and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above stated restrictions shall not be recognized by us.

We have prepared this offering memorandum solely for use in connection with the offer and sale of the Notes outside the United States and for the private placement of the Notes in the United States. We and the initial purchasers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of Notes offered pursuant to Rule 144A. This offering memorandum does not constitute an offer to any person in the United States other than any QIB under the Securities Act to whom an offer has been made directly by the initial purchasers or an affiliate of the initial purchasers.

Each purchaser of Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this offering memorandum or any part of it and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or resales, and neither we nor the initial purchasers shall have any responsibility therefor.

No invitation, by or on behalf of the Issuer, may be made to the public in the Cayman Islands to subscribe for the Notes and no such invitation is made hereby.

Each purchaser understands that the Issuer is subject to anti-money laundering legislation in the Cayman Islands. Accordingly, if notes are issued in the form of certificated notes, the Issuer may, except in relation to certain categories of institutional investors, require a detailed verification of each purchaser's identity and the source of the payment used by each purchaser for purchasing the Notes. The laws of other major financial centers may impose similar obligations upon the Issuer.

LISTING AND GENERAL INFORMATION

1. We expect that the Notes will be delivered in book-entry form through DTC, and its direct and indirect participants, including Clearstream and Euroclear, on January 30, 2019. The CUSIP and ISIN numbers for the Notes are as follows:

	Restricted Global Note	Regulation S Global Note
CUSIP	880879 AA9	G8762F AB6
ISIN	US880879AA92	USG8762FAB60

2. TPL has applied for the listing and quotation of the Restricted Global Note and the Regulation S Global Note on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this offering memorandum. Listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the issuer or the Notes. For the purposes of the listing and quotation of the Notes on the SGX-ST, the Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) and a paying agent in Singapore will be appointed upon the issue of the Notes in definitive form. In addition, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the issuer shall appoint and maintain a paying agent in Singapore, where the debt securities may be presented or surrendered for payment or redemption. In the event that any of the Global Notes is exchanged for definitive notes, announcement of such exchange shall be made by or on behalf of the issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Singapore.

3. Copies of the TPL Audited Consolidated Financial Statements and the TEBSA Audited Financial Statements for their two most recently ended fiscal years and their latest unaudited interim financial statements (produced quarterly) may be obtained at the offices of the trustee. Copies of TPL's and TEBSA's by-laws or the by-laws of the joint and several Guarantors, as well as the indenture (including forms of Notes and the Guarantees), will be available, at no cost, at the offices of the trustee.

4. Except as disclosed in this offering memorandum, there has been no material adverse change in the consolidated financial position of TPL or TEBSA since September 30, 2018 the date of the latest financial statements included in this offering memorandum.

5. The issuance of the Notes was authorized by TPL's board of directors on January 9, 2019. The execution and delivery of the Guarantees relating to such Notes was authorized by: (i) TEBSA's board of directors as evidenced in the minutes of its board of director's meeting held on December 5, 2018; (ii) TECAN's board of directors as evidenced in the minutes of its board of director's meeting held on November 13, 2018; (iii) Enerpro's written consent, dated January 9, 2019; and (iv) Los Amigos' written resolution, dated January 9, 2019.

INDEPENDENT AUDITORS

TPL Audited Consolidated Financial Statements and TEBSA Audited Financial Statements included elsewhere in this offering memorandum have been audited by Deloitte & Touche Ltda., independent auditors as stated in their respective reports appearing herein.

LEGAL MATTERS

The validity of the Notes being offered hereby is being passed upon for TPL, TEBSA and the joint and several Guarantors by White & Case LLP, New York, New York. Certain legal matters relating to the issuance of the Notes will be passed upon for the initial purchasers by Clifford Chance US LLP.

Matters of Colombian law will be passed upon for TPL, TEBSA and the joint and several Guarantors by Gómez-Pinzón Abogados S.A.S, our Colombian counsel, and for the initial purchasers by Philippi Prietocarrizosa Ferrero DU & Uría.

Matters of Cayman law will be passed upon for TPL by Maples and Calder, our Cayman counsel, and for the initial purchasers by Walkers Global. Matters of Bermuda law will be passed upon for Los Amigos by Appleby (Bermuda) Limited, our Bermuda counsel, and for the initial purchasers by Walkers Bermuda.

ENFORCEMENT OF JUDGMENTS AND SERVICE OF PROCESS

Cayman Islands

We have been advised by Maples and Calder, Cayman Islands counsel to TPL, that there is no statutory enforcement in the Cayman Islands of judgments obtained in the State of New York or Colombia. However, the courts of the Cayman Islands will recognize and enforce a foreign judgment as the basis for a claim at common law in the Cayman Islands without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided that such judgment is rendered by a foreign court of competent jurisdiction, imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been rendered, is final, is not in respect of taxes, a fine or a penalty and was not obtained in a manner and is not of a kind the enforcement of which is contrary to the public policy of the Cayman Islands.

Colombia

TECAN and TEBSA are each a public utility company (*empresa de servicios públicos*) organized as a stock corporation (*sociedad anónima*) under the laws of Colombia. All of TECAN and TEBSA's officers and directors are domiciled outside the United States, and substantially all of TECAN and TEBSA's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process upon TECAN and TEBSA within the United States, including with respect to matters arising under federal securities laws of the United States, or to enforce judgments obtained in U.S. courts against TECAN and TEBSA, including those predicated upon the civil liability provisions of the U.S. federal securities laws.

TECAN and TEBSA will irrevocably submit to the non-exclusive jurisdiction of the federal courts of the United States of America located in the City and County of New York, or the courts of the State of New York located in the City and County of New York. TECAN and TEBSA irrevocably waive, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it or we might otherwise be entitled, except for the prohibitions to waive immunity as provided under article 63 of the Colombian Political Constitution (*Constitución Política de Colombia*), articles 192, 195, 298 and 299 of Law 1437 of 2011 (*Código de Procedimiento Administrativo y de lo Contencioso Administrativo*), articles 593, 594 and 595 et. al. of the Colombian General Procedure Code (*Código General del Proceso*), and article 138 of Decree 1421 of 1993 pursuant to which the revenues, assets and property of TECAN and TEBSA, and our assets dedicated to the rendering of public services, are not subject to execution, set-off or attachment. Under the laws of Colombia, the regulations that govern statutes of limitations and other time limits for any suit, action, proceeding or jurisdiction may not be waived by TECAN or TEBSA.

The Colombian Supreme Court (*Corte Suprema de Justicia de Colombia*) (or the competent court pursuant to an international treaty at the time of the filing of the request) has jurisdiction over proceedings involving the enforcement of a U.S. judgment predicated on the U.S. securities laws through a procedure known under Colombian law as "exequatur." The Colombian Supreme Court will recognize and enforce a foreign judgment without reconsideration of the merits, only if the judgment satisfies the following requirements as set out in Articles 605 through 607 of Law 1564 of 2012 (*Código General del Proceso*, or the "General Code of Procedure"):

- there is an international treaty between Colombia and the country where the judgment was granted relating to the recognition and enforcement of foreign judgments or, in the absence of such treaty, there is reciprocity in the recognition of foreign judgments between the courts of the relevant jurisdiction and the courts of Colombia;

- the foreign judgment does not relate to in rem rights vested in assets that were located in Colombia at the time of the commencement of the proceedings in the foreign court that issued the judgment;

- the foreign judgment does not contravene or conflict with Colombian laws relating to public order, other than those governing procedure;

- the foreign judgment, in accordance with the laws of the country in which it was obtained, is final (*res judicata*) and not subject to appeal under the laws of the country in which it was obtained;

- a duly apostilled or legalized copy of the judgment, together with an official translation into Spanish, if the judgment is issued in a foreign language (other than Spanish), shall be submitted to the Colombian Supreme Court at the time of filing the request;

- the foreign judgment does not relate to any matter within the exclusive jurisdiction of Colombian courts;

- no proceedings are pending in Colombia with respect to the same cause of action, and no final judgment has been awarded in any proceeding in Colombia on the same subject matter; and

- in the proceeding commenced before the foreign court that issued the judgment, the defendant was duly served in accordance with the laws of such jurisdiction and in a manner reasonably designed to give the defendant an opportunity to present his case and defend himself or herself against the action.

The United States and Colombia do not have a bilateral treaty providing for automatic reciprocal recognition and enforcement of judgments in civil and commercial matters. Notwithstanding, the Colombian Supreme Court has generally accepted that reciprocity exists when it has been proven that either a U.S. court has enforced a Colombian judgment or that a U.S. court would enforce a foreign judgment, including a judgment issued by a Colombian court. However, the Colombian legal system is not based on precedents and exequatur decisions are made on a case-by-case basis.

The parties to the proceeding in which the foreign judgment was issued must be duly summoned in the exequatur proceedings. Although the General Code of Procedure does not provide for a re-examination or re-litigation of the merits of the original action during exequatur proceedings, such proceedings include an evidentiary stage wherein the parties present evidence in connection with the abovementioned requirements. In addition, each party is entitled to file closing arguments to support its case before a judgment is rendered. In other words, once the recognition petition is filed, the court must serve all the parties involved in the judgment, foreign or Colombian domiciliaries, for such parties to present their considerations regarding the petition. Thereafter, the court will decide upon the evidence requested and will set a date for a hearing where such evidence will be collected. Closing arguments will then be presented prior to the final decision.

Assuming that a foreign judgment complies with the standards set forth in the preceding paragraphs and has been granted exequatur, such foreign judgment would be enforceable in Colombia through a collection proceeding under the laws of Colombia. This means that an interested party, in obtaining the recognition and enforcement of a foreign judgment, would be required to conduct two different local proceedings (the exequatur proceedings and the collection proceedings) and will have to assume the cost and expenses incurred in these proceedings. Collection proceedings for enforcement of a money judgment by attachment or execution against any assets or property located in Colombia would be within the exclusive jurisdiction of Colombian courts. Notwithstanding the foregoing, we cannot assure you that Colombian courts would enforce a foreign judgment with respect to this offering based on U.S. securities laws. We have been advised by our Colombian counsel that there is no legal basis for original actions to be brought against us or our directors and officers in a Colombian court predicated solely upon the provisions of the U.S. securities laws. In addition, certain remedies available under provisions of the U.S. securities laws may not be admitted or enforced by Colombian courts on the basis of being contrary to public policy in Colombia. Proceedings before Colombian courts are conducted in Spanish.

Bermuda

Los Amigos, a Guarantor, is incorporated under the laws of Bermuda and its assets are located outside the United States. As a result, it may not be possible automatically to enforce court judgments obtained in the United States against Los Amigos based on the civil liability provisions of the federal or state securities laws of the United States in Bermuda or in countries other than the United States where we have assets. Because its assets are located outside the United States and none of its directors and officers are residents of the United States, it may be difficult or impossible for you to effect service of process within the United States on Los Amigos or its directors and officers. In addition, there is some doubt as to whether the courts of Bermuda and other countries would automatically or directly recognize or enforce judgments of United States courts obtained against Los Amigos or its directors or officers based on the civil liabilities provisions of the federal or state securities laws of the United States or would hear actions against the Issuer or those persons based on those laws. We have been advised by our legal advisers in Bermuda that the United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Some remedies available under the laws of U.S. jurisdictions, including some remedies available under the U.S. federal securities laws, may not be allowed in Bermuda courts as contrary to that jurisdiction's public policy. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on United States federal or state securities laws, would not automatically be enforceable in Bermuda. Similarly, those judgments may not be enforceable in countries other than the United States.

Los Amigos has agreed, in accordance with the terms of the indenture governing the Notes, to accept service of process in the United States by an agent designated for such purpose.

INDEX TO FINANCIAL STATEMENTS

TermoCandelaria Power Ltd.

Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2018 and for the nine months ended September 30, 2018 and 2017

Audited Consolidated Financial Statements as of and for the years ended December 31, 2017, 2016 and 2015

Termobarranquilla S.A. E.S.P.

Unaudited Condensed Interim Financial Statements as of September 30, 2018 and for the nine months ended September 30, 2018 and 2017

Audited Financial Statements as of and for the years ended December 31, 2017, 2016 and 2015

Termocandelaria Power Ltd. and Subsidiaries

Unaudited Condensed Interim Consolidated Financial Statements for the nine months ended September 30, 2018 and 2017

TERMOCANDELARIA POWER LTD AND SUBSIDIARES

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION, AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017
(In thousands of US Dollars)

ASSETS	2018	2017
CURRENT ASSETS		
Cash and cash equivalents (Note 5)	$ 48.366	$ 26.805
Investments (Note 5)	2.662	1.635
Commercial accounts receivable and other receivables - Net (Note 6)	69.663	53.634
Inventories - Net (Note 7)	43.342	33.343
Current tax assets (Note 8)	10.451	17.299
Other non financial assets (Note 9)	2.103	4.956
TOTAL CURRENT ASSETS	176.587	137.672
NON CURRENT ASSETS		
Property, plant and equipment - Net (Note 10)	676.221	696.044
Commercial accounts receivable and other receivables (Note 6)	8.911	5.961
Investments in joint ventures	589	299
Intangible assets (Note 11)	375	517
Deferred income tax assets	-	649
TOTAL NON CURRENT ASSETS	686.096	703.470
TOTAL ASSETS	$ 862.683	$ 841.142

LIABILITIES AND SHAREHOLDERS' EQUITY	2018	2017
CURRENT LIABILITIES		
Loans (Note 12)	$ 57.084	$ 59.093
Commercial accounts payable and other accounts payables (Note 13)	64.140	60.059
Current tax liabilities (Note 8)	20.494	2.494
Provisions for employee benefits (Note 14)	986	651
TOTAL CURRENT LIABILITIES	142.704	122.297
NON CURRENT LIABILITIES		
Loans (Note 12)	118.415	129.376
Commercial accounts payable and other account payables (Note 13)	34.683	40.082
Retirement benefit plans (Note 14)	17.930	17.972
Deferred tax liabilities	118.292	123.705
TOTAL NON CURRENT LIABILITIES	289.320	311.135
TOTAL LIABILITIES	432.024	433.432
SHAREHOLDERS' EQUITY		
Issued capital (Note 15)	30.000	30.000
Additional paid- in capital (Note 16)	246.511	246.511
Reserves (Note 17)	66.354	33.097
Effect due to convergence to IFRS	361.189	361.189
Accumulated losses	(456.666)	(417.021)
Net profit for the period	30.436	17.612
Accumulated other comprehensive income	(999)	(1.034)
Total equity attributable to owners of the Entity	276.825	270.354
Non-controlling interests	153.834	137.356
TOTAL SHAREHOLDERS' EQUITY	430.659	407.710
TOTAL LIABILITIES AND SHARREHOLDERS' EQUITY	$ 862.683	$ 841.142

The accompanying notes are an integral part of the financial statements.

EDUARDO DAMIAN VILLARREAL
Legal representative

NELVA ARIZA CARREAZO
Accountant
Professional card No. 53666 - T

TERMOCANDELARIA POWER LTD AND SUBSIDIARES

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(In thousands of US Dollars)

		2018		2017
REVENUES (Note 18)	$	569.649	$	441.156
SALES AND OPERATING COSTS (Note 19)		(429.960)		(319.321)
DEPRECIATION AND AMORTIZATION (Note 19)		(38.715)		(31.942)
GROSS PROFIT		100.974		89.893
ADMINISTRATION EXPENSES (Note 20)		(10.165)		(8.228)
OTHER EXPENSES - NET (Note 21)		(933)		(22.461)
EXCHANGE LOSS - NET		(1.416)		(527)
FINANCIAL EXPENSES - NET (Note 22)		(14.031)		(16.625)
PROFIT BEFORE INCOME TAX		74.429		42.052
Income tax		(27.541)		(21.140)
NET PROFIT		46.888		20.912
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain (loss)		61		(38)
TOTAL COMPREHENSIVE INCOME (LOSS) OF THE YEAR	$	46.949	$	20.874
Consolidated profit (loss) of the year attributable to:				
Owners of the Entity	$	30.436	$	11.021
Non-controlling interests		16.452		9.891
	$	46.888	$	20.912
Consolidated other comprehensive income of the period attributable to:				
Owners of the Entity	$	35	$	(22)
Non-controlling interests		26		(16)
	$	61	$	(38)

The accompanying notes are an integral part of the financial statements.

EDUARDO DAMIAN VILLARREAL
Legal representative

NELVA ARIZA CARREAZO
Accountant
Profesional card No. 53666 - T

TERMOCANDELARIA POWER LTD AND SUBSIDIARES

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(In thousands of US Dollars)

							Accumulated other comprehensive income					
	Issued capital	Additional paid-in capital	Reserves	Effect due to convergence to IFRS	Accumulated losses	Net profit (loss) for the period	Actuarial gain (loss)	Deferred tax on actuarial gains (losses)	Total	Total equity attributable to owners of the Entity	Non-controlling interests	Total Shareholders' Equity
BALANCES AS OF JANUARY 1, 2017	$ 30.000	$ 246.511	$ 33.097	$ 361.189	$ (382.666)	$ 33.802	$ (1.493)	$ 493	$ (1.000)	$ 320.933	$ 125.137	$ 446.069
Net profit for the period	-	-	-	-	-	11.021	-	-	-	11.021	9.891	20.912
Transfer	-	-	-	-	33.802	(33.802)	-	-	-	-	-	-
Movement of the period	-	-	-	-	516	-	-	-	-	516	1	517
Payment of dividends	-	-	-	-	(56.250)		-	-	-	(56.250)	-	(56.250)
Actuarial loss	-	-	-	-	-	-	(33)	11	(22)	(22)	(16)	(38)
BALANCES AS OF SEPTEMBER 30, 2017	$ 30.000	$ 246.511	$ 33.097	$ 361.189	$ (404.598)	$ 11.021	$ (1.526)	$ 504	$ (1.022)	$ 276.198	$ 135.013	$ 411.210
BALANCES AS OF JANUARY 1, 2018	$ 30.000	$ 246.511	$ 33.097	$ 361.189	$ (417.021)	$ 17.612	$ (1.543)	$ 510	$ (1.034)	$ 270.354	$ 137.356	$ 407.710
Net profit for the period	-	-	-	-	-	30.436	-	-	-	30.436	16.452	46.888
Transfer	-	-	-	-	17.612	(17.612)	-	-	-	-	-	-
Movement of the period	-	-	33.257	-	(33.257)	-	-	-	-	-	-	-
Payment of dividends	-	-	-	-	(24.000)	-	-	-	-	(24.000)	-	(24.000)
Actuarial gain	-	-	-	-	-	-	52	(17)	35	35	26	61
BALANCES AS OF SEPTEMBER 30, 2018	$ 30.000	$ 246.511	$ 66.354	$ 361.189	$ (456.666)	$ 30.436	$ (1.491)	$ 493	$ (999)	$ 276.825	$ 153.834	$ 430.659

The accompanying notes are an integral part of the financial statements.

EDUARDO DAMIAN VILLARREAL
Legal representative

NELVA ARIZA CARREAZO
Accountant
Professional card No. 53666 - T

TERMOCANDELARIA POWER LTD AND SUBSIDIARES

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(In thousands of U.S. dollars)

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit	$ 46.888	$ 20.912
Adjustments to reconcile net profit to net cash provided by operations:		
Depreciation and amortization	38.828	32.035
Income tax	27.541	21.140
Property, plant and equipment consumption	38	207
Impairment of accounts receivable and inventory	1.243	10.651
Interests on finance debt[1]	11.181	13.353
Interests on accounts payable	2.409	3.782
Equity in (income) loss of joint ventures	(290)	62
CHANGES IN WORKING CAPITAL:		
Commercial accounts receivable and other accounts receivable	(18.979)	2.413
Inventories	(11.242)	(19.184)
Assets and liabilities for current taxes	(7.457)	563
Other non-financial assets	2.241	4.432
Other non-financial liabilities	-	(678)
Commercial accounts payable and other accounts payable	(3.727)	(2.705)
Employee benefit provisions	335	400
Retirement benefits plans	4	347
Net cash provided by operating activities	89.013	87.730
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions of investments	(1.027)	(334)
Additions of other intangible assets	(33)	-
Investments in joint ventures	-	(985)
Prepayments for HGPSA agreement	(9.319)	(8.782)
Additions to property, plant and equipment	(8.922)	(8.167)
Net cash used in investing activities	(19.301)	(18.268)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in financial obligations[1]	12.730	7.000
Payment of financial obligations[1]	(36.881)	(63.719)
Payment of dividends	(24.000)	(56.250)
Net cash used in financing activities	(48.151)	(112.969)
NET INCREASE IN CASH AND CASH EQUIVALENTS	21.561	(43.507)
Cash and cash equivalents at the beginning of the period	26.805	85.996
CASH AT THE END OF THE PERIOD	$ 48.366	$ 42.489

The notes attached hereto are an integral part of the financial statements.

(1) Refer to note 12 item 8 for Reconciliation of liabilities arising from financing activities.

EDUARDO DAMIAN VILLARREAL
Legal Representative

NELVA ARIZA CARREAZO
Accountant
Professional card No. 53666 - T

(In thousands of dollars, unless otherwise stated)

GENERAL NOTES

1. GENERAL INFORMATION

Economic Entity – Termocandelaria Power Ltd. (the Company), is a limited liability company organized under the laws of the Cayman Islands. It was constituted on July 14, 1998, in the Cayman Islands, British West Indies, with the objective of financing, building, owning and operating a 314 megawatt generation plant powered by natural gas in the area of Cartagena, Colombia, in the facilities of Termocandelaria S.C.A. E.S.P, through wholly owned subsidiaries. The construction of the Cartagena project facilities began in June 1999 and ended in July 2000 with the start of the commercial operation of unit No. 2 of the Termocandelaria plant.

On November 30, 2012, there was a merger by absorption of the companies Termocandelaria Power Ltd. (Absorbing Company) and Golden Gate Energy Investments (Absorbed). As a result of the above, the Company acquired the ownership and control of the companies GPUI Colombia S.A.S. and Los Amigos Leasing Company Ltd. and control of the company Termobarranquilla S.A. Empresa de Servicios Públicos - TEBSA S.A. (E.S.P.) in which it has a shareholding interest of 57.38%, with the remaining interest corresponding to the company Generadora y Comercializadora de Energía del Caribe – GECELCA S.A. (E.S.P).

Operations – The Company´s consolidated subsidiaries include the following:

Company	Type	Interest %	Date of incorporation	Region where it operates
Termocandelaria Power Ltd.	Limited	100.00	14-07-1998	Cayman islands
Termocandelaria S.C.A. E.S.P.	Partnership	100.00	27-04-1998	Colombia
Inversiones Termocandelaria S.A.	Anonymous	100.00	05-06-1999	Colombia
Termocandelaria GP LLC Suc. Colombia	Limited	100.00	01-06-1998	Colombia
Energy Projects Leasing Co LLC	Limited	100.00	08-04-1998	United States
Termobarranquilla S.A. E.S.P. (1)	Anonymous	57.38	28-10-1994	Colombia
GPUI Colombia S.A.S.	Simplified Anon.	100.00	11-08-1995	Colombia
Los Amigos Leasing Company Ltd.	Limited	100.00	18-08-1995	Bermuda
Merchant Energy Projects Holdings Co. LLC.	Limited	100.00	03-04-1998	United States
Termocandelaria Sub I LLC.	Limited	100.00	08-04-1998	United States
Termocandelaria Sub II LLC.	Limited	100.00	08-04-1998	United States
Termocandelaria Sub III LLC.	Limited	100.00	08-04-1998	United States

The main corporate purpose of the subsidiaries Termocandelaria S.C.A. E.S.P. (TECAN) and Termobarranquilla S.A. Empresa de Servicios Públicos – TEBSA S.A. (E.S.P.) (TEBSA), consists of the generation and trade of electrical energy, under the terms established in Acts 142 and 143 of 1994.

Termocandelaria GP LLC Colombia Branch is intended to serve exclusively as managing partner of TECAN.

The main corporate purpose of GPUI Colombia S.A.S. is the operation and maintenance of generation plants. On April 20, 2016, the operation and maintenance agreement to operate and maintain the TEBSA plant and substation was finalized.

(1) Non-controlling interest is comprised of the following:

Company	% Owership	September 2018	December 2017
Termobarranquilla S.A. E.S.P.	42.62	$ 153,834	$ 137,356

Summarized financial information of Termocandelaria Power Ltd. subsidiary that has material non-controlling interest as of September 30, 2018 and December 31, 2017, is as follows

Termobarranquilla S.A. E.S.P. TEBSA

	September 2018	December 2017
Non- current assets	$ 560,441	$ 572,072
Current assets	130,764	104,147
Total assets	691,205	676,219
Non- current liabilities	$ 202,432	$ 240,149
Current liabilities	127,793	113,756
Total liabilities	330,225	353,905
Net assets	360,980	322,314
Equity attributable to owners of the Company	$ 207,146	$ 184,958
Non- controlling interest	153,834	137,356
Non-controlling interest in %	42.62	42.62

	Septiembre 2018	Septiembre 2017
Revenues, net	$ 516,990	$ 400,037
Expenses, net	(478,385)	(376,927)
Net profit of the year	38,605	23,110
Profit attributable to owners of the Company	22,153	13,219
Profit attributable to non- controlling interest	16,452	9,891
Other comprehensive income attributable to owners of the Company	35	(22)
Other comprehensive income attributable to non- controlling interest	26	(16)
Total comprehensive income for the year	38,666	23,072
Dividends paid to non-controlling interests	-	-

2. BASIS FOR THE PREPARATION

2.1. *Accounting standards applied* - The Company, in accordance with the current provisions issued by Act 1314 of 2009, regulated by Decrees 2420 of 2015, 2496 of 2016 and 2131 of 2016, prepares its financial statements in accordance with accounting and financial reporting standards accepted in Colombia , which are based on the International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB) effective as of December 31, 2016.

2.2. Adoption of new revised standards:

The standards and interpretations that have been issued, but are not still used in Colombia as of the date of the financial statements are:

Standards incorporated in Colombia as of January 1, 2019 –2496 of 2015 and 2131 of 2016 - With these decrees, as of January 1, 2019, the following standards entered into effect in the regulatory technical framework that contains some amendments issued by the IASB on January 1, 2016, with early adoption permitted:

IFRS 2 – Share-based Payments. Share-based classification and measurement of payment transactions: The IASB has added a guide that introduces the accounting requirements for payments based on cash-based shares that follow the same approach used for share-based payments. Effective January 2018.

IFRS 9 – Financial Instruments – IFRS 4 – Insurance Contracts: Offers two options for entities that issue insurance contracts within the scope of IFRS 4. Effective January 2018.

IAS 40 – Investment properties: Amendments clarify that a transfer towards or from investment properties requires an evaluation to make sure that the property complies or ceases to comply with the definition of investment property, supported by observable evidence that a change has been produced in usage. Effective January 2018.

IFRS 16 – Leases.

New Standard Issued: Establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that tenants and landlords provide relevant information that faithfully represents such transactions.

IFRS 16 replaces the following standards and interpretations: IAS 17 Leases, IFRIC 4 Determining whether an Agreement contains a Lease, SIC-15 Operating Leases-Incentives, SIC-27 Evaluating the substance of transactions involving the legal form of a lease. Effective January 2019.

The Company has assessed the implications of these changes on standards, and to this date, no material impacts of adoption have been identified.

Standards issued by the IASB not incorporated in Colombia – *The following standards have been issued by the IASB but have not yet been incorporated by Decree in Colombia*:

IFRS 9 – Financial Instruments. It changes the existing requirements of IFRS 9 with respect to termination rights in an agreement, to allow measuring at amortized cost (or, depending on the commercial model, a reasonable value, through another comprehensive result) even in negative compensation payments. Additionally, it includes clarification with respect to accounting for a modification or exchange of a financial liability measured at amortized cost that doesn't result in write-off in financial liabilities accounts. Effective January 2019.

IFRS 17 Insurance Contracts. New standard issued. Sets the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard.

With the aim of ensuring that a company will provide relevant information faithfully representing insurance contracts. Effective January 2021.

IFRIC 22 – Transactions in Foreign Currency and Advanced Compensation. This interpretation addresses the form to determine the transaction date so as to determine the exchange rate to use in the initial recognition of the related asset, expense or revenue (or the part of it that corresponds) in the derecognition of a non-monetary asset or non-monetary liability arising from payment or collection of the anticipated compensation in foreign currency. Effective January 2018.

IFRIC 23 – Uncertainty over Income Tax Treatments. This interpretation clarifies how to apply recognition and measurement of IAS 12 when there is uncertainty with respect to treatment of income tax.

The above mentioned effective dates, correspond to the date defined by the issuer "IASB". The adoption in Colombia will be effective later, through issuance of corresponding decrees.

The Company will assess the impact of said standards, once they are incorporated in the local legislation in Colombia.

3. SUMMARY OF THE MAIN ACCOUNTING POLICIES

3.1. ***Basis for presentation -*** These interim financial statements for the nine-month periods ended September 30, 2018 and 2017, which are stated in US dollars, are being prepared for the first time, in connection with the Company´s planned issuance of bonds . For legal purposes in Colombia, the main financial statements are the separate financial statements, which are expressed in Colombian pesos, as the presentation or reporting currency for statutory purposes. The functional currency is the United States dollar (except for the subsidiaries GPUI Colombia S.A.S. and Termocandelaria GP Colombia Branch, whose functional currency is the Colombian peso), which corresponds to the currency of the main economic environment in which the Company and its subsidiaries operate.

The accompanying unaudited condensed interim financial statements as of September 30, 2018 and for the nine-month periods ended September 30, 2018 and 2017, have not been audited. In the opinion of Company's management, all the adjustments (consisting mainly of ordinary, recurring adjustments) necessary for a fair presentation of the accompanying unaudited condensed interim financial statements are included. The results of the periods are not necessarily indicative of the results for the full year. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company and the respective notes for the year ended December 31, 2017.

Changes in accounting policies

As of January 1, 2018, the Company has adopted the following amendments or changes to the International Financial Reporting Standards, published by the International Accounting Standards Board (IASB):

a) IFRS 15 Revenue from contracts with customers

It is based on the principle of transfer of control of a good or service to a customer to establish the recognition of a revenue.

The fundamental principle of this standard is the fulfillment of performance obligations with customers. This fundamental principle is structured through 5 steps:

- Identify the contract: Commercial substance, agreement of terms and commitments and identified payment terms.
- Identify separate obligations: Differentiation of elements of the service.

- Determine the transaction price: The amount of the current consideration to which the entity expects to be entitled in exchange for the transfer of a promised good or service.
- Allocate the transaction price: Allocate the price of the transaction to each separate compliance element in proportion to its individual selling price.
- Recognize revenue: When an element of compliance is satisfied by the transfer of a good or service to the client.

The application of these amendments has not had a material effect on the Company's financial statements.

b) IFRS 9 Financial Instruments

The new impairment model requires the recognition of impairment provisions based on the expected losses instead of just the losses incurred. The expected loss model is applied mainly to accounts receivable from customers. This means that under IFRS 9, impairments will generally be recorded in advance of historical losses.

The application of this new standard has not had a material effect on the Company's financial statements, given the high percentage of cash recovery of accounts receivable.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The estimates and criteria used are constantly evaluated and are based on historical experience and other factors, including the expectation of occurrence of future events that are considered reasonable according to the circumstances.

The company and its subsidiaries make estimates and assumptions regarding the future. The accounting estimates may differ from the actual results. The estimates and significant assumptions are presented below.

4.1 Income tax – Deferred tax - The Company and its legal advisors apply their professional judgment to determine the provision and estimates for current and deferred income tax. The Company recognizes liabilities for situations observed in preliminary tax audits on the basis of estimates of whether the payment of additional taxes apply. When the final tax result of these situations is different from the amounts that were initially recorded, the differences are charged to current and deferred tax assets and liabilities, in the period in which this event is determined. According to the estimated fiscal projections, is expected to recover between 2018 and 2021.

4.2 ***Revenue recognition*** - At each presentation of the financial statements, estimates of the revenues accrued are based on the information available on energy dispatches or transactions in the secondary market, provided by the market operator. Usually, these estimates do not show significant variations with subsequent actual measurements.

SPECIFIC NOTES

5. CASH AND CASH EQUIVALENTS

	September 2018	December 2017
Cash, cash in banks and corporations:		
Cash	$ 16	$ 20
Banks and Corporations		
Banco de Bogotá	7,503	3,374
Credicorp	11	1,011
BTG Pactual S.A.	101	50
BBVA Colombia S.A.	191	17

	September 2018	December 2017
Fiduciaria Banco de Bogota (1)	7,518	4,068
Fiduciaria Bancolombia	13,974	6,403
Bancolombia	120	86
Corpbanca	4,129	1,938
Bancolombia Panama	7,752	8,054
CDT Davivienda Panama (2)	-	1,700
CDT Bancolombia Panamá (5)	6,700	-
Davivienda	351	84
Total cash and cash equivalents	$ 48,366	$ 26,805
Investments:		
Certificate of deposits (3)	1,687	1,635
TIDIS (4)	975	-
Total cash and cash equivalents	$ 2,662	$ 1,635

(1) Includes a restricted portion of $374 (2017: $$106) corresponding to the monthly reserve that the Trust will make in the account in dollars, equivalent to 1/6 of the total amount to be paid as compensation on each date following the payment of interest with Banco de Bogotá.

(2) For the year 2017, the Company established one (1) Certificate of Deposit with Davivienda Panamá S.A. at an effective quarterly rate due monthly of 1.15%, maturing on January 29, 2018, for a value of $1,700 for the purpose of generating returns on temporary surpluses of liquidity.

(3) Corresponds to Term Deposits taken with Banco Davivienda S.A., one on November 30, 2017, with maturity on December 5, 2018, at an annual effective rate of 5.65%, and another on December 5, 2017, with maturity on December 5, 2018, at an effective annual rate of 5.65%, which guarantees the operations carried out for the transportation of gas and liquid LNG fuel in the coverage periods of the Term Deposits.

(4) Corresponds to TIDIS issued on September 18, 2018 by the Ministry of Finance and Public Credit through the offices of the Special Administrative Unit Directorate of Taxes and National Customs - DIAN, for the return of the balance in favor of the income tax and complementary taxes generated in the taxable year 2017.

(5) Corresponds to Term Deposits taken with Bancolombia Panamá on September 13, 2018, with maturity on October 23, 2018, at an annual effective rate of 2.05%.

6. COMMERCIAL ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The detail of commercial accounts receivable and other receivables was as follows:

Commercial accounts receivable from generation (1)	$ 66,700	$ 51,491
Commercial accounts receivable difficult to collect	1,750	1,750
Less: impairment of commercial (4)	(1,750)	(1,750)
Accounts receivable from shareholders (2)	8,387	5,652
Account receivable from employees	848	836
Other accounts receivable (3)	2,639	1,616
Total commercial accounts receivable and other receivables	$ 78,574	$ 59,595

		September 2018		December 2017
Less current portion:				
Commercial accounts receivable from generation	$	66,112	$	51,084
Account receivable from employees		848		836
Accounts receivable from shareholders		64		98
Other accounts receivable		2,639		1,616
Total current portion		69,663		53,634
Total non-current portion	$	8,911	$	5,961

(1) For 2018 $62,593 (2017: $48,995) corresponds mainly to the sale of energy on the market. It also includes accounts receivable for the sale of energy to GECELCA for $588 (2017: $573) under the PPA and for the estimate billing of energy, $2,894 (2017: $1.260) for gas sales, US$27 from gas transportation service, $592 (2017: $476) for the mandate agreement for substations used by Electricaribe and Transelca, $ - (2017: $180) for the sale of backup energy and $6 (2017: $7) for other minor concepts.

(2) Corresponds to accounts receivable from GECELCA for the portion of the retirement pension liability of $4,872 (2017: $4,879), $2,772 for public lighting in favor of the municipality of Soledad, $64 (2017: $98) for reimbursement of retired persons payroll, which is charged to GECELCA for the employer substitution agreement, contribution to Superservicios for $225 (2017: $224) and mandatory investment of $454 (2017: $451).

(3) Corresponds mainly to prepayments in order to make transfers to cover TIE guarantees and adjustments to the invoice, commercial management and commercial advice for $14 (2017: $31), prepayments for purchases $616 (2017: $147), and prepayments on contracts $1,685 (2017: $1,420).

(4) Includes impairment records of accounts receivable with Electrificadora del Chocó $449, Enerfinsa $203, Energía Confiable $16, Energen $5, Gelecsa $3, Electrochotrans $2 and Apri I US$0.126, Caucasia-C $0,015, Caucasia Intervened-C $55, Electrolima-C $117, Electrolima-G $3, Electrotolima Intervened-C $10, Electrotolima-D $0,002, Electrotolima Intervenida-G $0,536, Electrotolima Intervenida-C $0,004, Electrificadora del Caribe S.A. $886 and Putumayo-C $0,440.

7. INVENTORIES

The following is the detail of the book value of inventories:

Materials and supplies	$	15,149	$	14,324
DIESEL Fuel		1,384		1,693
Liquefied Natural Gas LNG (1)		25,507		18,911
Less: Impairment of Liquefied Natural Gas (2)		(1,766)		(1,585)
Advances for Gas LNG purchases		3,068		-
	$	43,342	$	33,343

(1) Corresponds to the total of the LNG fuel gas inventory in the custody of Sociedad Portuaria el Cayao S.A.

(2) Corresponds to the impairment due to Boil-Off by the subsidiaries TEBSA S.A. E.S.P. and Termocandelaria S.C.A. E.S.P, reported by the marketing agent Calamarí LNG S.A.

8. CURRENT TAX ASSETS AND LIABILITIES

Income tax **–** The income tax returns of the Company have been reviewed by the tax authorities or the term for making such review has expired for all returns until 2012.

For the taxable year 2018 and 2017 the subsidiary Termocandelaria S.C.A. E.S.P. did not require to register a provision for income tax, due to the offset of the tax losses generated during the tax year 2015. The subsidiary Termobarranquilla S.A. E.S.P. calculated a provision for income tax based on the net tax income, after offsetting the accumulated tax losses.

The abovementioned subsidiaries do not calculate the presumptive income tax in accordance with the exclusion contained in Article 16 of Act 633 of December 2000 and Article 23 of Act 788 of 2002, for power generation companies. As established in the Tax Reform Act 1607 of December 2012, this exclusion is not applicable to the income tax for equality "CREE".

The following is the detail of the book value of current tax assets:

	September 2018	December 2017
Current tax assets		
Withholdings – Income tax	$ 1,107	$ 9,475
Withholdings – Cree	-	617
Advances on Income tax and Complementary	32	6
Advance on CREE tax	-	2,093
Balance in favor of Income tax and Complementary	9,236	2
Advance Industry and Trade Tax	1	-
Prepayment contribution Superintendence of Residential Public Utilities	75	-
Balance in favor VAT imports (1)	-	5,106
Total current tax assets	$ 10,451	$ 17,299
Current tax liabilities		
Self-withholdings CREE	$ -	$ 797
Self-withholdings – Income tax	2,649	-
Other deductions payable	3	837
Municipal taxes – Transfers Act 99 (2)	30	309
Withholding tax	-	99
Withholding VAT	1	-
Withholding of industry and trade	75	-
Tax on sales payable	-	2
Industry and trade tax	8	14
Income tax and complementary	17,728	436
Total current tax liabilities	$ 20,494	$ 2,494

(1) Corresponds to balance in favor for VAT paid at the time the energy generation plant was imported to Colombia. According to article 258-2 of the Tax Statute, this tax may be deducted from future net income tax as of 2017, which the Company estimates to use in 2018.

(2) For 2018 and 2017 corresponds to contributions payable to the Municipality of Soledad and to Regional Autonomous Corporation of Atlántico, which are calculated taking into account the kilowatts generated monthly. These contributions are paid within 5 days after the closing of the respective month of generation. The rates for 2018 and 2017 were COP$75.08 and COP$72.89, respectively, for each kilowatt/hour generated.

For 2018 the rate applicable to income tax is 33% plus the surtax for taxable bases over COP$800.000.000 between 0 and 4%. The rate applicable to income tax for the year 2017 is 34% plus the surtax for taxable bases over COP$800.000.000 between 0 and 6%.

9. OTHER NON-FINANCIAL ASSETS

Below is the detail of the book value of other non-financial assets:

	September 2018	December 2017
Prepaid expenses		
Property damage insurance	$ 5	$ 2,803
Civil liability insurance	68	35
Non-contractual civil liability insurance	-	14
Transportation insurance	-	1
Compliance insurance	194	346
Life insurance	2	-
Machinery and equipment insurance	1	1
Basket export insurance	1	1
Vehicle insurance	3	2
Guarantees (1)	108	200
Advances and prepayments		
XM Expertos en Mercados (2)	1,721	1,553
Total prepayments	$ 2,103	$ 4,956

(1) Corresponds to the expenses paid in the acquisition of the bank guarantees that are detailed below:

Beneficiaries	Sociedad Portuaria Del Cayao S.A. E.S.P.	Promigas S.A. E.S.P.
Financial institution issuing the guarantee	Banco Davivienda	Banco Davivienda
Start date	01/12/2017	01/12/2017
End date	30/11/2018	30/11/2018
Purpose	Guarantee the non-fulfillment of the payment of a service invoice, according to the provisions of the service provision agreement signed with Sociedad Portuaria El Cayao S.A.	Guarantee the obligations of Termocandelaria S.C.A. E.S.P., derived from the Gas transport agreement No. P-TC-CF-001 2015 signed with Promigas S.A. E.S.P.
Value of the guarantee	$5,208	$692

(2) Corresponds to the prepayments made to ASIC deposited in a custody account for prepayments in order to make transfers to cover TIE guarantees and adjustments to the invoice.

10. PROPERTY, PLANT AND EQUIPMENT

Below is the detail of the book value of property, plant and equipment:

Cost	$ 866,721	$ 848,518
Accumulated depreciation and amortization	(190,500)	(152,474)
Total property, plant and equipment	$ 676,221	$ 696,044

No fixed assets of the company are granted as pledge or guarantee.

	September 2018	December 2017
Power generation units under international lease (1)	$ 402,167	$ 422,729
Buildings	111,362	114,506
Power generation units 3 and 4 (2)	54,120	57,526
Electrical substation	1,444	1,384
Furniture and fixtures	327	365
Transportation equipment	326	205
Machinery and equipment	106	118
Communication and computing	320	295
Assets under construction	9,972	2,251
Land	31,889	31,889
Inventories of major spare parts	27,603	25,551
Overhaul type C (3)	11,983	21,894
Advances for equipment	1,497	682
Advances HGPSA contract (4)	23,106	16,649
Total property, plant and equipment	$ 676,221	$ 696,044

(1) Corresponds to: a) power generation units GT-11. GT-12. GT-13. GT-21. GT-22. ST-14 and ST-24. financed through the international lease agreement signed with "Los Amigos Leasing Company Ltd." (LEASECO) in September 1995, for a term of 32 years from the delivery of the generation units, and power generation units CT1 and CT2, financed through equipment lease agreements signed with "Energy Project Leasing Co." (EPL) in June 2000 and August 2007, for a term of 20 years, each from the delivery of the generation units.

(2) Corresponds to power generation units 3 and 4 acquired through the asset purchase agreement (APA).

(3) The cost of Type C major overhaul is activated as property, plant and equipment when executed, and is amortized during the estimated time for the next overhaul. As of September 30, 2018 and December 2017, the registration in property, plant and equipment corresponds to the balance pending amortization of type C major overhaul of the units GT11, GT12, GT13, GT21, GT22 and expenses incurred in the start-up of the new rotor of the ST14 and ST24 units. These maintenances are amortized over 42 months, average time until the next type C inspection.

(4) On June 15, 2011, TEBSA assigned the HGPSA agreement with GE Global Parts & Products (formerly Alstom Power O&M Ltd. of Switzerland) to LEASECO. This advance payment will be legalized as long as GE Global Parts & Products supplies the spare parts. This agreement ends in November 2019 with the last C inspection carried out in the GT-11 unit. As of September 30, 2018, the balance in dollars for this item is $10,968 (2017: $10,978).

On June 25, 2015, LEASECO signed with GE Global Parts & Products (formerly Alstom Power O&M Ltd. of Switzerland) a new agreement with an equivalent duration of 5 operating periods (one per machine) each equivalent to 3 C inspection cycles. In September 2016, LEASECO assigned this agreement to TEBSA. In addition, on June 25, 2016, TEBSA signed a new maintenance service agreement during the C inspections with GE Energy Colombia S.A. (formerly Alstom Power Colombia S.A.). As of September 30, 2018, the balance in dollars for this item is $12.138, (2017: $5,681).

The movement of the cost of property, plant and equipment is detailed below:

	Land	Electric substation	Assets under construction	HGPSA prepayments	Advances for equipment	Larger spare parts inventories	Power generation unit under lease	Buildings	Power generation units	Furniture and fixtures	Transportation equipment
1/01/2017	$ 31,889	$ 1,657	$ 92	$ 13,552	$ 284	$ 20,795	$ 514,954	$ 131,099	$ 69,787	$ 398	$ 458
Additions	-	65	6,913	-	37	153	-	-	807	11	149
Prepayments	-	-	-	8,782	-	-	-	-	-	-	-
Transfers	-	-	(1,727)	(4,419)	-	84	(1,979)	-	1,175	-	70
Write-off	-	-	(118)	(9)	-	(71)	-	-	-	-	(31)
30/09/2017	$ 1,889	$ 1,722	$ 5,160	$ 17,906	$ 321	$ 21,141	$ 512,975	$ 131,099	$ 71,769	$ 409	$ 646
1/01/2018	$ 31,889	$ 1,722	$ 2,251	$ 16,649	$ 682	$ 26,427	$ 511,980	$ 131,244	$ 73,373	$ 599	$ 626
Additions	-	134	7,731	-	-	734	-	-	-	2	195
Prepayments	-	-	-	8,502	817	-	-	-	-	-	-
Transfers	-	-	20	(2,045)	-	2,025	-	-	-	-	-
Consumption of spare parts	-	-	(30)	-	(2)	(6)	-	-	-	-	-
30/09/2018	$ 31,889	$ 1,856	$ 9,972	$ 23,106	$ 1,497	$ 29,180	$ 511,980	$ 131,244	$ 73,373	$ 601	$ 821

	Transportation equipment under lease	Communication and computer equipment	Machinery and equipment	Overhaul	Total
1/01/2017	$ 70	$ 635	$ 257	$ 43,227	$ 829,334
Additions	-	32	-	-	8,167
Prepayments	-	32	-	-	8,782
Transfers	(70)	-	-	6,866	-
Write-off	-	-	-	-	(229)
30/09/2017	$ -	$ 667	$ 257	$ 50,093	$ 846,053
1/01/2018	$ -	$ 753	$ 264	$ 50,059	$ 848,518
Additions	-	126	-	-	8,922
Prepayments	-	-	-	-	9,319
Transfers	-	-	-	-	-
Consumption of spare parts	-	-	-	-	(38)
30/09/2018	$ -	$ 879	$ 264	$ 50,059	$ 866,721

The movement of accumulated depreciation and amortization was as follows:

	Buildings	Electric substation	Transportation equipment under lease	Furniture and fixtures	Larger spare parts inventories	Transportation equipment	Computer and communication equipment	Power generation units under lease	Overhaul	Power generation units	Machinery and equipment	Total
1/01/2017	$ (12,550)	$ (234)	$ (48)	$ (191)	$ (573)	$ (319)	$ (336)	$ (70,032)	$ (15,108)	$ (12,761)	$ (104)	$ (112,257)
Write-off	-	-	-	-	-	-	22	-	-	-	-	22
Depreciation	(3,139)	(78)	-	(28)	-	(63)	(95)	(15,496)	-	(3,360)	(31)	(22,290)
Transfers	-	-	48	-	(303)	(48)	-	1,012	-	-	-	709
Amortization	-	-	-	-	-	-	-	-	(9,730)	-	-	(9,730)
30/09/2017	$ (15,689)	$ (312)	$ -	$ (219)	$ (876)	$ (430)	$ (409)	$ (84,516)	$ (24,838)	$ (16,121)	$ (135)	$ (143,546)
1/01/2018	$ (16,738)	$ (339)	$ -	$ 232)	$ (876)	$ (416)	$ (464)	$ (89,251)	$ (28,165)	$ (15,847)	$ (146)	$ (152,474)
Depreciation	(3,144)	(74)	-	(42)	(702)	(79)	(95)	(20,562)	-	(3,406)	(12)	(28,116)
Amortization	-	-	-	-	-	-	-	-	(9,910)	-	-	(9,910)
30/09/2018	$ (19,882)	$ (413)	$ -	$ (274)	$ (1,578)	$ (495)	$ (559)	$ (109,813)	$ (38,075)	$ (19,253)	$ (158)	$ (190,500)

The useful lives used to calculate depreciation are:

Constructions and buildings	10 - 100 years
Equipment under financial lease	4 - 40 years
Generation equipment (Units 3 and 4)	5 - 40 years
Furniture and fixtures	3 - 10 years
Communication and computing	2 - 5 years
Transportation equipment	1.5- 6 years
Electrical substation	16 years
Generation equipment	32,705 hours – 34,246 hours

The residual values assigned to property, plant and equipment are:

Generation equipment	$ 267
Electrical substation	2
Buildings	3,885

11. INTANGIBLE ASSETS

The following is the detail of the book value of intangibles:

	September 2018	December 2017
Cost	$ 650	$ 617
Accumulated amortization	(275)	(100)
Total intangible assets	$ 375	$ 517

Detail of the net cost of intangibles:

Software	$ 375	$ 514
Licenses	-	3
Total intangible assets	$ 375	$ 517

12. LOANS

The detail of the balance of the financial obligations is as follows:

Entity	Maturity	Rate		
Bancolombia Panamá (1)	October 2021	Libor+4.50%	$ 31,293	$ 31,994
Banco Davivienda (1)	October 2021	Libor+4.50%	27,611	28,226
Bancaribe Curazo Bank N.V. (1)	October 2021	Libor+4.50%	3,680	3,763
Banco Colpatria S.A. (1)	October 2021	Libor+4.50%	34,054	34,817
Banco de Bogotá (5)	March 2018	IBR+2.90%	-	6,985
Banco de Bogota New York (2)	December 2022	Libor+3.50%	24,871	24,541
Banco de Bogota New York (7)	November 2018	LIBOR+0.72%	12,757	-
Davivienda Panamá (6)	October 2018	LIBOR+1.0%	7,057	-
Banco BBVA (Antes Gecelca S.A. E.S.P) (4)	February 2028	13.50%	34,074	57,995
Finance lease (3)	August 2020	DTF+4.30%	102	146
Subtotal			175,499	188.469
Less: current portion			(57,084)	(59,093)
Total long term			$ 118,415	$ 129,376

(1) On October 7, 2013, the Company acquired a new financial obligation of $ 120,000 through the signing of a Syndicated Loan agreement with Bancolombia Panama ($ 80,000) and Davivienda ($ 40,000).

(2) On December 20, 2017, TEBSA obtained a loan from Banco de Bogotá S.A. New York Agency for novation of the senior credit with Banco de Bogotá S.A. and to comply with what was agreed in the agreement. The balance of the financial obligation with banco de Bogotá S.A. New York Agency is of US$ 24,502 (2017: US$ 24,502), plus interests of US$ 369 (2017: US$ 39). The annual interest rate agreed for this obligation is LIBOR+3.50% due half year, for a term of 60 months.

(3) As of September 2018, corresponds to the financial lease agreement signed with Banco de Bogotá for the purchase of transportation equipment (forklifts) for the amount of US$ 102 (2017: US$ 132) executed on August 2017 and computing equipment (server) for US$ - (2017: US$ 14) executed on January 2016, all for a total term of 36 months.

(4) On December 1, 2016, GECELCA made the sale of the subordinated debt arising from the asset purchase agreement (APA), through which GECELCA assigned all the rights to Banco BBVA over the subordinated debt. The balance on September 2018 over the subordinated debt is of US$ 33,051(2017: US$ 56,091) plus interests of US$ 24 (2017: US$ 159) and the balance payable for Restitution Payment for US$ 998 (2017: US$ 1,711), plus interests of US$ 1 (2017: US$ 34). The annual interest rate agreed for both obligations is 13.5% E.A.

(5) For the year 2017 corresponds to loan from Banco de Bogotá obtained on November 1, for a total amount of COP$ 20,579 million for a term of 4 months, which was paid on the first half of 2018.

(6) On July 4, 2018, TEBSA obtained a loan from Banco Davivienda Panamá for the novation of credit with Banco ITAU S.A. and to comply with the agreement. On September 2018, the financial obligation with Banco Davivenda Panamá is of $7,000, plus interests of $57. The annual interest rate agreed for this obligation is LIBOR+1,00% due half year, for a term of 3 months.

(7) On September 5, 2018, TEBSA obtained a loan from Banco de Bogotá S.A. New York Agency for the buy of Liquid Natural Gas LNG inventory. The balance of the financial obligation with banco de Bogotá S.A. New York Agency is of $12,730, plus interests of $27. The annual interest rate agreed for this obligation is LIBOR+0,72% due half year, for a term of 2 months.

(8) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Entity's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Entity's consolidated statement of cash flows as cash flows from financing activities.

		Bank Loans
1/1/2017	$	245,609
Increase of financial obligations		7,000
Payments		(63,719)
interest accruals		13,353
Total 30/09/2017		202,243
1/01/2018	$	188,469
Increase of financial obligations		12,730
Payments		(37,188)
Interest accruals		11,488
Total 30/09/2018	$	175,499

13. COMMERCIAL ACCOUNTS PAYABLE AND OTHER PAYABLES

The balance of accounts payable included:

	September 2018	December 2017
Accounts payable to suppliers (1)	$ 88,297	$ 78,149
Accounts payable to foreign suppliers	664	178
Accounts payable to creditors	132	12,878
Accounts payable to related entities (2)	9,730	8,936
Total commercial accounts payable and other current payables	$ 98,823	$ 100,141
Non-current portion:		
Gilda Massi	55	95
Accounts payable to suppliers (1)	25,008	31,240
Shareholders of TPL Ltd. (2)	9,620	8,747
Total commercial accounts payable and other non-current payables	$ 34,683	$ 40,082
Current portion:		
Accounts payable to suppliers (1)	$ 63,421	$ 46,908
Accounts payable to foreign suppliers	664	178
Accounts payable to creditors (1)	-	12,878
Gilda Massi	55	95
Total commercial accounts payable and other payables	$ 64,140	$ 60,059

(1) As of September 2018, it corresponds mainly to the debt acquired with Wholesale Market agents for $35,099 (2017:$ 41,296) represented by XM Expertos en Mercados S.A. and with whom, during the intervention period, the Company signed the creditors agreement, and the balance due of the sanction imposed by the Superintendence of Residential Public Utilities, including interest, for $- (2017: $7,927).

The balances owed to the Wholesale Market agents as of September 30, 2018, included in the creditors agreement, are detailed below:

Third parties	Principal	Interest	Total
AES Chivor & CIA S.C.A. E.S.P.	$ 3,798	$ 747	$ 4,545
Celsia S.A. E.S.P.	1,290	236	1,526
Central Termoeléctrica El Morro DOS S.A.S. E.S.P.	820	150	970
Emgesa S.A. E.S.P.	917	181	1,098
Empresa de Energía del Pacifico S.A. E.S.P.	2,254	444	2,698
Empresa Urra S.A. E.S.P.	2,720	536	3,256
Empresas Públicas de Medellín E.S.P.	1,488	273	1,761
Generadora y Comercializadora de Energía del Caribe S.A. E.S.P.	5,119	1,009	6,128
Gestión Energética S.A. E.S.P.	431	85	516
Fideicomiso Sumatoria – Aritmética (antes Hidroeléctrica del Alto Porce S.A.S. E.S.P.)	1,422	261	1,683
Isagen S.A. E.S.P.	1,210	273	1,483
Termoencali S.A. E.S.P.	2,621	480	3,101
Termotasajero S.A. E.S.P.	379	69	448
Termotasajero DOS S.A. E.S.P.	303	56	359
Termovalle S.A.S. E.S.P.	755	138	893
Termoyopal Generación DOS S.A. E.S.P.	362	66	428
Zona Franca Celsia S.A. E.S.P.	3,096	567	3,663

Third parties	Principal	Interest	Total
La Cascada S.A.S. E.S.P.	459	84	543
Subtotal	29,444	5,655	35,099
Less non-current portion:	19,353	5,655	25,008
Total current portion	$ 10,091	$ -	$ 10,091

Additionally, accounts payable to third parties other than system creditors are included, which are detailed below:

For 2018 corresponds mainly to $38,840 (2017: $ 32,089) for gas purchase, $3,046 for public lighting tax, $2,720 (2017:$1,330) advanced payments received and $2,748 (2017: $6,399) goods and services acquisition.

(2) The balance of $9,620 (2017 $8,747) corresponds to the subordinated debts (principal + interest) taken with shareholders, as follows:

Start Date	Maturity	Annual Rate	2018	2017
January 2016	January 2021	16%	$ 1.153	$ 1.034
April 2016	April 2021	16%	3.898	3.563
October 2016	April 2021	16%	3.390	3.080
October 2016	October 2021	16%	1.178	1.070
Total			$ 9,620	$ 8.747

During 2017, for the debts disbursed in January 2016, a principal payment was made of $3,803 and an interest payment of $1,297.

14. PROVISIONS FOR EMPLOYEE BENEFITS AND RETIREMENT BENEFITS PLANS

The detail of provisions was the following:

	September 2018	December 2017
Consolidated severance payments	$ 169	$ 205
Consolidated vacations	428	334
Interest on severance payments	15	24
Extralegal benefits	370	88
Retirement benefits plans (1)	17,930	17,972
Servicie premium	4	-
Total Provisions for employee benefits and retirement benefits plans	$ 18,916	$ 18,623
Current portion:		
Consolidated severance payments	$ 169	$ 205
Consolidated vacations	428	334
Interest on severance payments	15	24
Extralegal benefits	370	88
Servicie premium	4	-
Total current portion	$ 986	$ 651
Non-current portion:		
Retirement benefits plans (1)	$ 17,930	$ 17,972

(1) The detail of the provision of retirement benefits plans in the statement of financial position is as follows

	September 2018	December 2017
Pensions (*)	$ 7,695	$ 7,720
Medical benefits after the employment relationship	9,540	9,525
Energy assistance	644	682
	51	45
Educational aid and contributions	$ 17,930	$ 17,972

(*) The amounts for retirement pensions are provisioned in full. The portion corresponding to GECELCA of $4,872 (2017: $4,879) is recognized as an account receivable (See Note 6, numeral 2).

The movement of the liability recognized in the statement of financial position was as follows:

Initial balance	$ 17,972	$ 17,644
Recognized through accounts receivable from Gecelca	(26)	124
Recognized through comprehensive income	(103)	73
Recognized through profit or loss	15	33
Registered exchange difference	72	98
	$ 17,930	$ 17,972

The main assumptions used for actuarial valuation purposes are the following:

Discount rate	10,13%	10,82%
Minimum wage increase	5,09%	5,74%
Increase in pensions in payment	5,09%	5,74%
Increase in deferred pensions	5,09%	5,74%
Census date	31-05-2018	30-11-2017

Actuarial valuation method used in the subsidiary TEBSA S.A. E.S.P. - The projected unit credit (PUC) is used to determine the present value of the defined benefit obligations (DBO) and, when applicable, the cost for services and the cost of past services. Under this method, the benefits are attributed to periods in which the obligation to provide the benefits is created by directly applying the plan benefit formula based on the service as of the valuation date. When the benefit is based on compensation or salary, wage increases are applied until the date on which the participant is expected to finish the service. However, if the service in recent years leads to significant additional benefits than in previous years, the benefits are attributed linearly from the date on which the service provided by the employee entitles them to the benefit under the plan.

15. ISSUED CAPITAL

As of September 30, 2018 and December 31, 2017, the Company had an authorized capital of US$30,000, divided into 30,000,000 common shares with a par value of US$1 each, which were subscribed and paid in whole.

For the purpose of ensuring the obligations derived from a loan agreement signed between the shareholder TPL Holding Ltd "as Debtor" and Banco Colpatria Multibanca Colpatria S.A., Bancolombia Panama S.A., Banco Davivienda S.A. and Bancaribe Curaçao Bank NV "as Senior Creditors", the shareholder pledged, in favor of the lenders, the ordinary shares acquired.

In accordance with the Resolutions issued by the Board of Directors of the Company, during the nine months ended September 30 2018, dividends were declared for $ 24,000, which were paid during the months of April and August of 2018. For the nine months ended September 30, 2017, dividends were declared for $56,250, which were paid during the months of January and October of 2017.

16. ADDITIONAL PAID-IN CAPITAL

Corresponds to the capital increase generated by the higher value paid on the nominal value of the shares.

17. RESERVES

17.1. Legal reserve - Corporations are obligated to create a legal reserve until they reach 50% of the subscribed capital, with appropriations of at least 10% of each year's net income. This reserve can only be used to offset losses or distribute to the Company's liquidation. On September 4, 2018, in the ordinary shareholders' meeting No.52 was approved to decree for occasionally reserve $12,859. As of September 30, 2018, it amounts to $16,730.

17.2. Bylaw reserve - This reserve for $29,226 as of September 30, 2018, is freely available to the shareholders' meeting.

17.3. Occasionally Reserve - On September 4, 2018, in the ordinary shareholders' meeting No.52 was approved to decree for occasionally reserve $20,398. This reserve is freely available to the shareholders' meeting.

18. REVENUES

Below is a summary of the revenues for services rendered during the nine months:

	September 2018	September 2017
Energy sales on the stock market	$ 455,215	$ 348,684
Regulated revenue - CREG Res. 062 of 2013 (1)	22,901	21,575
Reliability charge - Distribute Value (2)	116,109	120,709
Reliability charge - Raise Value (2)	(65,097)	(53,815)
Substation compensation	2,469	2,295
Starts and stops	360	79
Transportation and gas marketing	37,138	974
Sale of energy by backup	526	613
Other services	-	20
Fees for substation management and operation	28	22
Total	$ 569,649	$ 441,156

(1) According to the provisions of CREG Res. 062 of 2013, corresponds to a fixed annual revenue that pays part of the investment costs, administration, operation, maintenance expenses and others related to the infrastructure of import, storage, regasification and connection to the SNT for the supply of LNG to TEBSA and Termocandelaria as a benefit, since it belongs to the Thermal Generator Group or GT that ensures the port infrastructure services to the thermal generators, for the import of LNG, and cover security generations according to the requirements of the National Dispatch Center - CND.

(2) Corresponds to the charge settled and collected by ASIC and paid by the users of the National Interconnected System (SIN) through the rates of the distributors. The Reliability charge - Distribute Value corresponds to the amount received for the daily real individual remuneration of the Firm Energy Obligation of the generation units of TEBSA and Termocandelaria S.C.A. E.S.P. and the Reliability charge - Raise Value corresponds to the amount collected through the sale of energy to the system.

19. SALES AND OPERATING COSTS

Sales and operating costs during the nine months are summarized as follows:

	September 2018	September 2017
Personnel cost	$ 6,691	$ 6,336
Costs of goods and services	2,130	789
Commercial management	23	16
Taxes and contributions (1)	6,866	4,349
Fazni contribution	2,156	1,829
Other services received	543	482
Insurance	2,431	3,170
Fee	48	39
Maintenance and operations	2,928	2,397
Consumption of spare parts	1,690	1,499
Cleaning and cafeteria	355	297
Other costs	253	232
General costs	2,061	1,218
Taxes and royalties	56	51
Consumption of direct inputs (2)	399,349	294,160
Services and publications cost	285	266
Energy purchases	1,665	2,140
Other operating costs	430	51
	$ 429,960	$ 319,321
Depreciation	$ 28,030	$ 22,297
Amortization	10,685	9,645
Total depreciation and amortization	$ 38,715	$ 31,942

(1) Corresponds to contributions caused during the nine months periodsunder the environmental transfer contained in Act 99 of 1993. This tax is 4% of the kilowatts generated annually at the rate established by the CREG. Of this 4%, 1.5% corresponds to the municipality of Soledad and the District of Cartagena and the remaining 2.5% to the Regional Autonomous Corporation of Atlántico and the Regional Autonomous Corporation of the Canal del Dique. The rates for 2018 and 2017 were COP$75.08 y COP$72.89 pesos, respectively, for each kilowatt/hour generated.

(2) Corresponds mainly to the consumption of gas used in power generation for $ 265,101 (2017: $ 181,190), plus transportation costs of gas for $ 67,783 (2017: $ 54,216), Charges for use and connection to the STN $ 9,133 (2017: $10,156), fuel gas tax $2,111 (2017: $ 286) fuel gas transport $2,767 (2017: $3,092) fixed charge for availability of the storage capacity of the terminal Sociedad Portuaria el Cayao S.A. E.S.P. for $52,454 (2017: $45,220).

20. ADMINISTRATION EXPENSES

Administration expenses during the nine months are summarized as follows:

	September 2018	September 2017
Personnel cost	$ 3,534	$ 2,872
Fees	2,211	1,678
Taxes and contributions (1)	3,052	2,676
Subscriptions and Affiliations	348	236
Maintenance	71	37
Other services received	578	442
Depreciation and amortization	113	98
Insurance	11	7
General costs	247	182
Total administration expenses	$ 10,165	$ 8,228

(1) Corresponds mainly to the Tax on Movement of Funds for $1,484 (2017: $1,341), wealth tax $- (2017: $92) and Superintendence of Residential Public Utilities annual contribution $- (2017: $ 198).

21. OTHER REVENUES AND EXPENSES

Other revenues and expenses as of September 30 included:

Revenues		
Recovery	$ 159	$ 445
Unusual or infrequent	6	35
Equity in earnings of Calamarí	298	-
Subtotal	$ 463	$ 480
Expenses		
Impairment of LNG inventory (1)	(1,243)	(1,134)
Other expenses (3)	(153)	(12,228)
Impairment of accounts receivable (2)	-	(9,517)
Loss by equity method in Calamarí	-	(62)
Subtotal	$ (1,396)	(22,941)
Total	$ (933)	$ (22,461)

(1) Corresponds to the impairment of the LNG liquid natural gas inventory.

(2) Corresponds to the impairment of accounts receivable from Electrificadora del Caribe S.A. E.S.P.

(3) As of September 2018, corresponds mainly to $34 other payroll expenses, $15 of the mandate agreement with Transelca, $51 of inventory impairment. As of September 2017 corresponds mainly, to the value due to Resolution No. SSPD 20172400004215, by which the Superintendence of Residential public utilities imposed a fine to Termocandelaria S.C.A. E.S.P. for the amount of $11,822 for alleged non-compliance with the provisions of articles 25 of Act 143 and 1994 and article 52 of Resolution CREG-071 of 2006 (in 2016 this data was disclosed as part of the note of subsequent events), $ 247 for charges of or collections of GECELCA for the employer substitution agreement, $101 for insurance policies, and $16 for reimbursement of employees medical expenses.

22. FINANCIAL REVENUES AND EXPENSES

Financial revenues and expenses as of December 31 included:

	September 2018	September 2017
Revenues		
Interest and other returns	$ 967	$ 1,411
Expenses		
Financial interests with banking entities (1)	$ (8,811)	$ (10,369)
Financial interests BBVA debt (2)	(5,086)	(6,175)
Financial expenses trust management	(501)	(892)
Banking and commissions	(600)	(600)
Subtotal	(14,998)	(18,036)
Total	$ (14,031)	$ (16,625)

(1) For September 2018, corresponds mainly to interest on the syndicated loan described in note 14 for $5,204 (2017: $3,976), interest generated on the balances owed by the subsidiary Termocandelaria S.C.A. E.S.P. to the system creditors, for $1,249 (2017: $2,253) and $286 (2017: $199), interest generated by the payment agreement entered into with the Superintendence of Residential Public Utilities for payment in 12 installments of the value of the penalty and the interest caused by the company subsidiary Termobarranquilla S.A. E.S.P. for $1,387 (2017: $2,867), due to the financial obligation contracted with Banco de Bogotá NY and Banco Itaú.

(2) For 2018 and 2017 corresponds mainly to the accounting of interest of subordinated debt and the Restitution Payment $5,086 (2017: $ 6,175) and the APA signed with GECELCA, where it assigned all rights to Banco BBVA on the subordinated debt for $56,714.

23. FINANCIAL INSTRUMENTS

Financial risk management **–** The Company's activities are exposed to different financial risks, including market risk (interest rates and exchange rates), liquidity risk and credit risk.

The company manages the risks inherent to the financing of the activities of its corporate purpose, as well as those derived from treasury operations. The Company does not make investments, derivative transactions or currency positions for speculative purposes.

Below, each risk is analyzed separately:

Liquidity risk - The Company maintains a liquidity policy in accordance with the flow of working capital, performing the payment commitments to suppliers in accordance with the policy of accounts payable and contractual agreements with banking entities in the case of financial obligations. This management is based on the preparation of cash and budget flows, which are reviewed periodically, allowing the Company to determine the position necessary to meet liquidity needs.

As of September 30, 2018, the Company maintains the following credit lines approved and available:

BANKS AND CREDIT LINES	LIMIT	USED	AVAILABLE
Banco de Bogotá ordinary credit	$ 27,530	$ 24,502	$ 3,028
Banco de Bogotá working capital	30,094	12,844	17,250
Banco de Bogotá bank guarantees	29,271	21,331	7,940
BBVA working capital	13,458	-	13,458
BBVA ordinary credit	1,682	-	1,682
BBVA Forward	6,729	6,215	514
BBVA bank guarantees	3,365	-	3,365
Banco Davivienda bank guarantees	33,645	27,996	5,649
Banco Davivienda ordinary credit	7,000	7,000	-
Banco Itaú ordinary credit	9,353	-	9,353
Banco Itaú working capital	2,759	-	2,759
Banco Itaú bank guarantees	26,008	20,366	5,642
Banco AVVILLAS ordinary credit	6,729	-	6,729
Scotiabank Colpatria guarantees	10,094	-	10,094
Scotiabank Colpatria forward	15,000	-	15,000
Total	$ 222,717	$ 120,254	$ 102,463

As of December 2017

BANKS AND CREDIT LINES	LIMIT	USED	AVAILABLE
Banco de Bogotá ordinary credit	$ 55.000	$ 24.529	30.471
Banco de Bogotá working capital	11.997	7.517	4.480
Banco de Bogotá bank guarantees	25.000	8.952	16.048
BBVA working capital	15.080	-	15.080
BBVA ordinary credit	3.351	-	3.351
BBVA bank guarantees	6.702	-	6.702
Banco Davivienda bank guarantees	33.512	30.730	2.782
Banco Davivienda ordinary credit	12.500	-	12.500
Banco Itaú working capital	9.719	-	9.719
Banco Itaú bank guarantees	21.381	20.831	550
Total	$ 194.242	$ 92.559	$ 101.683

Market risk - The Company is exposed to exchange rate risk. In this regard, the most representative operations in relation to this risk for the subsidiary Termobarranquilla S.A. E.S.P. - Tebsa- correspond to accounts receivable from related parties, obligations for gas purchases and financial liabilities with LEASECO that are contracted in dollars. The Company currently carries out short-term hedges and transacts in foreign accounts to minimize the difference between the rates.

For the subsidiary Termocandelaria S.C.A. E.S.P are exposed mainly to financial risks of changes in exchange rates, for which it subscribes short-term hedges to minimize the difference between the rates.

Counterparty risk - The subsidiary TEBSA S.A. E.S.P. is exposed to risks in the collection of accounts from counterparties in the electricity generation market. The most representative transactions in relation to this risk correspond to accounts receivable from agents in the interconnected market. The Company has low exposure to credit risk since, according to the historical behavior, customers have complied, and the agreed cash flows have been collected.

Interest rate risk - The Company is exposed to risks in the interest rate because it borrows money at both fixed and variable interest rates. The Company manages the risk by maintaining an appropriate combination between fixed and variable rate loans.

Credit risk - The Company has low exposure to credit risk, since, according to the historical behavior, customers have complied and the agreed flows have been collected.

24. TRANSACTIONS WITH RELATED PARTIES

The transactions between the Company and its related parties are detailed below:

Year 2018	Shareholders	Legal Representatives and Managers	Related Companies
Accounts receivable			
Gecelca S.A. E.S.P.	$ 8,975	$ -	$ -
Total accounts receivable	$ 8,975	$ -	$ -
Accounts payable			
Gecelca S.A. E.S.P.	$ 2,643	$ -	$ -
Total accounts payable	$ 2,643	$ -	$ -
Year 2017			
Accounts receivable			
Gecelca S.A. E.S.P.	$ 6,405	$ -	$ -
Total accounts receivable	$ 6,405	$ -	$ -
Accounts payable			
Gecelca S.A. E.S.P.	$ 2,482	$ -	$ -
Total accounts payable	$ 2,482	$ -	$ -
September 2018			
Revenues			
Gas trading (a)	$ 198	$ -	$ -
Backup energy (a)	371	-	-
Total Revenues	$ 569	$ -	$ -
Expenses			
Fuel Gas (b)	$ 20,830	$ -	$ -
Commissions	-	-	914
Total Expenses	$ 20,830	$ -	$ 914
September 2017			
Revenues			
Backup energy (a)	$ 612	$ -	$ -
Energy delivered	(40)	-	-
Total Revenues	$ 572	$ -	$ -
Expenses			
Fuel Gas (b)	$ 17,583	$ -	$ -
Commissions	-	-	398
Total Expenses	$ 17,583	$ -	$ 398

During the years 2018 and 2017 no transactions of the nature mentioned below were carried out with shareholders, legal representatives and managers:

a) Free services.

b) Loans without interest or consideration borne by the borrower.

25. OTHER DISCLOSURES

25.1. Contingent liabilities - There are civil, labor (individual and collective) proceedings against the subsidiary TEBSA S.A. E.S.P., which demand, among others, labor indemnities, contractual actions and compensation for easement processes, the probability of occurrence of which is eventual; therefore, they are not recognized in the statement of financial position.

Type of process	**September 2018**	**December 2017**
Labor (1)	$ 1,448	$ 1,114
Contractual Action (2)	403	402
Easement process (3)	1,211	1,206
Tax liability (4)	-	1,744
Arbitration - Easement (5)	-	2,105
Tax on public (6)	856	-

(1) Corresponds to labor lawsuits filed against Tebsa S. A. E.S.P. for reassessment of social benefits, indemnities, and retirement pensions.

(2) Corresponds to the contractual action of Clearlake Overseas Inc. against Termobarranquilla and Corelca S.A. for breaching the "Payment Method Agreement" signed on March 28, 2002, between the plaintiff and the defendants. The action seeks to declare and order Termobarranquilla and Corelca to pay the damages and losses caused to Clearlake, as a result of the breach of the agreement.

(3) Corresponds to the easement process of Corelca against the Technical Industrial Institute of Atlantico "ITIDA". For the year 2015 and 2014, corresponds to the arbitration process of the abbreviated easement process, under service provision agreement C-3330-95 between Tebsa and Corelca, Tebsa being responsible for the design, engineering, construction and commissioning of the 220 Kv transmission line between the substations of Soledad and Sabanalarga. The transmission line built crosses property No. 040-96607 located in the municipality of Soledad.

(4) Investigation for alleged property damage to CORELCA for the non-payment of the entire sentence in the INEM easement process.

(5) Corresponds to the arbitration proceeding of Corelca in liquidation against Tebsa S.A. E.S.P. for the easement process, under service provision agreement C-3330-95 between Tebsa and Corelca, where Corelca claims that Tebsa should compensate for the alleged damages caused to Corelca, as a legal consequence of the acquisition of easement rights for the construction of an electric power transmission line.

(6) Corresponds to the proceedings against the municipality of solitude for public lighting tax for the years 2012 and 2014.

There is also an ordinary lawsuit filed by the firm Brigard & Urrutia Abogados S.A. for the payment of a success commission for the representation of the subsidiary Termocandelaria S.C.A. E.S.P. in the arbitration claim with Texas Petroleum Company, the current probability of occurrence of which is remote; however, the process is currently undergoing the examination of evidence stage and a better assessment of the final result cannot be made until the end of said stage.

Type of process	September 2018	December 2017
Civil Lawsuit	$ 8,000	$ 8,000

25.2. Guarantees delivered

Guarantees		
Bank Guarantees for the supply of gas (1)	$ 48,694	$ 47,783
Bank Guarantees for gas transportation (2)	10,731	10,093
Bank Guarantees on OPACGNI (3)	-	844
Performance Bank Guarantees	714	-
Bank Guarantees on regasification (4)	10,471	-
Bank Guarantees (5)	5,900	5,794
	$ 76,510	$ 64,514

(1) As of September 30 2018, bank guarantees have been constituted to guarantee the supply of gas with Banco Davivienda in favor of Gases del Caribe for $17,586 (2017: $18,107), Gecelca for $5,441 (2017: $5,419), with Banco Itaú in favor of Pacific Rubiales Energy for $4,690 (2017: $3,372), Geoproduction Oil Gas for $6,635 (2017: $6,609), and with "Nacional de Seguros" in favor of VP Ingenieria for $14,342 (2017: $14,276).

(2) As of September 30 2018, bank guarantees have been constituted to guarantee gas transportation with Banco de Bogotá in favor of Promigas for $5,080 (2017: $5,179), and Banco Davivienda in favor of Promigas for $5,651 (2017: $2,708) and Gases del Caribe for $- (2017: $2,885).

(3) Guarantees acquired in favor of XM S.A. E.S.P. to support the construction and commissioning of imported natural gas infrastructure for OPACGNI 2016 – 2017, issued by Banco Davivienda.

(4) Guarantees acquired in favor of SPEC, to hedge compliance with utilities billing payment, issued by Banco Itaú and Banco Davivienda

(5) Corresponds to guarantees detailed in Note 9 Other non-financial assets for 2018 $5,900 (2017: $5,794)

26. INFORMATION SEGMENTS

TPL uses financial information of the results according to operating segments defined for decision-making and monitoring the profitability of the business. TPL has two main projects handled separately through two legal entities: TEBSA and TECAN. Each of such components exhibit different long-term financial performance, nature of production process and methods of distributing their products or providing their services.

Products and services offered by reportable segments - The companies comprising segments according to the information requirements for the administration and in accordance with IFRS 8 are:

- Termobarranquilla S.A. E.S.P. (TEBSA): Was established by public deed 9994 in October 1994, with a duration of 50 years. Its corporate purpose is the generation and supply of electric power service through the operation of the thermal plant located in Soledad, Atlántico, with a capacity of

120 megawatts, and the installation of a new 750 megawatts combined cycle plant, and the trade of natural gas through supply networks. As of December 2007, it increased its capacity by 41 megawatts with the installation of additional burner sets in the recovery boilers of the GT-11, GT-12 and GT-13 units.

- Termocandelaria SCA. E.S.P.: was incorporated by public deed No. 756 dated April 27, 1998, issued by the 16th Notary Public of Bogotá, with a duration until April 27, 2048. Since the Company's incorporation, certain corporate reforms have been carried out, the most recent of which took place on October 23, 2013. The Company's main corporate purpose is the generation and sale of electric power, as well as the trade of all types of fuels and energy resources under the terms established in Acts 142 and 143 of 1994 and CREG Resolution 089 of August 14, 2013.

a. Segment assets and liabilities

The following is an analysis of the Entity's assets and liabilities from continuing operations by reportable segment.

	Assets by segment		Liabilities by segment	
	September 2018	December 2017	September 2018	December 2017
Termobarranquilla S.A. E.S.P	$ 691,205	$ 676,219	$ 330,225	$ 353,905
Termocandelaria S.C.A. E.S.P.	205,311	155,260	159,653	139,989
Total assets/ liabilities per segment	896,516	831,479	489,878	493,894
(+/-)Eliminations /other	(33,833)	9,663	(57,854)	(60,462)
Total Consolidated assets/liabilities	$ 862,683	$ 841,142	$ 432,024	$ 433,432

b. Segment revenues and results

The following information is presented by segment of the income statements for the nine months September 2018 and 2017:

	Revenues by segment		Profits by segment	
	September 2018	September 2017	September 2018	September 2017
Termobarranquilla S.A. E.S.P	$ 516,990	$ 399,667	$ 83,266	$ 71,272
Termocandelaria S.C.A. E.S.P.	83,733	44,315	16,399	18,599
Total revenues / gross profit per segment	600,723	443,982	99,665	89,871
(+/-)Eliminations/other	(31,074)	(2,826)	1,309	22
Total consolidated (revenues / gross profit)	$ 569,649	$ 441,156	$ 100,974	$ 89,893
Consolidated revenues/expenses:				
Administration expeses			(10,165)	(8,228)
Other revenues/expeses, net			(933)	(22,461)
Financial revenues/expenses, net			(14,031)	(16,625)
Exchange gain/loss, net			(1,416)	(527)
Profit before income tax			74,429	42,052
Income tax			(27,541)	(21,140)
Consolidated net profit			$ 46,888	$ 20,912

Other information by segment is as follows:

	Termobarranquilla		Termocandelaria	
	September 2018	September 2017	September 2018	September 2017
Intersegment revenue	$ 30,980	$ 2,780	$ -	$ -
Interest expenses	(12,938)	(16,737)	(5,646)	(7,701)
Depreciation and amortization	(31,856)	(30,771)	(8,140)	(1,071)
Equity in income (loss) of Joint ventures	162	(43)	136	(19)
Income tax	$ (22,672)	$ (16,808)	$ (4,842)	$ (4,285)

Geographic information: Revenue from external customers TPL operations by geographic location are perceived in Colombia, which is where Termobarranquilla S.A. E.S.P. and Termocandelaria SCA E.S.P. are located.

27. SUBSEQUENT EVENTS

There were no relevant events after the closing of the financial statements that could significantly affect the company's financial position reflected in the financial statements as of September 30, 2018.

28. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been authorized for disclosure by the Company´s Legal Representative on October 30, 2018.

Termocandelaria Power Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2017, 2016 and 2015, and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
TERMOCANDELARIA POWER LTD.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of TERMOCANDELARIA POWER LTD. and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017, 2016 and 2015 and the consolidated statements of profit (loss) and other comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted in Colombia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TERMOCANDELARIA POWER LTD. and subsidiaries as of December 31, 2017, 2016 and 2015, and their financial performance and their cash flows for the years then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia.

Deloitte & Touche Ltda.

Deloitte & Touche Ltda.
Barranquilla, Colombia
November 12, 2018

TERMOCANDELARIA POWER LTD AND SUBSIDIARES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION, AS OF DECEMBER 31, 2017, 2016 AND 2015
(In thousands of US Dollars)

	DECEMBER		
ASSETS	**2017**	**2016**	**2015**
CURRENT ASSETS			
Cash and cash equivalents (Note 6)	$ 26.805	$ 85.996	$ 16.214
Investments (Note 6)	1.635	676	-
Commercial accounts receivable and other receivables net (Note 7)	53.634	68.135	22.336
Inventories - Net (Note 8)	33.343	14.987	17.949
Current tax assets (Note 9)	17.299	11.497	3.854
Other non-financial assets (Note 10)	4.956	4.854	3.268
TOTAL CURRENT ASSETS	137.672	186.145	63.621
NON CURRENT ASSETS			
Property, plant and equipment - Net (Note 11)	696.044	717.076	744.591
Commercial accounts receivable and other receivables (Note 7)	5.961	5.399	4.752
Investments in joint ventures	299	190	2
Intangible assets (Note 12)	517	28	41
Non current tax assets (Note 9)	-	5.077	4.837
Deferred income tax assets (Note 17)	649	6.260	18.237
TOTAL NON CURRENT ASSETS	703.470	734.030	772.460
TOTAL ASSETS	$ 841.142	$ 920.175	$ 836.081

	DECEMBER		
	2017	**2016**	**2015**
CURRENT LIABILITIES			
Loans (Note 13)	$ 59.093	$ 83.598	$ 31.076
Commercial accounts payable and other payables (Note 14)	60.059	53.543	66.731
Current tax liabilities (Note 9)	2.494	2.005	2.047
Provisions for employee benefits (Note 15)	651	867	839
Other non-financial liabilities (Nota 16)	-	678	1.960
TOTAL CURRENT LIABILITIES	122.297	140.691	102.653
NON CURRENT LIABILITIES			
Loans (Note 13)	129.376	162.011	115.308
Commercial accounts payable and other payables (Note 14)	40.082	50.822	113.839
Retirement benefit plans (Note 15)	17.972	17.644	13.781
Deferred income tax liabilities (Note 17)	123.705	102.938	90.571
TOTAL NON CURRENT LIABILITIES	311.135	333.415	333.499
TOTAL LIABILITIES	433.432	474.106	436.152
SHAREHOLDERS' EQUITY			
Issued capital (Note 18)	30.000	30.000	30.000
Additional paid- in capital (Note 19)	246.511	246.511	246.511
Reserves (Note 20)	33.097	33.097	33.097
Effect due to convergence to IFRS	361.189	361.189	361.189
Accumulated losses	(417.021)	(382.666)	(346.371)
Net profit (loss) for the period	17.612	33.802	(36.295)
Accumulated other comprehensive income	(1.034)	(1.000)	-
Total equity attributable to owners of the Entity	270.354	320.933	288.131
Non-controlling interests	137.356	125.137	111.798
TOTAL SHAREHOLDERS' EQUITY	407.710	446.069	399.929
TOTAL LIABILITIES AND SHARREHOLDERS´EQUITY	$ 841.142	$ 920.175	$ 836.081

The accompanying notes are an integral part of the financial statements.

EDUARDO DAMIAN VILLARREAL
Legal representative

NELVA ARIZA CARREAZO
Accountant
Professional card No. 53666 - T

TERMOCANDELARIA POWER LTD AND SUBSIDIARES

CONSOLIDATED STATEMENTS OF PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(In thousands of US Dollars)

	2017	2016	2015
REVENUES (Note 21)	$ 590.868	$ 497.487	$ 93.287
SALES AND OPERATING COSTS (Note 22)	(432.240)	(338.641)	(117.280)
DEPRECIATION AND AMORTIZATION (Note 22)	(45.978)	(46.778)	(33.720)
GROSS PROFIT (LOSS)	112.650	112.068	(57.713)
ADMINISTRATIVE EXPENSES (Note 23)	(11.391)	(9.769)	(7.228)
OTHER (EXPENSES) INCOME - NET (Note 24)	(22.880)	(670)	801
EXCHANGE GAIN (LOSS) - NET	511	(8.626)	7.861
FINANCIAL EXPENSES - NET (Note 25)	(22.186)	(19.766)	(16.221)
PROFIT (LOSS) BEFORE INCOME TAX	56.704	73.237	(72.500)
Income Tax (Note 9)			
Current taxes	(439)	(189)	(1.122)
Deferred taxes	(26.408)	(25.165)	31.991
NET PROFIT (LOSS)	29.857	47.883	(41.631)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss	(59)	(1.743)	-
TOTAL COMPREHENSIVE INCOME (LOSS) OF THE YEAR	$ 29.798	$ 46.140	$ (41.631)
Consolidated profit (loss) of the year attributable to:			
Owners of the Entity	$ 17.612	$ 33.802	$ (36.295)
Non-controlling interests	12.245	14.081	(5.336)
	$ 29.857	$ 47.883	$ (41.631)
Consolidated other comprehensive income of the year attributable to:			
Owners of the Entity	$ (34)	$ (1.000)	$ -
Non-controlling interests	(25)	(743)	-
	$ (59)	$ (1.743)	$ -

The accompanying notes are an integral part of the financial statements.

EDUARDO DAMIAN VILLARREAL
Legal representative

NELVA ARIZA CARREAZO
Accountant
Professional card No. 53666-T

TERMOCANDELARIA POWER LTD AND SUBSIDIARES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(In thousands of US Dollars)

							Accumulated other comprehensive income					
	Issued capital	Additional paid-in capital	Reserves	Effect due to convergence to IFRS	Accumulated losses	Net profit (loss) for the period	Actuarial loss	Deferred tax on actuarial losses	Total	Total equity attributable to owners of the Entity	Non-controlling interests	Total Shareholders' Equity
BALANCES AS OF JANUARY 1, 2015	$ 30.000	$ 246.511	$ 32.655	$ 361.189	$ (346.676)	$ 5.747	$ -	$ -	$ -	$ 329.426	$ 117.134	$ 446.560
Net loss for the period	-	-	-	-	-	(36.295)	-	-	-	(36.295)	(5.336)	(41.631)
Transfer	-	-	442	-	5.305	(5.747)	-	-	-	-	-	-
Payment of dividends	-	-	-	-	(5.000)	-	-	-	-	(5.000)	-	(5.000)
BALANCES AS OF DECEMBER 31, 2015	$ 30.000	$ 246.511	$ 33.097	$ 361.189	(346.371)	(36.295)	$ -	$ -	$ -	$ 288.131	$ 111.798	$ 399.929
Net profit for the period	-	-	-	-	-	33.802	-	-	-	33.802	14.081	47.883
Transfer	-	-	-	-	(36.295)	36.295	-	-	-	-	-	-
Actuarial loss	-	-	-	-	-	-	(1.493)	493	(1.000)	(1.000)	(743)	(1.743)
BALANCES AS OF DECEMBER 31, 2016	$ 30.000	$ 246.511	$ 33.097	$ 361.189	$ (382.666)	$ 33.802	$ (1.493)	$ 493	$ (1.000)	$ 320.933	$ 125.136	$ 446.069
Net profit for the period	-	-	-	-	-	17.612	-	-	-	17.612	12.245	29.857
Transfer	-	-	-	-	33.802	(33.802)	-	-	-	-	-	-
Movement of the period	-	-	-	-	516	-	-	-	-	516	-	516
Payment of dividends	-	-	-	-	(68.673)	-	-	-	-	(68.673)	-	(68.673)
Actuarial loss	-	-	-	-	-	-	(50)	17	(34)	(34)	(25)	(59)
BALANCES AS OF DECEMBER 31, 2017	$ 30.000	$ 246.511	$ 33.097	$ 361.189	$ (417.021)	$ 17.612	$ (1.543)	$ 510	$ (1.034)	$ 270.354	$ 137.356	$ 407.710

The accompanying notes are an integral part of the financial statements.

EDUARDO DAMIAN VILLARREAL
Legal representative

NELVA ARIZA CARREAZO
Accountant
Professional card No. 53666 - T

TERMOCANDELARIA POWER LTD AND SUBSIDIARES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(In thousands of U.S. dollars)

	2017	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit (loss)	$ 29.857	$ 47.883	$ (41.631)
Adjustments to reconcile net profit (loss) to net cash provided by operations:			
Depreciation and amortization	45.978	46.778	33.720
Deferred income and current tax	26.847	25.354	(30.869)
Property, plant and equipment consumption	1.117	840	598
Impairment of accounts receivable and inventory	10.991	-	-
Interests on finance debt[1]	10.914	7.891	7.743
Interest on accounts payable	7.114	-	-
Equity in (income) loss of joint ventures	180	-	-
Actuarial loss	(59)	(1.744)	-
CHANGES IN WORKING CAPITAL:			
Commercial accounts receivable and other accounts receivable	4.562	(46.446)	(2.762)
Inventories	(19.970)	2.962	(1.734)
Assets and liabilities for current taxes	(610)	(8.934)	2.023
Other non-financial assets	(102)	(1.586)	467
Other non-financial liabilities	(678)	(1.282)	(1.333)
Commercial accounts payable and other accounts payable	(3.588)	28.712	65.886
Employee benefit provisions	(217)	29	(155)
Retirement benefits plans	329	3.862	(3.949)
Net cash provided by operating activities	112.665	104.319	28.004
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions of investments	(959)	(676)	-
Additions of other intangible assets	(489)	(17)	(9)
Investments in joint ventures	(289)	(188)	(2)
Prepayments for HGPSA agreement	(13.423)	(13.303)	(11.374)
Additions to property, plant and equipment	(12.855)	(6.690)	(7.634)
Net cash used in investing activities	(28.015)	(20.874)	(19.019)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase subordinate debt	-	11.084	-
Increase in financial obligations[1]	6.897	-	16.935
Payment of financial obligations[1]	(82.065)	(24.747)	(17.669)
Payment of dividends	(68.673)	-	(5.000)
Net cash used in financing activities	(143.841)	(13.663)	(5.734)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(59.191)	69.782	3.251
Cash and cash equivalents at the beginning of the year	85.996	16.214	12.963
CASH AT THE END OF THE YEAR	$ 26.805	$ 85.996	$ 16.214

The notes attached hereto are an integral part of the financial statements.

1 Refer to note 13 item 9 for Reconciliation of liabilities arising from financing activities.

EDUARDO DAMIAN VILLARREAL
Legal Representative

NELVA ARIZA CARREAZO
Accountant
Professional card No. 53666 - T

TERMOCANDELARIA POWER LTD AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015 (In thousands of US dollars, unless otherwise stated)

GENERAL NOTES

1. GENERAL INFORMATION

Economic Entity – Termocandelaria Power Ltd. (the Company), is a limited liability company organized under the laws of the Cayman Islands. It was constituted on July 14, 1998, in the Cayman Islands, British West Indies, with the objective of financing, building, owning and operating a 314 megawatt generation plant powered by natural gas in the area of Cartagena, Colombia, in the facilities of Termocandelaria S.C.A. E.S.P, through wholly owned subsidiaries. The construction of the Cartagena project facilities began in June 1999 and ended in July 2000 with the start of the commercial operation of unit No. 2 of the Termocandelaria plant.

On November 30, 2012, there was a merger by absorption of the companies Termocandelaria Power Ltd. (Absorbing Company) and Golden Gate Energy Investments (Absorbed). As a result of the above, the Company acquired the ownership and control of the companies GPUI Colombia S.A.S. and Los Amigos Leasing Company Ltd. and control of the company Termobarranquilla S.A. Empresa de Servicios Públicos - TEBSA S.A. (E.S.P.) in which it has a shareholding interest of 57.38%, with the remaining interest corresponding to the company Generadora y Comercializadora de Energía del Caribe – GECELCA S.A. (E.S.P).

Operations – The Company's consolidated subsidiaries include the following:

Company	Type	Interest %	Date of incorporation	Region where it operates
Termocandelaria Power Ltd.	Limited	100.00	14-07-1998	Cayman islands
Termocandelaria S.C.A. E.S.P.	Partnership	100.00	27-04-1998	Colombia
Inversiones Termocandelaria S.A.	Anonymous	100.00	05-06-1999	Colombia
Termocandelaria GP LLC Suc. Colombia	Limited	100.00	01-06-1998	Colombia
Energy Projects Leasing Co LLC	Limited	100.00	08-04-1998	United States
Termobarranquilla S.A. E.S.P. (1)	Anonymous	57.38	28-10-1994	Colombia
GPUI Colombia S.A.S.	Simplified Anon	100.00	11-08-1995	Colombia
Los Amigos Leasing Company Ltd.	Limited	100.00	18-08-1995	Bermuda
Merchant Energy Projects Holdings Co. LLC.	Limited	100.00	03-04-1998	United States
Termocandelaria Sub I LLC.	Limited	100.00	08-04-1998	United States
Termocandelaria Sub II LLC.	Limited	100.00	08-04-1998	United States
Termocandelaria Sub III LLC.	Limited	100.00	08-04-1998	United States

The main corporate purpose of the subsidiaries Termocandelaria S.C.A. E.S.P. ("TECAN") and Termobarranquilla S.A. Empresa de Servicios Públicos – TEBSA S.A. (E.S.P.) ("TEBSA"), consists of the generation and trade of electrical energy, under the terms established in Acts 142 and 143 of 1994.

Termocandelaria GP LLC Colombia Branch is intended to serve exclusively as managing partner of TECAN.

The main corporate purpose of GPUI Colombia S.A.S. is the operation and maintenance of generation plants. On April 20, 2016, the operation and maintenance agreement to operate and maintain the TEBSA plant and substation was finalized.

The purpose of the other subsidiaries is to serve as receivers of the investment that finances the Termocandelaria and TEBSA projects in Colombia.

(1) Non-controlling interest is comprised of the following:

Company	% Ownership	2017	2016	2015
Termobarranquilla S.A. E.S.P.	42.62	$ 137,356	$ 125,137	$ 111,798

Summarized financial information of Termocandelaria Power Ltd. subsidiary that has material non-controlling interest as of December 31, 2017, 2016 and 2015, is as follow:

Termobarranquilla S.A. E.S.P. TEBSA

	2017	2016	2015
Non- current assets	$ 572,072	$ 596,969	$ 616,355
Current assets	104,147	161,132	38,395
Total assets	676,219	758,101	654,750
Non- current liabilities	$ 240,149	$ 260,345	$ 312,197
Current liabilities	113,756	204,116	80,213
Total liabilities	353,905	464,461	392,410
Net assets	$ 322,314	$ 293,640	$ 262,340
Equity attributable to owners of the Company	$ 184,958	$168,503	$ 150,542
Non- controlling interest	137,356	125,137	111,798
Non-controlling interest in %	42.62	42.62	42.62

Termobarranquilla S.A. E.S.P. TEBSA

	2017	2016	2015
Revenues, net	$ 536,410	$ 393,434	$ 69,238
Expenses, net	(507,677)	(360,391)	(81,760)
Net profit (loss) of the year	28,733	33,043	(12,522)
Profit (loss) attributable to owners of the Company	16,488	18,962	(7,186)
Profit (loss) attributable to non-controlling interest	12,245	14,081	(5,336)
Other comprehensive income attributable to owners of the Company	(34)	(1,000)	-
Other comprehensive income attributable to non- controlling interest	(25)	(743)	-
Total comprehensive income/(loss) for the year	$ 28,674	$ 31,300	$ (12,522)
Dividends paid to non-controlling interests	-	-	-

TECAN and TEBSA have each entered into certain contracts and agreements that govern their respective operations, among which are the following:

a. *Asset Purchase Agreement (APA) signed by TEBSA* - Through this agreement, the shareholder Generadora y Comercializadora de Energía del Caribe – GECELCA (formerly Corporación Eléctrica de la Costa Atlántica – CORELCA) transferred part of the existing plant and land for the development of the new project. 40% of the cost of these assets was paid as capital contribution of GECELCA in TEBSA and the remaining 60% was registered as subordinated debt. On February 28, 2007, a transfer of rights agreement was signed between TEBSA, CORELCA and GECELCA, through which CORELCA assigned all rights and obligations to GECELCA on all contracts and agreements entered into with TEBSA, including the power purchase agreement (PPA).

b. *Lender Subordination Agreement signed by TEBSA* - This agreement executed on August 23, 2016, between Banco Bogotá (Senior lender), TEBSA and the subordinated lenders was made in order to regulate in a single document the subordination to which the subordinated obligations, the payment terms and their execution are subject. The subordinated lenders of TEBSA (GECELCA S.A. E.S.P., Gilda Massi, GPUI Colombia S.A.S. and Termocandelaria Power Ltd.) agree to subordinate the payment of their Subordinated Obligations under the terms and in accordance with the conditions agreed in item 2) of Section II of the Agreement. The term of the Subordinated Obligations will be ten (10) years beginning upon the total payment of the Senior Loan (which is estimated to occur on February 23, 2018) with semi-annual payments (every June 30 and December 30), with the possibility of making advance payments (before the total payment of the Senior Loan) should there be available resources, in which case advance payments can be made to the Subordinated Lenders for up to five million dollars or a higher amount if they have the express authorization of the Senior Lender. The loan will have a 13.5% effective annual interest rate, denominated in dollars, which will not be capitalized. Payments will be distributed first to the payment of default interest (if any), to the payment of remuneration interest and, once they have all been paid, to the principal. On December 20, 2017, TEBSA obtained a loan from Banco de Bogotá S.A. New York Agency for novation of the senior loan with Banco de Bogotá S.A.

   On December 1, 2016, the subordinated lender GECELCA S.A. E.S.P. informed TEBSA of the assignment of its contractual position in the subordinated loan agreement signed between TEBSA and GECELCA S.A. E.S.P. in favor of Banco Bilbao Vizcaya Argentaria S.A. (Banco BBVA S.A.), making this latter entity a new subordinated lender.

c. *HGPSA - Hot Gas Path Service Agreement signed by TEBSA* - This contract was signed with GE Energy Colombia S.A. (Alstom Colombia Ltda., formerly a related company ABB Colombia), in order to carry out periodic maintenance of the new units, as well as to supply and maintain the inventory of the hot gas parts. This agreement, which expired in 2009, had an early termination on September 15, 2006, and two new agreements were signed: one for the supply of parts with GE Global Parts & Products (formerly Alstom Power O&M Ltd. of Switzerland), and another for maintenance services with GE Energy Colombia S.A. (formerly Alstom Power Colombia S.A.) On June 15, 2011, TEBSA assigned the parts agreement with GE Global Parts & Products to the company Los Amigos Leasing Company Ltd. – LEASECO. This agreement ended in November 2019 with the last C inspection carried out in the GT-11 unit. On June 25, 2015, LEASECO signed a new agreement with GE Global Parts & Products (formerly Alstom Power O&M Ltd. of Switzerland) with a term equivalent to 5 operating periods, each equivalent to 3 C inspection cycles, each for 36,000 equivalent operating hours (EOH), for a total of 108,000 EOH or 12.5 years, whichever occurs first, and with a maximum validity of 15 years from its execution. In September 2016, LEASECO assigned this contract to TEBSA. In addition, on June 25, 2016, TEBSA signed a new maintenance service agreement during the C inspections with GE Energy Colombia S.A., with a term equivalent to 5 operating periods (one per machine) plus one demobilization period, with a maximum term of 15 years from its execution.

d. *Regasification Services Provision Agreement between TEBSA, TECAN, and Sociedad Portuaria El Cayao S.A. E.S.P. - SPEC* - The purpose of this agreement is to ensure TEBSA and TECAN the permanent availability of the Terminal at least with respect to the capacity contracted for the receipt of imports of Liquefied Natural Gas - LNG, storage, regasification, and gas placement at the point of entry to the National Transmission System and provide to TEBSA and TECAN the necessary port infrastructure, storage, regasification and connection to the National Transmission System, for which the Port Company El Cayao S.A. E.S.P. must be in charge and responsible for the construction and management of the terminal under the terms established in the agreement. This agreement has a term of ten (10) years from the date of commencement of operation until a maximum date that shall not exceed November 30, 2026. However, the termination date may be extended provided that TEBSA and TECAN express their interest at least four (4) years in advance. During the initial term of the agreement, TEBSA and TECAN will pay, as the only consideration for the fulfillment of the obligations under this agreement and for the rendering of the services, the remuneration indicated below:

1. A fixed annual cost expressed in United States dollars of 2013, and updated with a United States producer price index, corresponding to the availability of the terminal for the provision of the services, independently of the use of the terminal by TEBSA and TECAN, where the payment of the annual remuneration will be made in 12 monthly installments during the term of the agreement.

2. An equivalent variable cost for each KPC regasified and delivered at the point of entry to the National Transmission System, for the provision of port services and for the provision of additional services.

e. *Liquefied Natural Gas Supply Agreement between TEBSA, TECAN and Calamari LNG S.A. ESP ("AC")* - This agreement is intended to ensure that AC agrees to sell to the buyer and that the buyer agrees to purchase from AC its share in all LNG acquired by AC under each one of the LNG purchase agreements that AC has executed, in accordance with this agreement. This agreement entered into force on the date of execution, July 31, 2015, however, it was specified that no LNG purchase agreement could be entered into before May 1, 2016. This agreement will remain in force until the first of the tenth anniversary of the start of commercial operations of the terminal Sociedad Portuaria El Cayao S.A. E.S.P. and November 30, 2026.

f. *Irrevocable Guarantee on Rights and Movable and Immovable Assets Commercial Trust Agreement signed by TEBSA* – Trust Agreements on rights (accounts receivable from GECELCA) and movable and immovable property, were signed on October 16, 1995, and September 28, 1995, respectively. On April 24, 2008, the Company signed an Addendum to the trust agreement on rights and movable assets for the purpose of maintaining a free-standing trust fund that would serve as a guarantee for the payment of the obligations that LEASECO had with Banco de Bogotá.

Until 2012, the guarantee trust on immovable property signed with Banco GNB Sudameris (formerly HSBC, formerly Lloyds Trust) was used to guarantee the obligations contracted by LEASECO, since these financial obligations were settled in full. To date the cancellation of the existing pledge on said fixed assets is pending.

Until April 20, 2016, the guarantee trust signed with Fiduciaria Bogotá on the collection rights of the PPA was used in order to guarantee the proper administration of the cash flows for the payment of TEBSA's obligations with Banco de Bogotá.

On January 4, 2017, TEBSA signed with Fiduciaria Bogotá the Comprehensive Addendum No. 2 to the irrevocable commercial trust agreement, for the purpose of making it, upon execution, an Irrevocable Management and Payment Source Guarantee Trust Agreement. This amendment was made in view of the need to replace the payment source with the origin of the resources as of the expiration of the PPA, and to include the procedure for the inclusion of a new affiliated creditor.

On December 19, 2017, TEBSA signed with Fiduciaria Bogotá the Addendum No. 5 to the Irrevocable Management and Payment Source Guarantee Trust Agreement. This amendment was made in order to include Banco de Bogotá S.A. New York Agency as affiliated creditor and eliminate references to the existing loan in pesos with Banco de Bogotá S.A., and Los Amigos Leasing Company Ltd. as guarantor; as well as to make other modifications required in the loan agreement in dollars granted by Banco de Bogotá S.A. New York Agency.

g. *Mandate Agreement signed between XM Company Market Experts S.A. E.S.P. (formerly Interconexión Eléctrica S.A. - ISA) and TEBSA* - Executed on October 25, 1998 with Interconexión Eléctrica S.A. - ISA, through which this entity is entrusted, in its capacity as Administrator of the System of Commercial Exchanges - SIC, with the performance and execution of the settlement, billing, collection and payment of energy transactions in the wholesale market. The term of this agreement is indefinite. However, it will be terminated at the same time that TEBSA ceases to be an agent of the wholesale market.

   This agreement was assigned by ISA to Compañía de Expertos de Mercados S.A. as of October 1, 2005.

h. *Connection Agreements with TECAN* - On June 9 and August 5, 1998, TECAN signed agreements C-3750/98 and C-3750A/98 with Corporación Eléctrica de la Costa Atlántica S.A. (CORELCA S.A.), subsequently assigned to TRANSELCA S.A. E.S.P. These agreements regulate the technical, legal, economic, administrative and commercial relations between the parties, derived from the offer of a connection part and the allocation of a transmission capacity of 300 megawatts, for the connection to the National Transmission System (STN) of a Thermal Plant in simple cycle owned by TECAN. On the date of execution of the agreement, a deposit was created in the amount of (US $1) one US dollar for each kilowatt hour of power of the plant, equivalent to the sum of US $300, settled in Colombian pesos at the Representative Market Exchange Rate on the day of the creation of the deposit, a value that was reinstated in July 2000, due to the entry into operation of the generation plant, as expressed in the agreements. The transmission capacity was extended to 314 megawatts on November 1, 2003, and subsequently to 330 MW in 2009.

i. *Mandate Agreement No. 3297 of TECAN* - Executed on June 3, 1999, with Interconexión Eléctrica SA- ISA, through which this entity is entrusted, in its capacity as Administrator of the System of Commercial Exchanges - SIC, with the performance and execution of the settlement, billing, collection and payment of energy transactions in the wholesale market. The term of this agreement is indefinite. However, it will be terminated at the same time that the TECAN ceases to be an agent of the wholesale market.

   This agreement was assigned by ISA to XM Compañía de Expertos de Mercados S.A. as of October 1, 2005.

j. *Irrevocable Management, Guarantee and Payment Source Commercial Trust Agreement Fiduciaria Bancolombia S.A. Sociedad Fiduciaria signed by TECAN* - The *Irrevocable Management, Guarantee and Payment Source Commercial Trust Agreement* was entered into on October 28, 2013, by and between Fiduciaria Bancolombia S.A. and TECAN. The purpose of the agreement is to create a management and payment source mechanism for the Debt Service of the Insured Obligations, through the assignment of the Economic Rights Assigned in favor of the Fiducolombia Termocandelaria Trust.

   - Initial contribution, one million of Colombian pesos for the constitution of the Fiducolombia Termocandelaria Trust.
   - Rights, consisting of the assets or payments to be received as principal or accessory obligations, interest, penalties and any other damage that may be charged arising from the agreements signed by TECAN.
   - Returns and valuations of the assets that at any time are part of the assets of the Free-Standing Trust Fund.
   - Duration, will have a one (1) year term from the execution date. However, it will remain in effect until the insured obligations are paid in full.

   All of the trust assets transferred to the Trustee form a Free-Standing Trust Fund, separate from the rest of the Trustee's assets. In addition, the Trustee grants a mandate to TECAN. for the purpose of making the latter responsible for carrying out the work of collecting the rights. The term of this agreement is for one year, however, it will remain in force until the Insured Obligations are paid in full, with a monthly remuneration of 7.7 current monthly minimum wages. It may be terminated by: the total payment of the Insured obligations certified by the Collateral Agent (foreign entity that guarantees the fulfillment of the agreement), the expiry of the maximum term of this agreement, the absolute impossibility of fulfilling the objectives of the trust, by mutual agreement among the Trustee, TECAN and the Collateral Agent, for the non-timely payment of the trust commission or any other situation provided in the governing law that requires the termination of this agreement.

By virtue of the transfer of the rights and assets to the trustee, the latter will be considered as the sole owner thereof, and will therefore be the owner of the values and sums of money received in the development and/or execution of the rights and assets.

k. *Guarantee Commercial Trust Agreement - Fideicomiso Cititrust Termocandelaria Inmuebles Trust signed by TECAN.* - The purpose of this agreement is the transfer as commercial trust of the real estate consisting of: land, plant and substation located in the city of Cartagena, in the Arroz Barato sector, in order to create a Free-Standing Trust Fund, in favor of the Collateral Agent, to serve as guarantee of the obligations.

All of the trust assets transferred to the Trustee form a Free-Standing Trust Fund, separate from the rest of the Trustee's assets. In addition, the Trustee grants a mandate to TECAN for the purpose of making the latter responsible for carrying out the work of collecting the rights. The term of this agreement shall not exceed 20 years, with an annual remuneration of US $5. It may be terminated by: the total payment of the Insured obligations certified by the Collateral Agent (foreign entity that guarantees the fulfillment of the agreement), the expiration of the maximum term of this agreement, the absolute impossibility of fulfilling the objectives of the trust, by mutual agreement among the Trustee, TECAN and the Collateral Agent, for the non-timely payment of the trust commission or any other situation provided in the governing law that requires the termination of this agreement.

By virtue of the transfer of the rights and assets to the trustee, the latter will be considered as the sole owner thereof, and will therefore be the owner of the values and sums of money received in the development and/or execution of the rights and assets.

l. *Irrevocable Management, Guarantee, Payment Source and Payment with Guarantee Purposes Commercial Trust Agreement of August 26, 2016, entered into by and between TECAN ("Trustor"), Fiduciaria Bancolombia S.A. ("Trust") and the Secured Creditors* – The purpose of this agreement is the management, guarantee and payment source, where the trust receives the trust assets, manages them and uses them exclusively to make the payments set out in this agreement. The main duties are detailed below:

- Receive the revenues and cash flows derived from present and future economic rights of receipt and other resources that enter the Free-Standing Trust Fund in accordance with the provisions of this agreement and give them the intended use specified therein.

- Establish the accounts and, with the resources entered therein, make payments in the form and priority provided in this agreement.

- When given a non-compliance event notice, serve as guarantor of the guaranteed obligations and, in compliance with the terms set forth herein, serve as payment source.

- In the development of the contractual purpose provided herein, the Free-Standing Trust Fund may execute all operations, enter into all agreements and perform all acts directly related to such purpose.

The trust assets will consist of:

- The revenues and flows from the economic rights of receipt, as required.

- The resources derived from the Subordinated Debt, where the shareholders will deposit directly in the debts sub-account of the system of this trust, when the economic rights of receipt are not sufficient to pay the debts of the system on a principal payment date or interest payment date.

- The resources received from the sale of assets of TECAN, provided that such resources are not reinvested in assets of the same or similar nature and useful for its power generation business, and provided they are not acquired from the Leasing Creditor or any of its related companies and the Creditors Committee is informed in advance.

- Any other revenue received by TECAN, either operating or non-operating, with the exception of the direct payments made by the shareholders to cover the monthly installments of the Lease that are not covered by the trust assets, and the regulated revenue referred to in CREG Resolution 062 of 2013, in the event that the CREG or any government authority establishes that said regulated revenue can be transferred directly by the administrator of the Commercial Exchange System to the Infrastructure Agent, as this term is defined in the aforementioned resolution.

The agreement will remain in force until the full payment of the debts with the system. Once the aforementioned has occurred, the settlement of the agreement can be made and, in the event that the obligations under lease have not been paid yet, the economic rights of receipt will be transferred to the Fiducolombia Termocandelaria Trust, from where the lease payments will continue to be managed.

In addition, the Company has entered into an agreement and/or commercial offer for the transportation of gas, which is detailed below:

- Natural Gas Transportation Offer executed with Promigas S.A. E.S.P.
- Commercial Offer of Diesel Fuel Supply with Biomax S.A.
- Commercial Offer of Diesel Fuel Supply with ExxonMobil de Colombia S.A.

Intervention by the Superintendence of Residential Public Utilities - During 2015, due to the temporary climate conditions caused by the El Niño Phenomenon and the entry into force of the scarcity price, TECAN was declared unavailable to generate, despite having the technical capacity to do so, which according to the Superintendence of Residential Public Utilities put at risk the supply of energy service throughout the country. Therefore, the Superintendence of Residential Public Utilities, through resolution No. SSPD - 2015130001845 of November 19, 2015, took over the subsidiary for administration purposes, in order to ensure the generation of energy from TECAN's plant.

Some of the measures derived from the takeover are detailed below:

- The separation of the Manager of the subsidiary, or whoever acts on his behalf, and of the members of the Board of Directors.
- The registration order of the administrative act that provides the Takeover with the Chamber of Commerce of the principal place of business of the intervened company and of the principal places of business of its branches; and the designation of the Special Agent.
- Notice to the judges of the Republic and authorities that carry out processes of direct and mandatory payment of debts owed to the state, on the suspension of the execution processes in progress and the impossibility of admitting new processes of this kind against the entity being taken over regarding obligations prior to the measure.
- The order to all creditor and in general to any person who holds assets of the intervened company to immediately deliver said assets to the Special Agent.
- The warning that the Special Agent is authorized to suspend or terminate any kind of existing contracts at the time of takeover.
- The order to the debtors of the intervened company that they shall only repay the Special Agent, warning about the taxability of payments made to a different person.
- The suspension of all payments of obligations accrued up to the moment of the takeover, including the firm energy obligations assigned prior to the takeover.

Removal of the intervention measure for administrative purposes by the Superintendence of Residential Public Utilities - By Resolution No. SSPD - 20161300020025, issued by the Superintendence of Public Utilities on July 14, 2016, the control entity ordered to remove the takeover measure, and proceeded as follows:

a) Communicate to the shareholders of the Company the content of this resolution.
b) Notify the present resolution to the Special Agent of TECAN, who exercised the legal representation of the Company, until the General Manager appointed by the Board of Directors took office.
c) The Special Agent called a General Shareholders' Meeting to appoint the legal representative and statutory auditor of the Company, submit the accountability report, and deliver a copy to the new legal representative and Direction of Intervened Entities and Entities under Liquidation of the Superintendence of Residential Public Utilities, together with the minutes of the shareholders' meeting where this procedure was filled, all this within 30 days following the removal of the measure.

Creditors Agreement - During the period of intervention on the Company by the Superintendence of Residential Public Utilities, on June 3, 2016, the Company signed a creditors agreement, the main purpose of which consists of regulating the terms and conditions under which it will comply with the obligations undertaken, consisting of the payment of the total debt.

The creditors agreement is based on the following:

- Prioritize the operational cash needs of the Company so that it can meet the costs associated with the operation and its investment needs and, in general, with the O&M Expenses.

- Once the cash flows required for the operation have been secured, first, the Operational Creditors will be paid and in second place the Financial Creditors.

- Third, the remaining cash flow shall be used primarily to pay the debt with the System Creditors.

- Once fulfilled the quotas committed with the System Creditors, the remaining balance will be used for the payment of the Lease, which in turn is the payment source of the financial debts of the shareholders, obtained in order to acquire the generation equipment of TECAN and its conversion to alternative fuel.

- The cash generated during the Intervention period will be used by the Special Agent to pay the debt with the System Creditors once the Operational Creditors and the Financial Creditors have been paid.

- For purposes of speeding up the payment process to the System Creditors, during the Intervention period, as explained below, Minor System Creditors with individual balances payable less than US $193, the total payment of which being US $1,102, will be paid first, followed by the remaining System Creditors pro rata to their debts, and up to the amount that reaches the excess cash on the execution date of this Creditors Agreement.

- The missing resources to meet the payments of the Lease, and therefore the payments of the financial debt of the Shareholders, will be the responsibility of the Shareholders of TECAN.

The general payment terms for the payment of the total debt by TECAN to the creditors are the following:

- Cash generation in TECAN from the operation during the El Niño event, during the intervention period, will be used for payments to Operational Creditors, Financial Creditors and System Creditors, in that order.

- Once the intervention period ends, with the revenues of TECAN, Operation and Maintenance Expenses, including operational creditors and financial creditors, will be paid first.

- From the amount owed to the System Creditors for US $56,511, the amount corresponding to the debt of TECAN, for US $121, will be discounted so the debt with the System Creditors recognized in this Agreement will remain at US $56.390, with the corresponding adjustment, as indicated in this agreement.

- Value payable to System Creditors: 100% of the amount owed.

- Amortization: 60 equal monthly installments, beginning in the second month following the month in which the intervention period ends, except for Minor System Creditors, which will be paid as a priority during the Intervention Period with resources from the cash generation during the Intervention period, as stated in this agreement.

- Early amortizations: The cash generated during the Intervention period will be used to pay the debt to the Minor System Creditors once the Operational Creditors and the Financial Creditors have been paid. In the event that there is not enough cash to make this payment during the Intervention Period, the amortization of the Minor System Creditors will be made under the same conditions agreed upon for the other System Creditors, once the Intervention Period has ended. Once the debts with the Minors System Creditors have been paid, the cash surpluses will be used to pay the debt of the other System Creditors, pro rata to their debts.

- Interest: 0% during the Intervention period. From the date of termination of the intervention period, interests will be calculated monthly on the balance owed to the principal, at an interest rate equivalent to the Banking Reference Indicator (IBR) added at 0.5%. These interests will be paid once the principal has been paid, i.e., starting from month 61 in 12 equal monthly installments. The interest rate will be calculated in monthly periods and will be applied to the principal current each month, taking the IBR for one (1) month term, effective on the first business day of each month.

- Guarantee: In order to guarantee the payment of the Total Debt, in the terms indicated in this Agreement, all the revenues of TECAN will be deposited in an Irrevocable Management, Guarantee, Payment Source and Payments with Guarantee Purposes Commercial Trust Agreement. Said Trust Agreement will be entered into between TECAN, the System Creditors and the Leasing as Secured Creditors and Fiduciaria Bancolombia S.A. as trustee entity (hereinafter, the "Trustee"), which parties will agree on the final text of said agreement, strictly following the guidelines established in this Agreement. The valid term of the Trust will begin when the administrative act that completes the Intervention period is completed, and will end for each Secured Creditor when their debts have been fully paid. In order to comply with this Creditors Agreement, the Trust will include the following waterfall payments:

- Operating and Maintenance Expenses, which include costs, operating expenses, capital needs and/or Capex, including the debt service of bank loans required for working capital and/or Capex of TECAN.

- Installment payment to System Creditors.

- Payment of lease installments: The trustee must make the Lease payments without exceeding the total amount of the debt included in annex 8 of the creditors agreement and which will be part of the trust agreement.

- Distribution of Surplus: In the event that, in each month, after the above waterfall payments have been made, there are surpluses from the operation of TECAN, they will be used for the payment of subsequent installments in favor of the system creditors.

Creditors Committee: The monitoring of this Agreement will be in performed by a committee (the "Creditors Committee") composed of five (5) principal members with their respective personal alternates. The members of the Creditors Committee, both principals and alternates, must be officers or attorneys-in-fact of the Creditors duly authorized for this purpose who have signed this Agreement. The Committee will be composed of representatives of the five (5) major Creditors with whom the

Company has current obligations. In the event that a Creditor is member of the Creditors Committee, and its debt has been paid in full, it must cease to belong to the Committee, and the Creditor with the amount of debt that follows will be appointed. Additionally, a representative of the Company will always be present in the meetings of the Creditors Committee, with voice but without vote.

a. *Relevant powers of the Creditors Committee*

- Requesting the legal representative and statutory auditors of the Company the reports it deems necessary with respect to the purpose of this Agreement and review the quarterly reports sent by the Company.

- Performing audits on operating and administration expenses and investments, in the events of non-payment of the installments under the Agreement, or when the cash projection indicates that with the cash and investment needs the Agreement installments will not be met.

b. *Duty of information to the Creditors Committee:* Quarterly, on the last business day of the month following the close of each quarter, the Company will send to the Creditors Committee the information of revenues and payments made in the previous quarter, in accordance with the information provided by the Trustee and the status of the debt of the Leasing. In addition, Termocandelaria will send within the fifteen (15) business days prior to the beginning of each quarter, the projection of expenses for the following quarter.

c. *Events of non-compliance:* There will be a non-compliance of this agreement when any of the following events occurs:

- Late payment of two (2) or more consecutive installments of principal due under this Agreement that have not been remedied by TECAN, or by the Shareholders, under the terms and deadlines established in Section III.4 of the creditors agreement.

- When TECAN receives revenues outside of the Trust and does not transfer them to the trust's collection account, without having remedied the non-compliance within five (5) business days following the date on which the Company became aware of said fact, if TECAN has not made the deposit of the amount received to the trust's collection account after this term, the Creditors Committee may declare the non-compliance after 30 days following the expiry of the previous date. The following shall not be considered non-compliance: i) the direct payments made by the Shareholders to cover the monthly installments of the Lease that are not covered by the trust assets, and ii) the regulated revenues referred to in CREG Resolution 062 of 2013, in the event that the CREG or any Government Authority establishes that said regulated revenue may be transferred directly by the Administrator of the Commercial Exchange System to the Infrastructure Agent, as this term is defined in the aforementioned CREG Resolution 062/13.

- The constitution of any guarantee not previously authorized by the Creditors Committee, except in the case of those that are necessary within the ordinary course of TECAN's business, or those that have already been granted, without TECAN having remedied such breach within 30 business days following the date on which the Creditors Committee has notified TECAN in writing of such non-compliance.

d. *Term:* This agreement will be valid as of the Execution Date and until the Total Debt is paid in full by TECAN and/or by the Shareholders if required.

2. BASIS OF PREPARATION

2.1. *Accounting standards applied* - The Company and its subsidiaries, in accordance with the current provisions issued by Act 1314 of 2009, regulated by Decrees 2420 of 2015, 2496 of 2015 and 2131 of 2016, prepare their financial statements in accordance with accounting and financial reporting standards accepted in Colombia, which are based on the International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International

Accounting Standards Board (IASB) as of December 31, 2015, 2013 and 2012 for the financial statements as of December 31, 2017, 2016 and 2015, respectively.

3. SUMMARY OF THE MAIN ACCOUNTING POLICIES

The main accounting policies applied in the preparation of the financial statements are detailed below. These policies have been applied consistently in all the years presented, unless otherwise indicated.

3.1. *Basis for presentation -* The Company and its subsidiaries, in accordance with their bylaws applicable to separate financial statements, make an annual close of their accounts and prepare and issue general purpose annual financial statements for the years ended December 31, 2017, 2016 and 2015. These financial statements, which are reported in US dollars, are being prepared for the first time, in connection with the Company's planned issuance of bonds. For legal purposes in Colombia, the main financial statements are the separate financial statements, which are expressed in Colombian pesos, since it is the presentation or reporting currency for statutory purposes. The functional currency is the United States dollar (except for the subsidiaries GPUI Colombia S.A.S. and Termocandelaria GP Colombia Branch, whose functional currency is the Colombian peso), which corresponds to the currency of the main economic environment in which the Company and its subsidiaries operate.

3.2. Main accounting policies - Below are the main accounting policies that the Company and its subsidiaries have adopted in accordance with the above. If a member of the group uses accounting policies other than the adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements, in preparing the consolidated financial statements to ensure conformity with the following group's accounting policies:

3.2.1 Foreign Currency Transactions - The functional currency of the Company and its subsidiaries is the United States dollar, except for the subsidiaries GPUI Colombia S.A.S. and Termocandelaria GP Colombia Branch, whose functional currency is the Colombian peso. Transactions in currencies other than the functional currency (foreign currency) are recorded using the exchange rates in effect on the dates on which the transactions are made. At the end of each reporting period, the monetary items denominated in foreign currency are presented at the exchange rates prevailing at that date. The non-monetary items recorded at fair value, denominated in foreign currency, are presented at the exchange rates in effect on the date on which the fair value was determined. The non-monetary items calculated in terms of historical cost, in foreign currency, have not been reconverted.

The exchange differences of monetary items denominated in foreign currency are recognized through profit or loss in the period in which they arise, except for exchange differences arising from loans denominated in foreign currency related to the assets under construction for their future productive use, which are included in the cost of these assets when considered as an adjustment to interest costs on such loans denominated in foreign currency.

3.2.1 Leases - Leases are classified as financial when the terms of the lease transfer substantially all the risks and rewards inherent to the property to the lessees. All other leases are classified as operating. Assets held under finance leases are recognized as assets of the Company at their fair value, at the beginning of the lease and, if this is lower, at the present value of the minimum lease payments.

The port infrastructure for storage, regasification and connection to the National Transmission System built by Sociedad Portuaria El Cayao S.A. E.S.P., mentioned in the agreement described in Note 1d, was classified as an operating lease under the parameters established in IAS 17.

The payments of the operating lease described in the previous paragraph are recognized as a cost according to the consideration established in said agreement. The contingent lease payments are recognized as expenses in the periods in which they are incurred.

3.2.3. Financial assets –

- *Classification* - Financial assets are classified into the following categories: financial assets "at fair value through profit or loss", " held-to-maturity investments", "available-for-sale financial assets", and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All purchases or regular sales of financial assets are recognized and written off at the date of the transaction. Regular purchases or sales are all those purchases or sales of financial assets that require the delivery of assets within the time frame established by a market regulation or agreement.

- *Effective interest method* - It is a method for calculating the amortized cost of a financial instrument and allocating financial revenues over the relevant period. The effective interest rate is the discount rate that exactly levels the estimated cash flows receivable or payable (including commission, basic points of interest paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate) over the expected life of the financial instrument or, when appropriate, over a shorter period, with the net carrying amount at initial recognition.

- *Loans and accounts receivable* - Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and accounts receivable (including commercial accounts, other accounts receivable, bank balance and cash, among others) are measured at amortized cost using the effective interest method less any impairment. They are included in current assets, except for those with maturities greater than 12 months from the date of the statement of financial position. The latter are classified as non-current assets.

  In the application of the amortized cost, the initial measurement of these financial assets is made at the fair value, which at the time of the initial recognition, is normally the transaction price; however, for accounts receivable and long-term loans that do not accrue interest (or if the interest they accumulate do not correspond to market interest rates), the fair value will be measured as the present value of the discounted future cash receipts, using the dominant market interest rate for similar instruments.

  This implies that loans and short-term accounts receivable will be measured at their undiscounted amount.

  Interest revenues are recognized when applying the current interest rate, except for accounts receivable in the short-term when the effect of not discounting is not significant.

- *Impairment of financial assets* - Financial assets other than those designated at fair value through profit or loss, are tested for impairment at the end of each reporting period. A financial asset or a group of financial assets will be impaired when there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and the estimated future cash flows of the financial asset have been affected.

  For certain categories of financial assets, such as trade accounts receivable, an asset whose impairment has not been evaluated individually is evaluated for impairment on a collective basis. The objective evidence that a portfolio of accounts receivable could be impaired could include the Company's past experience with the collection of payments, as well as observable changes in local and national economic conditions that relate to the non-compliance in the payments.

  For financial assets recorded at amortized cost, the amount of the impairment loss is the difference between the carrying amount and the present value of the estimated future cash flow of the asset, discounted at the original effective interest rate of the financial asset.

  For financial assets recorded at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the discounted cash flow estimated at the current market rate of return for a similar financial asset.

Said impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, except for commercial accounts receivable, where the carrying amount is reduced through a provision account. When it is considered that a commercial account receivable is uncollectible, it is eliminated against the provision account. The subsequent recovery of the amounts previously eliminated becomes credits against the provision account. Changes in the carrying amount of the provision account are recognized through profit or loss.

When a financial asset available for sale is considered as impaired, the accumulated gains or losses previously recognized in other comprehensive income are reclassified to profit or loss for the period.

For financial assets recorded at cost, if, in a subsequent period, the amount of the impairment loss decreases and it may be objectively related to an event that occurred after the impairment was recognized, the previously recognized impairment loss is reversed with a change through profit or loss as long as the carrying amount of the investment at the date on which the impairment is reversed does not exceed the amount that would have resulted from amortized cost if the impairment had not been recognized.

- *Derecognition of financial assets* - The Company and its subsidiaries will derecognize a financial asset only when the contractual rights over the cash flows of the financial asset expire, or when it substantially transfers the risks and advantages inherent to ownership of the financial asset to another entity. If the Company does not transfer or substantially retain all the risks and advantages inherent to the property and continues to have the control of the transferred asset, the Company will recognize its participation in the asset and the associated obligation for the amounts it would have to pay. If the Company retains substantially all the risks and advantages inherent in the ownership of a transferred financial asset, the Company will continue to recognize the financial asset and also recognize a collateral loan for the income received.

  In the total derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and receivable, as well as the accumulated result that had been recognized through other comprehensive income and accumulated in the equity, is recognized through profit or loss.

3.2.4. Inventories - Inventories are recorded at the lower of their cost or realizable value. The cost is determined using the weighted average method. The net realization value is the estimated use value in the normal course of operations.

3.2.5. Property, plant and equipment - Property, plant and equipment are recorded at cost, the fair value being the acquisition or construction value of the asset, less accumulated depreciation and any impairment loss. Acquisition or construction costs include the direct costs necessary to put the asset available for use and the direct costs of dismantling and removal. For qualified assets, loan costs are capitalized as part of the cost of the asset in accordance with the Company's accounting policy.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is likely that future economic benefits associated with the items will flow to the Company and the cost of the item can be reliably determined. The rest of repairs and maintenance are charged rough profit or loss during the period in which they are incurred.

Depreciation of assets begins when they are ready for their intended use, and is calculated by the straight-line method to allocate their cost during their estimated useful life. For the case of the subsidiary Termocandelaria S.C.A. E.S.P., due to its operation, the generation units are broken down into the parts that are directly associated with the actual generation and the machine hour rate method is applied to them, and for the rest of the parts of the generation units and other property, plant and equipment, the straight-line method is applied to assign their cost minus their residual value during their estimated useful life.

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any change in the estimate recorded on a prospective basis.

Assets held under finance lease are depreciated over the term of their estimated useful life equal to the assets owned.

The book value of an asset is immediately written down at its recoverable value, if the book value of the asset is greater than the estimated recoverable amount.

An item of property, plant and equipment will be derecognized at the time of its disposal or when future economic benefits from the continued use of the asset are no longer expected. The gain or loss arising from the retirement or divestiture of an asset of property, plant and equipment is calculated as the difference between the gains on sales and the carrying amount of the asset, and recognized through profit or loss in the statement of comprehensive income.

The costs of C inspections (overhaul) carried out on the gas and vapor turbines of the power generation units taken under finance leases are amortized at the estimated time for the next inspection. When the major maintenance is performed, its acquisition cost is recognized in the cost of acquisition of the component as a replacement at the same time that any net book value of a previous overhaul that remains in the component and is different from the physical parts not replaced is derecognized.

Items such as major spare parts are recognized as property, plant and equipment for presentation purposes, and depreciation tarts when they are ready for their intended use.

3.2.6. Intangible assets

- Licenses: They have a defined useful life and are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost to results over the term of their estimated useful life (3 years).

- Software: Costs associated with software maintenance are recognized as an expense when incurred. Amortization is calculated using the straight-line method to allocate the cost to results over the term of their estimated useful life (3 years).

The estimated useful life and the amortization method of intangibles are reviewed at the end of each period.

3.2.7. Impairment of non-financial assets - Assets subject to depreciation or amortization are subject to impairment tests when events or circumstances indicate that their carrying amount may not be recovered.

Impairment losses correspond to the amount in which the book value of the asset exceeds its recoverable value. The recoverable value of the assets corresponds to the greater of the net amount that would be obtained from its sale or its value in use. For purposes of the impairment assessment, assets are grouped into the smallest levels at which they generate identifiable cash flows (cash-generating units). The balances in books of non-financial assets that have been subject to impairment write-offs are reviewed at each reporting date to verify possible reversals of the impairment.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in previous years. The reversal of an impairment loss is recognized immediately through profit or loss, unless the relevant asset is recorded at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation.

3.2.8. Investments in associates - An associate is an entity over which the Company has significant influence. Significant influence is the power to intervene in the financial and operating policy decisions of the investee, without having absolute control or joint control of the same.

A joint venture is a joint arrangement whereby the parties that have joint control are entitled to the net assets of the arrangement. Joint control is the distribution of control of a contractual agreement, which exists only when decisions about the relevant activities require the unanimous consent of the parties that share control. The results, assets and liabilities of the associate or joint venture are incorporated in the consolidated financial statements using the equity method, except if the investment or a part of it is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

According to the equity method, in the initial recognition, investments in joint ventures and associates are incorporated into the financial statements using the cost method, and the carrying amount will be increased or decreased to recognize the investor's share in the period's result of the investee, after the acquisition date.

3.2.9 Cash and cash equivalents - Cash and cash equivalents include available cash, freely available deposits in banks and other highly liquid short-term investments with maturities of three months or less, counted from the acquisition of the financial instrument.

3.2.10. Reserves - The appropriations authorized by the General Shareholders' Meeting are recorded as reserves, charged through profit or loss of the year for compliance with legal provisions or to cover expansion plans or financing needs.

The Code of Commerce requires the Company to appropriate 10% of its annual net income as legal reserve until the balance of this reserve is equivalent to 50% of the subscribed capital. The mandatory legal reserve is not distributable before the liquidation of the Company, but it can be used to absorb or reduce annual net losses. The balances of the reserve in excess of 50% of the subscribed capital are freely available to shareholders.

3.2.11. Financing operations - Loans are initially recognized at their fair value net of the costs incurred in the transaction. These loans are subsequently recorded at amortized cost. Any difference between the funds received (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income during the period of the loan, using the effective interest method.

The fees incurred to obtain the loans are recognized as transaction costs to the extent that it is likely that part or the entire loan will be received. In this case the fees are deferred until the loan is received.

Loans are classified in current liabilities unless there is an unconditional right to defer payment of the obligation for at least 12 months from the balance sheet date.

The Company and its subsidiaries derecognize financial liabilities when, and only when, the obligations are settled, paid or expire. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable will be recognized through profit or loss.

3.2.12. Income tax - The income tax expense represents the value of the income tax payable and the value of the deferred tax.

3.2.12.1 Current tax - Current tax payable is based on tax earnings recorded during the year. The tax earnings differs from the earnings reported in the income statement, due to the items of revenues or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax liability is calculated using the tax rates approved at the end of the reporting period. The Company determines the provision for income tax and complementary taxes based on the taxable income, estimated at rates specified in the tax law.

3.2.12.2 Deferred tax - Deferred tax is recognized on temporary differences between the carrying amount of the assets and liabilities included in the consolidated financial statements and the corresponding tax bases used to determine the tax earnings. The deferred tax liability is generally recognized for all temporary tax differences. A deferred tax asset will be recognized, because of all deductible temporary differences, insofar as it is likely that the entity will have future taxable earnings against which to charge those deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (different to that of the business combination) of other assets and liabilities in an operation that does not affect the tax earnings or the accounting earnings. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of capital gains.

A deferred liability should be recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except for those in which the Company is able to control the reversal of the temporary difference and when there is a possibility that it cannot be reversed in the near future. Deferred tax assets arising from deductible temporary differences associated with such investments and participations are only recognized insofar as it is probable that the entity will have future taxable profits against which to charge those temporary differences and when there is a possibility that these can be reversed in the near future.

The carrying amount of a deferred tax asset must be reviewed at the end of each reporting period and reduced to the extent that it is likely that there will not be sufficient taxable earnings in the future to allow the total or partial recovery of the asset.

Deferred tax assets and liabilities must be measured using the tax rates that are expected to be applied in the period in which the asset is realized or the liability canceled, based on the rates (and tax laws) that at the end of the reporting period have been approved or practically approved after the approval process.

3.2.13. Provisions - Provisions are recognized when the Company and its subsidiaries have a present obligation (whether legal or implicit) as a result of a past event, and it is likely that the Company and its subsidiaries will have to divest themselves of resources that entail economic benefits to cancel the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision must be the best estimate of the disbursement necessary to settle the present obligation at the end of the reporting period, considering the risks and the corresponding uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, its carrying amount represents the present value of that cash flow (when the effect of the value of money over time is material).

When the recovery of some or all economic benefits required to settle a provision is expected, an account receivable is recognized as an asset if there is virtually certainty that the disbursement will be received and the amount of the account receivable can be measured reliably.

3.2.14. Short-term employee benefits – A liability is recognized for the accumulated employees benefits with respect to salaries, annual leave and medical rest in the period in which the service is offered relative to the amount not deducted from the benefits that are estimated to be paid in exchange for said service.

3.2.15. Retirement employee benefits

- Retirement pensions: The Company has a pension plan with defined economic benefits.

- Defined benefit pension plans establish the amount of pension benefit an employee will receive upon retirement, which usually depends on one or more factors, such as the employee’s age, years of service and compensation.

- In the case of defined retirement benefit plans, the cost of such benefits is determined using the Projected Unit Credit Method, with actuarial valuations made at the end of each annual reporting period. The new measurement, which includes actuarial gains and losses, the effect of changes to the asset cap (if applicable) and the return on plan assets (excluding interest), is immediately reflected in the statement of financial position with a debit or credit recognized in other comprehensive income in the period in which it occurs.

- The new measurement recognized in other comprehensive income is immediately reflected in retained earnings and will not be reclassified to profit or loss. The cost of past services is recognized through profit or loss in the period of a plan modification. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The defined benefit costs are categorized as follows:

  a) Service cost (including current service cost, past service cost, as well as gains and losses on reductions and settlements)

  b) Net interest expense or revenue; and

  c) Remeasurements.

  The Company presents the first two components of the costs for defined benefits in the item of costs for employee benefits. The reduction of gains and losses are accounted for as past service costs.

- Past service costs are recognized immediately through profit or loss, unless the changes in the pension plan depend on the employee continuing in service for a determined period of time (right-granting period). In this case, the past service costs are amortized using the straight-line method during the right-granting period.

- Other obligations subsequent to the employment relationship: The Company grants its employees retired pension, energy benefits, medical care, contributions to social security and education. The right to this benefit generally depends on whether the employee has worked until the retirement age. The expected costs of these benefits accrue during the period of employment using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using the interest rates calculated from the yield curve of the Colombian Government bonds (TES B curve), denominated in real value units (UVR), that have terms similar to the terms of the pension obligation until expiry. Actuarial gains and losses arising from adjustments for experience and changes in actuarial assumptions are debited or credited to the statement of comprehensive income in the period in which they arise. Qualified independent actuaries value these obligations annually.

3.2.16. Short-term employee benefits – A liability is recognized for the accumulated employees benefits with respect to salaries, annual leave and medical rest in the period in which the service is offered relative to the amount not deducted from the benefits that are estimated to be paid in exchange for said service.

3.2.17. Commercial accounts payable - Accounts payable are initially recognized at their fair value and subsequently adjusted at amortized cost, using the effective interest method.

3.2.18. Revenue recognition - Revenue comprises the fair value of what was collected or receivable for the reliability charge and the sale of energy in the ordinary course of business. Until April 20, 2016, the revenue for the Subsidiary TEBSA S.A. E.S.P. included the fair value of what was collected or receivable for the sale of energy in the ordinary course of business in accordance with the specific criteria established in the power purchase agreement (PPA) and the mandate agreement for the additional burners signed with Gecelca.

As of April 21, 2016, revenue comprises the fair value of the amount collected or receivable for the reliability charge and for the sale of energy in the ordinary course of business.

Revenue is recognized when its amount can be reliably measured, it is likely that economic benefits will flow to the entity in the future and the transaction meets specific criteria for each of the activities. The Company bases its estimates on information provided by the agent that controls the market, considering the type of customer, type of transaction and the specific terms of each contract.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The estimates and criteria used are constantly evaluated and are based on historical experience and other factors, including the expectation of occurrence of future events that are considered reasonable according to the circumstances.

The Company and its subsidiaries make estimates and assumptions regarding the future. The accounting estimates may differ from the actual results. The estimates and significant assumptions are presented below.

4.1. Income tax – Deferred tax - The Company and its legal advisors apply their professional judgment to determine the provision and estimates for current and deferred income tax. The Company recognizes liabilities for situations observed in preliminary tax audits on the basis of estimates of whether the payment of additional taxes apply. When the final tax result of these situations is different from the amounts that were initially recorded, the differences are charged to current and deferred tax assets and liabilities, in the period in which this event is determined.

4.2 *Revenue recognition* - At each presentation of the financial statements, estimates of the revenues accrued are based on the information available on energy dispatches or transactions in the secondary market, provided by the market operator. Usually, these estimates do not show significant variations with subsequent actual measurements.

5. STANDARDS ISSUED BY THE IASB NOT YET IN FORCE

5.1 Incorporated in Colombia as of January 1, 2018 - Decrees 2496 of 2015 and 2131 of 2016 - With these decrees, as of January 1, 2018, the following standards will enter into force in the technical regulatory framework that contains some amendments issued by the IASB on January 1, 2016, allowing their early application:

Financial Reporting Standard	Subject of the amendment	Detail
IAS 7 – Statement of Cash Flows	Disclosure initiatives	Clarifies disclosures to assess changes in responsibilities arising from financing activities.
IFRS 9 - Financial Instruments		It was issued as a complete standard, including the previously issued requirements and the additional amendments to introduce a new expected loss model and limited changes to the classification and measurement requirements of financial assets, with the following stages: Stage 1: All recognized financial assets that are within the scope of IAS 39 would be subsequently measured at amortized cost or at fair value. Stage 2: The impairment model, in accordance with IFRS 9, reflects expected credit losses as opposed to credit losses incurred under IAS 39. Stage 3: The three types of hedge accounting mechanisms included in IAS 39 are maintained. The effectiveness test has been revised and replaced by the principle of "economic relationship". More disclosure requirements have been added about the entity's risk management activities.

Financial Reporting Standard	Subject of the amendment	Detail
IAS 12 – Income Taxes	Recognition of deferred tax assets for unrealized losses	It clarifies the following aspects: • Unrealized losses on debt instruments measured at fair value and valued for tax purposes give rise to a deductible temporary difference, regardless of whether the holder of the debt instrument expects to recover the carrying amount of the debt instrument through sale or use. • The carrying amount of an asset does not limit the estimation of possible future taxable profits. • Estimates for future tax benefits exclude tax deductions resulting from the reversal of deductible temporary differences. • An entity evaluates a deferred tax asset in combination with other deferred tax assets. When tax legislation restricts the use of tax losses, the entity would evaluate a deferred tax asset in combination with other deferred tax assets of the same type.
IFRS 15 – Revenue from Contracts with Customers		It has a unique model to deal with the revenue from contracts with customers. Its basic principle is that an entity must recognize the revenue to represent the transfer or goods or services promised to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services, with 5 steps for its recognition. Subsequently, amendments were included that clarify how to: • identify a performance obligation (the promise to transfer a good or service to a customer) in a contract; • determine whether a company is the principal (the supplier of a good or service) or an agent (responsible for arranging the good or service to be provided); and • determine whether the revenue derived from the granting of a license must be recognized at a given time or over time. This standard replaces the following: IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers", SIC Interpretation 31 " Barter Transactions Involving Advertising Services".

The companies anticipate that the adoption of these standards and the abovementioned interpretations issued by the IASB not yet in force in Colombia will not have a material impact on the financial statements.

5.2 Incorporated in Colombia as of January 1, 2019 *– Decrees 2496 of 2015 and 2170 of 2017 -* With these decrees, as of January 1, 2019, the following standards will enter into force in the regulatory technical framework that contains some amendments issued by the IASB during 2016, allowing their early application:

Financial Reporting Standard	Subject of the amendment	Detail
IFRS 2 – Share-based Payments	Share-based classification and measurement of payment transactions	IFRS 2 did not contain any guidance on how the conditions of consolidation of benefits affect the fair value of the liabilities for share-based payments settled in cash. The IASB has added a guide that introduces the accounting requirements for payments based on cash-based shares that follow the same approach used for share-based payments. Effective January 2018
IFRS 4 – Insurance Contracts IFRS 9 – Financial Instruments	Resolve the different adoption dates	Offers two options for entities that issue insurance contracts within the scope of IFRS 4: • An option that allows entities to reclassify, from profit or loss to other comprehensive income, part of the income or expenses derived from designated financial assets; called overlay approach. • An optional temporary exemption from the application of IFRS 9 for entities whose main activity is the issue of contracts within the scope of IFRS 4; called deferral approach. The application of both approaches is optional and an entity is allowed to stop applying them before the new insurance contract standard is applied. Effective January 2018.
IFRS 16 - Leases	New standard issue	Establishes principles for the recognition, measurement, presentation and disclosure of leases, with the aim of ensuring that tenants and landlords provide relevant information that faithfully represents such transactions. IFRS 16 replaces the following standards and interpretations: • IAS 17 Leases • IFRIC 4 Determining whether an Arrangement contains a Lease • SIC-15 Operating Leases-Incentives • SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease Effective January 2019

Financial Reporting Standard	Subject of the amendment	Detail
IAS 40 – Investment Property		The amendments clarify that a transfer to or from investment property requires an assessment of whether a property meets, or has failed to meet, the definition of investment property, backed by observable evidence that a change in use has occurred. Additionally, the amendments clarify that the situations listed in IAS 40 are not exhaustive and that the change of use is possible for the properties under construction (i.e., that a change in use is not limited to the finished properties) Effective January 2018.
Annual Improvements 2014 – 2016 Cycle		The amendments to IFRS 1 "First-Time Adoption" eliminate certain short-term exemptions in IFRS 1 because the reporting period to which the exemptions were applied has already passed. As such, these exemptions are no longer applicable. The amendments to IAS 28 "Investments in Associates and Joint Ventures" clarify that the option to measure investments in associates and joint ventures at fair value through profit or loss is available separately for each associate or joint venture, and that choice must be made at the initial recognition of the associate or joint venture, it is applicable for a venture capital organization and other similar entities

The Company anticipates that the adoption of these standards interpretations issued by the IASB will not have a material impact on the financial statements.

5.3 Issued by the IASB not incorporated in Colombia – The following standards have been issued by the IASB but have not yet been incorporated by Decree in Colombia:

Financial Reporting Standard	Subject of the amendment	Detail
IFRS 9 – Financial Instruments	Prepayment features with negative compensation	Amends the existing requirements in IFRS 9 with respect to the termination rights of a contract, to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of payments of negative compensation. Additionally, it includes a clarification with respect to the accounting for an amendment or exchange of a financial liability measured at amortized cost that does not result in derecognition of the financial liability. Effective January 2019

Financial Reporting Standard	Subject of the amendment	Detail
IFRS 17 Insurance Contracts	New standard issue	Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Its objective is to ensure that an entity provides relevant information that faithfully represents insurance contracts. This information provides a basis for users of financial statements to evaluate the effect that insurance contracts have on the financial position, financial performance and cash flows of the entity. Effective January 2021
IFRIC 22 – Foreign Currency Transactions and Advance Consideration		This Interpretation deals with the way to determine the date of the transaction for the purposes of establishing the exchange rate to be used in the initial recognition of the related asset, expense or income (or the corresponding part thereof), in the derecognition of a non-monetary asset or non-monetary liability that arises from the payment or collection of the anticipated consideration in foreign currency. Effective January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments		This Interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty over the treatment of income tax. In this circumstance, an entity will recognize and measure its asset or liability for deferred or current taxes by applying the requirements of IAS 12 on the basis of tax earnings (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this Interpretation. Effective January 2019

The Companies will quantify the impact on the financial statements once the decree that incorporates then into the Colombian technical regulatory framework is issued.

SPECIFIC NOTES

6. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments available as of December 31 are constituted as follows:

	2017	2016	2015
Cash, cash in banks and corporations:			
Cash	$ 20	$ 22	$ 25
Banks and Corporations			
Banco de Bogotá	3,374	32,307	949
Credicorp	1,011	-	-
BTG Pactual S.A.	50	-	-
BBVA Colombia S.A.	17	-	-
Fiduciaria Banco de Bogota (1)	4,068	8,953	5,279
Fiduciaria Bancolombia	6,403	7,523	1,456

	2017	2016	2015
Bancolombia	86	235	53
Corpbanca	1,938	6	-
Fiduciaria Davivienda	-	-	2,621
Bancolombia Panamá	8,054	1,493	881
CDT Davivienda Panamá (2)	1,700	30,030	-
CDT Bancolombia Panamá (4)	-	5,057	4,808
Davivienda	84	370	142
Total cash and cash equivalents	$ 26,805	$ 85,996	$ 16,214
Investments:			
Certificate of deposits (3)	$ 1,635	$ 676	$ -
Total investments	$ 1,635	$ 676	$ -

(1) Includes a restricted portion of $106 corresponding to the monthly reserve that the Trust will make in the account in dollars, equivalent to 1/6 of the total amount to be paid as compensation on each date following the payment of interest with Banco de Bogotá. For 2016 and 2015, includes a restricted portion of $6,882 and $1,442 equivalent to 120% of the payment of the next debt service of the debt acquired with Banco de Bogotá, which is paid semiannually based on each disbursement made by the bank.

(2) For the year 2017, the Company established one (1) Certificate of Deposit with Davivienda Panamá S.A. at an effective quarterly rate due monthly of 1.15%, maturing on January 29, 2018, for a value of $1,700 for the purpose of generating returns on temporary surpluses of liquidity. For 2016, the Company set up two (2) Certificates of Deposit with Davivienda Panama S.A., the first on November 30, 2016, at an effective quarterly rate due monthly of 1.15%, for a value of $15,000 maturing on February 28, 2017; and the second on December 1, 2016, at an effective quarterly rate due monthly of 1.15%, for a value of $15,000 maturing on March 2, 2017, for the purpose of generating returns and paying the debt of related companies.

(3) Termocandelaria established two (2) Certificates of Deposit with Banco Davivienda S.A.: one on November 30, 2017, maturing on December 5, 2018, at an effective annual rate of 5.65%, and another on December 5, 2017, maturing on December 5, 2018, at an effective annual rate of 5.65%. For 2016, TECAN established one (1) Certificate of Deposit with Banco Davivienda S.A., on October 31, 2016, maturing on December 5, 2017, at an effective annual rate of 7.9%, which will serve as a guarantee in case of non-compliance in the gas transport contract No. P-TC-CF-001-2015, entered into by and between Promigas S.A. and TECAN. These investments are accounted forat fair value through profit and loss.

(4) The Parent Company Termocandelaria Power Ltd. established one (1) Certificate of Deposit with Bancolombia Panamá, maturing on March 1, 2017, at a rate of 2.10% for a value of $4,800.

7. COMMERCIAL ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The detail commercial accounts receivable and other receivables was as follows:

Commercial accounts receivable from generation (1)	$ 53,241	$ 65,590	$ 20,913
Less: impairment of commercial accounts receivable (4)	(1,750)	-	-
Accounts receivable from shareholders (2)	5,652	5,399	4,752
Account receivable from employees	836	808	736
Other accounts receivable (3)	1,616	1,737	687
Total commercial accounts receivable and other receivables	$ 59,595	$ 73,534	$ 27,088

	2017	2016	2015
Less current portion:			
Commercial accounts receivable from generation – net	$ 51,084	$ 65,590	$ 20,913
Account receivable from employees	836	808	736
Accounts receivable from shareholders	98	-	-
Other accounts receivable	1,616	1,737	687
Total current portion	$ 53,634	$ 68,135	$ 22,336
Total non-current portion	$ 5,961	$ 5,399	$ 4,752

(1) For 2017 $50,745 (2016: $56,766 and 2015: $7,470) correspond to the sale of energy on the market, of which $8,479 of wholesale energy market sales made by TEBSA and TECAN are attributable to Electrificadora del Caribe S.A. E.S.P., which suffered an intervention by the Superintendence of Residential Public Utilities on November 14, 2016, and were written off during 2017. It also includes accounts receivable for the sale of energy to GECELCA for $573 (2016: $6,438 and 2015: $13,443) under the PPA and for the estimate billing of energy, $1,260 (2016: $1,733 and 2015 $-) for gas sales, $476 (2016: $449 and 2015: $-) for the mandate agreement for substations used by Electricaribe and Transelca, $180 (2016: $204 and 2015: $0) for the sale of backup energy and $7 other minor concepts.

(2) Corresponds to the accounts receivable from GECELCA for the portion of the pension liability for retirement of $4,879 (2016: $4,727 and 2015: $4,113), $98 for the reimbursement of payroll expenses of pensioners, which are charged to GECELCA under the employer substitution agreement, contribution to the Superintendence of Residential Public Utilities for $224 (2016: $223 and 2015: $212) and forced investment for $451 (2016: $449 and 2015: $427).

(3) Corresponds mainly to management and commercial advice for $31, prepayments for purchases $147 (2016: $752 and 2015: $464), and prepayments on contracts $1,420 (2016: $875 and 2015: $175).

(4) Includes mainly impairment records of accounts receivable with Electrificadora del Chocó $449, Enerfinsa $203, Energía Confiable $16, Energen $5, Gecelca s.a $3, Electrochotrans $2.

8. INVENTORIES

The following is the detail of the book value of inventories:

Materials and supplies	$ 14,324	$ 13,294	$ 13,468
Diesel fuel	1,693	1,693	2,709
Liquefied Natural Gas LNG (1)	18,911	-	-
Less: Impairment of Liquefied Natural Gas (2)	(1,585)	-	-
Advances for fuel purchases	-	-	1,772
	$ 33,343	$ 14,987	$ 17,949

(1) Corresponds to the total of the LNG fuel gas inventory in the custody of Sociedad Portuaria el Cayao S.A., as specified in Note 1 d.

(2) Corresponds to the impairment due to Boil-Off by TEBSA S.A. E.S.P. and Termocandelaria S.C.A. E.S.P, reported by the marketing agent Calamarí LNG S.A.

9. TAX ASSETS AND LIABILITIES

Income tax **–** The income tax returns of the Company have been reviewed by the tax authorities or the term for making such review has expired for all returns until 2011.

For the taxable year 2017 Termocandelaria S.C.A. E.S.P. was not required to record a provision for income tax, due to the offset of the tax losses generated during the tax year 2015. Termobarranquilla S.A. E.S.P. calculated a provision for income tax based on the net tax income, after offsetting the accumulated tax losses.

For the 2016 taxable year, Termobarranquilla S.A. E.S.P. and Termocandelaria S.C.A. E.S.P. were not required to record a provision for income tax due to the offset of accumulated tax losses.

The abovementioned subsidiaries do not calculate the presumptive income tax in accordance with the exclusion contained in Article 16 of Act 633 of December 2000 and Article 23 of Act 788 of 2002, for power generation companies. As established in the Tax Reform Act 1607 of December 2012, this exclusion is not applicable to the income tax for equality "CREE".

The following is the detail of the book value of current tax assets:

	2017	2016	2015
Current tax assets			
Withholdings – Income tax	$ 9,475	$ 6,424	$ 1,414
Withholdings – Cree	617	2,479	1,961
Withholdings – VAT	-	-	8
Withholdings – ICA	-	-	3
Advances on Income tax and Complementary	6	422	200
Advance on CREE tax	2,093	166	74
Balance receivable of the tax for Equality CREE	-	1,997	179
Advance Industry and Trade Tax	2	9	15
Balance receivable VAT imports (1)	5,106	5,077	4,837
Subtotal	17,299	16,574	8,691
Less: long term	-	(5,077)	(4,837)
Total current tax assets	$ 17,299	$ 11,497	$ 3,854
Current tax liabilities			
Self-withholdings CREE	$ 797	$ 865	$ 163
Self-withholdings – Income tax	-	-	111
Other deductions payable	837	569	272
Municipal taxes – Transfers Act 99 (2)	309	327	507
Withholding tax	99	33	33
Withholding of industry and trade	-	-	2
Tax on sales payable	2	1	51
Industry and trade tax	14	23	30
Income tax and complementary	436	186	570
Wealth tax	-	-	102
Income tax for equality CREE	-	1	206
Total current tax liabilities	$ 2,494	$ 2,005	$ 2,047

(1) Corresponds to the balance in favor of the VAT paid at the time of import of the power generation plant to Colombia. In accordance with Article 258-2 of the Tax Code, this tax may be deducted from the payment of the income tax charged in the taxable period that the payment was made or in subsequent periods.

(2) For 2017, 2016 and 2015 corresponds to contributions payable to the municipality of Soledad, the District of Cartagena, the Autonomous Regional Corporation of Atlántico and the Regional Autonomous Corporation Canal del Dique, which are calculated considering the kilowatts generated monthly. These contributions are paid within 5 days after the closing of the respective month of generation. The rates for 2017, 2016 and 2015 were $0.024, and $0.023 and $0.021, respectively, for each kilowatt/hour generated.

As of December 31, 2017, Termocandelaria S.C.A. E.S.P. has accumulated tax losses originated in 2015 related to Income Tax of $65,424, which have an indefinite maturity and may be used to offset future taxable profits.

In determining the income tax provision for 2017, the accumulated tax losses of $92,785 were offset, leaving a balance of $65,424, which may be offset against future taxable profits.

The rate applicable to income tax for 2017 is 34% plus the surtax for taxable bases over COP$800.000.000 between 0 and 6%. For 2016 and 2015, the rate applicable to income tax was 25% and the income tax for equality - CREE was 9%.

Transfer pricing – To the extent that the subsidiaries in Colombia conduct operations with related companies abroad, these are subject to regulations, which, with respect to transfer prices, were introduced in Colombia with Acts 788 of 2002 and 863 of 2003. For this reason, a local file was conducted on the operations carried out during 2016, concluding that there are no conditions that affect the income tax of that year.

Tax reform – Act 1819 of 2016 amends the Tax Code to reconcile revenues, tax treatment, tax costs and deductions with the application of the Regulatory Technical Frameworks. It also established a general rate of 33% from 2017 onwards, and a surcharge for taxable bases of more than $268 between 0 and 6%, which for 2018 will be between 0 and 4%.

Wealth tax - The wealth tax is created as of January 1, 2015. This tax is generated by the possession of wealth (gross assets, less outstanding debts) equal to or greater than US $418 as of January 1, 2015. The legal obligation is accrued on January 1, 2015, on January 1, 2016 and on January 1, 2017. The taxable base of the wealth tax is the value of the gross assets of the legal entities, less the current debts payable, owned as of January 1, 2015, 2016 and 2017.

TEBSA S.A. E.S.P. did not pay the tax, since the basis for the calculation is the net equity held as of January 1, 2017, at a rate of 1%, and on said date, the Company accumulated tax losses generated and net equity at zero ($-).

Termocandelaria S.C.A. E.S.P. and GPUI Colombia S.A.S. settled the tax for $ 91 and $ 6 respectively (2016: $ 226 and $ 157 respectively, 2015: US $254 and $ 18 respectively), based on the net equity held as of January 1, 2017m at a rate of 1%. The return was submitted in May 2017 and its payment was made in two equal installments in the months of May and September 2017. The subsidiary calculated and accounted for said value equivalent to the fees required for the periods 2017 and 2016 through the operating expenses account. For the legal obligation that must be accrued on January 1, 2017, the subsidiary will determine the corresponding value according to the marginal rate of 0.4%.

10. OTHER NON-FINANCIAL ASSETS

Below is the detail of the book value of other non-financial assets:

	2017	2016	2015
Prepaid expenses			
Property damage insurance	$ 2,803	$ 2,806	$ 2,828
Civil liability insurance	35	50	39
PPA agreement insurance	-	-	31
Non-contractual civil liability insurance	14	65	85
Transportation insurance	1	2	27
Compliance insurance	346	244	25
Life insurance	-	1	17
Machinery and equipment insurance	1	-	1
Basket export insurance	1	2	1
Vehicle insurance	2	2	8
Guarantees (1)	200	364	-
Advances and prepayments			
Industrial Distributors	-	-	95
Other minor	-	-	2
XM Expertos en Mercados (2)	1,553	1,318	109
Total prepayments	$ 4,956	$ 4,854	$ 3,268

(1) Corresponds to the expenses paid in the acquisition of the bank guarantees that are detailed below:

Beneficiaries	Sociedad Portuaria Del Cayao S.A. E.S.P.	Promigas S.A. E.S.P.
Financial institution issuing the guarantee	Banco Davivienda	Banco Davivienda
Start date	01/12/2017	01/12/2017
End date	30/11/2018	30/11/2018
Purpose	Guarantee the non-fulfillment of the payment of a service invoice, according to the provisions of the service provision agreement signed with Sociedad Portuaria El Cayao S.A. (See Note 1).	Guarantee the obligations of Termocandelaria S.C.A. E.S.P., derived from the Gas transport agreement No. P-TC-CF-001 2015 signed with Promigas S.A. E.S.P. (See Note 1).
Value of the guarantee	$5,115	$678

(2) Corresponds to prepayments made to the ASIC deposited in a custody account for $1,385 (2016: $1,153 and 2015: $-) as prepayments, in order to make transfers to cover TIE guarantees and adjustments to the invoice.

11. PROPERTY, PLANT AND EQUIPMENT

Below is the detail of the book value of property, plant and equipment:

Cost	$ 848,518	$ 829,334	$ 810,172
Accumulated depreciation and amortization	(152,474)	(112,258)	(65,581)
Total property, plant and equipment	$ 696,044	$ 717,076	$ 744,591

No fixed assets of the company are granted as pledge or guarantee.

The following is the detail of properties, plant and equipment net of depreciation:

	2017	2016	2015
Power generation units under international lease (1)	$ 422,729	$ 444,922	$ 469,617
Buildings	114,506	118,549	122,578
Power generation units 3 and 4 (2)	57,526	57,026	60,625
Electrical substation	1,384	1,423	826
Furniture and fixtures	365	207	304
Transportation equipment	205	139	213
Transportation equipment under lease	-	22	38
Machinery and equipment	118	152	151
Communication and computing	295	299	329
Assets under construction	2,251	92	329
Land	31,889	31,889	31,889
Inventories of major spare parts	25,551	20,402	16,467
Overhaul type C (3)	21,894	28,118	18,679
Advances for equipment	682	284	561
Advances HGPSA contract (4)	16,649	13,552	21,985
Total property, plant and equipment	$ 696,044	$ 717,076	$ 744,591

(1) Corresponds to: a) power generation units GT-11. GT-12. GT-13. GT-21. GT-22. ST-14 and ST-24. financed through the international lease agreement signed with "Los Amigos Leasing Company Ltd." (LEASECO) in September 1995, for a term of 32 years from the delivery of the generation units, and b) power generation units CT1 and CT2, financed through equipment lease agreements signed with "Energy Project Leasing Co." (EPL) in June 2000 and August 2007, for a term of 20 years, each from the delivery of the generation units.

(2) Corresponds to power generation units 3 and 4 acquired through the asset purchase agreement (APA) (See note 1).

(3) The cost of Type C overhauls is capitalized as property, plant and equipment when executed, and is amortized during the estimated time between overhauls. As of December 31, 2017, 2016 and 2015 the registration in property, plant and equipment corresponds to the balance pending amortization of Type C overhauls on units GT11, GT12, GT13, GT21, GT22 and expenses incurred in the start-up of the new rotor of the ST14 and ST24 units. These costs are amortized over 42 months, which represents the average interval between Type C inspections.

(4) On June 15, 2011, TEBSA assigned the HGPSA with Alstom Power O&M Ltd. of Switzerland to LEASECO. This advance payment will be legalized as long as Alstom Power O&M Ltd. supplies the spare parts. This agreement ends in November 2019 with the last C inspection carried out in the GT-11 unit. As of December 31, 2017, the balance in dollars for this item is $10,978 (2016: $9,404; 2015: $21,985).

On June 25, 2015, LEASECO signed with GE Global Parts & Products (formerly Alstom Power O&M Ltd. of Switzerland) a new agreement with an equivalent duration of 5 operating periods (one per machine) each equivalent to 3 C inspection cycles. In September 2016, LEASECO assigned this agreement to TEBSA. In addition, on June 25, 2016, TEBSA signed a new maintenance service agreement during the C inspections with GE Energy Colombia S.A. (formerly Alstom Power Colombia S.A.). As of December 31, 2017, the balance in dollars for this item is $5,671 (2016: $4,148; 2015: $-).

The movement of the cost of property, plant and equipment is detailed below:

	Land	Electric substation	Assets under construction	HGPSA prepayments	Advances for equipment	Larger spare parts inventories	Power generation unit under lease	Buildings	Power generation units
1/1/2015	$ 31,889	$ 770	$ 709	$ 23,080	$ 337	$ 16,689	$ 513,541	$ 130,930	$ 69,172
Additions	-	205	6,740	-	224	-	-	-	-
Prepayments	-	-	-	11,277	-	97	-	-	-
Transfers	-	-	(6,532)	(12,372)	-	(309)	-	13	-
Consumption	-	-	(588)	-	-	(10)	-	-	-
31/12/2015	31,889	975	329	21,985	561	16,467	513,541	130,943	69,172
Additions	-	24	4,897	-	-	972	-	19	615
Prepayments	-	291	-	13,289	(277)	-	-	-	-
Transfers	-	367	(4,424)	(21,665)	-	3,528	1,485	137	-
Adjustment	-	-	-	-	-	(18)	-	-	-
Write-off	-	-	-	-	-	27	-	-	-
Consumption	-	-	(710)	(57)	-	(1)	(72)	-	-
31/12/2016	31,889	1,657	92	13,552	284	20,975	514,954	131,099	69,787
Additions	-	65	9,263	-	-	905	-	145	2,206
Prepayments	-	-	-	13,025	398	-	-	-	-
Transfers	-	-	(6,235)	(9,877)	-	4,744	(1,979)	-	5,536
Write-off	-	-	-	-	-	-	(995)	-	(4,156)
Consumption of spare parts-	-	-	(869)	(51)	-	(197)	-	-	-
31/12/2017	$ 31,889	$ 1,722	$ 2,251	$ 16,649	$ 682	$ 26,427	$ 511,980	$ 131,244	$ 73,373

	Furniture and fixtures	Transportation equipment	Transportation equipment under lease	Communication and computer equipment	Machinery and equipment	Overhaul	Total
1/1/2015	$ 333	$ 449	$ 70	$ 257	$ 105	$ 3,430	$ 791,761
Additions	103	-	-	253	110	-	7,635
Prepayments	-	-	-	-	-	-	11,374
Transfers	-	-	-	27	-	19,173	-
Consumption	-	-	-	-	-	-	(598)
31/12/2015	436	449	70	537	215	22,603	810,172
Additions	14	9	-	98	42	-	6,690
Prepayments	-	-	-	-	-	-	13,303
Transfers	(52)	-	-	-	-	20,624	-
Adjustment	-	-	-	-	-	-	(18)
Write-off	-	-	-	-	-	-	27
Consumption	-	-	-	-	-	-	(840)
31/12/2016	398	458	70	635	257	43,227	829,334
Additions	18	151	-	94	7	-	12,854
Prepayments	-	-	-	-	-	-	13,423
Transfers	183	70	(70)	24	-	6,832	(772)
Write-off	-	(53)	-	-	-	-	(5,204)
Consumption of spare parts	-	-	-	-	-	-	(1,117)
31/12/2017	$ 599	$ 626	$ -	$ 753	$ 264	$ 50,059	$ 848,518

The movement of accumulated depreciation and amortization was as follows:

	Buildings	Electric substation	Transportation equipment under lease	Furniture and fixtures	Larger spare parts inventories	Transportation equipment	Computer and communication equipment	Power generation units under lease	Overhaul	Power generation units	Machinery and equipment	Total
1/1/2015	$ (4,182)	$ (71)	$ (16)	$ (63)	$ -	$ (124)	$ (90)	$ (22,247)	$ (702)	$ (4,173)	$ (29)	$ (31,697)
Depreciation	(4,183	(78)	(16)	(69)	-	(112)	(118)	(21,677)	-	(4,374)	(35)	(30,662)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	(3,222)	-	-	(3,222)
31/12/2015	(8,365)	(149)	(32)	(132)	-	(236)	(208)	(43,924)	(3,924)	(8,547)	(64)	(65,581)
Write-off	-	-	-	-	-	-	-	(8)	-	-	-	(8)
Depreciation	(4,185	(85)	(16)	(59)	-	(83)	(128)	(26,673)	-	(4,214)	(41)	(35,484)
Transfers	-	-	-	-	(573)	-	-	573	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	(11,185)	-	-	(11,185)
31/12/2016	(12,550)	(234)	(48)	(191)	(573)	(319)	(336)	(70,032)	(15,109)	(12,761)	(105)	(112,258)
Write-off	-	-	-	-	-	38	-	292	-	1,436	-	1,766
Depreciation	(4,188)	(104)	-	(41)	-	(87)	(128)	(20,523)	-	(4,522)	(41)	(29,634)
Transfers	-	-	48	-	(303)	(48)	-	1,012	-	-	-	709
Amortization	-	-	-	-	-	-	-	-	(13,057)	-	-	(13,057)
31/12/2017	$ (16,738)	$ (338)	$ -	$ (232)	$ (876)	$ (416)	$ (464)	$ (89,251)	$ (28,166)	$ (15,847)	$ (146)	$ (152,474)

The useful lives used to calculate depreciation are:

Constructions and buildings	10 - 100 years
Equipment under financial lease	4 - 40 years
Generation equipment (Units 3 and 4)	5 - 40 years
Furniture and fixtures	3 - 10 years
Communication and computing	2 - 5 years
Transportation equipment	1.5- 6 years
Electrical substation	16 years
Generation equipment	32,705 hours – 34,246 hours

The residual values assigned to property, plant and equipment are:

Generation equipment	$	267
Electrical substation		2
Buildings		3,885

12. INTANGIBLE ASSETS

The following is the detail of the book value of intangibles:

	2017		2016		2015	
Cost	$	617	$	82	$	76
Accumulated amortization		(100)		(54)		(35)
Total intangible assets	$	517	$	28	$	41

Detail of the net cost of intangibles:

Software	$	514	$	22	$	33
Licenses		3		6		8
Total intangible assets	$	517	$	28	$	41

13. LOANS

The detail of the balance of the financial obligations is as follows:

Entity	Maturity	Rate						
Bancolombia Panamá (1)	October 2021	Libor+4.50 %	$	31,994	$	33,532	$	71,773
Banco Davivienda (1)	October 2021	Libor+4.50 %		28,226		29,587		35,886
Banco Davivienda	March 2016	DTF+2.70%		-		-		3,207
Bancaribe Curazo Bank N.V. (1)	October 2021	Libor+4.50%		3,763		3,945		-
Banco Colpatria Multibanca Colpatria S.A. (1)	October 2021	Libor+4.50%		34,817		36,490		-
Banco de Bogotá (2) (a)	February 2018	DTF+5.75%		-		10,761		10,153
Banco de Bogotá (2) (b)	February 2018	DTF+5.75%		-		6,048		5,706
Banco de Bogotá (2) (c)	February 2018	DTF+5.75%		-		1,300		1,227

Entity	Maturity	Rate	2017	2016	2015
Banco de Bogotá (2) (d)	February 2018	DTF+5.75%	-	6,500	6,133
Banco de Bogotá (3)	December 2017	IBR+4.85%	-	1,332	1,905
Banco de Bogotá (4)	March 2018	IBR+2.90%	6,987	-	
Free-Standing Trust Fund Fondo Empresarial (5)	June 2016	IPC	-	-	10,362
Vehicle Finance lease Bancolombia	October	DTF+5.80%	-	-	16
Banco de Bogota New York (8)	December 2022	Libor+3.50%	24,541	-	-
Banco BBVA (Antes Gecelca S.A. E.S.P) (7)	February 2028	13.50%	57,995	116,081	-
Finance lease (6)	August 2020	DTF+4.30%	146	33	16
Subtotal			188,469	245,609	146,384
Less: current portion			(59,093)	(83,598)	(31,076)
Total long term			$ 129,376	$ 162,011	$ 115,308

(1) On October 7, 2013, the Company acquired a new financial obligation of $120,000 through the signing of a Syndicated Loan agreement with Bancolombia Panama ($80,000) and Davivienda ($ 40,000), for the purpose of:

- Prepaying the debt owed to the Bank of New York with their respective accrued interest and penalty for said prepayment.
- Paying dividends to its shareholders.

Some of the main terms of the new loan are:

- All disbursements made by banks will be pro rata of the participation of each financial institution.
- There is no solidarity between the Banks.
- The loan was valued in dollars.
- The term will be 120 months (10 years). Half-yearly payments (20 installments) due from the date of the first disbursement, i.e., from October 23, 2013, according to the amortization schedules established in each promissory note.
- Full or partial prepayments may be made, which will have a penalty of 0.5% plus VAT, on the prepaid amount.
- Interest will be recognized in dollars, at a rate of LIBOR + 4.65% nominal, payable half-yearly in arrears. This rate will be rounded to 4 decimal places. Interest will be settled based on a 360-day year.
- Default interest equivalent to the remunerative interest rate + 350 basis points. This without exceeding the maximum allowed by the applicable Law.

The main affirmative obligations undertaken by the Company while the syndicated loan is in force are:

- Deliver the audited consolidated financial statements, and those of the subsidiaries Termocandelaria S.C.A. E.S.P. and Termobarranquilla S.A E.S.P. as of December 31 of each year, within 30 calendar days following their approval by the shareholders' meeting and no later than April 30 each year.
- Deliver the financial statements of the aforementioned companies, no later than August 30 each year with a cutoff date of June 30 each year.
- Report any breach in the covenants undertaken.

- Establish a Trust in Fiduciaria Bancolombia and deliver a copy of the Trust Agreement. Deliver a copy to the trustee evidencing the transfer of the economic rights from the Reliability Charge and sale of energy to the MEM.
- Deliver the Chamber of Commerce Certificate stating that the pledge of equipment in favor of Deutsche Bank is canceled. Now make this pledge in favor of the Banks.
- Any others provided in the eighth clause of the syndicated loan agreement.

The main negative obligations undertaken by the Company while the syndicated loan is in force are:

- Change the main line of business or allow any subsidiary to modify the bylaws in a manner that materially affects the commitments of assumed payments.
- Pledge or build new levies on operating assets, set up management trusts and sources of payments or others that limit cash availability.
- Distribute dividends in the following cases:
  - In case of noncompliance with any of the affirmative and negative obligations.
  - In case of noncompliance with any of the negative obligations.
  - When an event occurs that generates an adverse material effect.
  - When it fails to comply with the covenants agreed upon.
  - For purposes of dividend payment, the coverage ratio of the debt service must be greater than or equal to 1.2 and after payment must be greater than or equal to 1.1.

Covenants:

While the syndicated loan exists, the Company must keep the following minimum financial ratios, which must be calculated on each cutoff date (June 30 and December 31 each year).

- Hedge ration of the Debt Service, greater than or equal to 1.1.
- Debt ratio, less than or equal to 4.5 until 2016, and 3.5 as of January 1, 2017.

If for the calculation of the financial ratios, it is necessary to convert historical figures in COP or USD or vice versa, the exchange rate used will be the following: a) for the items of the Income Statement, the daily average of the Representative Market Exchange Rate will be used for the period being analyzed; b) for the items of the Statement of Financial Position, the Representative Market Exchange Rate as of the date of the period being analyzed.

If, as a result of changes in general accounting principles, a material change occurs with respect to these financial ratios, the parties may negotiate the new ratios within a period of 60 calendar days from the change in accounting principles.

On October 26, 2016, the Company refinanced the debt, leaving the composition of the financial obligation as follows:

Financial Entity	**Disbursed amount**	**Restructuring commission**	**Net value of the obligation**
Bancolombia Panamá	$ 34,000	$ (820)	$ 33,180
Banco Davivienda	30,000	(723)	29,277
Banco Colpatria	37,000	(892)	36,108
Bancaribe Curazo Bank N.V.	4,000	(96)	3,904
Total	$ 105,000	$ (2,531)	$ 102,469

Some of the conditions of the restructured financial obligation are the following:

- The loans will have a term of five (5) years counted from the date of disbursement.

- The payment of the principal of the loan must be made in semiannual installments, in accordance with the amortization schedule, the first being payable on the day corresponding to the sixth (6) month counted from the disbursement date, regardless of the debtor's possibility to make advance payments under the terms and conditions provided in the loan agreement.

Positive commitments:

- Keep accounting books in accordance with GAAP and all other Legal Requirements where all transactions carried out in the course of business, assets and activities are fully and accurately recorded.
- Allow the right of inspection and surveillance by the Lenders, on Business Days and during opening hours, under the terms provided by the law for the evaluation of credit risks and knowledge of the customer by of the Lenders, in the understanding, however, that if any of the Lenders requests access to contracts subject to confidentiality clauses, the Debtors may, in their sole discretion, either allow access to the contract after signing the corresponding confidentiality agreement, or prepare a summary of the contract and deliver it to the Lender who requested it.
- The Debtor will deliver the information that is detailed below to the Administrative Agent for distribution to the Lenders:

  a. As soon as available, but in any case within one hundred and twenty (120) calendar days following the end of their fiscal year, the consolidated financial statements of the Debtor and its Subsidiaries, audited, prepared in accordance with the GAAP and subscribed by its respective responsible official and accountant together with the fiscal auditor's report, if applicable.

  b. As soon as available, but in any case within the ninety (90) calendar days following the end of each calendar quarter, the balance sheet, the profit and loss statement and the cash flow of the Debtor and its Subsidiaries, unaudited, prepared in accordance with the GAAP, accompanied by the calculations confirming the fulfillment of the Financial Commitments by the Debtor. Excluded from this obligation is the balance corresponding to the last quarter of the fiscal year.

  c. Within thirty (30) days following the date of delivery of the respective financial statements, a certificate signed by an official responsible for the Debtor indicating compliance by the Debtor with the Financial Commitments and the way in which these have been calculated.

  d. On March thirty (30) each year, a certificate signed by a responsible official of the Debtor indicating the fulfillment of the positive and negative commitments set out in the Loan Agreement.

  e. No later than thirty (30) days before the fiscal closure of each year, an updated version of the Operation Budget

  f. Legal opinion issued by Gómez Pinzón Zuleta S.A.S. related to the maximum amount of a possible sanction to Termocandelaria due to the unavailability of the generation units 1 and 2 under terms and conditions satisfactory to the Lenders.

  g. Annually, copies of the current insurance policies of the Subsidiaries detailing the applicable coverage and deductibles are detailed.

  h. Every two (2) years, counted from the Closing Date, a copy of the appraisals of the assets given as collateral under the Asset Security Agreement of the subsidiaries Energy Project Leasing Co. LLC and Los Amigos Leasing Company Ltd.

  i. The Debtor agrees to vote in favor of and make its best efforts to ensure that TEBSA performs the overhauls associated with the main generation equipment of the plants (gas turbines and steam turbines) with the original equipment manufacturer or other suppliers with similar experience and qualifications. In addition, the Debtor will have written records of overhauls no later than forty (40) calendar days after the respective maintenance has been completed.

j. Termocandelaria S.C.A. E.S.P. agrees to carry out overhauls associated with the main generation equipment of the plants (gas turbines) with the original equipment manufacturer or other suppliers with similar experience and qualifications.

In addition, the Debtor will have written records of overhauls no later than forty (40) calendar days after the respective maintenance has been completed.

Financial commitments:

- The Debtor undertakes to comply with the following indicators (the "Financial Commitments") on each of the measurement dates, as indicated below during the term of this Loan Agreement:

1. Free cash flow / debt service:

Date	Free cash flow and debt service used	Minimum ratio covenant
31/03/2017	January 16 – December 16	1.1
30/09/2017	July 16 – June 17	1.1
31/03/2018	January 17 – December 17	1.1
30/09/2018	July 17 – June 18	1.1
31/03/2019	January 18 – December 18	1.1
30/09/2019	July 18 – June 19	1.1
31/03/2020	January 19 – December 19	1.1
30/09/2020	July 19 – June 20	1.1
31/03/2021	January 20 – December 20	1.1

2. The debtor's consolidated senior debt / consolidated EBITDA indicator will not exceed the following values:

Closing date of EBITDA used	Measurement date	EBITDA used	Maximum ratio covenant
31/12/2016	31/03/2017	January 16 – December 16	4.5
30/06/2017	30/09/2017	July 16 – June 17	4.0
31/12/2017	31/03/2018	January 17 – December 17	3.5
30/06/2018	30/09/2018	July 17 – June 18	3.5
31/12/2018	31/03/2019	January 18 – December 18	2.5
30/06/2019	30/09/2019	July 18 – June 19	2.5
31/12/2019	31/03/2020	January 19 – December 19	2.0
30/06/2020	30/09/2020	July 19 – June 20	2.0
31/12/2020	31/03/2020	January 20 – December 20	2.0

3. The Debtor's Consolidated Total Indebtedness / Consolidated EBITDA indicator will not exceed the following values:

Closing date of EBITDA used	Measurement date	EBITDA used	Maximum ratio covenant
31/12/2016	31/03/2017	January 16 – December 16	5.5
30/06/2017	30/09/2017	July 16 – June 17	5.0
31/12/2017	31/03/2018	January 17 – December 17	4.5
30/06/2018	30/09/2018	July 17 – June 18	4.5
31/12/2018	31/03/2019	January 18 – December 18	3.5
30/06/2019	30/09/2019	July 18 – June 19	3.5
31/12/2019	31/03/2020	January 19 – December 19	3.0
30/06/2020	30/09/2020	July 19 – June 20	3.0
31/12/2020	31/03/2020	January 20 – December 20	2.5

4. The Debtor must maintain a total consolidated minimum equity, including the non-controlling interest, equal to or greater than COP$700.000 million. For greater clarity, the calculation of the total consolidated minimum equity will include the non-controlling interest of the Debtor.

(2) For 2016, corresponds to the loan acquired in 2012 for a total amount of COP$80.000 millions for a total term of 72 months, which was disbursed as follows:

	Disbursement date	Disbursed value	
a)	February 2012	$	36.000
b)	June de 2012		20.000
c)	November 2013		4.000
d)	January 2014		20.000
e)	Total	$	80.000

(3) For 2016, corresponds to the loan acquired in June 2015 for a total amount of COP $6.000 million, for a total term of 36 months.

(4) Corresponds to the loan with Banco de Bogotá acquired on November 01, 2017, for a total amount of COP $20.579 million for a total term of 4 months.

(5) Corresponds to Agreement No. 0103 entered into between la Fiduciaria Bogotá S.A. who acts as spoke person and manager of the FIDUBOGOTA Trust – Company Fund of S.S.P.D. and Termocandelaria Sociedad C. A. Public Utility Company under possession for administrative purposes. The Company Fund "Patrimonio Autónomo Fondo Empresarial" granted without interest to Termocandelaria, the sum of $27,591 including taxes, of which $10,300 were disbursed to Termocandelaria. Termocandelaria will pay its obligations to the Company Fund due to the loan, including the Consumer Price Index (IPC) as financing update rate, in one payment six months after the date in which the resources were disbursed. Taking into account that this loan agreement allows for anticipated payments, on January 25, 2016, Termocandelaria made a prepayment to the "Fondo Empresarial" for the sum of $6,704 including $59 as update rate.

(6) Corresponds to the computer equipment financed through a finance leasing agreement signed with Banco de Bogotá in September 2014, for an initial amount of $37 for a total term of 36 months, and equipment lease (server) for a value of $35 established in January 2016.

(7) On December 1, 2016, GECELCA made the sale of the subordinated debt arising from the asset purchase agreement (APA), through which GECELCA assigned all the rights to Banco BBVA. The balance as of December 2017 on the subordinated debt is $56,091 (2016: $56,714) plus interest of $159 (2016: $55,920), and the balance payable as Restitution Payment for the value of $1,711 (2016: $1,711), plus interest of $ 34 (2016: $1,735). The annual interest rate agreed for both obligations is 13.5% E.A.

(8) On December 20, 2017, TEBSA took a loan from Banco de Bogotá S.A. New York Agency for the novation of the senior loan with Banco de Bogotá S.A. and comply with what was agreed in the agreement. For 2017, the balance of the financial obligation with Banco de Bogotá S.A. New York Agency amounts to $24,502, plus interest of $40. The annual interest rate agreed for this obligation is LIBOR + 3.50% semester due, for a period of 60 months.

(9) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Entity's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Entity's consolidated statement of cash flows as cash flows from financing activities.

		Bank Loans
1/1/2015	$	139,375
Increase of financial obligations		16,935
Payments		(17,669)
interest accruals		7,743
Total 31/12/2015	$	146,384

	Banks Loans
Increase of financial obligations	-
Payments	(24,747)
interest accruals	7,891
Reclassification accounts payable (Gecelca- BBVA)	116,081
Total 31/12/2016	$ 245,609
Increase of financial obligations	6,897
Payments	(82,065)
Interest accruals	10,914
accounts payable (Gecelca- BBVA)	7,114
Total 31/12/2017	$ 188,469

14. COMMERCIAL ACCOUNTS PAYABLE AND OTHER PAYABLES

The balance of accounts payable included:

	2017	2016	2015
Accounts payable to suppliers (1)	$ 78,149	$ 67,916	$ 1,479
Accounts payable to foreign suppliers	178	349	63,488
Accounts payable to creditors (2)	12,878	23,313	1,744
Accounts payable to related entities (3)	8,936	12,787	113,859
Total commercial accounts payable and other current payables	$ 100,141	$ 104,365	$ 180,570
Non-current portion:			
Gilda Massi (3)	95	186	360
Accounts payable to suppliers (1)	31,240	38,421	108,679
Shareholders of TPL Ltd. (3)	8,747	12,215	4,800
Total commercial accounts payable and other non-current payables	$ 40,082	$ 50,822	$ 113,839
Current portion:			
Accounts payable to suppliers (1)	$ 46,908	$ 29,495	$ 1,479
Accounts payable to foreign suppliers	178	349	63,488
Accounts payable to creditors (2)	12,878	23,313	1,744
Gilda Massi (3)	95	191	-
Shareholders of TPL Ltd. (3)	-	195	20
Total commercial accounts payable and other payables	$ 60,059	$ 53,543	$ 66,731

(1) For 2017, 2016 and 2015, corresponds mainly to the debt acquired by the subsidiary Termocandelaria S.C.A. E.S.P. before the intervention with the agents of the Wholesale Market for $41,296 (2016: $48,419 and 2015: $55,671) represented by XM Expertos en Mercados S.A. and with which during the intervention period the subsidiary signed the creditors agreement mentioned in Note 1 and the balance payable of the sanction imposed by the Superintendence of Residential Public Utilities, including interest, for $7,927.

The balances owed to the agents of the Wholesale Market as of December 31, 2017, included in the creditors agreement are detailed below:

Third party	Capital	Interests	Total
AES Chivor & CIA S.C.A. E.S.P.	$ 4,748	$ 589	$ 5,337
Celsia S.A. E.S.P.	1,616	187	1,803
Central Termoeléctrica El Morro DOS S.A.S. E.S.P.	1,027	118	1,145
Emgesa S.A. E.S.P.	1,148	142	1,290
Empresa de Energía del Pacifico S.A. E.S.P.	2,824	351	3,175
Empresa Urra S.A. E.S.P.	3,406	423	3,829
Empresas Públicas de Medellín E.S.P.	1,864	215	2,079
Generadora y Comercializadora de Energía del Caribe S.A. E.S.P.	6,409	795	7,204
Gestión Energética S.A. E.S.P.	540	67	607
Hidroeléctrica del Alto Porce S.A.S. E.S.P.	1,780	205	1,985
Isagen S.A. E.S.P.	1,515	188	1,703
Termoemcali S.A. E.S.P.	3,281	379	3,660
Termotasajero S.A. E.S.P.	474	55	529
Termotasajero DOS S.A. E.S.P.	379	44	423
Termovalle S.A.S. E.S.P.	946	109	1,055
Termoyopal Generación DOS S.A. E.S.P.	454	52	506
Zona Franca Celsia S.A. E.S.P.	3,878	447	4,325
La Cascada S.A.S. E.S.P.	575	66	641
Subtotal	36,864	4,432	41,296
Less: noncurrent portion	26,808	4,432	31,240
Total current portion	$ 10,056	$ -	$ 10,056

Additionally, accounts payable to third parties other than system creditors, are detailed below:

Third party	Item	2017	2016	2015
VP Ingeniería	Gas purchases	$ 9,217	$ 6,991	$ -
Promigas	Gas purchases	4,500	-	-
Geoproduction Oil and Gas	Gas purchases	4,081	519	-
ACE Seguros	Acquisition of goods and services	2,789	-	-
Gecelca	Gas purchases	2,482	3,425	-
Pacific Stratus Energy	Gas purchases	1,274	434	-
GE global parts & products	Acquisition of goods and services	756	2,977	-
Flowserve Colombia	Acquisition of goods and services	537	-	-
General Electric Switzerland	Acquisition of goods and services	281	464	-
ABB	Acquisition of goods and services	193	369	-
Others	Acquisition of goods and services	1,716	2,024	1,002
Total		$ 27,826	$ 17,203	$ 1,002

(2) The balance of this account mainly consists of the following:

		2017	2016	2015
Gases del Caribe	Gas purchases	$ 7,909	$ 9,391	$ -
Meta Petroleum	Gas purchases	1,533	-	-
Yara Colombia	Prepayments received	1,330	-	-
VP Ingeniería	Gas purchases	819	2,418	-
XM SA	Transactions in the energy exchange	568	-	-
Promigas	Gas purchases	-	4,386	-
Geoproduction Oil and Gas	Gas purchases	273	4,007	-
Pacific Stratus Energy	Gas purchases	-	1,010	-
Sociedad Portuaria el Cayao	Gas purchases	-	803	-
Gecelca	Gas purchases	-	657	-
Others	Acquisition of goods and services	127	468	1,205
Total		$ 12,559	$ 23,140	$ 1,205

(3) The balance of $8,747 (2016 $12,215) corresponds to the subordinated debts (principal + interest) taken with shareholders, as follows:

Start Date	Maturity	Annual Rate	2017	2016
January 2016	January 2021	16%	$ 1,034	$ 5,508
April 2016	April 2021	16%	3,563	3,115
October 2016	April 2021	16%	3,080	2,666
October	October 2016	16%	1,070	926
Total			$ 8,747	$ 12,215

During 2017, for the debts disbursed in January 2016, a principal payment was made of $3,803 and an interest payment of $1,297.

For the year, 2015 corresponds to the balance payable of the subordinated debt from the asset purchase agreement (APA) for a value of $56,714 plus interests of $48,736 and the balance payable as Restitution Payment for $1,711, plus interests of $1,518. The annual interest rate agreed for both obligations is 13.5% E.A. The payment of this obligation is subject to the availability of funds and compliance with certain requirements established in the loan documents with Banco de Bogotá.

15. PROVISIONS FOR EMPLOYEE BENEFITS AND RETIREMENT BENEFITS PLANS

The detail of provisions was the following:

Consolidated severance payments	$ 205	$ 185	$ 154
Consolidated vacations	334	290	266
Interest on severance payments	24	22	18
Extralegal benefits	88	370	401
Retirement benefits plans (1)	17,972	17,644	13,781
Total Provisions for employee benefits and retirement benefits plans	$ 18,623	$ 18,511	$ 14,620

	2017	2016	2015
Current portion:			
Consolidated severance payments	$ 205	$ 185	$ 154
Consolidated vacations	334	290	266
Interest on severance payments	24	22	18
Extralegal benefits	88	370	401
Total current portion	$ 651	$ 867	$ 839
Non-current portion:			
Retirement benefits plans (1)	$ 17,972	$ 17,644	$ 13,781

(1) The detail of the provision of retirement benefits plans in the statement of financial position is as follows

Pensions (*)	$ 7,720	$ 7,694	$ 7,012
Medical benefits after the employment relationship	9,525	9,176	6,131
Energy assistance	682	715	562
Educational aid and contributions	45	59	76
	$ 17,972	$ 17,644	$ 13,781

(*) The amounts for retirement pensions are provisioned in full. The portion corresponding to GECELCA of $4,879 (2016: $4,727 and 2015: $4,113) is recognized as an account receivable (See Note 7, numeral 2).

The movement of the liability recognized in the statement of financial position was as follows:

Initial balance	$ 17,644	$ 13,781	$ 16,862
Recognized through accounts receivable from Gecelca	124	410	132
Recognized through comprehensive income	73	2,602	-
Recognized through profit or loss	33	166	840
Recorded exchange difference	98	685	(4,053)
	$ 17,972	$ 17,644	$ 13,781

The main assumptions used for actuarial valuation purposes are the following:

Discount rate	10,82%	7,10% and 7,00%	7,00%
Minimum wage increase	5,74%	4,00%	4,35%
Increase in pensions in payment	5,74%	3,50%	3,50%
Increase in deferred pensions	5,74%	3,50%	3,50%
Census date	30-11-2017	30-11-2016	30-11-2015

Actuarial valuation method used in the subsidiary TEBSA S.A. E.S.P. - The projected unit credit (PUC) is used to determine the present value of the defined benefit obligations (DBO) and, when applicable, the cost for services and the cost of past services. Under this method, the benefits are attributed to periods in which the obligation to provide the benefits is created by directly applying the plan benefit formula based on the service as of the valuation date. When the benefit is based on compensation or salary, wage increases are applied until the date on which the participant is expected to finish the service. However, if the service in recent years leads to significant additional benefits than in previous years, the benefits are attributed linearly from the date on which the service provided by the employee entitles them to the benefit under the plan.

16. OTHER NON-FINANCIAL LIABILITIES

	2017	2016	2015
Gecelca S.A. E.S.P.	$ -	$ 678	$ 1,960

Corresponds to withholding advances that were made to TEBSA and that are paid by GECELCA. Once these advances are returned by the national tax and customs authority, they will be reimbursed to GECELCA.

17. DEFERRED INCOME TAX

The following is an analysis of the deferred tax assets/liabilities presented in the statements of financial position:

Deferred tax asset (net) (1)	$ 649	$ 6,260	$ 18,237
Deferred tax liability (net) (2)	$ (123,705)	$ (102,938)	$ (90,571)

(1) The movement of the deferred income tax asset net for temporary differences is as follows:

Beginning balance	$ 6,260	$ 18,237	$ (6,066)
Movement Tax losses	(96)	(5,595)	27,191
Movement deudors	203	-	(70)
Movement inventories	(40)	(44)	202
Movement Property, plant and Equipment	(362)	(659)	679
Movement trade accounts payable	(1,623)	170	(376)
Movement Intangibles	(71)	131	-
Movement other financial assets	(5)	10	(68)
Movement other financial liabilities	(3,617)	(5,990)	(3,255)
Ending balance	$ 649	$ 6,260	$ 18,237

(2) The movement of the deferred income tax liability net for temporary differences is as follows:

Beginning balance	$ (102,938)	$ (90,571)	$ (98,260)
Movement Tax losses	(36,436)	(22,160)	4,225
Movement investments	39	-	-
Movement inventories	(936)	(1,535)	(565)
Movement Property, plant and Equipment	14,807	9,934	361
Movement Commercial accounts	(6,462)	(337)	793
Movement Intangibles	(19)	(26)	139
Movement Debtors	8,384	959	3,012
Movement Employee Benefits	(144)	798	(276)
Ending balance	$ (123,705)	$ (102,938)	$ (90,571)

The reconciliation of the effective rate for the income tax is as follows:

	2017		2016		2015	
	Value	Rate	Value	Rate	Value	Rate
Tax at the statutory rate	$ 22,682	40%	$ 29,295	40%	$(28,275)	(39%)
Plus:						
Tax effect of the tax on movement of funds	309	1%	182	0.25%	32	0%
Effect of nondeductible expenses	1,703	3%	160	0%	394	(1%)
Effect of unusual expenses	4,860	9%	1,249	1.71%	5	0%
Tax effect of the expenses for mandate agreement	-	0%	317	0.4%	834	(1%)
Exchange effect on deferred taxes	(2,707)	(5%)	(5,849)	(8%)	(3,859)	5%
Income tax	$ 26,847	47%	$ 25,354	35%	$(30,869)	43%

The following is an analysis of the deferred tax assets presented in the statements of financial position:

Subsidiary Termocandelaria S.C.A. E.S.P.: The Company's medium and long-term financial projections reflect the generation of cash flows from the allocation of 10-year firm energy obligations and regulated revenues, as benefits for having exercised the option to support obligations with imported natural gas (OPACGNI). This allows the plant to meet its generation needs with the system, with a clean and efficient fuel such as natural gas, in replacement of liquid fuels. In November 2016, the LNG import infrastructure entered into operation, which will allow the Company to generate a greater margin of profitability in energy sales on the stock market, given that operating costs for fuel will be lower than those incurred by the generation with liquid fuel. Based on the foregoing, the Company's management estimates that it can generate significant cash flows that, according to its projections, allow for the tax losses to be recovered in a maximum period of 3 years.

18. ISSUED CAPITAL

As of December 31, 2017, 2016 and 2015 the Company had an authorized capital of $30,000, divided into 30,000,000 common shares with a par value of $1 each, which were subscribed and paid in whole.

For the purpose of ensuring the obligations derived from a loan agreement signed between the shareholder TPL Holding Ltd "as Debtor" and Banco Colpatria Multibanca Colpatria S.A., Bancolombia Panama S.A., Banco Davivienda S.A. and Bancaribe Curaçao Bank NV "as Senior Creditors", the shareholder pledged, in favor of the lenders, the ordinary shares acquired.

In accordance with the Resolutions issued by the Board of Directors of the Company, during the year 2017, dividends were decreed for $ 68,673, which were paid during the months of January, April, July, October and December of 2017.

19. ADITIONAL PAID-IN CAPITAL

Corresponds to the capital increase generated by the higher value paid on the nominal value of the shares.

20. RESERVES

20.1. Legal reserve - Corporations are obligated to create a legal reserve until they reach 50% of the subscribed capital, with appropriations of at least 10% of each year's net income. This reserve can only be used to offset losses or distribute to the Company's liquidation. As of December 31, 2017, 2006 and 2015, it amounts to $3,872.

20.2. Bylaw reserve - This reserve for $29,225 as of December 31, 2017, is freely available to the shareholders' meeting.

21. REVENUES

Below is a summary of the revenues for services rendered during the year:

	2017	2016	2015
Open market sales of energy	$ 466,801	$ 431,355	$ 17,723
Regulated revenue - CREG Res. 062 of 2013 (1)	30,149	1,516	-
Reliability charge - Distribute Value (2)	159,272	101,211	24,097
Reliability charge - Raise Value (2)	(71,974)	(57,807)	(2,612)
Capacity charge (3)	-	10,964	36,951
Energy delivered (3)	-	2,755	8,014
Adjustment for tax variations (3)	-	1,780	5,147
Additional mandate agreement (3)	-	47	3,728
Substation compensation	3,073	1,763	-
Starts and stops	79	229	173
Transportation and gas marketing	2,687	3,628	-
Sale of energy by backup	749	-	-
Other services	2	26	44
Fees for substation management and operation	30	20	22
Total	$ 590,868	$ 497,487	$ 93,287

(1) According to the provisions of CREG Res. 062 of 2013, corresponds to a fixed annual revenue that pays part of the investment costs, administration, operation, maintenance expenses and others related to the infrastructure of import, storage, regasification and connection to the SNT (See note 1, letter d) for the supply of LNG to TEBSA and Termocandelaria as a benefit, since it belongs to the Thermal Generator Group or GT that ensures the port infrastructure services to the thermal generators, for the import of LNG, and cover security generations according to the requirements of the National Dispatch Center - CND.

(2) Corresponds to the charge settled and collected by ASIC and paid by the users of the National Interconnected System (SIN) through the rates of the distributors. The Reliability charge - Distribute Value corresponds to the amount received for the daily real individual remuneration of the Firm Energy Obligation of the generation units of TEBSA and Termocandelaria S.C.A. E.S.P. and the Reliability charge - Raise Value corresponds to the amount collected through the sale of energy to the system.

22. SALES AND OPERATING COSTS

Sales and operating costs during the year are summarized as follows:

Personnel cost	$ 8,200	$ 7,053	$ 6,511
Costs of goods and services	1,117	3,012	63,216
Commercial management	12	-	-
Taxes and contributions (1)	5,750	6,432	5,385
Fazni contribution	2,431	1,765	-
Other services received (2)	643	1,259	4,240
Insurance	4,153	4,007	4,212
Fee	53	985	2,608
Maintenance and operations	3,768	3,446	836

	2017	2016	2015
Consumption of spare parts	2,096	2,332	1,490
Cleaning and cafeteria	353	329	378
Other costs	388	305	389
General costs (2)	1,608	1,130	918
Taxes and royalties	65	552	141
Consumption of direct inputs (3)	398,628	304,986	26,176
Services and publications cost	359	485	457
Energy purchases	2,412	451	-
Other operating costs	204	112	323
Total operating costs	$ 432,240	$ 338,641	$ 117,280
Depreciation	$ 32,934	$ 35,398	$ 30,472
Amortization	13,044	11,380	3,248
Total depreciation and amortization	$ 45,978	$ 46,778	$ 33,720

(1) Corresponds to contributions caused during the years 2017 and 2016 under the environmental transfer contained in Act 99 of 1993. This tax is 4% of the kilowatts generated annually at the rate established by the CREG. Of this 4%, 1.5% corresponds to the municipality of Soledad and the District of Cartagena and the remaining 2.5% to the Regional Autonomous Corporation of Atlántico and the Regional Autonomous Corporation of the Canal del Dique. The rates for 2017 and 2016 were COP $72.89 y COP $70.77, respectively, for each kilowatt/hour generated.

(2) For the year 2017 includes $438 (2016: $311 and 2015: $314) for security services, $155 (2016: $123 and 2015: $111) for catering and restaurants, $ - (2016: $651 and 2015: $1,824) for provision on behalf of GECELCA for the self-withholdings practiced to TEBSA that are paid by GECELCA and subsequently returned by the DIAN, $- (2016: $- and 2015: $1,990) for commission of the mandate contact of the additional burners, and other minor costs for $50 (2016: $174 and 2015: $1).

(3) Corresponds mainly to the consumption of gas and diesel used in power generation for $248,509 (2016 $242,346 and 2015 $ 22,777), plus transportation costs of gas for $72,847 (2016 $49,730 and 2015 $ 1,289), fixed charge for diesel fuel supply and disbursement for $ and $- (2016 $1,015 and 2015 $ 2,110), charge for use and connection to the STN $ 10,908 (2016 $ 7,119) and fixed charge for availability of the storage capacity of the terminal Sociedad Portuaria el Cayao S.A. E.S.P. for $60,447 (2016 $4,776). (See Note 1).

23. ADMINISTRATION EXPENSES

Administration expenses during the year are summarized as follows:

	2017	2016	2015
Personnel cost	$ 3,675	$ 3,021	$ 2,867
Fees	2,702	2,213	2,006
Taxes and contributions (1)	3,157	3,017	970
Subscriptions and Affiliations	388	425	168
Maintenance	274	74	80
Other services received	654	590	666
Depreciation and amortization	136	172	211
Insurance	9	3	8
Wealth taxes	-	15	-
General costs	274	173	169
Contributions imposed and effective	122	66	83
Total administration expenses	$ 11,391	$ 9,769	$ 7,228

(1) Corresponds mainly to the Tax on Movement of Funds for $243 (2016 $741), wealth tax $91 (2016: $226) and Superintendence of Residential Public Utilities annual contribution $198 (2016: $247).

24. OTHER REVENUES AND EXPENSES

Financial expenses as of December 31 included:

	2017	2016	2015
Revenues			
Recovery (1)	$ 737	$ 615	$ 1,461
Extraordinary	41	170	20
	778	785	1,481
Expenses			
Impairment of LNG inventory (4)	$ (1,614)	$ -	$ -
Other expenses (2)	(12,487)	(1,455)	(680)
Impairment of accounts receivable (3)	(9,377)	-	-
Loss by equity method in Calamarí	(180)	-	-
	(23,658)	(1,455)	(680)
Total	$ (22,880)	$ (670)	$ 801

(1) Corresponds mainly to $344 (2016:$315 and 2015:$362) of expenses for pensioners, which are charged to Gecelca for the employer replacement agreement, $113 (2016:$- y 2015: $152) of the mandate agreement for prepayment of taxes, $153 for recovery for sale of scrap, $35 corresponding to disability reimbursements, and other minor recoveries for $60. For 2016, $88 for retroactive payments reimbursed by Colpensiones, $81 for recovery of surplus inventory and other recoveries for 2016:$66 (2015: $834)

(2) For 2017, corresponds mainly to the value originated in resolution No. SSPD 20172400004215, whereby the Superintendence of Residential Public Utilities imposes a fine on Termocandelaria S.C.A. E.S.P. for a value of $11,822 for the alleged non-compliance with the provisions of articles 25 of Act 143 of 1994 and article 52 of CREG Resolution 071 of 2006 (in 2016 this information was disclosed as part of the Subsequent Events note). It also includes $59 corresponding to the equity method with Calamarí, $344 (2016: $315 and 2015: $362) for GECELCA charges for the employer replacement agreement, $101 for insurance policies, $55 for reimbursement of employee medical expenses, and other minor recoveries for $77. For 2016, corresponds mainly to adjustments to the costs of the stock market billed by XM Compañía de Expertos en Mercados S.A. E.S.P., during the year 2016, for $321, inventory losses for obsolescence for $574. For 2015, corresponds to $152 of the loan agreement for taxes.

(3) Corresponds to the impairment of accounts receivable from Electrificadora del Caribe S.A. E.S.P., see note 7.1. and 4.

(4) Corresponds to the impairment of the LNG liquid natural gas inventory, see note 8.2.

25. FINANCIAL REVENUES AND EXPENSES

Financial revenues and expenses as of December 31 included:

Revenues			
Interests and returns	$ 1,918	$ 1,820	$ 507
Expenses			
Financial interests with banking entities (1)	$ (14,852)	$ (12,326)	$ (8,604)
Financial interests BBVA debt (2)	(7,864)	(7,909)	(7,876)

	2017	2016	2015
Equipment lease interests	(47)	-	-
Financial expenses trust management	(827)	(557)	(43)
Financial interests with Gilda Massy	(26)	(26)	(26)
Banking and commissions	(488)	(768)	(179)
	(24,104)	(21,586)	(16,728)
Total	$ (22,186)	$ (19,766)	$ (16,221)

(1) For 2017, corresponds mainly to interest on the syndicated loan described in note 13 for $8,007 (2016: $7,275 and 2015:$5,662), interest generated on the balances owed by the subsidiary Termocandelaria S.C.A. E.S.P. to the system creditors (See Note 1) for $2,776 (2016:$1,832) and $472 (2016: $0), interest generated by the payment agreement entered into with the Superintendence of Residential Public Utilities for payment in 12 installments of the value of the penalty (See Note 24) and the interest caused by the company subsidiary Termobarranquilla SA E.S.P. for $3,597 (2016:$3,217 and 2015:$2,830), due to the financial obligation contracted with Banco de Bogotá.

(2) For 2017 corresponds mainly to the accounting of interest of subordinated debt and the Restitution Payment $7,864 (2016: $7,909) and the APA signed with GECELCA, where it assigned all rights to Banco BBVA on the subordinated debt for $56,714.

26. FINANCIAL INSTRUMENTS

Financial risk management – The Company's activities are exposed to different financial risks, including market risk (interest rates and exchange rates), liquidity risk and credit risk.

The company manages the risks inherent to the financing of the activities of its corporate purpose, as well as those derived from treasury operations. The Company does not make investments, derivative transactions or currency positions for speculative purposes.

Below, each risk is analyzed separately:

Liquidity risk - The Company maintains a liquidity policy in accordance with the flow of working capital, performing the payment commitments to suppliers in accordance with the policy of accounts payable and contractual agreements with banking entities in the case of financial obligations. This management is based on the preparation of cash and budget flows, which are reviewed periodically, allowing the Company to determine the position necessary to meet liquidity needs.

As of December 31, 2017, the subsidiary TEBSA S.A. E.S.P. maintains the following lines of credit approved and available (in thousands of dollars):

BANKS AND LINES OF CREDIT	LIMIT	USED	AVAILABLE
Banco de Bogotá ordinary credit	$ 55,000	$ 24,529	$ 30,471
Banco de Bogotá working capital	11,997	7,517	4,480
Banco de Bogotá bank guarantees	25,000	8,952	16,048
BBVA working capital	15,080	-	15,080
BBVA ordinary credit	3,351	-	3,351
BBVA bank guarantees	6,702	-	6,702
Banco Davivienda bank guarantees	33,512	30,730	2,782
Banco Davivienda ordinary credit	12,500	-	12,500
Banco Itaú working capital	9,719	-	9,719
Banco Itaú bank guarantees	21,381	20,831	550
Total	$ 194,242	$ 92,559	$ 101,683

As of December 2016

BANKS AND LINES OF CREDIT	LIMIT	USED	AVAILABLE
Banco de Bogotá ordinary credit	$ 28,660	$ 24,926	$ 3,734
Banco de Bogotá leasing credit	157	76	81
Banco de Bogotá derivatives	1,500	22	1,478
Banco de Bogotá working capital	3,500	-	3,500
Banco de Bogotá bank guarantees	25,000	21,329	3,671
Banco Corpbanca ordinary credit	11,664	10,190	1,474
Banco Corpbanca leasing credit	267	-	267
Banco Corpbanca derivatives	2,000	-	2,000
Banco Davivienda working capital	2,616	-	2,616
Banco Davivienda bank guarantees	33,325	26,763	6,562
Total	$ 108,689	$ 83,306	$ 25,383

As of December 2015

BANKS AND LINES OF CREDIT	LIMIT	USED	AVAILABLE
Banco de Bogotá ordinary credit	$ 27,306	$ 26,290	$ 1,016
Banco de Bogotá lease	48	15	33
Banco de Bogotá derivatives	95	-	95
Banco de Bogotá working capital	635	-	635
Banco de Bogotá bank guarantees	19,600	1	19,599
Banco Davivienda bank guarantees	23,814	8,948	14,866
Total	$ 71,498	$ 35,254	$ 36,244

Market risk - The Company is exposed to exchange rate risk. In this regard, the most representative operations in relation to this risk for the subsidiary Termobarranquilla S.A. E.S.P. - Tebsa- correspond to accounts receivable from related parties, obligations for gas purchases and financial liabilities with LEASECO that are contracted in dollars. The Company currently carries out short-term hedges and transacts in foreign accounts to minimize the difference between the rates.

For the subsidiary Termocandelaria S.C.A. E.S.P are exposed mainly to financial risks of changes in exchange rates, for which it subscribes short-term hedges to minimize the difference between the rates.

Counterparty risk - The subsidiary TEBSA S.A. E.S.P. is exposed to risks in the collection of accounts from counterparties in the electricity generation market. The most representative transactions in relation to this risk correspond to accounts receivable from agents in the interconnected market. The Company has low exposure to credit risk since, according to the historical behavior, customers have complied, and the agreed cash flows have been collected.

Interest rate risk - The Company is exposed to risks in the interest rate because it borrows money at both fixed and variable interest rates. The Company manages the risk by maintaining an appropriate combination between fixed and variable rate loans.

Credit risk - The Company has low exposure to credit risk, since, according to the historical behavior, customers have complied and the agreed flows have been collected.

27. TRANSACTIONS WITH RELATED PARTIES

The transactions between the Company and its related parties are detailed below:

Year 2017	Shareholders	Legal Representatives and Managers	Related Companies
Accounts receivable (1)			
Gecelca S.A. E.S.P.	$ 6,405	$ -	$ -
Total accounts receivable	$ 6,405	$ -	$ -
Accounts payable			
Gecelca S.A. E.S.P.	$ 2,482	$ -	$ -
Total accounts payable	$ 2,482	$ -	$ -

Year 2016	Shareholders	Legal Representatives and Managers	Related Companies
Accounts receivable (1)			
Gecelca S.A. E.S.P.	$ 12,041	$ -	$ -
Total accounts receivable	$ 12,041	$ -	$ -
Accounts payable			
Gecelca S.A. E.S.P.	$ 4,082	$ -	$ -
Total accounts payable	$ 4,082	$ -	$ -

Year 2015	Shareholders	Legal Representatives and Managers	Related Companies
Accounts receivable (1)			
Gecelca S.A. E.S.P.	$ 18,196	$ -	$ -
Total accounts receivable	$ 18,196	$ -	$ -
Accounts payable			
Gecelca S.A. E.S.P.	$ 108,679	$ -	$ -
Total accounts payable	$ 108.679	$ -	$ -

Year 2017	Shareholders	Legal Representatives and Managers	Related Companies
Revenues			
Energy delivered	$ (40)	$ -	$ -
Adjustment for tax variations	116	-	-
Total revenues	$ 76	$ -	$ -

Year 2017	Shareholders	Legal Representatives and Managers	Related Companies
Expenses			
Debt interest expense	$ 342	$ -	$ -
Total expenses	$ 342	$ -	$ -

Year 2016	Shareholders	Legal Representatives and Managers	Related Companies
Revenues			
Capacity charge	$ 10,964	$ -	-
Energy delivered	2,755	-	-
Adjustment for tax variations	1,780	-	-
Additional mandate agreement	47	-	-
Total revenues	$ 15,546	$ -	$ -
Expenses			
Debt interest expense	$ 7,581	$ -	$ 5,177
Operating fees	934	-	-
Total expenses	$ 8,515	$ -	$ 5,177

Year 2015	Shareholders	Legal Representatives and Managers	Related Companies
Revenues			
Capacity charge	$ 36,951	$ -	$ -
Energy delivered	8,014	-	-
Adjustment for tax variations	5,147	-	-
Additional mandate agreement	3,728	-	-
Total revenues	$ 53,840	$ -	$ -

During the years 2017, 2016 and no transactions of the nature mentioned below were carried out with shareholders, legal representatives and managers:

a) Free services.

b) Loans without interest or consideration borne by the borrower.

c) Loans with interest rates different from those that are ordinarily paid or charged to third parties under similar conditions of term, risk, etc.

28. OTHER DISCLOSURES

28.1. Contingent Liabilities - There are civil, labor (individual and collective) proceedings against the subsidiary TEBSA S.A. E.S.P., which demand, among others, labor indemnities, contractual actions and compensation for easement processes, the probability of occurrence of which is eventual; therefore, they are not recognized in the statement of financial position.

Type of process	2017	2016	2015
Labor (1)	$ 1,114	$ 1,219	$ 1,074
Contractual Action (2)	402	400	381
Easement process (3)	1,206	1,199	1,142
Tax responsibility (4)	1,744	1,734	1,652
Arbitration procedure - Easement (5)	2,105	2,093	1,994

(1) Corresponds to labor lawsuits filed against Tebsa S. A. E.S.P. for reassessment of social benefits, indemnities, and retirement pensions.

(2) Corresponds to the contractual action of Clearlake Overseas Inc. against Termobarranquilla and Corelca S.A. for breaching the "Payment Method Agreement" signed on March 28, 2002, between the plaintiff and the defendants. The action seeks to declare and order Termobarranquilla and Corelca to pay the damages and losses caused to Clearlake, as a result of the breach of the agreement.

(3) Corresponds to the easement process of Corelca against the Technical Industrial Institute of Atlantico "ITIDA". For the year 2015 and 2014, corresponds to the arbitration process of the abbreviated easement process, under service provision agreement C-3330-95 between Tebsa and Corelca, Tebsa being responsible for the design, engineering, construction and commissioning of the 220 Kv transmission line between the substations of Soledad and Sabanalarga. The transmission line built crosses property No. 040-96607 located in the municipality of Soledad.

(4) Investigation for alleged property damage to Corelca for the non-payment of the entire sentence in the INEM easement process.

(5) Corresponds to the arbitration proceeding of Corelca in liquidation against Tebsa S.A. E.S.P. for the easement process, under service provision agreement C-3330-95 between Tebsa and Corelca, where Corelca claims that Tebsa should compensate for the alleged damages caused to Corelca, as a legal consequence of the acquisition of easement rights for the construction of an electric power transmission line.

There is also an ordinary lawsuit filed by the firm Brigard & Urrutia Abogados S.A. for the payment of a success commission for the representation of the subsidiary Termocandelaria S.C.A. E.S.P. in the arbitration claim with Texas Petroleum Company, the current probability of occurrence of which is remote; however, the process is currently undergoing the examination of evidence stage and a better assessment of the final result cannot be made until the end of said stage.

Type of process			
Civil Lawsuit	$ 8,000	$ 8,000	$ 8,000

28.2. Guarantees delivered - There are guarantees acquired in favor of XM S.A. E.S.P. to support the construction and start-up of the infrastructure of imported natural gas for the OPACGNI 2015 - 2016.

Guarantees			
Bank Guarantees on OPACGNI (1)	$ 844	$ 11,032	$ 9,712
Bank Guarantees (2)	5,794	10,987	4,720
Bank Guarantees for the supply of gas (3)	47,783	26,690	-
Bank Guarantees for the transportation of gas (4)	10,093	10,612	-
Total	$ 64,514	$ 59,321	$ 14,432

(1) Guarantees acquired in favor of XM S.A. E.S.P. to support the construction and start-up of the infrastructure of natural gas imported for OPACGNI 2016 - 2017. For 2017, corresponds to the Bank Guarantees issued by Banco Davivienda, for $844 (2016: $10,231) and by Banco Bogotá for $- (2016: $801). For 2015, corresponds to Bank Guarantees No. 07002026100493376 issued on October 30, 2015, by Banco Davivienda for $8,949 and No. 259010590 issued on September 10, 2015, by Banco Bogotá for the value of $763.

(2) For 2017, $5,794 (2016: $5,625) corresponds to guarantees detailed in Note 10 Other non-financial assets. For 2016, included the value of $5,362, corresponding to the Bank Guarantee No. 10090001929 issued on November 2, 2016, by Bancolombia in favor of the Company XM Expertos en Mercados S.A. E.S.P. for the purpose of protecting the construction of and putting into operation the infrastructure of natural gas imported for OPACGNI 2015 - 2016. For 2015, corresponds to Bank Guarantee No. 10090001551 issued on December 2, 2015, by Bancolombia.

(3) For 2017, bank guarantees were established to guarantee the gas supply with Banco Davivienda in favor of Gases del Caribe for $18,107 (2016: $6,333 and 2015: $-) and Gecelca for $5,419 (2016: $7,667 and 2015: $-), with Banco Itaú in favor of Pacific Rubiales Energy for $3,372 (2016: $6,312 and 2015: $-) and Geoproduction Oil Gas for $6,609 (2016: $6,378 y 2015: $-), and with National Insurance in favor of VP Ingenieria for $14,276.

(4) For 2017, bank guarantees were established to guarantee the transportation of gas with Banco de Bogotá in favor of Promigas for $5,179 (2016: $7,880 and 2015: $-), and Banco Davivienda in favor of Promigas for $2,029 and Gases of the Caribbean for $2,885 (2016: $2,732 and 2015: $-).

29. INFORMATION SEGMENTS

TPL uses financial information of the results according to operating segments defined for decision-making and monitoring the profitability of the business. TPL has two main projects handled separately through two legal entities: TEBSA and TECAN. Each of such components exhibit different long-term financial performance, nature of production process and methods of distributing their products or providing their services.

Products and services offered by reportable segments - The companies comprising segments according to the information requirements for the administration and in accordance with IFRS 8 are:

- Termobarranquilla S.A. E.S.P. (TEBSA): Was established by public deed 9994 in October 1994, with a duration of 50 years. Its corporate purpose is the generation and supply of electric power service through the operation of the thermal plant located in Soledad, Atlántico, with a capacity of 120 megawatts, and the installation of a new 750 megawatts combined cycle plant, and the trade of natural gas through supply networks. As of December 2007, it increased its capacity by 41 megawatts with the installation of additional burner sets in the recovery boilers of the GT-11, GT-12 and GT-13 units.

- Termocandelaria SCA. E.S.P.: was incorporated by public deed No. 756 dated April 27, 1998, issued by the 16th Notary Public of Bogotá, with a duration until April 27, 2048. Since the Company's incorporation, certain corporate reforms have been carried out, the most recent of which took place on October 23, 2013. The Company's main corporate purpose is the generation and sale of electric power, as well as the trade of all types of fuels and energy resources under the terms established in Acts 142 and 143 of 1994 and CREG Resolution 089 of August 14, 2013.

a. *Segment assets and liabilities*

The following is an analysis of the Entity's assets and liabilities from continuing operations by reportable segment.

	Assets by segment			Liabilities by segment		
	2017	2016	2015	2017	2016	2015
Termobarranquilla S.A. E.S.P	$ 676,219	$ 758,101	$ 654,750	$ 353,905	$ 464,461	$ 392,410
Termocandelaria S.C.A. E.S.P.	155,260	155,489	174,212	139,989	133,896	165,578
Total assets/ liabilities per segment	831,479	913,590	828,962	493,894	598,357	557,988
(+/-)Eliminations /other	9,663	6,585	7,119	(60,462)	(124,251)	(121,836)
Total Consolidated	$ 841,142	$ 920,175	$ 836,081	$ 433,432	$ 474,106	$ 436,152

b. Segment revenues and results

The following information is presented by segment of the income statements for the years 2017, 2016 and 2015:

	Revenues by segment			Profits by segment		
	2017	2016	2015	2017	2016	2015
Termobarranquilla S.A. E.S.P	$ 535,691	$ 393,437	$ 53,840	$ 88,227	$ 77,856	$ (3,090)
Termocandelaria S.C.A. E.S.P.	58,717	107,031	39,425	24,429	33,447	(56,297)
Total revenues/ gross profit (loss) per segment	$ 594,408	$ 500,468	$ 93,265	$ 112,656	$ 111,303	$ (59,387)
(+/-)Eliminations/other	(3,540)	(2,981)	22	(6)	765	1,674
Total Consolidated (revenues / gross profit(loss))	$ 590,868	$ 497,487	$ 93,287	$ 112,650	$ 112,068	$ (57,713)
Consolidated revenues/expenses:						
Administrative expenses				(11,391)	(9,769)	(7,228)
Other revenues/expenses, net				(22,369)	(9,296)	8,662
Financial revenues/expenses, net				(22,186)	(19,766)	(16,221)
Profit (loss) before income tax				56,704	73,237	(72,500)
Income tax				(26,847)	(25,354)	30,869
Consolidated Net profit (loss)				$ 29,857	$ 47,883	$ (41,631)

The accounting policies applied in the preparation of segment reporting and the accounting for transactions between them correspond to those described in the accounting policy note 3.

Other information by segment is as follows:

	Termobarranquilla			Termocandelaria		
	2017	2016	2015	2017	2016	2015
Intersegment revenue	$ 3,466	$ 2,959	$ -	$ -	$ -	$ -
Interest expenses	(16,795)	(16,672)	(16,497)	(10,247)	(10,193)	(9,699)
Depreciation and amortization	(44,660)	(39,457)	(31,176)	(1,318)	(7,321)	(2,544)
Equity in income (loss) of Joint ventures	(121)	-	-	(59)	-	-
Income tax	$ (21,170)	$(13,188)	$ 7,689	$ (5,612)	$(11,977)	$ 24,213

Geographic information: Revenue from external customers TPL operations by geographic location are perceived in Colombia, which is where Termobarranquilla S.A. E.S.P. and Termocandelaria SCA E.S.P. are located.

30. SUBSEQUENT EVENTS

There were no relevant events after the closing of the financial statements that could significantly affect the Company’s financial position reflected in the financial statements as of December 31, 2017.

31. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been authorized for disclosure by the Company´s Legal Representative on October 30, 2018.

Termobarranquilla S.A. Empresa de Servicios Públicos – TEBSA S.A. (E.S.P.)

Unaudited Condensed Interim Financial Statements, for the nine months ended September 30, 2018 and 2017

TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS - TEBSA S.A. (E.S.P.)
UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION, AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017
(In thousands of US dollars)

ASSETS	**2018**	**2017**
CURRENT ASSETS		
Cash and Cash equivalents (Note 5)	$ 19.555	$ 11.795
Commercial Accounts Receivable and Other Accounts Receivable - Net (Note 6)	69.624	50.495
Inventories - Net (Note 7)	32.295	25.494
Current tax assets (Note 8)	9.111	13.836
Other non-financial assets (Note 9)	179	2.527
TOTAL CURRENT ASSETS	130.764	104.147
NON CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT - NET (Note 10)	550.878	565.496
COMMERCIAL ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE (Note 6)	8.911	5.961
INVESTMENTS IN JOINT VENTURES	356	203
INTANGIBLE ASSETS (Note 11)	296	412
TOTAL NON CURRENT ASSETS	560.441	572.072
TOTAL ASSETS	$ 691.205	$ 676.219

LIABILITIES AND EQUITY	**2018**	**2017**
CURRENT LIABILITIES		
Loans (Note 12)	$ 50.652	$ 52.789
Finance lease obligations (Note 15)	3.934	16.517
Commercial accounts payable and other accounts payable (Note 13)	51.905	41.960
Current tax liabilities (Note 8)	20.433	1.942
Provisions for employee benefits (Note 14)	869	548
TOTAL CURRENT LIABILITIES	127.793	113.756
NON CURRENT LIABILITIES		
Loans (Note 12)	28.209	36.879
Finance lease obligations (Note 15)	41.304	60.197
Commercial accounts payable and other accounts payable (Note 13)	861	1.396
Retirement benefit plans (Note 14)	17.930	17.972
Deferred tax liability - Net	114.128	123.705
TOTAL NON CURRENT LIABILITIES	202.432	240.149
TOTAL LIABILITIES	330.225	353.905
EQUITY		
Issued capital (Note 16)	92.270	92.270
Reserves (Note 17)	92.344	34.384
Effect due to convergence to IFRS	464.410	464.410
Accumulated losses	(324.908)	(295.681)
Net profit for the period	38.605	28.733
Accumulated other comprehensive income	(1.741)	(1.802)
TOTAL EQUITY	360.980	322.314
TOTAL LIABILITIES AND EQUITY	$ 691.205	$ 676.219

The notes attached hereto are an integral part of the financial statements.

LUIS MIGUEL FERNANDEZ Z.
Legal Representative

PLINIO PERCY DIAZGRANADOS
Accountant
Professional Card No. 8456 - T

TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS - TEBSA S.A. (E.S.P.)
UNAUDITED CONDENSED INTERIM STATEMENTS OF PROFIT AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(In thousands of US dollars)

	2018	2017
REVENUES (Note 18)	$ 516.990	$ 399.667
SALES AND OPERATING COSTS (Note 19)	(401.868)	(297.524)
DEPRECIATION AND AMORTIZATION (Note 19)	(31.856)	(30.871)
GROSS PROFIT	83.266	71.272
ADMINISTRATION EXPENSES (Note 20)	(7.318)	(6.118)
OTHER REVENUES AND EXPENSES (Note 21)	(802)	(9.341)
EXCHANGE (LOSS) GAIN - NET (Note 23)	(750)	370
FINANCIAL EXPENSES - NET (Note 22)	(13.119)	(16.265)
PROFIT BEFORE INCOME TAX	61.277	39.918
Income tax	(22.672)	(16.808)
NET PROFIT	38.605	23.110
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
For post-employment benefit plans	91	(57)
For income tax relating to components of other comprehensive income	(30)	19
TOTAL OTHER COMPREHENSIVE INCOME RESULT OF THE PERIOD	$ 38.666	$ 23.072

The notes attached hereto are an integral part of the financial statements.

LUIS MIGUEL FERNANDEZ Z.
Legal Representative

PLINIO PERCY DIAZGRANADOS
Accountant
Professional Card No. 8456 - T

TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS - TEBSA S.A. (E.S.P.)
UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(In thousands of US dollars)

						Accumulated other comprehensive income			
	Issued Capital	**Reserves**	**Effect due to convergence to IFRS**	**Accumulated losses**	**Net profit (loss) for the period**	**Actuarial loss**	**Deferred tax on actuarial gains**	**Total**	**Total Equity**
BALANCES AS OF JANUARY 1, 2017	$ 92.270	$ 34.384	$ 464.410	$ (328.724)	$ 33.043	$ (2.602)	$ 859	$ (1.743)	$ 293.640
Net profit	-	-	-	-	23.110	-	-	-	23.110
Transfer	-	-	-	33.043	(33.043)	-	-	-	-
Actuarial calculation effects	-	-	-	-	-	(57)	19	(38)	(38)
BALANCES AS OF SEPTEMBER 30, 2017	$ 92.270	$ 34.384	$ 464.410	$ (295.681)	$ 23.110	$ (2.659)	$ 878	$ (1.781)	$ 316.712
BALANCES AS OF JANUARY 1, 2018	$ 92.270	$ 34.384	$ 464.410	$ (295.681)	$ 28.733	$ (2.690)	$ 888	$ (1.802)	$ 322.314
Net profit	-	-	-	-	38.605	-	-	-	38.605
Appropriation for reserves	-	57.960	-	(57.960)	-	-	-	-	-
Transfer	-	-	-	28.733	(28.733)	-	-	-	-
Actuarial calculation effects	-	-	-	-	-	91	(30)	61	61
BALANCES AS OF SEPTEMBER 30, 2018	$ 92.270	$ 92.344	$ 464.410	$ (324.908)	$ 38.605	$ (2.599)	$ 858	$ (1.741)	$ 360.980

The notes attached hereto are an integral part of the financial statements.

LUIS MIGUEL FERNANDEZ Z.
Legal Representative

PLINIO PERCY DIAZGRANADOS
Accountant
Professional Card No. 8456 - T

TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS - TEBSA S.A. (E.S.P.)
UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(In thousands of US dollars)

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	$ 38.605	$ 23.110
Adjustments to reconcile net profit (loss) to net cash provided by operations:		
Depreciation and amortization	31.856	30.871
Property, plant and equipment consumption	30	207
Impairment of accounts receivable and inventory	(995)	(758)
Equity in (income) loss of joint ventures	(153)	43
Interest on finance lease and debt[1]	12.436	16.737
Income tax	22.672	16.808
CHANGES IN WORKING CAPITAL:		
Commercial accounts receivable and other accounts receivable	(22.079)	16.546
Inventories	(5.806)	(11.207)
Assets and liabilities for current taxes	(9.063)	507
Other non-financial assets	2.348	2.701
Other non-financial liabilities	-	(678)
Commercial accounts payable and other accounts payable	9.410	(8.991)
Employee benefit provisions	321	253
Retirement benefits plans	34	271
Net cash provided by operating activities	79.616	86.420
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in joint ventures	-	(237)
Prepayments for HGPSA agreement	(8.502)	(8.782)
Additions to property, plant and equipment	(8.635)	(8.065)
Net cash used in investing activities	(17.137)	(17.084)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Prepayments on finance lease obligation[1]	(37.940)	(69.409)
Increase in financial obligations[1]	12.730	7.000
Payment of financial obligations[1]	(29.509)	(56.852)
Net cash used in financing activities	(54.719)	(119.261)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7.760	(49.925)
Cash and cash equivalents at the beginning of the period	11.795	71.109
CASH AT THE END OF THE PERIOD	$ 19.555	$ 21.184

The notes attached hereto are an integral part of the financial statements.

1 Refer to note 12 item 7 for Reconciliation of liabilities arising from financing activities.

LUIS MIGUEL FERNANDEZ Z
Legal Representative

PLINIO PERCY DIAZGRANADOS
Accountant
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TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PÚBLICOS TEBSA S.A. (E.S.P.)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 (In thousands of US dollars, unless otherwise stated)

GENERAL NOTES

1. GENERAL

Economic Entity- Termobarranquilla S.A. Empresa de Servicios Públicos "TEBSA S.A. (E.S.P.)" (hereinafter the Company or TEBSA) was incorporated by public deed No. 9994 dated October 1994, with a duration of 50 years. Its corporate purpose is the generation and provision of electric power service and the trade of natural gas through networks, by repowering the thermal plant located in Soledad, Atlántico, with a capacity of 120 megawatts, and the installation of a new plant with an additional 750 megawatts that works in combined cycle. As of December 2007, it increased its capacity by 41 megawatts with the installation of additional burner sets in the recovery boilers of the GT-11, GT-12 and GT-13 units.

2. BASIS FOR PREPARATION

2.1. Accounting standards applied - The Company, in accordance with the current provisions issued by Act 1314 of 2009, regulated by Decrees 2420 of 2015, 2496 of 2016 and 2131 of 2016, prepares its financial statements in accordance with accounting and financial reporting standards accepted in Colombia , which are based on the International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB) effective as of December 31, 2016.

2.2. Adoption of new revised standards:

The standards and interpretations that have been issued, but are not still used in Colombia as of the date of the financial statements are:

Standards incorporated in Colombia as of January 1, 2019 –2496 of 2015 and 2131 of 2016 - With these decrees, as of January 1, 2019, the following standards entered into effect in the regulatory technical framework that contains some amendments issued by the IASB on January 1, 2016, with early adoption permitted:

IFRS 2 – Share-based Payments. Share-based classification and measurement of payment transactions: The IASB has added a guide that introduces the accounting requirements for payments based on cash-based shares that follow the same approach used for share-based payments. Effective January 2018.

IFRS 9 – Financial Instruments – IFRS 4 – Insurance Contracts: Offers two options for entities that issue insurance contracts within the scope of IFRS 4. Effective January 2018.

IAS 40 – Investment properties: Amendments clarify that a transfer towards or from investment properties requires an evaluation to make sure that the property complies or ceases to comply with the definition of investment property, supported by observable evidence that a change has been produced in usage. Effective January 2018.

IFRS 16 – Leases.

New Standard Issued: Establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that tenants and landlords provide relevant information that faithfully represents such transactions.

IFRS 16 replaces the following standards and interpretations: IAS 17 Leases, IFRIC 4 Determining whether an Agreement contains a Lease, SIC-15 Operating Leases-Incentives, SIC-27 Evaluating the substance of transactions involving the legal form of a lease. Effective January 2019.

The Company has assessed the implications of these changes on standards, and to this date, no material impact has been identified on its adoption.

Standards issued by the IASB not incorporated in Colombia – The following standards have been issued by the IASB but have not yet been incorporated by Decree in Colombia:

IFRS 9 – Financial Instruments. It changes the existing requirements of IFRS 9 with respect to termination rights in an agreement, to allow measuring at amortized cost (or, depending on the commercial model, a reasonable value, through another comprehensive result) even in negative compensation payments. Additionally, it includes clarification with respect to accounting for a modification or exchange of a financial liability measured at amortized cost that doesn't result in write-off in financial liabilities accounts. Effective January 2019.

IFRS 17 Insurance Contracts. New standard issued. Sets the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. With the aim of ensuring that a company will provide relevant information faithfully representing insurance contracts. Effective January 2021.

IFRIC 22 – Transactions in Foreign Currency and Advanced Compensation. This interpretation addresses the form to determine the transaction date so as to determine the exchange rate to use in the initial recognition of the related asset, expense or revenue (or the part of it that corresponds) in the derecognition of a non-monetary asset or non-monetary liability arising from payment or collection of the anticipated compensation in foreign currency. Effective January 2018.

IFRIC 23 – Uncertainty over Income Tax Treatments. This interpretation clarifies how to apply recognition and measurement of IAS 12 when there is uncertainty with respect to treatment of income tax.

The above mentioned effective dates, correspond to the date defined by the issuer "IASB". The adoption in Colombia will be effective later, through issuance of corresponding decrees.

The Company will assess the impact of said standards, once they are incorporated in the local legislation in Colombia.

3. SUMMARY OF THE MAIN ACCOUNTING POLICIES

3.1. Basis for presentation - These interim financial statements for the periods ended September 30, 2018 and 2017, which are stated in US dollars, are being prepared for the first time, in connection with the Parent´s company planned issuance of bonds. Hence, they are not fully comparable with statutory financial statements in Colombian pesos. For legal purposes in Colombia, the main financial statements are the separate financial statements, which are expressed in Colombian pesos, since it is the presentation or reporting currency for all purposes. The functional currency is the United States dollar, which corresponds to the currency of the main economic environment in which the Company operates.

The accompanying unaudited condensed interim financial statements as of September 30, 2018 and for the nine-month periods ended September 30, 2018 and 2017, have not been audited. In the opinion of Company's management, all the adjustments (consisting mainly of ordinary, recurring adjustments) necessary for a fair presentation of the accompanying unaudited condensed interim financial statements are included. The results of the periods are not necessarily indicative of the results for the full year. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company and the respective notes for the year ended December 31, 2017.

3.2. *Main accounting policies -* The following are the main accounting policies that the company has adopted during the period:

Changes in accounting policies

As of January 1, 2018, the Company has adopted the following amendments or changes to the International Financial Reporting Standards, published by the International Accounting Standards Board (IASB):

a) IFRS 15 Revenue from contracts with customers

It is based on the principle of transfer of control of a good or service to a customer to establish the recognition of a revenue.

The fundamental principle of this standard is the fulfillment of performance obligations with customers. This fundamental principle is structured through 5 steps:

- Identify the contract: Commercial substance, agreement of terms and commitments and identified payment terms.
- Identify separate obligations: Differentiation of elements of the service.
- Determine the transaction price: The amount of the current consideration which the entity expects to be entitled in exchange for the transfer of a promised good or service.
- Allocate the transaction price: Allocate the price of the transaction to each separate compliance element in proportion to its individual selling price.
- Recognize revenue: When an element of compliance is satisfied by the transfer of a good or service to the client.

The application of this new standard has not had a material effect on the Company's financial statements.

b) IFRS 9 Financial Instruments

The new impairment model requires the recognition of impairment provisions based on the expected losses instead of just the losses incurred. The expected loss model is applied mainly to accounts receivable from customers. This means that under IFRS 9, impairments will generally be recorded in advance of historical losses.

The application of this new standard has not had a material effect on the Company's financial statements, given the high percentage of cash recovery of accounts receivable.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The estimates and criteria used are constantly evaluated and are based on historical experience and other factors, including the expectation of occurrence of future events that are considered reasonable according to the circumstances.

The Company makes estimates and assumptions regarding the future. The resulting accounting estimates may differ from the actual results. The estimates and significant assumptions are presented below.

4.1. Income Tax – **Deferred tax** - The Company and its legal advisors apply their professional judgment to determine the provision and estimates for current and deferred income tax. There are many transactions and calculations for which the final tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for situations observed in preliminary tax audits on the basis of estimates of whether the payment of additional taxes applies. When the final tax result of these situations is different from the amounts that were initially recorded, the differences are assigned to current and deferred tax assets and liabilities, in the period in which this event is determined.

4.2. Revenue recognition - At each presentation of the financial statements, estimates of the revenues accrued are based on the information available on energy dispatches or transactions in the secondary market, provided by the market operator. Usually, these estimates do not show significant variations with subsequent actual measurements.

SPECIFIC NOTES

5. CASH AND CASH EQUIVALENTS

	September 2018	December 2017
Cash, cash in banks and corporations :		
Cash	$ 6	$ 10
Banks and Corporations		
Fiduciaria Bogotá S.A. (1)	7,518	4,068
Banco de Bogotá S.A.	7,303	2,917
Banco Itaú CorpBanca Colombia S.A.	4,129	1,938
CDT Davivienda Panamá (2)	-	1,700
Credicorp Capital Colombia S.A.	11	1,011
Banco Davivienda S.A.	294	82
BTG Pactual S.A.	101	50
BBVA Colombia S.A.	191	17
Bancolombia S.A.	2	2
Total cash and cash equivalents	$ 19,555	$ 11,795

(1) Includes a restricted portion of $374 (2017: $106) corresponding to the monthly reserve that the Trust will make in the dollar account, equivalent to 1/6 of the total sum to pay for remuneration interest in each date following payment interests with Banco de Bogotá.

(2) In 2017 the company established one (1) Certificate of Deposit with Davivienda Panamá S.A. at an effective quarterly rate due monthly of 1.15%, maturing on January 29, 2018, for a value of $1,700, for the purpose of generating returns and paying part of the debt of related companies.

6. COMMERCIAL ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE

Commercial accounts receivable from gas sale and generation (1)	$ 65,593	$ 47,040
Accounts receivable from shareholders (2)	8,387	5,652
Other accounts receivable (3)	3,747	2,983
Account receivable from employees	808	781
Total commercial accounts receivable and other accounts receivable	$ 78,535	$ 56,456
Less current portion:		
Commercial accounts receivable from generation	$ 65,005	$ 46,633
Account receivable from employees	808	781
Other accounts receivable	3,747	2,983
Accounts receivable from shareholders	64	98
Total current portion	$ 69,624	$ 50,495
Total non-current portion	$ 8,911	$ 5,961

(1) Corresponds to $51,151 (2017: $53,023) of the market energies sale, of which is expired to 2017 $8,479 reported by the Company Expertos en Mercados S.A. E.S.P. on behalf of Electrificadora del Caribe S.A. E.S.P. company that was intervened by the Superintendence of Residential Public Services on November 14, 2016), which were written off during 2017 $588 (2017: $573) from the

sale of energy to GECELCA under the PPA agreement and for estimated energy billing, $13,230 (2017: $1,260) from gas sales, $27 from gas transportation service , $592 (2017: $476) from the mandate agreement for substations used by Electricaribe and Transelca, $- (2017: $180) for the sale of backup energy and $5 (2017: $7) for other minor concepts.

(2) Corresponds to accounts receivable from GECELCA for the portion of the retirement pension liability of $4,872 (2017: $4,879), $2,772 for public lighting in favor of the municipality of Soledad, $64 (2017: $98) for reimbursement of retired persons payroll, which is charged to GECELCA for the employer substitution agreement, contribution to Superservicios for $225 (2017: $224) and mandatory investment of $454 (2017: $451).

(3) Corresponds mainly to prepayments to ASIC deposited in a custody account for $1,432 (2017: $1,385) for prepayments, in order to make transfers to cover TIE guarantees and adjustments to the invoice, commercial management and counseling for $14 (2017: $31), prepayments for purchases $616 (2017: $147), and prepayments on agreements $1,685 (2017: $1,420).

7. INVENTORIES

The following is the detail of the carrying amount of inventories:

	September 2018	December 2017
Materials and supplies	$ 13,560	$ 13,316
Liquid Natural Gas LNG (1)	19,359	12,563
Less: Impairment of Liquid Natural Gas LNG (2)	(995)	(1,062)
Diesel Fuel	371	677
Total inventories	$ 32,295	$ 25,494

(1) Corresponds to total fuel gas inventory LNG under custody at Sociedad Portuaria El Cayao S.A.

(2) Corresponds to total impairment of Liquid Natural Gas LNG, due to Boil-Off under TEBSA reported by the Commercial Agent Calamari LNG S.A.

8. TAX ASSETS AND LIABILITIES

Income Tax– The income tax returns of the Company have been reviewed by the tax authorities or the term for making such review has expired for all returns until 2012.

According to IAS 34, to determine the income tax expense in the interim period, the Company uses the methodology of estimating the effective annual tax rate, applied to earnings before taxes in the interim period.

The Company does not calculate the presumptive income tax in accordance with the exclusion contained in Article 16 of Act 633 of December 2000 and Article 23 of Act 788 of 2002, for power generation companies.

The following is the detail of the book value of current tax assets and liabilities:

	September 2018	December 2017
Tax assets		
Self-withholding tax - Income	$ -	$ 8,115
Withholding at the source –Cree	-	616
Balance in favor income tax and complementary	9,111	-
Balance in favor VAT imports (1)	-	5,105
Total current tax assets	$ 9,111	$ 13,836
Tax liabilities		
Self - withholding	$ 2,649	$ 797
Other withholding payable	3	837
Provision for income tax 2018	17,705	-
Municipal taxes – Transfers Act 99 (2)	76	308
Total current tax liabilities	$ 20,433	$ 1,942

(1) Corresponds to balance in favor for VAT paid at the time the energy generation plant was imported to Colombia. According to article 258-2 of the Tax Statute, this tax may be deducted from future net income tax as of 2017.

(2) For 2018 and 2017 corresponds to contributions payable to the Municipality of Soledad and to Regional Autonomous Corporation of Atlántico, which are calculated taking into account the kilowatts generated monthly. These contributions are paid within 5 days after the closing of the respective month of generation. The rates for 2018 and 2017 were COP$75.08 and COP$72.89, respectively, for each kilowatt/hour generated.

For 2018 and 2017, the Company accumulated tax losses generated in the Income Tax and Complementary which were used to offset the net tax income of said year.

For the year 2018 the applicable rate for income tax is 33%, plus extra tax for taxable base greater than COP$800.000.000 between 0% and 4%. For the year 2017 the applicable rate for income tax is of 34%, plus extra tax for taxable base greater than COP $800.000.000 between 0 and 6%.

In accordance with IAS 34, to determine the income tax expense in the interim period, the Company uses the methodology of estimating the effective annual tax rate, applied to earnings before taxes in the interim period, which amounts to 37% and 42% for the nine months ended on September 30, 2018 and 2017, respectively.

9. OTHER NON-FINANCIAL ASSETS

Below is the detail of the book value of prepayments:

Material damage insurance	$ 1	$ 2,169
Third party liability insurance	17	11
Non-contractual third party liability issuance	-	14
Performance insurance	54	178
Performance guarantee	107	155
Total prepayments	$ 179	$ 2,527

10. PROPERTY, PLANT AND EQUIPMENT

Below is the detail of the book value of property, plant and equipment:

	September 2018	December 2017
Cost	$ 721,227	$ 704,120
Accrued depreciation and amortization	(170,349)	(138,624)
Total property, plant and equipment	$ 550,878	$ 565,496

No fixed assets of the company are granted as pledge or guarantee.

Below is the detail of property, plant and equipment net of depreciation:

Power generation units under international lease (1)	$ 306,045	$ 320,634
Buildings	94,889	97,878
Power generation units 3 and 4 (2)	54,120	57,526
Furniture and fixtures	310	349
Transportation equipment	221	175
Communication and computing	171	137
Assets under construction	9,972	2,251
Land	23,880	23,880
Inventories of major spare parts	19,619	17,562
Type C Major Overhaul (3)	11,984	21,894
Advanced payments contracts (4)	29,667	23,210
Total property, plant and equipment	$ 550,878	$ 565,496

(1) Corresponds to: power generation units GT-11, GT-12, GT-13, GT-21, GT-22, ST-14 and ST-24, financed through equipment lease agreement signed with "Los Amigos Leasing Company Ltd." (LEASECO) in September 1995, for a term of 32 years from the delivery of the generation units.

(2) Corresponds to power generation units 3 and 4 acquired through the asset purchase agreement (APA).

(3) The cost of Type C major overhaul is activated as property, plant and equipment when executed, and is amortized during the estimated time for the next overhaul. As of September 30, 2018 and December 2017, the registration in property, plant and equipment corresponds to the balance pending amortization of type C major overhaul of the units GT11, GT12, GT13, GT21, GT22 and expenses incurred in the start-up of the new rotor of the ST14 and ST24 units. These maintenances are amortized over 42 months, average time until the next type C inspection.

(4) On June 15, 2011, TEBSA assigned the HGPSA with GE Global Parts & Products (formerly Alstom Power O&M Ltd. of Switzerland) to LEASECO. This advance payment will be legalized as long as GE Global Parts & Products supplies the spare parts. This agreement ends in November 2019 with the last C inspection carried out in the GT-11 unit. As of September 30, 2018, the balance in dollars for this item is $10,968 (2017: $10,978).

On June 25, 2015, LEASECO subscribed with GE Global Parts & Products (formerly Alstom Power O & M Ltd. of Switzerland) a new contract with an equivalent duration of 5 operating periods (one per machine) each equivalent to 3 cycles of inspections C. In September 2016, LEASECO ceded this contract to TEBSA. Likewise, on June 25, 2016, TEBSA signed a new maintenance service contract during the C inspections with GE Energy Colombia S.A. (formerly Alstom Power Colombia S.A.). As of September 30, 2018, the balance in dollars for this concept is $ 18,699 (2017: $ 12,232).

The movement of the cost of property, plant and equipment is detailed below:

	Land	Assets under construction	Contract Pre-payment	Major spare Parts Inventories	Plants under finance lease	Buildings	Generation plants	Furniture and fixtures	Transportation equipment	Communica-tion and computing	Major	Total
1/01/2017	$ 23,880	$ 92	$ 19,597	$ 13,369	$ 400,572	$ 113,814	$ 69,787	$ 314	$ 209	$ 250	$ 43,594	$ 685,478
Additions	-	6,913	-	153	-	-	807	11	149	32	-	8,065
Prepayments	-	-	8,782	-	-	-	-	-	-	-	-	8,782
Transfers	-	(1,727)	(4,419)	84	(1,979)	-	1,175	-	-	-	6,866	-
Consumption	-	-	-	-	-	-	-	-	-	-	-	-
Retirement	-	(118)	(9)	(71)	-	-	-	-	(31)	-	-	(229)
30/09/2017	$ 23,880	$ 5,160	$ 23,951	$ 13,535	$ 398,593	$ 113,814	$ 71,769	$ 325	$ 327	$ 282	$ 50,460	$ 702,096
1/01/2018	$ 23,880	$ 2,251	$ 23,210	$ 18,438	$ 397,598	$ 113,814	$ 73,373	$ 507	$ 305	$ 318	$ 50,426	$ 704,120
Additions	-	7,731	-	734	-	-	-	2	97	71	-	8,635
Prepayments	-	-	8,502	-	-	-	-	-	-	-	-	8,502
Transfers	-	20	(2,045)	2,025	-	-	-	-	-	-	-	-
Consumption	-	(30)	-	-	-	-	-	-	-	-	-	(30)
30/09/2018	$ 23,880	$ 9,972	$ 29,667	$ 21,197	$ 397,598	$ 113,814	$ 73,373	$ 509	$ 402	$ 389	$ 50,426	$ 721,227

The movement of accumulated depreciation and amortization was as follows:

	Major spare Parts inventories	Plants under finance lease	Buildings	Generation Plants	Furniture and fixtures	Transport equipment	Communication and computing	Major overhaul	Total
01/01/2017	$ (573)	$ (58,006)	$ (11,950)	$ (12,761)	$ (118)	$ (120)	$ (137)	$ (15,475)	$ (99,140)
Write-off	-	-	-	-	-	22	-	-	22
Transfers	(303)	303	-	-	-	-	-	-	-
Depreciation	-	(14,683)	(2,989)	(3,360)	(27)	(33)	(34)	-	(21,126)
Amortization	-	-	-	-	-	-	-	(13,057)	(13,057)
30/09/2017	$ (876)	$ (72,386)	$ (14,939)	$ (16,121)	$ (145)	$ (131)	$ (171)	$ (25,205)	$ (129,974)
1/1/2018	$ (876)	$ (76,964)	$ (15,936)	$ (15,847)	$ (158)	$ (130)	(181)	$ (28,532)	$ (138,624)
Depreciation	(702)	(14,589)	(2,989)	(3,406)	(41)	(51)	(37)	-	(21,815)
Amortization	-	-	-	-	-	-	-	(9,910)	(9,910)
30/09/2018	$ (1,578)	$ (91,553)	$ (18,925)	$ (19,253)	$ (199)	$ (181)	$ (218)	$ (38,442)	$ (170,349)

The useful lives used to calculate depreciation are:

Constructions and buildings	10 - 70 years
Equipment under financial lease	10 - 40 years
Generation equipment (Units 3 and 4)	5 - 40 years
Furniture and fixtures	5 - 10 years
Communication and computing	2 - 5 years
Transportation equipment	2- 5 years

11. INTANGIBLE ASSETS

The following is the detail of the book value of intangibles:

	September 2018	December 2017
Cost	$ 543	$ 543
Accrued amortization	(247)	(131)
Total intangible assets	$ 296	$ 412

Detail of the net cost of intangibles:

Software	$ 296	$ 409
Licenses	-	3
Total intangible assets	$ 296	$ 412

The movement of the cost of intangibles is detailed below:

	Software	Licenses	Total
01/01/2017	$ 97	$ 9	$ 106
Additions	437	-	437
31/12/2017	534	9	543
Additions	-	-	-
30/09/2018	$ 534	$ 9	$ 543

The movement of amortization of intangibles is detailed below:

	Software	Licenses	Total
01/01/2017	$ (75)	$ (3)	$ (78)
Amortization expenses	(50)	(3)	(53)
31/12/2017	(125)	(6)	(131)
Amortization expenses	(114)	(2)	(116)
30/09/2018	$ (239)	$ (8)	$ (247)

12. LOANS

The detail of the balance of the financial obligations is as follows:

Entity	Maturity	Rate	September 2018	December 2017
Banco BBVA (before Gecelca S.A. E.S.P) (1)	February 2028	13.50%	$ 34,074	$ 57,995
Banco de Bogotá New York (2)	December 2022	LIBOR+3.50%	24,871	24,541
Banco de Bogotá New York (3)	November 2018	LIBOR+0.72%	12,757	-
Davivienda Panamá (4)	October 2018	LIBOR+1.00%	7,057	-
Banco de Bogotá (5)	March 2018	IBR+2.90%	-	6,986
Financial Leasing (6)	August 2020	DTF+4.30%	102	146
Subtotal			78,861	89,668
Less: current portion			(50,652)	(52,789)
Total long term			$ 28,209	$ 36,879

(1) On December 1, 2016, GECELCA made the sale of the subordinated debt arising from the asset purchase agreement (APA), through which GECELCA assigned all the rights to Banco BBVA over the subordinated debt. The balance on September 2018 over the subordinated debt is of $33,051(2017: $56,091) plus interests of $24 (2017: $159) and the balance payable for Restitution Payment for $998 (2017: $1,711), plus interests of $1 (2017: $34). The annual interest rate agreed for both obligations is 13.5% E.A.

(2) On December 20, 2017, TEBSA obtained a credit with Banco de Bogotá S.A. New York Agency for novation of the senior credit with Banco de Bogotá S.A. and to comply with what was agreed in the agreement. The balance of the financial obligation with banco de Bogotá S.A. New York Agency is of $24,502 (2017: $24,502), plus interests of $369 (2017: $39). The annual interest rate agreed for this obligation is LIBOR+3.50% due half year, for a term of 60 months.

(3) On September 5, 2018, TEBSA obtained a credit with Banco de Bogotá S.A. New York Agency for the buy of Liquid Natural Gas LNG inventory. The balance of the financial obligation with banco de Bogotá S.A. New York Agency is of $12,730, plus interests of $27. The annual interest rate agreed for this obligation is LIBOR+0,72% due half year, for a term of 2 months.

(4) On July 04, 2018, TEBSA obtained a credit with Banco Davivienda Panamá for the novation of credit with Banco ITAU S.A. and to comply with the agreement. On September 2018, the financial obligation with Banco Davivenda Panamá is of $7,000, plus interests of $57. The annual interest rate agreed for this obligation is LIIBOR+1,00% due half year, for a term of 3 months.

(5) For the year 2017, corresponds to credit with Banco de Bogotá obtained on November 01, for a total amount of COP $20.579 million for a term of 4 months, which was paid on the first half of 2018.

(6) As of September de 2018 corresponds to the financial lease agreement signed with Banco de Bogotá for the purchase of transportation equipment (forklifts) for the amount of $102 (2017: $132) executed on August 2017 and computing equipment (server) for $- (2017: $14) executed on January 2016, all for a total term of 36 months.

(7) Reconciliation of liabilities arising from financing activities

The table below details changes in the Entity’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Entity’s statement of cash flows as cash flows from financing activities:

	1/1/2017	Increment of financial obligations	Payments	Interest accruals	30/09/2017
Bank loans	$ 142,056	$ 7,000	$ (56,852)	$ 9,042	$ 101,246
Loans from related parties - Leaseco	152,480	-	(69,409)	7,695	90,766
Total	$ 294,536	$ 7,000	$ (126,261)	$ 16,737	$ 192,012

	1/1/2018	Increment of financial obligations	Payments	Interest accruals	30/09/2018
Bank loans (Note 12)	$ 89,668	$ 12,730	$ (29,509)	$ 5,972	$ 78,861
Loans from related parties - Leaseco (Note 15)	76,714	-	(37,940)	6,464	45,238
Total	$ 166,382	$ 12,730	$ (67,449)	$ 12,436	$ 124,099

13. COMMERCIAL ACCOUNTS PAYABLE AND OTHER ACCOUNTS PAYABLE

The balance of accounts payable included:

	September 2018	**December 2017**
Accounts payable to suppliers and creditors (1)	$ 50,380	$ 40,386
Accounts payable to related entities	1,722	2,793
Accounts payable to foreign suppliers	664	177
Total commercial accounts payable and other current payables	$ 52,766	$ 43,356
Current portion :		
Accounts payable to suppliers and creditors	$ 50,380	$ 40,386
Accounts payable to foreign suppliers	664	177
GPUI Colombia S.A.S.	623	976
Termocandelaria Power Ltd. (2)	183	326
Gilda Massi	55	95
Total current commercial accounts payable and other payables	$ 51,905	$ 41,960
Non-current portion :		
GPUI Colombia S.A.S.	$ 623	$ 975
Termocandelaria Power Ltd. (2)	183	326
Gilda Massi	55	95
Total non-current commercial accounts payable and other payables	$ 861	$ 1,396

(1) For 2018 corresponds mainly to $38,840 (2017: $32,089) for gas purchase, $3,125 for public lighting tax, $4,379 (2017: $1,330) advanced payments received and $5,733 (2017: $6,399) goods and services acquisition.

(2) On November 30, 2012, a merger by absorption was carried out between s Golden Gate Energy Investments and Termocandelaria Power Ltd. being this last one the resulting company.

14. PROVISIONS FOR EMPLOYEE BENEFITS AND RETIREMENT BENEFIT PLANS

The detail of provisions was the following:

	September 2018	December 2017
Consolidated severance payments	$ 156	$ 189
Consolidated vacations	337	250
Interest on severance payments	13	23
Extralegal benefits	363	86
Retirement benefit plans (1)	17,930	17,972
Total provisions for employee benefits and retirement benefit plans	$ 18,799	$ 18,520
Current portion :		
Consolidated severance payments	$ 156	$ 189
Consolidated vacations	337	250
Interests on severance payments	13	23
Extralegal benefits	363	86
Total current portion	$ 869	$ 548
Non-current portion :		
Retirement benefit plans (1)	$ 17,930	$ 17,972

(1) The detail of the provision of retirement benefits plans in the statement of financial position is as follows:

Pensions (*)	$ 7,695	$ 7,720
Medical benefits after the employment relationship	9,540	9,525
Energy assistance	644	682
Educational aid and contributions	51	45
	$ 17,930	$ 17,972

(*) The amounts for retirement pensions are provisioned in full. The portion corresponding to GECELCA of $4,872 (2017: $4,879), is recognized as an account receivable (See Note 6, numeral 3).

The movement of the liability recognized in the statement of financial position was as follows:

Initial balance	$ 17,972	$ 17,644
Recognized through accounts receivable from Gecelca	(26)	124
Recognized through other comprehensive income	(103)	73
Recognized through profit and loss statement	15	33
Registered exchange difference	72	98
	$ 17,930	$ 17,972

The main assumptions used for actuarial valuation purposes are the following:

Discount rate	10,13%	10,82%
Minimum wage increase	5,09%	5,74%
Increase in pensions being paid	5,09%	5,74%
Increase in deferred pensions	5,09%	5,74%
Census date	31-05-2018	30-11-2017

Actuarial valuation method - The projected unit credit (PUC) is used to determine the present value of the defined benefit obligation (DBO) and, when applicable, the cost for services and the cost of past services. Under this method, the benefits are attributed to periods in which the obligation to provide the benefits is created by directly applying the plan benefit formula based on the service as of the valuation date. When the benefit is based on compensation or salary, wage increases are applied until the date on which the participant is expected to finish the service. However, if the service in recent years leads to significant additional benefits than in previous years, the benefits are attributed linearly from the date on which the service provided by the employee entitles them to the benefit under the plan, until the date in which subsequent services generate the right to additional non-significant amounts of the benefit according to the plan.

15. FINANCE LEASE OBLIGATIONS

A detail of the balance of the finance lease obligation is as follows:

Entity	Maturity	Rate		
Los Amigos Leasing Company Ltd.	December 2028	8,004%	$ 45,238	$ 76,714
Less: non-current portion			(41,304)	(60,197)
Total current			$ 3,934	$ 16,517

Per the lease agreement, the table of installments in dollars is the following:

Year	Interests	Principal	Basic Rent Installment	Number of installments
1996	$ 2,836	$ 1,388	$ 4,224	5
1997	12,226	7,305	19,531	12
1998	23,407	15,229	38,636	12
1999	29,927	19,964	49,891	12
2000	28,196	25,231	53,427	12
2001	26,177	27,250	53,427	12
2002	23,995	31,054	55,049	12
2003	21,451	33,598	55,049	12
2004	18,762	36,287	55,049	12
2005	16,662	16,136	32,798	12
2006	15,371	17,427	32,798	12
2007	13,976	18,822	32,798	12
2008	12,469	20,329	32,798	12
2009	10,842	21,956	32,798	12
2010	9,084	23,714	32,798	12
2011	7,186	25,612	32,798	12
2012	6,020	2,340	8,360	12
2013	5,833	2,527	8,360	12
2014	5,631	2,729	8,360	12
2015	5,412	2,948	8,360	12
2016	5,176	3,184	8,360	12
2017	4,922	3,438	8,360	12
2018	4,646	3,714	8,360	12
2019	4,349	4,011	8,360	12
2020	4,028	4,332	8,360	12
2021	3,681	4,679	8,360	12
2022	3,307	5,053	8,360	12
2023	2,902	5,458	8,360	12
2024	2,465	5,895	8,360	12
2025	1,994	6,366	8,360	12

Year	Interests	Principal	Basic Rent Installment	Number of installments
2026	1,484	6,876	8,360	12
2027	934	7,426	8,360	12
2028	339	8,021	8,360	12
Total	$ 335,690	$ 420,299	$ 755,989	

Purchase option - A purchase option of one (USD 1) US dollar is established, plus any amount that LEASECO owes at the time of the exercise of the purchase option.

According to the international lease agreement, if there should be any failure to pay any rent when due, the Company shall pay on demand, a supplemental rent, consisting of additional interest due to this fact, accrued by the lessor with respect to its debt. For the nine months ended September 30, 2018 and 2017, such interests amounted to $2,953 and $3,979, respectively.

During the nine months ended September 30, 2018, the Company prepaid installments for the amount of $30,972.

16. ISSUED CAPITAL

As of September 30, 2018 and December 31, 2017, the authorized capital is represented by 153,000,000 shares with a par value of Cop$1.000 each, of which 145.515.117 have been subscribed and paid in.

Shareholder	No. of shares	Interest
Termocandelaria Power Limited	83.439.850	57,34%
Gecelca S.A. E.S.P.	61.864.972	42,51%
Lancaster Steel Co. INC	84.151	0,06%
GPUI Colombia S.A.S.	63.072	0,04%
Distral Termica C.A. (EMA)	63.072	0,04%
	145.515.117	100,00%

All the shares of Termocandelaria Power Limited in the Company (TEBSA) are pledged in favor of Bancolombia Panama S.A., Davivienda, Multibanca Colpatria S.A. and Bancaribe Curazo Bank N.V.

17. RESERVES

17.1. Legal Reserve - Corporations are obligated to create a legal reserve until they reach 50% of the subscribed capital, with appropriations of at least 10% of each year’s net income. This reserve can only be used to offset losses or distribute to the Company’s liquidation. On September 4, 2018, in the ordinary shareholders' meeting No.52 was approved to decree legal reserve for $22,413. Accumulating this reserve a total amount of $25,851 as of September 30, 2018.

17.2. Bylaw Reserve - This reserve for $30,946 as of September 2018 and December 2017, is freely available to the shareholders’ meeting.

17.3. Occasionally Reserve - On September 4, 2018, in the ordinary shareholders' meeting No.52 was approved to decree for occasionally reserve $35,547. This reserve is freely available to the shareholders’ meeting.

18. REVENUES

Revenue from ordinary activities as of September 30 included:

	September 2018	September 2017
Energy sales on the stock market	$ 404,929	$ 342,841
Reliability charge – DV (2)	85,639	88,087
Reliability charge – RV (2)	(60,233)	(53,220)
Regulated revenue - Res. CREG 062 of 2013 (1)	15,420	15,211
Gas trade	68,118	3,822
Substation compensation	2,591	2,313
Sale of backup energy	526	613
Total	$ 516,990	$ 399,667

(1) According to the provisions of CREG Res. 062 of 2013, corresponds to a fixed annual revenue that pays part of the investment costs, administration, operation, maintenance expenses and others related to the infrastructure of import, storage, regasification and connection to the SNT for the supply of LNG to TEBSA as a benefit, since it belongs to the Thermal Generator Group or GT that ensures the port infrastructure services to the thermal generators, for the import of LNG, and cover security generations according to the requirements of the National Dispatch Center - CND.

(2) Corresponds to the charge settled and collected by ASIC and paid by the users of the National Interconnected System (SIN) through the rates of the distributors. The Reliability charge - Distribute Value corresponds to the amount received for the daily real individual remuneration of the Firm Energy Obligation of the generation units of TEBSA and the Reliability charge - Raise Value corresponds to the amount collected through the sale of energy to the system.

19. SALES AND OPERATING COSTS

Sales and operating costs during the nine months are summarized as follows:

Fuel Gas	$ 261,712	$ 181,038
Transportation of fuel gas	64,483	51,589
Charges for availability and operation of the LNG	37,199	30,407
Charges for use and connection to the STN	9,133	10,156
Transfer Act 99/93 (1)	6,866	4,349
Personnel Cost	5,528	5,140
Fuel gas transportation tax	2,767	3,092
Maintenance and operations	2,928	2,397
Insurance	2,431	2,552
FAZNI contribution	2,156	1,829
Fuel gas taxes	2,111	286
Consumption of spare parts	1,690	1,499
Energy purchases	1,665	2,140
Other services received (2)	543	482
Cleaning, surveillance and cafeteria	355	297
Fees	48	39
Other costs (3)	253	232
Total operating costs and sales	$ 401,868	$ 297,524
Depreciation	$ 21,816	$ 21,226
Amortization	10,040	9,645
Total depreciation and amortization	$ 31,856	$ 30,871

(1) As of September 30, 2018 corresponds to contributions caused under the environmental transfer contained in Act 99 of 1993. This tax is 4% of the kilowatts generated annually at the rate established by the CREG. Of this 4%, 1.5% corresponds to the municipality of Soledad and the remaining 2.5% to the Regional Autonomous Corporation of Atlántico. The rates for 2018 and 2017 were COP $75.08 and COP $72.89 respectively, for each kilowatt/hour generated.

(2) For September 2018 includes $416 (2017: $320) for surveillance service, $125 (2017: $117) for cafeteria and restaurant service and other minor costs for $ 2 (2017: $45).

(3) As of September 2018 includes $189 (2017: $152) for transportation and hauling fees, $8 (2017: $14) for photocopies and office supplies, $1 (2017: $1) for subscriptions and affiliations, $38 (2017: $51) of international charges, $15 (2017: $2) vehicles fuel, and other minor costs for $2 (2017: $12).

20. ADMINISTRATION EXPENSES

Administration expenses during nine months are summarized as follows:

	September 2018	September 2017
Personnel cost	$ 3,002	$ 2,346
Fees	677	745
Taxes and contributions	2,644	2,317
Subscriptions and Affiliations	348	236
Maintenance	71	37
Other services received	576	437
Total administration expenses	$ 7,318	$ 6,118

21. OTHER REVENUES AND EXPENSES

Other revenues and expenses as of September 30 included:

Revenues		
Recovery (1)	$ 159	$ 440
Share of profit of Calamari LNG	162	-
Subtotal	$ 321	$ 440
Expenses		
Impairment of accounts receivable (2)	-	(8,616)
Impairment of inventories LNG (3)	(995)	(758)
Other expenses (4)	(128)	(364)
Share of loss of Calamari LNG	(-)	(43)
Subtotal	(1,123)	(9,781)
Total	$ (802)	$ (9,341)

(1) As of September 2018, corresponds to $ 91 ruling in favor of the demand of servitude contract 3330 of 1995, $12 for recovery concept for scrap sales, $40 corresponding to disability reimbursementsa and retroactive of pension, and other minor recoveries for $16. As of September 2017, it corresponds to $247 of expenses for pensioners, which are charged to GECELCA for the employer substitution agreement, $25 for the recovery concept for the sale of scrap, $32 for disability reimbursements and retroactive of pension, $118 for taxes devolution, and other minor recoveries for $18.

(2) Corresponds to impairment of accounts receivable to Electrificadora del Caribe S.A. E.S.P.

(3) Corresponds to impairment of inventory of liquid natural gas LNG, see Note 7 number 2.

(4) As of September 2018, corresponds to $34 other payroll expenses, $15 of the mandate agreement with Transelca, $51 of inventory impairment and other minor recoveries for $28. As of September 2017, corresponds to $247 for charges of or collections of GECELCA for the employer substitution agreement, $101 for insurance policies, $16 for reimbursement of employees medical expenses.

22. FINANCIAL REVENUES AND EXPENSES

Financial revenues and expenses as of September 30, included:

	September 2018	September 2017
Revenues		
Interests and returns	$ 686	$ 1,072
Expenses		
Interest on debts (1)	(6,473)	(9,042)
Interest on finance leases (2)	(6,465)	(7,695)
Bank guarantees and fees	(867)	(600)
Subtotal	(13,805)	(17,337)
Total	$ (13,119)	$ (16,265)

(1) For September 2018, corresponds to the accounting of interest for subordinated debt and the Restitution Payment for $5,086 (2017: $6,175), and for interest accrued for $1,387 (2017: $2,867), due to the financial obligation contracted with Banco de Bogotá NY and Banco Itaú.

(2) Corresponds to interests accrued from the equipment lease signed with Leaseco.

23. EXCHANGE (LOSS) GAIN, NET

Revenues	$ 1,790	$ 2,323
Expenses	(2,540)	(1,953)
Total	$ (750)	$ 370

Corresponds mainly to the variation in the exchange rate of the items whose origin is in Col pesos.

24. FINANCIAL INSTRUMENTS

24.1. Financial risk management – The Company's activities are exposed to different financial risks, including market risk (interest rates and exchange rates), liquidity risk and credit risk.

The Company manages the risks inherent to the financing of the activities of its corporate purpose, as well as those derived from treasury operations.

Below, each risk is analyzed separately:

24.1.1. Liquidity risk - The Company maintains a liquidity policy in accordance with the flow of working capital, performing the payment commitments to suppliers in accordance with the policy of accounts payable and contractual agreements with banking entities in the case of financial obligations. This management is based on the preparation of cash and budget flows, which are reviewed periodically, allowing the Company to determine the position necessary to meet liquidity needs.

As of September 30, 2018, the Company maintains the following credit lines approved and available:

BANKS AND CREDIT LINES	LIMIT	USED	AVAILABLE
Banco de Bogotá ordinary credit	27,530	24,502	3,028
Banco de Bogotá working capital	30,094	12,844	17,249
Banco de Bogotá bank guarantees	29,271	21,331	7,940
BBVA working capital	13,458	-	13,458
BBVA ordinary credit	1,682	-	1,682
BBVA Forward	6,729	6,215	514
BBVA bank guarantees	3,365	-	3,365
Banco Davivienda bank guarantees	33,645	27,996	5,649
Banco Davivienda ordinary credit	7,000	7,000	-
Banco Itaú ordinary credit	9,353	-	9,353
Following…			
Banco Itaú working capital	2,759	-	2,759
Banco Itaú bank guarantees	26,008	20,366	5,642
Banco AVVILLAS ordinary credit	6,729	-	6,729
Scotiabank Colpatria guarantees	10,094	-	10,094
Scotiabank Colpatria forward	15,000	-	15,000
Total	$ 222,717	$ 120,254	$ 102,462

As of December 31, 2017

Banco de Bogotá ordinary credit	55,000	24,529	30,471
Banco de Bogotá working capital	11,997	7,517	4,480
Banco de Bogotá bank guarantees	25,000	8,952	16,048
BBVA working capital	15,080	-	15,080
BBVA ordinary credit	3,351	-	3,351
BBVA bank guarantees	6,702	-	6,702
Banco Davivienda bank guarantees	33,512	30,730	2,782
Banco Davivienda ordinary credit	12,500	-	12,500
Banco Itaú working capital	9,719	-	9,719
Banco Itaú bank guarantees	21,381	20,831	550
Total	$ 194,242	$ 92,559	$ 101,683

24.1.2. Exchange rate risk - The Company is exposed to exchange rate risk. In this regard, the most representative operations in relation to this risk correspond to accounts receivable from related parties, obligations for gas purchases and financial liabilities with LEASECO that are contracted in dollars. The Company currently carries out short-term hedges and transacts in foreign accounts to minimize the difference between the rates.

24.1.3. Counterparty risk - The Company is exposed to risks in the collection of accounts from counterparties in the electricity generation market. The most representative transactions in relation to this risk correspond to accounts receivable from agents in the interconnected market. The Company has low exposure to credit risk since, according to the historical behavior, customers have complied, and the agreed cash flows have been collected.

24.1.4. Interest rate risk - The Company is exposed to risks in the interest rate because it borrows money at both fixed and variable interest rates. The Company manages the risk by maintaining an appropriate combination between fixed and variable rate loans.

25. TRANSACTIONS WITH RELATED PARTIES

The transactions between the Company and its related parties are detailed below:

September 2018	Shareholders	Legal Representative and Managers	Related Companies
Accounts receivable			
Los Amigos Leasing CO (a)	$ -	$ -	$ 10,968
Termocandelaria S.C.A. E.S.P. (b)	-	-	10,336
Gecelca S.A. E.S.P. (c)	8,975	-	-
Total accounts receivable	$ 8,975	$ -	$ 21,304
Accounts Payable			
GPUI Colombia S.A.S. (a)	$ 1,246	$ -	$ -
Termocandelaria Power Ltd. (a)	366	-	-
Gecelca S.A. E.S.P.	2,643	-	-
Los Amigos Leasing CO (b)	-	-	45,238
Total Accounts payable	$ 4,255	$ -	$ 45,238
December 2017			
Accounts receivable			
Los Amigos Leasing CO (a)	$ -	$ -	$ 10,978
Termocandelaria S.C.A. E.S.P. (b)	-	-	136
Gecelca S.A. E.S.P. (c)	6,405	-	-
Total accounts receivable	$ 6,405	$ -	$ 11,114
Accounts Payable			
GPUI Colombia S.A.S. (a)	$ 1,951	$ -	$ -
Termocandelaria Power Ltd. (a)	652	-	-
Gecelca S.A. E.S.P.	2,482	-	-
Los Amigos Leasing CO (b)	-	-	76,714
Total accounts payable	$ 5,085	$ -	$ 76,714

Accounts receivable correspond to:

(a) Advances to Leaseco as part of the HGPSA agreement with GE Global Parts & Products (formerly Alstom Power O&M Ltd. Of Switzerland).

(b) In September 2018, corresponds to accounts receivable for gas sales of $10,320 and commercial management and counseling for $16. For December 2017, corresponds to accounts receivable for gas sales $105, commercial management and counseling for $31.

(c) Corresponds mainly to the portion of the retirement pension liability of $4,872 (2017: $4,879), $2,772 for public lightening in favor of the municipality of Soledad, contribution to the Superintendence of Residential Public Utilities for $225 (2017: $224), mandatory investment of $454 (2017: $451), energy under the PPA agreement $588 (2017: $574), $- (2017: $180) backup energy and $64 (2017: $98) reimbursement of retired payroll expenses, which are charge to Gecelca for the employer substitution agreement.

Accounts payable correspond to:

(a) Corresponds mainly to the accounting for interest on the subordinated debt with GPUI Colombia S.A.S. $1,246 (2017: $1,951), Termocandelaria Power Ltd $366 (2017: $652).

September 2018	Shareholders	Legal Representative and Managers	Related Companies
Revenues			
Gas trading (a)	$ 198	$ -	$ 30,980
Backup energy (a)	371	-	-
Commercial management & counseling	-	-	122
Total Revenues	$ 569	$ -	$ 31,102
Expenses			
Fuel Gas (b)	$ 20,830	$ -	$ -
Interest expenses (c)	189	-	6,465
Total Expenses	$ 21,019	$ -	$ 6,465
September 2017			
Revenues			
Gas trade (a)	$ -	$ -	$ 2,780
Backup energy (a)	612	-	-
Energy delivered	(40)	-	-
Total Revenues	$ 572	$ -	$ 2,780
Expenses			
Fuel Gas (b)	$ 17,583	$ -	$ -
Interest Expenses (c)	255	-	7,695
Total Expenses	$ 17,838	$ -	$ 7,695

Revenues correspond to:

(a) Corresponds to revenues from gas and backup energy sales to the related Termocandelaria S.C.A. E.S.P. and to the shareholder Gecelca S.A. E.S.P.

(b) Corresponds to costs of fuel gas purchases to the shareholder Gecelca S.A. E.S.P.

(c) Corresponds to subordinated debt interests expenses of the shareholders GPUI Colombia S.A.S. and Termocandelaria Power Ltd.; interests of the financial leasing with the related Company Los Amigos Leasing CO.

26. OTHER DISCLOSURES

Contingent liabilities - There are civil, labor (individual and collective) proceedings against TEBSA S.A. E.S.P., which demand, among others, labor indemnities, contractual actions and compensation for easement processes, the probability of occurrence of which is eventual; therefore, they are not recognized in the statement of financial position.

Type of Process	September 2018	December 2017
Labor (1)	$ 1,448	$ 1,114
Contractual action (2)	403	402
Easement process (3)	1,211	1,205
Tax liability (4)	-	1,743
Arbitration – Easement (5)	-	2,104
Tax on public (6)	856	-

(1) Corresponds to labor lawsuits filed against Tebsa S. A. E.S.P. for new liquidation of social benefits, indemnity, and retirement pensions.

(2) Corresponds to contractual action of Clearlake Overseas Inc. against Termobarranquilla and Corelca S.A. for breaching the "Payment Method Agreement" signed on March 28, 2002, between the plaintiff and the defendants. The action seeks to declare and order Termobarranquilla and Corelca to pay the damages and losses caused to Clearlake, as a result of the breach of the agreement.

(3) Corresponds to the easement process of Corelca against the Technical Industrial Institute of Atlantico "ITIDA". For September 2018 and December 2017, corresponds to the arbitration process of the abbreviated easement process, under service provision agreement C-3330-95 between TEBSA and Corelca, Tebsa being responsible for the design, engineering, construction and commissioning of the 220 Kv transmission line between the substations of Soledad and Sabanalarga. The transmission line built crosses property No. 040-96607 located in the municipality of Soledad.

(4) Investigation for alleged property damage to Corelca for the non-payment of the entire sentence in the INEM easement process.

(5) Corresponds to the arbitration proceeding of Corelca in liquidation against TEBSA S.A. E.S.P. for the easement process, under service provision agreement C-3330-95 between TEBSA and Corelca, where Corelca claims that Tebsa should compensate for the alleged damages caused to Corelca, as a legal consequence of the acquisition of easement rights for the construction of an electric power transmission line.

(6) Corresponds to the proceedings against the municipality of solitude for public lighting tax for the years 2012 and 2014.

Guarantees delivered – The bank guarantees signed by Tebsa supporting compliance with agreements is detailed as follows:

Guarantees	**September 2018**	**December 2017**
Bank Guarantees for the supply of gas (1)	$ 48,694	$ 47,783
Bank Guarantees for gas transportation (2)	10,049	10,093
Bank Guarantees on OPACGNI (3)	-	844
Performance Bank Guarantees	714	-
Bank Guarantees on regasification (4)	10,471	-
	$ 69,928	$ 58,720

(1) As of September 30 2018, bank guarantees have been constituted to guarantee the supply of gas with Banco Davivienda in favor of Gases del Caribe for $17,586 (2017: $18,107), Gecelca for $5,441 (2017: $5,419), with Banco Itaú in favor of Pacific Rubiales Energy for $4,690 (2017: $3,372), Geoproduction Oil Gas for $6,635 (2017: $6,609), and with "Nacional de Seguros" in favor of VP Ingenieria for $14,342 (2017: $14,276).

(2) As of September 30 2018, bank guarantees have been constituted to guarantee gas transportation with Banco de Bogotá in favor of PROMIGAS for $5,080 (2017: $5,179), and Banco Davivienda in favor of Promigas for $4,969 (2017: $2,029) and Gases del Caribe for $- (2017: $2,885).

(3) Guarantees acquired in favor of XM S.A. E.S.P. to support the construction and commissioning of imported natural gas infrastructure for OPACGNI 2016 – 2017, issued by Banco Davivienda.

(4) Guarantees acquired in favor of SPEC, to hedge compliance with utilities billing payment, issued by Banco Itaú.

27. SUBSEQUENT EVENTS

There were no relevant events after the closing of the financial statements that could significantly affect the company's financial position reflected in the financial statements as of September 30, 2018.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements have been authorized for disclosure by the Legal Representative on October 30, 2018.

Termobarranquilla S.A. Empresa de Servicios Públicos – TEBSA S.A. (E.S.P.)

Financial Statements for the Years Ended December 31, 2017, 2016 and 2015, together with Independent Auditors’ Report

Deloitte & Touche Ltda.
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS – TEBSA S.A. (E.S.P.)

Report on the Financial Statements

We have audited the accompanying financial statements of TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS – TEBSA S.A. (E.S.P.), which comprise the statements of financial position as of December 31, 2017, 2016 and 2015 and the statements of profit (loss) and other comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted in Colombia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS – TEBSA S.A. (E.S.P.), as of December 31, 2017, 2016 and 2015, and its financial performance and its cash flows for the years then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia.

Deloitte & Touche Ltda.

Deloitte & Touche Ltda.
Barranquilla, Colombia
November 12, 2018

TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS - TEBSA S.A. (E.S.P.)
STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2017, 2016 AND 2015
(In thousands of U.S. dollars)

ASSETS	2017	DECEMBER 2016	2015
CURRENT ASSETS			
Cash and Cash equivalents (Note 6)	$ 11.795	$ 71.109	$ 5.964
Commercial Accounts Receivable and Other Accounts Receivable - Net (Note 7)	50.495	65.493	14.811
Inventories - Net (Note 8)	25.494	13.971	13.468
Current tax assets (Note 9)	13.836	7.738	1.962
Other non-financial assets (Note 10)	2.527	2.821	2.190
TOTAL CURRENT ASSETS	104.147	161.132	38.395
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT - NET (Note 11)	565.496	586.338	606.722
COMMERCIAL ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE (Note 7)	5.961	5.399	4.753
NON CURRENT TAX ASSETS (Note 9)	-	5.077	4.837
INVESTMENTS IN JOINT VENTURES	203	127	2
INTANGIBLE ASSETS (Note 12)	412	28	41
TOTAL NON CURRENT ASSETS	572.072	596.969	616.355
TOTAL ASSETS	$ 676.219	$ 758.101	$ 654.750

LIABILITIES AND EQUITY	2017	DECEMBER 2016	2015
CURRENT LIABILITIES			
Loans (Note 13)	$ 52.789	$ 72.686	$ 1.706
Finance lease obligations (Note 17)	16.517	85.130	71.658
Commercial accounts payable and other accounts payable (Note 14)	41.960	43.184	3.319
Current tax liabilities (Note 9)	1.942	1.677	938
Provisions for employee benefits (Note 15)	548	761	632
Other non financial liabilities (Note 16)	-	678	1.960
TOTAL CURRENT LIABILITIES	113.756	204.116	80.213
NON CURRENT LIABILITIES			
Loans (Note 13)	36.879	69.370	23.433
Finance lease obligations (Note 17)	60.197	67.350	70.533
Commercial accounts payable and other accounts payable (Note 14)	1.396	3.043	113.879
Retirement benefit plans (Note 15)	17.972	17.644	13.781
Deferred tax liability - Net (Note 18)	123.705	102.938	90.571
TOTAL NON CURRENT LIABILITIES	240.149	260.345	312.197
TOTAL LIABILITIES	353.905	464.461	392.410
EQUITY			
Issued capital (Note 19)	92.270	92.270	92.270
Reserves (Note 20)	34.384	34.384	34.384
Effect due to convergence to IFRS	464.410	464.410	464.410
Accumulated losses	(295.681)	(328.724)	(316.202)
Net profit (loss) for the period	28.733	33.043	(12.522)
Accumulated other comprehensive income	(1.802)	(1.743)	-
TOTAL EQUITY	322.314	293.640	262.340
TOTAL LIABILITIES AND EQUITY	$ 676.219	$ 758.101	$ 654.750

The notes attached hereto are an integral part of the financial statements.

LUIS MIGUEL FERNANDEZ Z.
Legal Representative

PLINIO PERCY DIAZGRANADOS
Accountant
Professional Card No. 8456 - T

TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS - TEBSA S.A. (E.S.P.)
STATEMENTS OF PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(In thousands of U.S. dollars)

	2017	2016	2015
REVENUES (Note 21)	$ 535.647	$ 393.434	$ 53.840
SALES AND OPERATING COSTS (Note 22)	(402.806)	(276.123)	(25.754)
DEPRECIATION AND AMORTIZATION (Note 22)	(44.660)	(39.457)	(31.176)
GROSS PROFIT	88.181	77.854	(3.090)
ADMINISTRATION EXPENSES (Note 23)	(7.837)	(5.547)	(3.650)
OTHER REVENUES AND (EXPENSES) (Note 24)	(9.563)	(460)	834
NET EXCHANGE GAIN (LOSS) (Note 26)	763	(4.473)	6.875
FINANCIAL EXPENSES - NET (Note 25)	(21.641)	(21.143)	(21.180)
PROFIT BEFORE INCOME TAX	49.903	46.231	(20.211)
Current income tax (Note 9)	(374)	-	-
Deferred income tax (Note 9)	(20.796)	(13.188)	7.689
NET PROFIT (LOSS)	28.733	33.043	(12.522)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
For post-employment benefit plans	(88)	(2.602)	-
For income tax relating to components of other comprehensive income	29	859	-
TOTAL OTHER COMPREHENSIVE INCOME RESULT OF THE PERIOD	$ 28.674	$ 31.300	$ (12.522)

The notes attached hereto are an integral part of the financial statements.

LUIS MIGUEL FERNANDEZ Z.
Legal Representative

PLINIO PERCY DIAZGRANADOS
Accountant
Professional Card No. 8456 - T

TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS - TEBSA S.A. (E.S.P.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(In thousands of U.S. dollars)

						Accumulated other comprehensive income			
	Issued Capital	Reserves	Effect due to convergence to IFRS	Accumulated losses	Net profit (loss) for the period	Actuarial loss	Deferred tax on actuarial gains	Total	Total Equity
BALANCES AS OF JANUARY 1, 2015	$ 92.270	$ 34.384	$ 464.410	$ (295.499)	$ (20.704)	$ -	$ -	$ -	$ 274.861
Net loss	-	-	-	-	(12.522)	-	-	-	(12.522)
Transfer	-	-	-	(20.704)	20.704	-	-	-	-
Actuarial calculation effects	-	-	-	-	-	-	-	-	-
BALANCES AS OF DECEMBER 31, 2015	$ 92.270	$ 34.384	$ 464.410	$ (316.202)	$ (12.522)	$ -	$ -	$ -	$ 262.340
Net Income	-	-	-	-	33.043	-	-	-	33.043
Transfer	-	-	-	(12.522)	12.522	-	-	-	-
Actuarial calculation effects	-	-	-	-	-	(2.602)	859	(1.743)	(1.743)
BALANCES AS OF DECEMBER 31, 2016	$ 92.270	$ 34.384	$ 464.410	$ (328.724)	$ 33.043	$ (2.602)	$ 859	$ (1.743)	$ 293.640
Net profit	-	-	-	-	28.733	-	-	-	28.733
Transfer	-	-	-	33.043	(33.043)	-	-	-	-
Actuarial calculation effects	-	-	-	-	-	(88)	29	(59)	(59)
BALANCES AS OF DECEMBER 31, 2017	$ 92.270	$ 34.384	$ 464.410	$ (295.681)	$ 28.733	$ (2.690)	$ 888	$ (1.802)	$ 322.314

The notes attached hereto are an integral part of the financial statements.

LUIS MIGUEL FERNANDEZ Z.
Legal Representative

PLINIO PERCY DIAZGRANADOS
Accountant
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TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PUBLICOS - TEBSA S.A. (E.S.P.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(In thousands of U.S. dollars)

	2017	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit (loss)	$ 28.733	$ 33.043	$ (12.522)
Adjustments to reconcile net profit (loss) to net cash provided by operations:			
Depreciation and amortization	44.660	39.457	31.176
Property, plant and equipment consumption	1.086	601	598
Impairment of accounts receivable and inventory	9.570	-	-
Equity in (income) loss of joint ventures	121	-	-
Interest on finance lease and debt[1]	21.608	14.669	13.071
Interest on accounts payable	553	7.114	8.302
Current income tax	374	-	-
Deferred income tax	20.796	13.188	(7.689)
CHANGES IN WORKING CAPITAL:			
Commercial accounts receivable and other accounts receivable	5.957	(51.321)	3.251
Inventories	(12.614)	(503)	142
Assets and liabilities for current taxes	(1.131)	(5.277)	1.768
Other non-financial assets	295	(631)	567
Other non-financial liabilities	(678)	(1.281)	(1.333)
Commercial accounts payable and other accounts payable	(3.427)	38.000	(9.390)
Employee benefit provisions	(214)	129	(69)
Retirement benefits plans	241	1.298	(3.948)
Net cash provided by operating activities	115.930	88.485	23.924
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions of other intangible assets	(437)	(17)	(9)
Investments in joint ventures	(197)	(133)	(2)
Prepayments for HGPSA agreement	(13.024)	(13.289)	(11.277)
Additions to property, plant and equipment	(11.826)	(6.356)	(6.773)
Net cash used in investing activities	(25.484)	(19.794)	(18.061)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments on finance lease obligation [1]	(86.054)	-	-
Increase in financial obligations [1]	6.897	-	1.906
Payment of financial obligations [1]	(70.603)	(3.545)	(3.546)
Net cash used in financing activities	(149.760)	(3.545)	(1.640)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(59.314)	65.145	4.223
Cash and cash equivalents at the beginning of the year	71.109	5.964	1.741
CASH AT THE END OF THE YEAR	$ 11.795	$ 71.109	$ 5.964

The notes attached hereto are an integral part of the financial statements.

1 Refer to note 13 item 7 for Reconciliation of liabilities arising from financing activities.

LUIS MIGUEL FERNANDEZ Z
Legal Representative

PLINIO PERCY DIAZGRANADOS
Accountant
Professional Card No. 8456 - T

TERMOBARRANQUILLA S.A. EMPRESA DE SERVICIOS PÚBLICOS TEBSA S.A. (E.S.P.)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015 (In thousands of US dollars, unless otherwise stated)

GENERAL NOTES

1. GENERAL INFORMATION

Economic Entity - Termobarranquilla S.A. Empresa de Servicios Públicos "TEBSA S.A. (E.S.P.)" (hereinafter the Company or TEBSA) was established by public deed 9994 in October 1994, with a duration of 50 years. Its corporate purpose is the generation and supply of electric power service through the operation of the thermal plant located in Soledad, Atlántico, with a capacity of 120 megawatts, and the installation of a new 750 megawatts combined cycle plant, and the trade of natural gas through supply networks. As of December 2007, it increased its capacity by 41 megawatts with the installation of additional burner sets in the recovery boilers of the GT-11, GT-12 and GT-13 units.

TEBSA began operations in October 1995, when the entities that financed the project made the first disbursement and the previously signed agreements entered into force. The main agreements that cover TEBSA's operations are:

a. *Asset Purchase Agreement (APA)* - Through this agreement, the shareholder Generadora y Comercializadora de Energía del Caribe – GECELCA (formerly Corporación Eléctrica de la Costa Atlántica – CORELCA) transferred part of the existing plant and land for the development of the new project. 40% of the cost of these assets was paid as capital contribution of GECELCA in TEBSA and the remaining 60% was recorded as subordinated debt. On February 28, 2007, a transfer of rights agreement was signed between TEBSA, CORELCA and GECELCA, through which CORELCA assigned all rights and obligations to GECELCA on all contracts and agreements entered into with TEBSA, including the power purchase agreement (PPA).

b. *Lender Subordination Agreement* - This agreement executed on August 23, 2016, between Banco Bogotá (Senior lender), Termobarranquilla S.A. Empresa de Servicios Públicos TEBSA S.A. (E.S.P.) and the subordinated lenders was made in order to regulate in a single document the subordination to which the subordinated obligations, the payment terms and their execution are subject. The subordinated lenders of TEBSA (GECELCA S.A. E.S.P., Gilda Massi, GPUI Colombia S.A.S. and Termocandelaria Power Ltd.) agree to subordinate the payment of their subordinated obligations in accordance with the terms and conditions agreed in numeral 2) of Section II of the agreement. The term of the subordinated obligations will be ten (10) years beginning upon the total payment of the senior loan (which was estimated to occur on February 23, 2018) with semi-annual payments (every June 30 and December 30), with the possibility of making advance payments (before the total payment of the senior loan) should there be available resources, in which case advance payments can be made to the subordinated lenders for up to five million dollars or a higher amount if they have the express authorization of the senior lender. The loan will have a 13.5% effective annual interest rate, denominated in dollars, which will not be capitalized. Payments will be distributed first to the payment of default interest (if any), to the payment of consideration interest and, once they have all been paid, to the principal. On December 20, 2017, TEBSA obtained a credit with Banco de Bogotá S.A. New York Agency for novation of the senior credit with Banco de Bogotá S.A.

   On December 1, 2016, the subordinated lender GECELCA S.A. E.S.P. informed TEBSA of the assignment of its contractual position in the subordinated loan agreement signed between TEBSA and GECELCA S.A. E.S.P. in favor of Banco Bilbao Vizcaya Argentaria S.A. (Banco BBVA S.A.), making this latter entity a new subordinated lender.

c. *Power purchase agreement (PPA)* – Through this agreement, TEBSA undertakes to maintain exclusivity in the sale of energy to GECELCA for a term of 246 months as of October 20, 1995. This agreement ended on April 20, 2016.

d. *Mandate Without Representation Agreement (additional burners)* – On November 30, 2007, TEBSA signed a mandate agreement with GECELCA for the sale and trade of 41 megawatts, generated through the installation of additional burners in the recovery boilers of units GT-11, GT-12 and GT-13. Under the agreement, GECELCA charges a mandate commission equal to 50% of the value invoiced by TEBSA. This agreement ended on April 20, 2016.

e. *Operation and Maintenance Agreement (O&M)* – This agreement was signed with GPUI Colombia S.A.S. (formerly E.I. Services Colombia Ltda.) in order to operate and provide maintenance to the units. This agreement ended on April 20, 2016.

f. *HGPSA - Hot Gas Path Service Agreement* - This agreement was signed with GE Energy Colombia S.A. (Alstom Colombia Ltda., formerly a related company ABB Colombia), in order to carry out periodic maintenance of the new units, as well as to supply and maintain the inventory of the hot gas parts. This agreement, which expired in 2009, was early terminated on September 15, 2006, and two new agreements were signed: one for the supply of parts with GE Global Parts & Products (formerly Alstom Power O&M Ltd. of Switzerland), and another for maintenance services with GE Energy Colombia S.A. (formerly Alstom Power Colombia S.A.). On June 15, 2011, TEBSA assigned the parts agreement with GE Global Parts & Products to Los Amigos Leasing Company Ltd. – LEASECO. This agreement expires in November 2019 with the last C inspection carried out in the GT-11 unit. On June 25, 2015, LEASECO signed a new agreement with GE Global Parts & Products with a term equivalent to 5 operating periods, each equivalent to 3 C inspection cycles, each for 36,000 equivalent operating hours (EOH), for a total of 108,000 EOH or 12.5 years, whichever occurs first, and with a maximum validity of 15 years from its execution. In September 2016, LEASECO assigned this agreement to TEBSA. In addition, on June 25, 2016, TEBSA signed a new maintenance service agreement during the C inspections with GE Energy Colombia S.A, with a term equivalent to 5 operating periods (one per machine) plus one demobilization period, with a maximum term of 15 years from its execution.

g. *Mandate Agreement with XM Compañía Expertos en Mercados S.A. E.S.P. (formerly Interconexión Eléctrica S.A. - ISA)* - Executed on October 25, 1998 with Interconexión Eléctrica S.A. - ISA, through which this entity, in its capacity as administrator of the commercial exchanges system - SIC, is entrusted with the performance and execution of the settlement, billing, collection and payment of transactions in the wholesale market. The term of this agreement is indefinite. However, it will be terminated at the same time that TEBSA ceases to be an agent of the wholesale market.

   This agreement was assigned by ISA to Compañía de Expertos de Mercados S.A. as of October 1, 2005.

h. *Regasification Services Provision Agreement between TEBSA and Sociedad Portuaria El Cayao S.A. E.S.P. - SPEC* - The purpose of this agreement is to ensure Termobarranquilla S.A. E.S.P. the permanent availability of contracted capacity of the terminal for receiving imports of liquefied natural gas (LNG) as well as its storage and regasification, and placement of gas at the point of entry to the national transmission system, and to provide Termobarranquilla S.A. E.S.P. with the necessary port infrastructure, storage, regasification and connection to the National Transmission System, for which the Port Company El Cayao S.A. E.S.P. must be in charge and responsible for the construction and management of the terminal under the terms established in the agreement. This agreement has a term of ten (10) years from the date of commencement of operation until a maximum date that shall not exceed November 30, 2026. However, the termination date may be extended provided that Termobarranquilla S.A. E.S.P. expresses its interest at least four (4) years in advance. During the initial term of the agreement, TEBSA will pay, as the only consideration for the fulfillment of the obligations under this agreement and for the rendering of the services, the consideration indicated below:

1. A fixed annual cost expressed in United States dollars of 2013, and updated with a United States producer price index, corresponding to the availability of the terminal for the provision of the services, independently of the use of the terminal by Termobarranquilla S.A. E.S.P., wherein the payment of the annual consideration will be made in 12 monthly installments during the term of the agreement.
2. An equivalent variable cost for each KPC (thousands of cubic feet) regasified and delivered at the point of entry to the National Transmission System, for the provision of port services and for the provision of additional services.

i. *International Lease Agreement* – entered into with "Los Amigos Leasing Company Ltd." (LEASECO) for 32 years until December 31, 2028, with a three-year grace period corresponding to the construction period, by means of which seven power generation units were acquired under lease. This agreement has seven types of billable charges, which are: *basic rent, supplemental rent, security deposit, base subordinated rent, special subordinated rent, additional subordinated rent, supplemental subordinated rent and additional special rent*. During 2017, 2016 and 2015, two types of lease fees were used: *basic rent and the supplemental rent*. In the basic rent, the linear fee of the lease agreement is charged, and in supplemental rents, all additional costs incurred by LEASECO are charged, mainly to cover the installments of the HGPSA signed with GE Global Parts & Products and interest on rents due. If there should be any failure to pay any rent when due, the Company shall pay on demand, a supplemental rent, consisting of additional interests due to this fact, accrued by the lessor with respect to its debt. This agreement is recognized as a finance lease in accordance with accounting and financial reporting standards accepted in Colombia , which are based on International Financial Reporting Standards (IFRS). Clause 10.13 of the international lease agreement signed with LEASECO, establishes that TEBSA may exercise a purchase option for the leased equipment upon completion or early termination of the agreement, as applicable. In any case, if TEBSA decides to exercise the purchase option of the leased equipment, it must pay LEASECO the sum of one (USD 1) US dollar, plus all outstanding liabilities that LEASECO owes at that time, including, but not limited to, the interest and principal of any debt with financial entities and/or subordinated debts.

j. *Liquefied Natural Gas Supply Agreement with Calamari LNG S.A. ESP ("AC")* - This agreement is intended to ensure that AC agrees to sell to the buyer and that the buyer agrees to purchase from AC its share in all LNG acquired by AC under each one of the LNG purchase agreements that AC has executed, in accordance with this agreement. This agreement entered into force on the date of execution, July 31, 2015, however, it was specified that no LNG purchase agreement could be entered into before May 1, 2016. This agreement will remain in force until the earlier of the tenth anniversary of the start of commercial operations of the terminal Sociedad Portuaria El Cayao S.A. E.S.P. and November 30, 2026.

k. *Irrevocable Guarantee on Rights and Movable and Immovable Assets Commercial Trust Agreement* – Trust Agreements on rights (accounts receivable from GECELCA) and movable and immovable property, were signed on October 16, 1995, and September 28, 1995, respectively. The Trust agreement was then modified by addenda 1, 2, 3 and 4 dated April 24, 2008, February 24, 2009, January 28, 2010 and February 22, 2012, respectively.

Until 2012, the guarantee trust on immovable property signed with Banco GNB Sudameris (formerly HSBC, formerly Lloyds Trust) was used to guarantee the obligations contracted by LEASECO, since these financial obligations were settled in full. To date the cancellation of the existing pledge on said fixed assets is pending.

Until April 20, 2016, the guarantee trust signed with Fiduciaria Bogotá on the collection rights of the PPA was used in order to guarantee the proper administration of the cash flows for the payment of TEBSA's obligations with Banco de Bogotá.

On January 4, 2017, TEBSA signed with Fiduciaria Bogotá the Comprehensive Addendum No. 2 to the irrevocable commercial trust agreement, for the purpose of making it, upon execution, an Irrevocable Management and Payment Source Guarantee Trust Agreement. This amendment was made in view of the need to replace the payment source with the origin of the resources as of the expiration of the PPA, and to include the procedure for the inclusion of a new affiliated creditor.

On December 19, 2017, TEBSA signed with Fiduciaria Bogotá the Addendum No. 5 to the Irrevocable Management and Payment Source Guarantee Trust Agreement. This amendment was made in view of including as related creditor Banco de Bogota S.A. New York Agency and to delete references to the existing credit in pesos with Banco de Bogota S.A. and Los Amigos Leasing Company Ltd as guarantor, as well as to make other required modifications in the credit agreement in dollars granted by Banco de Bogotá S.A. New York Agency.

2. BASIS FOR PREPARATION

2.1. Accounting standards applied - The Company, in accordance with the current provisions issued by Act 1314 of 2009, regulated by Decrees 2420 of 2015, prepares its financial statements in accordance with accounting and financial reporting standards accepted in Colombia, which are based on International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB) as of December 31, 2015, 2013 and 2012, for the financial statements as of December 31, 2017, 2016 and 2015, respectively.

3. SUMMARY OF THE MAIN ACCOUNTING POLICIES

The main accounting policies applied in the preparation of the financial statements are detailed below. These policies have been applied consistently in all the years presented, unless otherwise indicated.

3.1. Basis for presentation - In accordance with applicable bylaws, the Company makes an annual close of its accounts as of December 31 and prepares and issues general purpose financial statements on an annual basis. These financial statements, which are stated in US dollars, are being prepared for the first time in connection with the Parent´s Company planned issuance of bonds. Hence, they are not fully comparable with statutory financial statements reported in Colombian pesos. For legal purposes in Colombia, the main financial statements are the separate financial statements, which are expressed in Colombian pesos, since it is the presentation or reporting currency for statutory purposes. The functional currency is the United States dollar, which corresponds to the currency of the main economic environment in which the Company operates.

3.2. *Main accounting policies* - Below are the main accounting policies that the Company has adopted in accordance with the above:

3.2.1. Foreign currency transactions - The functional currency of TEBSA is the United States dollar. Transactions in currencies other than the functional currency (foreign currency) of TEBSA are recorded using the exchange rates in effect on the dates on which the transactions are made. At the end of each reporting period, the monetary items denominated in foreign currency are reconverted at the exchange rates prevailing at that date. The non-monetary items recorded at fair value, denominated in foreign currency, are reconverted at the exchange rates in effect on the date on which the fair value was determined. The non-monetary items calculated in terms of historical cost, in foreign currency, have not been reconverted.

The exchange differences of monetary items denominated in foreign currency are recognized through profit or loss in the period in which they arise, except for exchange differences arising from loans denominated in foreign currency related to the assets under construction for their future productive use, which are included in the cost of these assets when considered as an adjustment to interest costs on such loans denominated in foreign currency.

3.2.2. Leases - Leases are classified as finance when the terms of the lease transfer substantially all the risks and advantages inherent to the property to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company and the corresponding liability to the lessor is included in the statement of financial position as an obligation under a finance lease.

The international lease agreement signed with LEASECO related to power generation units GT-11, GT-12, GT-13, GT-21, GT-22, ST-14 and ST-24 was analyzed and classified as a finance lease under the parameters established in IAS 17 –Leases. Accordingly, the assets held under finance lease with LEASECO are recognized as part of the TEBSA property, plant and equipment. The amount for which these assets have been recognized in the opening balance sheet corresponds to the fair value according to the technical appraisal made as of December 31, 2013, applying the fair value exemption as the deemed cost under IFRS 1 – Fist time adoption of International Financial Reporting Standards , on the basis that these power generation units are, in substance, part of the TEBSA property, plant and equipment. The corresponding liability to the lessor is included in the statement of financial position as an obligation under a finance lease.

The lease payments are distributed between the financing expenses and the reduction of the obligations under lease in order to reach an effective interest rate on the remaining balance of the liability. Financing expenses are recognized directly through profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized according to the Company's general policy for borrowing costs. The contingent lease payments are recognized as expenses in the periods in which they are incurred. According to the international lease agreement, if there should be any failure to pay any rent when due, the Company shall pay on demand, a supplemental rent, consisting of additional interests due to this fact, accrued by the lessor with respect to its debt. Such interests are recognized as financial expenses as incurred.

The port infrastructure for storage, regasification and connection to the National Transmission System built by Sociedad Portuaria El Cayao S.A. E.S.P., mentioned in the agreement described in Note 1h, was classified as an operating lease under the parameters established in IAS 17.

The payments of the operating lease described in the previous paragraph are recognized as a cost according to the consideration established in that agreement. The contingent lease payments are recognized as expenses in the periods in which they are incurred.

3.2.3. Financial Assets -

- *Classification* - Financial assets are classified into the following categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale financial assets", and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All purchases or regular sales of financial assets are recognized and written off at the date of the transaction. Regular purchases or sales are all those purchases or sales of financial assets that require the delivery of assets within the time frame established by a market regulation or agreement

- *Effective Interest Method* - It is a method for calculating the amortized cost of a financial instrument and allocating financial revenues over the relevant period. The effective interest rate is the discount rate that exactly levels the estimated cash flows receivable or payable (including commission, basic points of interest paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate) over the expected life of the financial instrument or, when appropriate, over a shorter period, with the net amount in books in the initial recognition.

- *Loans and accounts receivable* - Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and accounts receivable (including commercial accounts, other accounts receivable, bank balance and cash, among others) are measured at amortized cost using the current effective interest method less any impairment. They are included in current assets, except for those with maturities greater than 12 months from the date of the statement of financial position. The latter are classified as non-current assets.

  In the application of the amortized cost, the initial measurement of these financial assets is made at the fair value that, at the time of the initial recognition, is normally the transaction price; however, for accounts receivable and long-term loans that do not accrue interest (or if the interest they accumulate does not correspond to market interests), the fair value will be measured as the present value of the discounted future cash receipts, using the dominant market interest rate for similar instruments.

This implies that short-term loans and accounts receivable will be measured at their undiscounted amount.

Interest revenues are recognized when applying the current interest rate, except for short-term accounts receivable for which the effect of discounting is not significant.

- *Impairment of financial assets* - Financial assets other than those designated at fair value through profit or loss are tested for impairment at the end of each reporting period. A financial asset or a group of financial assets will be impaired when there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and the estimated future cash flows of the financial asset have been affected

  For certain categories of financial assets, such as trade accounts receivable, an asset whose impairment has not been evaluated individually is evaluated for impairment on a collective basis. The objective evidence that a portfolio of accounts receivable could be impaired could include the Company's past experience with the collection of payments, as well as observable changes in local and national economic conditions that relate to the non-compliance in the payments.

  For financial assets recorded at amortized cost, the amount of the impairment loss is the difference between the carrying amount and the present value of the estimated future cash flow of the asset, discounted at the original effective interest rate of the financial asset.

  For financial assets recorded at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the discounted cash flow estimated at the current market rate of return for a similar financial asset. Said impairment loss will not be reversed in subsequent periods.

  The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, except for commercial accounts receivable, where the carrying amount is reduced through a provision account. When it is considered that a commercial account receivable is uncollectible, it is eliminated against the provision account. The subsequent recovery of the amounts previously eliminated are credited against the provision account. Changes in the carrying amount of the provision account are recognized through profit or loss.

  When a financial asset available for sale is considered as impaired, the accumulated gains or losses previously recognized in other comprehensive income are reclassified to profit or loss for the period.

  For financial assets recorded at cost, if, in a subsequent period, the amount of the impairment loss decreases and it may be objectively related to an event that occurred after the impairment was recognized, the previously recognized impairment loss is reversed with a change through profit or loss as long as the carrying amount of the investment at the date on which the impairment is reversed does not exceed the amount that would have resulted from amortized cost if the impairment had not been recognized.

- *Derecognition of financial assets* - The Company and its subsidiaries will derecognize a financial asset only when the contractual rights over the cash flows of the financial asset expire, or when it substantially transfers the risks and rewards inherent to ownership of the financial asset to another entity. If the Company does not transfer or substantially retain all the risks and rewards inherent to the property and continues to have the control of the transferred asset, the Company will recognize its participation in the asset and the associated obligation for the amounts it would have to pay. If the Company retains substantially all the risks and rewards inherent in the ownership of a transferred financial asset, the Company will continue to recognize the financial asset and also recognize a collateral loan for the income received.

In the total derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and receivable, as well as the accumulated result that had been recognized through other comprehensive income and accumulated in equity, is recognized through profit or loss.

3.2.4. Inventories – Inventories are recorded at the lower of their cost or realizable value. The cost is determined using the weighted average method. The net realizable value is the estimated value in use in the normal course of operations.

3.2.5. Property, plant and equipment - Property, plant and equipment are recorded at historical cost, being the fair value at asset acquisition or construction value, less accrued depreciation and impairment losses, if any. Acquisition or construction costs include direct costs necessary to put available assets into use and direct costs of disassembly and removal; for those qualified assets, loan costs are capitalized as part of the asset cost according to the Company's accounting policy.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is likely that future economic benefits associated with the items will flow to the Company and the cost of the item can be reliably determined. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

The depreciation of assets begins when they are ready for their intended use, and is calculated by the straight-line method to allocate their cost during their estimated useful life.

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any change in the estimate recorded on a prospective basis.

Assets held under finance lease are depreciated over the term of their estimated useful life equal to the assets owned.

An item of property, plant and equipment will be derecognized at the time of its disposal or when future economic benefits from the continued use of the asset are no longer expected. The gain or loss arising from the retirement or divestiture of an asset of property, plant and equipment is calculated as the difference between the sale consideration and the carrying amount of the asset, and recognized through profit or loss in the statement of comprehensive income.

The costs of C inspections (major overhaul) carried out on the gas and steam turbines of the power generation units acquired under finance leases are amortized over the estimated interval for the next inspection. When the major overhaul is performed, its acquisition cost is recognized in the cost of acquisition of the component as a replacement at the same time that any net book value of a previous overhaul that remains in the component and is different from the physical parts not replaced is derecognized.

Items such as major spare parts are recognized as property, plant and equipment for presentation purposes, and depreciation starts when they are ready for their intended use.

3.2.6. Intangible Assets

- Licenses: They have a defined useful life and are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost to results over the term of their estimated useful life (3 years).
- Software: Costs associated with software maintenance are recognized as an expense when incurred. Amortization is calculated using the straight-line method to allocate the cost to results over the term of their estimated useful life (3 years).

  The estimated useful life and the amortization method of intangibles are reviewed at the end of each period.

3.2.7. Impairment of non-financial assets - Assets subject to depreciation or amortization are subject to impairment tests when events or circumstances indicate that their carrying amount may not be recovered.

Impairment losses correspond to the amount in which the book value of the asset exceeds its recoverable value. The recoverable value of the assets corresponds to the greater of the net amount that would be obtained from its sale or its value in use. For purposes of the impairment assessment, assets are grouped into the smallest levels at which they generate identifiable cash flows (cash-generating units). The balances in books of non-financial assets that have been subject to impairment write-offs are reviewed at each reporting date to verify possible reversals of the impairment.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in previous years. The reversal of an impairment loss is recognized immediately through profit or loss, unless the relevant asset is recorded at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation.

3.2.8. Investments in associates and joint ventures - An associate is an entity over which the Company has significant influence. Significant influence is the power to intervene in the financial and operating policy decisions of the investee, without having absolute control or joint control of the same.

A joint venture is a joint arrangement whereby the parties that have joint control are entitled to the net assets of the arrangement. Joint control is the distribution of control of a contractual agreement, which exists only when decisions about the relevant activities require the unanimous consent of the parties that share control. The results, assets and liabilities of the associate or joint venture are incorporated in the financial statements using the equity method, except if the investment or a part of it is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 – Non-current assets held for sale and Discontinued operations.

According to the equity method, in the initial recognition, investments in joint ventures and associates are incorporated into the financial statements using the cost method, and the carrying amount will be increased or decreased to recognize the investor's share in the period's result of the investee, after the acquisition date.

3.2.9. Cash and cash equivalents - Cash and cash equivalents include available cash, freely available deposits in banks and other highly liquid short-term investments with original maturities of three months or less, counted from the acquisition of the financial instrument.

3.2.10. Reserves - The appropriations authorized by the General Shareholders' Meeting are recorded as reserves, charged through profit or loss of the year for compliance with legal provisions or to cover expansion plans or financing needs.

The Code of Commerce requires the Company to appropriate 10% of its annual net income as legal reserve until the balance of this reserve is equivalent to 50% of the subscribed capital. The mandatory legal reserve is not distributable before the liquidation of the Company, but it can be used to absorb or reduce annual net losses. The balances of the reserve in excess of 50% of the subscribed capital are freely available to shareholders.

3.2.11. Financing operations - Loans are initially recognized at their fair value net of the costs incurred in the transaction. These loans are subsequently recorded at amortized cost. Any difference between the funds received (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income during the period of the loan, using the effective interest method.

The fees incurred to obtain the loans are recognized as transaction costs to the extent that it is likely that part or all of the loan will be received. In this case the fees are deferred until the loan is received.

Loans are classified in current liabilities unless there is an unconditional right to defer payment of the obligation for at least 12 months from the balance sheet date.

The Company derecognizes financial liabilities when, and only when, the obligations are settled, paid or expire. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable will be recognized through profit or loss.

3.2.12. Taxes – Income tax expense, represents the value of income tax payable and deferred income tax value.

3.2.12.1 Current Tax - Current tax payable is based on tax earnings recorded during the year. The tax earnings differ from the earnings reported in the income statement, due to the items of revenues or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax liability is calculated using the tax rates approved at the end of the reporting period. The Company determines the provision for income tax and complementary taxes based on the highest of taxable income or presumptive income, estimated at rates specified in the tax law.

3.2.12.2 Deferred tax - Deferred tax is recognized on temporary differences between the carrying amount of the assets and liabilities included in the financial statements and the corresponding tax bases used to determine the tax earnings. The deferred tax liability is generally recognized for all temporary tax differences. A deferred tax asset will be recognized, because of all deductible temporary differences, insofar as it is likely that the entity will have future taxable earnings against which to charge those deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (different to that of the business combination) of other assets and liabilities in an operation that does not affect the tax earnings or the accounting earnings. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of capital gains.

A deferred liability should be recognized for taxable temporary differences associated to investments in subsidiaries and associates, and participations in joint ventures, excepting those in which the Company is capable controlling the reversal of the temporary difference and when there is a possibility that it can’t be reverted in a near future. Deferred tax assets arising from deductible temporary differences associated to said investment and participation are only recognized, when it’s probable that the entity would have future tax earnings against which those temporary differences may be offset and when there is a possibility that those could be reverted in a near future.

The carrying amount of a deferred tax asset must be reviewed at the end of each reporting period and reduced to the extent that it is likely that there will not be sufficient taxable earnings in the future to allow the total or partial recovery of the asset.

Deferred tax assets and liabilities must be measured using the tax rates that are expected to be applied in the period in which the asset is realized or the liability canceled, based on the rates (and tax laws) that at the end of the reporting period have been approved or practically approved after the approval process.

3.2.13. Provisions - Provisions are recognized when the Company has a present obligation (whether legal or implicit) as a result of a past event, and it is likely that the Company will have to divest themselves of resources that entail economic benefits to cancel the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision must be the best estimate of the disbursement necessary to settle the present obligation at the end of the reporting period, considering the risks and the corresponding uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, its carrying amount represents the present value of that cash flow (when the effect of the value of money over time is material).

When the recovery of some or all economic benefits required to settle a provision is expected, an account receivable is recognized as an asset if it is virtually certain that the disbursement will be received and the amount of the account receivable can be measured reliably.

3.2.14. Retirement employee benefits

- Retirement pensions: The Company has a pension plan with defined economic benefits.

- Defined benefit pension plans establish the amount of pension benefit an employee will receive upon retirement, which usually depends on one or more factors, such as the employee's age, years of service and compensation.

- For benefit plans defined by retirement, cost of said benefits is determined using the projected unit credit method, with actuarial assessment made at the end of each annual reporting period. The new measurement including actuarial earnings and losses, the effect of changes to the limit on net assets that can be recognized (if applicable) and the yield over the plan assets (excluding interest) is immediately reflected in the financial situation statement of financial position with a charge or credit recognized in other comprehensive result in the period where it occurs.

- The new measurement recognized in other comprehensive income is immediately reflected in retained earnings and will not be reclassified to profit or loss. The cost of past services is recognized through profit or loss in the period of a plan modification. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The defined benefit costs are categorized as follows:

  a) Service cost (including current service cost, past service cost, as well as gains and losses on reductions and settlements)

  b) Net interest expense or revenue; and

  c) New measurements.

  The Company presents the first two components of the costs for defined benefits in the item of costs for employee benefits. The reduction of gains and losses are accounted for as past service costs.

  - Past service costs are recognized immediately through profit or loss, unless the changes in the pension plan depend on the employee continuing in service for a determined period of time (right-granting period). In this case, the past service costs are amortized using the straight-line method during the right-granting period.

  - Other obligations subsequent to the employment relationship: The Company grants its employees retirement pension, energy benefits, medical care, contributions to social security and education. The right to this benefit generally depends on whether the employee has worked until the retirement age. The expected costs of these benefits accrue during the period of employment using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using the interest rates calculated from the yield curve of the Colombian Government bonds (TES B curve), denominated in real value units (UVR), that have terms similar to the terms of the pension obligation until expiration. Actuarial gains and losses arising from adjustments for experience and changes in actuarial assumptions are debited or credited to the statement of comprehensive income in the period in which they arise. These obligations are valued annually by qualified independent actuaries.

3.2.15. Short-term employee benefits – A liability is recognized for the accumulated employees benefits with respect to salaries, annual leave and medical rest in the period in which the service is offered relative to the amount not deducted from the benefits that are estimated to be paid in exchange for said service.

3.2.16. Commercial accounts payable - Accounts payable are initially recognized at their fair value and subsequently adjusted at amortized cost, using the effective interest method.

3.2.17. Revenue recognition - Until April 20, 2016, revenue included the fair value of what was collected or receivable for the sale of energy in the ordinary course of business in accordance with the specific criteria established in the power purchase agreement (PPA) and the mandate agreement for the additional burners signed with Gecelca.

As of April 21, 2016, revenue comprises the fair value of the amount collected or receivable for the reliability charge and for the sale of energy in the ordinary course of business.

Revenue is recognized when its amount can be reliably measured, it is likely that economic benefits will flow to the entity in the future and the transaction meets specific criteria for each of the activities, as described below. The Company bases its estimates on information provided by the agent that controls the market, considering the type of customer, type of transaction and the specific terms of each agreement.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The estimates and criteria used are constantly evaluated and are based on historical experience and other factors, including the expectation of occurrence of future events that are considered reasonable according to the circumstances.

The Company makes estimates and assumptions regarding the future. The resulting accounting estimates may differ from the actual results. The estimates and significant assumptions are presented below.

4.1. Income tax– Deferred tax - The Company and its legal advisors apply their professional judgment to determine the provision and estimates for current and deferred income tax. There are many transactions and calculations for which the final tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for situations observed in preliminary tax audits on the basis of estimates of whether the payment of additional taxes applies. When the final tax result of these situations is different from the amounts that were initially recorded, the differences are assigned to current and deferred tax assets and liabilities, in the period in which this event is determined. Until December 31, 2015, the company generated tax losses, which, with the results generated as of December 31, 2017, were utilized 100%.

4.2. Revenue recognition - At each presentation of the financial statements, estimates of the revenues accrued are based on the information available on energy dispatches or transactions in the secondary market, provided by the market operator. Usually, these estimates do not show significant variations with subsequent actual measurements.

5. STANDARDS ISSUED BY THE IASB NOT YET IN FORCE

5.1. Incorporated in Colombia as of January 1 2018 – Decrees 2496 of 2015 and 2131 of 2016 - With these decrees, as of January 1, 2018, the following standards will enter into force in the technical regulatory framework that contains some amendments issued by the IASB, made during the year 2016, allowing their early application:

Financial Reporting Standard	**Subject of the amendment**	**Detail**
IAS 7 – Statement of Cash Flows	Disclosure initiatives	Clarifies disclosures to assess changes in responsibilities arising from financing activities.

Financial Reporting Standard	Subject of the amendment	Detail
IAS 12 – Income Taxes	Recognition of deferred tax assets for unrealized losses	It clarifies the following aspects: Unrealized losses on debt instruments measured at fair value and valued for tax purposes give rise to a deductible temporary difference, regardless of whether the holder of the debt instrument expects to recover the carrying amount of the debt instrument through sale or use. The carrying amount of an asset does not limit the estimation of possible future taxable profits. Estimates for future tax benefits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity evaluates a deferred tax asset in combination with other deferred tax assets. When tax legislation restricts the use of tax losses, the entity would evaluate a deferred tax asset in combination with other deferred tax assets of the same type.
IFRS 9 – Financial Instruments		It was issued as a complete standard, including the previously issued requirements and the additional amendments to introduce a new expected loss model and limited changes to the classification and measurement requirements of financial assets, with the following stages: Stage 1: All recognized financial assets that are within the scope of IAS 39 will be subsequently measured at amortized cost or at fair value. Stage 2: The impairment model, in accordance with IFRS 9, reflects expected credit losses as opposed to credit losses incurred under IAS 39. Stage 3: The three types of hedge accounting mechanisms included in IAS 39 are maintained. The effectiveness test has been revised and replaced by the principle of "economic relationship". More disclosure requirements have been added about the entity's risk management activities.
IFRS 15 – Revenue from Contracts with Customers		It has a unique model to deal with the revenue from contracts with customers. Its basic principle is that an entity must recognize the revenue to represent the transfer or goods or services promised to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services, with 5 steps for its recognition. Subsequently, amendments were included that clarify how to:

Financial Reporting Standard	Subject of the amendment	Detail
		• identify a performance obligation (the promise to transfer a good or service to a customer) in a contract; • determine whether a company is the principal (the supplier of a good or service) or an agent (responsible for arranging the good or service to be provided); and • determine whether the revenue derived from the granting of a license must be recognized at a point in time or over time. This standard replaces the following: IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers", SIC Interpretation 31 "Barter Transactions Involving Advertising Services."

The Company is anticipating that adoption of standards and interpretations issued by IASB, previously mentioned, would have no material impact over the financial statements.

5.2. Incorporated in Colombia as of January 1, 2019 – Decrees 2496 of 2015 and 2170 of 2017 - With these decrees, as of January 1, 2019, the following standards will enter into force in the technical regulatory framework that contains some amendments issued by the IASB, in the second half of 2016, allowing their early application:

Financial Reporting Standard	Subject of the amendment	Detail
IFRS 2 – Share-based Payments	Share-based classification and measurement of payment transactions	IFRS 2 did not contain any guidance on how the conditions of consolidation of benefits affect the fair value of the liabilities for share-based payments settled in cash. The IASB has added a guide that introduces the accounting requirements for payments based on cash-based shares that follow the same approach used for share-based payments. Effective January 2018
IFRS 4 – Insurance Contracts IFRS 9 – Financial Instruments	Solve the different validity dates	Offers two options for entities that issue insurance contracts within the scope of IFRS 4: An option that allows entities to reclassify, from profit or loss to other comprehensive income, part of the income or expenses derived from designated financial assets; referred to as the overlay approach. An optional temporary exemption from the application of IFRS 9 for entities whose main activity is the issue of contracts within the scope of IFRS 4;

Financial Reporting Standard	Subject of the amendment	Detail
		referred to as the deferral approach. The application of both approaches is optional and an entity is allowed to stop applying them before the new insurance contract standard is applied. Effective January 2018.
IFRS 16 - Leases	New standard issue	Establishes principles for the recognition, measurement, presentation and disclosure of leases, with the aim of ensuring that tenants and landlords provide relevant information that faithfully represents such transactions. IFRS 16 replaces the following standards and interpretations: IAS 17 Leases IFRIC 4 Determining whether an Arrangement contains a Lease SIC-15 Operating Leases-Incentives SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease Effective January 2019
IAS 40 – Investment Properties		Amendments clarify that a transfer to or from investment properties requires evaluation to see if the property complies with, or has ceased complying with the definition of investment property, supported by observable evidence that a change in use has occurred. Additionally, modifications clarify that situations listed in IAS 40 are not exhaustive and change of use is possible for properties under construction (in other words, a change of use is not limited to completed properties) Effective January 2018
Annual Improvements Cycle 2014 - 2016		Amendments to IAS 28 “Investments in Associates and Joint Ventures” clarify that the option to measure investments in associates and joint ventures at fair value through profit and loss, is available separately for each associate or joint venture, and this election should be made at the initial recognition of the associate or joint venture, is applicable for a risk capital organization and other similar entities.

The Company is making the assessment of these standards and to this date no material effect on the financial statements has been identified.

5.3 Issued by IASB not Incorporated in Colombia – The following standards have been issued by the IASB, but have not yet being incorporated by Decree in Colombia:

Financial Reporting Standard	Subject of the amendment	Detail
IFRS 9 – Financial Instruments	Prepayment Features with Negative Compensation	Amends the existing requirements in IFRS 9 with respect to the termination rights of a contract, to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of payments of negative compensation. Additionally, it includes a clarification with respect to the accounting for an amendment or exchange of a financial liability measured at amortized cost that does not result in derecognition of the financial liability. Effective January 2019
IFRS 17 Insurance Contracts	New standard issue	Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. Its objective is to ensure that an entity provides relevant information that faithfully represents insurance contracts. This information provides a basis for users of financial statements to evaluate the effect that insurance contracts have on the financial position, financial performance and cash flows of the entity. Effective January 2021
IFRIC 22 – Foreign Currency Transactions and Advance Consideration		This Interpretation deals with the way to determine the date of the transaction for the purposes of establishing the exchange rate to be used in the initial recognition of the related asset, expense or income (or the corresponding part thereof), in the derecognition of a non-monetary asset or non-monetary liability that arises from the payment or collection of the advance consideration in foreign currency. Effective January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments		This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty over the treatment of income tax. In this circumstance, an entity will recognize and measure its asset or liability for deferred or current taxes by applying the requirements of IAS 12 on the basis of tax earnings (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this Interpretation. Effective January 2019

The Company will quantify the impact on the financial statements once the Decree that incorporates them into the Colombian Technical Regulatory Framework is issued.

SPECIFIC NOTES

6. CASH AND CASH EQUIVALENTS

Available cash is constituted as follows:

	2017	2016	2015
Cash, cash in banks and corporations:			
Cash	$ 10	$ 12	$ 16
Banks and Corporations			
Fiduciaria Bogotá S.A. (1)	4,068	8,953	5,280
Banco de Bogotá S.A.	2,917	31,753	533
Banco Itaú CorpBanca Colombia S.A.	1,938	5	-
CDT Davivienda Panamá (2)	1,700	30,030	-
Credicorp Capital Colombia S.A.	1,011	-	-
Banco Davivienda S.A.	82	354	127
BTG Pactual S.A.	50	-	-
BBVA Colombia S.A.	17	-	-
Bancolombia S.A.	2	2	8
Total cash and cash equivalents	$ 11,795	$ 71,109	$ 5,964

(1) For the year 2017 it includes a restricted portion of $106 corresponding to the monthly reserve to be made by the Trust in the dollar account, equivalent to 1/6 of the total sum to pay for remuneration interest at each date following payment of interest with Banco de Bogotá. For 2016 and 2015, includes a restricted portion of $6,882 and $1,442 equivalent to 120% of the payment of the next service of the debt acquired with Banco de Bogotá, which is paid semiannually based on each disbursement made by the bank.

(2) In 2017 the Company established one (1) Certificate of Deposit with Davivienda Panamá S.A. at an effective quarterly rate due monthly of 1.15%, maturing on January 29, 2018, for a value of $1,700, for the purpose of generating returns over temporary liquidity surplus. In 2016 the Company established two (2) Certificates of Deposit with Davivienda Panama S.A.: the first on November 30, 2016, at an effective quarterly rate due monthly of 1.15%, for a value of US $15,000, maturing on February 28, 2017; and the second on December 1, 2016, at an effective quarterly rate due monthly of 1.15%, for a value of US $15,000, maturing on March 2, 2017, for the purpose of generating returns and paying the debt of related companies.

7. COMMERCIAL ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE

The detail of accounts receivable and other accounts receivable

Commercial accounts receivable from gas sale and generation (1)	$ 47,040	$ 61,920	$ 13,443
Accounts receivable from shareholders (2)	5,652	5,399	4,753
Other accounts receivable (3)	2,983	2,780	640
Account receivable from employees	781	793	728
Total accounts receivable and other accounts receivable	$ 56,456	$ 70,892	$ 19,564

	2017	2016	2015
Less current portion:			
Commercial accounts receivable from generation	$ 46,633	$ 61,920	$ 13,443
Account receivable from employees	781	793	728
Other accounts receivable	2,983	2,780	640
Accounts receivable from shareholders	98	-	-
Total current portion	$ 50,495	$ 65,493	$ 14,811
Total non-current portion	$ 5,961	$ 5,399	$ 4,753

(1) Corresponds to $53,023 (2016 $53,095 and 2015: $ -) of the market energies sale, of which is expired $8,479 (2016: 8378 and 205: $ -) reported by the Company Expertos en Mercados S.A. E.S.P. on behalf of Electrificadora del Caribe S.A. E.S.P. company that was intervened by the Superintendence of Residential Public Services on November 14, 2016), which were written off during the year 2017, $573 (2016: $6,438 and 2015: $13,443) from the sale of power to GECELCA under the PPA agreement and for estimated energy billing, $1,260 (2016: $1,734 and 2015: $-) from gas sales, $476 (2016: $449 and 2015: $ -) from the mandate agreement for substations used by Electricaribe and Transelca, $180 (2016: $204 and 2015: $-) for the sale of backup energy and $7 for other minor items.

(2) Corresponds to accounts receivable from GECELCA for the portion of the retirement pension liability of $4,879 (2016: $4,727 and 2015: $4,113), $98 for reimbursement of pensioners payroll expenses, which are charged to GECELCA for the employer substitution agreement, contribution to the Superintendence of Residential Public Utilities $224 (2016: $223 and 2015: $212) and forced investment of $451 (2016: $449 and 2015: $428).

(3) Corresponds to the prepayments to ASIC deposited in a custody account for $1,385 (2016: $1,153 and 2015: $-) in order to make transfers to cover TIE guarantees and adjustments to the invoice, management and commercial advice for $31, prepayments for purchases of $147 (2016: $752 and 2015: $464), and prepayments on agreements$ 1,420 (2016: $875 and 2015: $ 176).

8. INVENTORIES

The following is the detail of the carrying amount of inventories:

Materials and supplies	$ 13,316	$ 13,294	$ 13,468
Liquid Natural Gas LNG (1)	12,563	-	-
Less: Impairment of LNG (2)	(1,062)	-	-
Diesel Fuel	677	677	-
Total inventories	$ 25,494	$ 13,971	$ 13,468

(1) Corresponds to total inventory of LNG fuel gas under custody at Sociedad Portuaria el Cayao S.A. as defined in Note 1 h.

(2) Corresponds to total impairment of LNG, with respect to boil-off charged TEBSA reported by the trading agent Calamari LNG S.A.

9. CURRENT TAX ASSETS AND LIABILITIES

Income tax **–** The income tax returns of the Company have been reviewed by the tax authorities or the term for making such review has expired for all returns until 2011.

For taxable year 2017, the Company calculated provision for income tax based on tax revenues, after offsetting accrued tax losses.

The Company does not calculate the presumptive income tax in accordance with the exclusion contained in Article 16 of Act 633 of December 2000 and Article 23 of Act 788 of 2002, for power generation companies.

The following is the detail of the book value of current tax assets:

	2017	2016	2015
Current tax assets			
Withholdings – Income tax	$ 8,115	$ 6,309	$ 1,185
Withholdings – Cree	616	613	777
Balance in favor income tax and complementary	-	816	-
Balance in favor VAT imports (1)	5,105	5,077	4,837
Subtotal	13,836	12,815	6,799
Less: long term	-	5,077	4,837
Total current tax assets	$ 13,836	$ 7,738	$ 1,962
Current tax liabilities			
Self-withholding tax	$ 797	$ 790	$ 184
Other withholdings payable	837	569	272
Municipal taxes – Transfers Act 99 (2)	308	318	482
Total current tax liabilities	$ 1,942	$ 1,677	$ 938

(1) Corresponds to the balance receivable of the VAT paid at the time of import of the power generation plant to Colombia. In accordance with Article 258-2 of the Tax Code, this tax may be deducted from the payment of the income tax over future income as of the year 2017.

(2) For 2017, 2016 and 2015 corresponds to contributions payable to the municipality of Soledad and the Autonomous Regional Corporation of Atlántico, which are calculated considering the kilowatts generated monthly. These contributions are paid within 5 days after the closing of the respective month of generation. For 2017 the applicable rate for transfers Act 99 is COP$72.89 (2016: COP$70.77 and 2015: COP$68.70), for each kilowatt/hour generated.

For 2017, the Company accumulated tax losses generated in the Income Tax and Complementary (See Note 18 (1)) which were used to offset current year taxable income.

For 2017, income tax applicable rate is 34%, plus an extra rate for taxable base higher than COP$800.000.000 between 0 and 6%. For years 2016 and 2015, the applicable rate for income tax is 25% and income tax for equality– CREE is of 9%, respectively.

The reconciliation of the effective rate for the income tax is presented below:

	2017		2016		2015	
	Value	Rate	Value	Rate	Value	Rate
Tax over accounting earnings (loss)	$ 19,961	40%	$ 18,492	40%	$ -	-%
Plus:						
Tax effect of the tax on movement of funds	309	0,54%	182	0,35%	32	(0,21)%
Tax effect of the expenses for bonuses	-	-	4	0,01%	46	(0,30)%
Tax effect of recreation expenses	2	0,01%	0,4	0,00%	46	(0,30)%
Tax effect of the expenses for mandate agreement	20	0,04%	305	0,59%	834	(5,44)%
Tax effect in deferred tax for change of rate on the revalued cost of property, plant and Equipment at the opening balance, and others items	878	1,76%	(5,795)	(12,53)%	(8,647)	(42,78)%
Income tax	$ 21,170	42%	$ 13,188	29%	$ (7,689)	(38)%

Transfer pricing – To the extent that the Company conducts operations with related companies abroad, it is subject to regulations, which, with respect to transfer prices, were introduced in Colombia with Acts 788 of 2002 and 863 of 2003, For this reason, the Company carried out a technical analysis on the operations carried out during 2017 and 2016, concluding that there are no conditions that affect the income tax of that year.

Tax reform – Act 1819 of 2016 amends the Tax Code to conciliate revenues, tax treatment, tax costs and deductions with the application of the Regulatory Technical Frameworks, It also established a general rate of 34% for 2017 and 33% for 2018 onwards, and a surcharge for taxable bases of more than COP$800.000.000 between 0 and 6%, which for 2018 will be between 0 and 4%.

10. OTHER NON-FINANCIAL ASSETS

Below is the detail of the book value of prepayments:

	2017	2016	2015
Material damage insurance	$ 2,169	$ 2,224	$ 2,062
Third party liability insurance	11	10	12
PPA agreement insurance	-	-	31
Non contractual Third party liability insurance	14	65	85
Performance insurance	178	234	-
Performance guarantee	155	288	-
Total prepayments	$ 2,527	$ 2,821	$ 2,190

11. PROPERTY, PLANT AND EQUIPMENT

Below is the detail of the book value of property, plant and equipment:

Cost	$ 704,120	$ 685,478	$ 666,674
Accrued depreciation and amortization	(138,624)	(99,140)	(59,952)
Total property, plant and equipment	$ 565,496	$ 586,338	$ 606,722

No fixed assets of the Company are granted as pledge or guarantee.

Below is the detail of property, plant and equipment net of depreciation:

	2017	2016	2015
Power generation units under international lease (1)	$ 320,634	$ 342,566	$ 360,263
Buildings	97,878	101,864	105,693
Power generation units 3 and 4 (2)	57,526	57,026	60,625
Furniture and fixtures	349	196	219
Transportation equipment	175	89	120
Communication and computing	137	113	93
Assets under construction	2,251	92	329
Land	23,880	23,880	23,880
Inventories of major spare parts	17,562	12,796	7,740
Type C Major overhauls (3)	21,894	28,119	18,313
Advances agreements (4)	23,210	19,597	29,447
Total property, plant and equipment	$ 565,496	$ 586,338	$ 606,722

(1) Corresponds to power generation units GT-11, GT-12, GT-13, GT-21, GT-22, ST-14 and ST-24, financed through the international lease agreement signed with "Los Amigos Leasing Company Ltd," (LEASECO) in September 1995, for a term of 32 years from the delivery of the generation units, See Note 1.

(2) Corresponds to power generation units 3 and 4 acquired through the asset purchase agreement (APA), See Note 1.

(3) As described in Note 1, the cost of Type C major overhaul is activated as property, plant and equipment when executed, and is amortized during the estimated time for the next major overhaul, As of December 31, 2017, 2016 and 2015, the registration in property, plant and equipment corresponds to the balance pending amortization of type C major overhauls of the units GT11, GT12, GT13, GT21, GT22 and expenses incurred in the commissioning of the new rotor of the ST14 and ST24 units. These overhauls are amortized over 42 months, average time until the next type C inspection.

(4) On June 15, 2011, TEBSA assigned the HGPSA agreement with GE Global Parts & Products (formerly Alstom Power O&M Ltd, of Switzerland) to LEASECO, this advance payment will be legalized as long as GE Global Parts & Products supplies the spare parts, This agreement ends in November 2019 with the last C inspection carried out in the GT-11 unit, As of December 31, 2017, the balance in dollars for this item is USD $10,978 (2016: $15,448 and 2015: $29,447).

On June 25, 2015, LEASECO signed with GE Global Parts & Products a new agreement with an equivalent duration of 5 operating periods (one per machine) each equivalent to 3 C inspection cycles. In September 2016, LEASECO assigned this agreement to TEBSA, In addition, on June 25, 2016, TEBSA signed a new maintenance service agreement during the C inspections with GE Energy Colombia S.A. (formerly Alstom Power Colombia S.A.), As of December 31, 2017, the balance in dollars for this item is USD$12,232, (2016: $4,149 and 2015: $-).

The movement of the cost of property, plant and equipment is detailed below:

	Land	Assets under construction	Agreements prepayments	Major spare parts inventories	Plants under finance lease	Buildings	Generation plants	Furniture and fixtures	Transportation equipment	Communication and computing	Major overhaul	Total
01/01/2015	$ 23,880	$ 709	$ 30,542	$ 8,059	$ 399,159	$ 113,645	$ 69,172	$ 268	$ 200	$ 159	$ 3,430	$ 649,223
Additions	-	6,740	-	-	-	-	-	32	-	-	-	6,772
Prepayments	-	-	11,277	-	-	-	-	-	-	-	-	11,277
Transfers	-	(6,532)	(12,372)	(309)	-	13	-	-	-	27	19,173	-
Consumption	-	(588)	-	(10)	-	-	-	-	-	-	-	(598)
31/12/2015	23,880	329	29,447	7,740	399,159	113,658	69,172	300	200	186	22,603	666,674
Additions	-	4,897	-	737	-	19	615	14	9	64	-	6,355
Prepayments	-	-	13,289	-	-	-	-	-	-	-	-	13,289
Transfers	-	(4,424)	(23,082)	4,893	1,485	137	-	-	-	-	20,991	-
Consumption	-	(710)	(57)	(1)	(72)	-	-	-	-	-	-	(840)
31/12/2016	23,880	92	19,597	13,369	400,572	113,814	69,787	314	209	250	43,594	685,478
Additions	-	9,263	-	153	-	-	2,206	10	149	44	-	11,825
Prepayments	-	-	13,025	-	-	-	-	-	-	-	-	13,025
Transfers	-	(6,235)	(9,361)	5,000	(1,979)	-	5,536	183	-	24	6,832	-
Consumption	-	(869)	(51)	(84)	-	-	-	-	-	-	-	(1,004)
Write-off	-	-	-	-	(995)	-	(4,156)	-	(53)	-	-	(5,204)
31/12/2017	$ 23,880	$ 2,251	$ 23,210	$ 18,438	$ 397,598	$ 113,814	$ 73,373	$ 507	$ 305	$ 318	$ 50,426	$ 704,120

The movement of accumulated depreciation and amortization was as follows:

	Major spare parts inventories	Plants under finance lease	Buildings	Generation plants	Furniture and fixtures	Transportation equipment	Communication and computing	Major overhaul	Total
01/01/2015	$ -	$ (19,448)	$ (3,982)	$ (4,173)	$ (41)	$ (40)	$ (49)	$ (1,069)	$ (28,802)
Write-off	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Depreciation	-	(19,448)	(3,983)	(4,374)	(40)	(40)	(44)	-	(27,929)
Amortization	-	-	-	-	-	-	-	(3,221)	(3,221)
31/12/2015	-	(38,896)	(7,965)	(8,547)	(81)	(80)	(93)	(4,290)	(59,952)
Write-off	-	(8)	-	-	-	-	-	-	(8)
Transfers	(573)	573	-	-	-	-	-	-	-
Depreciation	-	(19,675)	(3,985)	(4,214)	(37)	(40)	(44)	-	(27,995)
Amortization	-	-	-	-	-	-	-	(11,185)	(11,185)
31/12/2016	(573)	(58,006)	(11,950)	(12,761)	(118)	(120)	(137)	(15,475)	(99,140)
Write-off	-	292	-	1,436	-	38	-	-	1,766
Transfers	(303)	303	-	-	-	-	-	-	-
Depreciation	-	(19,553)	(3,986)	(4,522)	(40)	(48)	(44)	-	(28,193)
Amortization	-	-	-	-	-	-	-	(13,057)	(13,057)
31/12/2017	$ (876)	$ (76,964)	$ (15,936)	$ (15,847)	$ (158)	$ (130)	$ (181)	$ (28,532)	$ (138,624)

The useful lives used to calculate depreciation are:

Constructions and buildings	10 - 70 years
Equipment under financial lease	10 - 40 years
Generation equipment (Units 3 and 4)	5 - 40 years
Furniture and fixtures	5 - 10 years
Transportation equipment	2 - 5 years
Communication and computing	2- 5 years

12. INTANGIBLE ASSETS

The following is the detail of the book value of intangibles:

	2017	2016	2015
Cost	$ 543	$ 106	$ 89
Accumulated amortization	(131)	(78)	(48)
Total intangible assets	$ 412	$ 28	$ 41

Detail of the net cost of intangibles:

Software	$ 409	$ 22	$ 32
Licenses	3	6	9
Total intangible assets	$ 412	$ 28	$ 41

The movement of the cost of intangibles is detailed below:

	Software	Licenses	Total
01/01/2015	$ 80	$ -	$ 80
Additions	-	9	9
31/12/2015	80	9	89
Additions	17	-	17
31/12/2016	97	9	106
Additions	437	-	437
31/12/2017	$ 534	$ 9	$ 543

The movement of amortization of intangibles is detailed below:

	Software	Licenses	Total
01/01/2015	$ (21)	$ -	$ (21)
Amortization expenses	(27)	(-)	(27)
31/12/2015	(48)	(-)	(48)
Amortization expenses	(27)	(3)	(30)
31/12/2016	(75)	(3)	(78)
Amortization expenses	(50)	(3)	(53)
31/12/2017	$ (125)	$ (6)	$ (131)

13. LOANS

The detail of the balance of the financial obligations is as follows:

Entity	Maturity	Rate	2017	2016	2015
Banco BBVA (before Gecelca S.A. E,S,P) (1)	February 2028	13,50%	$ 57,995	$ 116,081	$ -
Banco de Bogotá New York (2)	December 2022	LIB+3,50%	24,541	-	-
Banco de Bogotá (3)	March 2018	IBR+2,90%	6,986	-	-
Banco de Bogotá (4) (a)	February 2018	DTF+5,75%	-	10,762	10,153
Banco de Bogotá (4) (b)	February 2018	DTF+5,75%	-	6,500	5,706
Banco de Bogotá (4) (c)	February 2018	DTF+5,75%	-	1,300	1,227
Banco de Bogotá (4) (d)	February 2018	DTF+5,75%	-	6,048	6,133
Banco de Bogotá (5) (d)	December 2017	IBR+4,85%	-	1,332	1,906
Finance lease (6)	August 2020	DTF+4,30%	146	33	14
Subtotal			89,668	142,056	25,139
Less: current portion			(52,789)	(72,686)	(1,706)
Total long term			$ 36,879	$ 69,370	$ 23,433

(1) On December 1, 2016, GECELCA made the sale of the subordinated debt arising from the asset purchase agreement (APA), through which GECELCA assigned all the rights to Banco Bilbao Vizcaya Argentaria – BBVA, The balance as of December 2017 over the subordinated debt is of $56,091 (2016: $56,714) plus interests of $159 (2016: $55,921) and the balance payable for Restitution Payment for US $1,711 (2016: $1,711) plus interest of $34 (2016: $1,735). The annual interest rate agreed for both obligations is 13.5% E.A.

(2) On December 20, 2017, TEBSA obtained a credit with Banco de Bogotá S.A. New York Agency for novation of the senior credit with Banco de Bogotá S.A. and to comply with what was agreed in the agreement. For 2017 the balance of the financial obligation with Banco de Bogota S.A. New York Agency is of $24,501, plus interest of $40, The annual interest rate agreed for this obligation is LIBOR+3.50% semi-annually, with a term of 60 months.

(3) Corresponds to a credit with Banco de Bogotá obtained on November 1, 2017, for a sum of COP$20.579 million for a total term of 4 months.

(4) For 2016 and 2015, corresponds to senior credit with Banco de Bogotá obtained in 2012 for a total amount of COP $80.000 million at a total term of 72 months, which was disbursed as follows (figures in million pesos):

Disbursement date	Disbursed amount (Millions)
February 2012 (a)	COP$ 36.000
June 2012 (b)	20.000
November 2013 (c)	4.000
January 2014 (d)	20.000
Total	COP$ 80.000

(5) For 2016 and 2015, corresponds to a credit with Banco de Bogotá S.A. obtained in June 2015 for the total amount of COP $6.000 million at a total term of 36 months.

(6) For 2017, 2016 and 2015 corresponds to finance leasing agreement entered into with Banco de Bogotá for the purchase of transportation equipment (forklifts) for the amount of $436 established in August 2017, computer equipment (server) for the amount of $115 established in January 2016, and for computing equipment for the amount of $76 established in September 2014, all of them for a total term of 36 months.

(7) Reconciliation of liabilities arising from financing activities

The table below details changes in the Entity's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Entity's statement of cash flows as cash flows from financing activities.

	Bank Loans	Debt with related parties – Leaseco (Note 17)	Total Obligations
1/1/2015	$ 23,996	$ 131,903	$ 155,899
Increase of financial obligations	1,906	-	1,906
Payments	(3,546)	-	(3,546)
Interest accruals	2,783	10,288	13,071
Total 31/12/2015	$ 25,139	$ 142,191	$ 167,330
Payments	$ (3,545)	$ -	$ (3,545)
Interest accruals	4,381	10,289	14,670
Reclassification accounts payable	116,081	-	116,081
Total 31/12/2016	$ 142,056	$ 152,480	$ 294,536
Increase of financial obligations	$ 6,897	$ -	$ 6,897
Payments	(70,604)	(86,054)	(156,658)
Interest accruals	11,319	10,288	21,607
Total 31/12/2017	$ 89,668	$ 76,714	$ 166,382

14. COMMERCIAL ACCOUNTS PAYABLE AND OTHER ACCOUNTS PAYABLE

The balance of accounts payable included:

	2017	2016	2015
Accounts payable to suppliers and creditors (1)	$ 40,386	$ 40,341	$ 2,206
Accounts payable to related entities	2,793	5,537	114,201
Accounts payable to foreign suppliers	177	349	791
Total commercial accounts payable and other current payables	$ 43,356	$ 46,227	$ 117,198
Current portion:			
Accounts payable to suppliers and creditors	$ 40,386	$ 40,341	$ 2,206
Accounts payable to foreign suppliers	177	349	791
GPUI Colombia S.A.S.	976	1,639	322
Termocandelaria Power Ltd. (2)	326	664	-
Gilda Massi	95	191	-
Total current commercial accounts payable and other current payables	$ 41,960	$ 43,184	$ 3,319
Non-current portion:			
GPUI Colombia S.A.S.	$ 975	$ 2,120	$ 3,531
Gecelca S.A.	-	-	108,679
Termocandelaria Power Ltd. (2)	326	729	1,308
Gilda Massi	$ 95	194	361
Total non-current commercial accounts payable and other non-current payables	$ 1,396	$ 3,043	$ 113,879

(1) The balance corresponds to: gas purchase $ 32,089 (2016: $ 34,040 and 2015: $ -), goods and services $ 6,399 (2016: $ 6,301 and 2015: $2,206), transactions at the exchange $ 568 (2016: $- and 2015: $-) and advanced payments received $ 1,330.

(2) On November 30, 2012, a merger was carried out by Termocandelaria Power Ltd. and Golden Gate Energy Investments pursuant to which the latter is the surviving company.

15. PROVISIONS FOR EMPLOYEE BENEFITS AND RETIREMENT BENEFIT PLANS

The detail of provisions was the following:

	2017	2016	2015
Severance payments	$ 189	$ 171	$ 138
Vacations	250	202	149
Interest on severance payments	23	20	16
Extralegal benefits	86	368	329
retirement benefits plans (1)	17,972	17,644	13,781
Total Provisions for employee benefits and retirement benefits plans	$ 18,520	$ 18,405	$ 14,413
Current portion:			
Severance payments	$ 189	$ 171	$ 138
Vacations	250	202	149
Interest on severance payments	23	20	16
Extralegal benefits	86	368	329
Total current portion	$ 548	$ 761	$ 632
Non-current portion:			
Retirement benefits plans (1)	$ 17,972	$ 17,644	$ 13,781

(1) The detail of the provision of retirement benefits plans in the statement of financial position is as follows:

Pensions (*)	$ 7,720	$ 7,694	$ 7,012
Medical benefits after the employment relationship	9,525	9,176	6,131
Energy assistance	682	715	562
Educational aid and contributions	45	59	76
	$ 17,972	$ 17,644	$ 13,781

(*) The amounts for retirement pensions are provisioned in full, the portion corresponding to GECELCA of $4,879 (2016: $4,727 and 2015: $4,113), is recognized as an account receivable (See Note 7 number 2).

The movement of the liability recognized in the statement of financial position was as follows:

Initial balance	$ 17,644	$ 13,781	$ 16,862
Recognized through accounts receivable from Gecelca	124	410	132
Recognized through comprehensive income	73	2,602	-
Recognized through profit or loss	33	166	840
Recorded exchange difference	98	685	(4,053)
	$ 17,972	$ 17,644	$ 13,781

The main assumptions used for actuarial valuation purposes are the following:

Discount rate	10,82%	7,10% and 7,00%	7,00%
Minimum wage increase	5,74%	4,00%	4,35%
Increase in pensions in payment	5,74%	3,50%	3,50%
Increase in deferred pensions	5,74%	3,50%	3,50%
Census date	30-11-2017	30-11-2016	30-11-2015

Actuarial valuation method - The projected unit credit (PUC) method is used to determine the present value of the defined benefit obligation (DBO) and, when applicable, the cost for services and the cost of past services. Under this method, the benefits are attributed to periods in which the obligation to provide the benefits is created by directly applying the plan benefit formula based on the service as of the valuation date. When the benefit is based on compensation or salary, wage increases are applied until the date on which the participant is expected to finish the service. However, if the service in recent years leads to significant additional benefits than in previous years, the benefits are attributed linearly from the date on which the service provided by the employee entitles them to the benefit under the plan, until the date in which subsequent services generate the right to additional non-significant amounts of the benefit according to the plan.

16. OTHER NON-FINANCIAL LIABILITIES

	2017	2016	2015
Gecelca S.A. E.S.P	$ -	$ 678	$ 1,960

Corresponds to withholding advances that were made to TEBSA and that are paid by GECELCA. Once these advances are returned by the national tax and customs authority, they will be reimbursed to GECELCA.

17. FINANCE LEASE OBLIGATIONS

A detail of the balance of the finance lease obligation as of December 31 is as follows:

	Maturity	Rate			
Los Amigos Leasing Company Ltd.	December 2028	8,004%	$ 76,714	$ 152,480	$ 142,191
Less: non-current portion			60,197	67,350	70,533
Total current			$ 16,517	$ 85,130	$ 71,658

The most relevant terms of the equipment lease agreement entered into by and between Los Amigos Leasing Company - Ltd, (Lessor) and Termobarranquilla S.A. Empresa de Servicios Públicos E.S.P. (Lessee) are disclosed in Note 1 i.

The amortization table in dollars is the following:

Year	Interests	Principal	Basic Rent Installment	Number of installments
1996	$ 2,836	$ 1,388	$ 4,224	5
1997	12,226	7,305	19,531	12
1998	23,407	15,229	38,636	12
1999	29,927	19,964	49,891	12
2000	28,196	25,231	53,427	12
2001	26,177	27,250	53,427	12
2002	23,995	31,054	55,049	12
2003	21,451	33,598	55,049	12

Year	Interests	Principal	Basic Rent Installment	Number of installments
2004	18,762	36,287	55,049	12
2005	16,662	16,136	32,798	12
2006	15,371	17,427	32,798	12
2007	13,976	18,822	32,798	12
2008	12,469	20,329	32,798	12
2009	10,842	21,956	32,798	12
2010	9,084	23,714	32,798	12
2011	7,186	25,612	32,798	12
2012	6,020	2,340	8,360	12
2013	5,833	2,527	8,360	12
2014	5,631	2,729	8,360	12
2015	5,412	2,948	8,360	12
2016	5,176	3,184	8,360	12
2017	4,922	3,438	8,360	12
2018	4,646	3,714	8,360	12
2019	4,349	4,011	8,360	12
2020	4,028	4,332	8,360	12
2021	3,681	4,679	8,360	12
2022	3,307	5,053	8,360	12
2023	2,902	5,458	8,360	12
2024	2,465	5,895	8,360	12
2025	1,994	6,366	8,360	12
2026	1,484	6,876	8,360	12
2027	934	7,426	8,360	12
2028	339	8,021	8,360	12
Total	$ 335,690	$ 420,299	$ 755,989	

Purchase option - As mentioned in Note 1 i, a purchase option of one (USD 1) US dollar is established, plus any amount that LEASECO owes at that time.

According to the international lease agreement, if there should be any failure to pay any rent when due, the Company shall pay on demand, a supplemental rent, consisting of additional interests due to this fact, accrued by the lessor with respect to its debt. During the years 2015, 2016 and 2017, such interests amounted to $4,875, $5,111 and $5,366, respectively.

18. DEFERRED INCOME TAX LIABILITIES

The following is an analysis of the deferred income tax assets/liabilities presented in the statements of financial position:

	2017	2016	2015
Deferred tax asset for tax losses (1)	$ -	$ 36,437	$ 58,596
Deferred tax asset for temporary differences (2)	$ 80,491	$ 89,424	$ 78,330
Deferred tax liability for temporary differences (3)	(204,196)	(228,799)	(227,497)
Deferred tax liability (net) for temporary differences	$ (123,705)	$ (139,375)	$ (149,167)
Deferred Tax liability – Net	$ (123,705)	$ (102,938)	$ (90,571)

(1) Below is the analysis of deferred income tax for tax losses:

Origin	Offsetting estimates	2017 Applicable rate	2017 Tax losses	2017 Offsetting tax losses	2017 Deferred tax	2016 Applicable rate	2016 Tax losses	2016 Offsetting tax losses	2016 Deferred Tax	2015 Applicable rate	2015 Tax losses	2015 Deferred tax
2007	2016	25%	$ -	$ -	$ -	25%	$ 9,495	$ 9,495	$ -	25%	$ 8,448	$ 2,112
2008	2016	25%	-	-	-	25%	7,552	7,552	-	25%	6,719	1,680
2009	2016	25%	-	-	-	25%	16,739	16,739	-	25%	14,894	3,723
2010	2016	25%	-	-	-	25%	28,769	28,769	-	25%	25,598	6,399
2011	2016	25%	-	-	-	25%	16,298	16,298	-	25%	-	-
2011	2017	40%	14,774	14,774	-	40%	14,863	-	5,945	25%	32,488	8,122
2012	2017	40%	6,401	6,401	-	40%	6,365	-	2,546	25%	7,702	1,926
2013	2017	40%	10,166	10,166	-	40%	10,110	-	4,044	33%	12,233	4,037
2013	2017	40%	1,395	1,395	-	40%	1,387	-	555	34%	1,679	571
2014	2017	40%	26,345	26,345	-	40%	26,198	-	10,479	34%	31,701	10,778
2015	2017	40%	29,189	29,189	-	40%	29,027	-	11,611	34%	35,214	11,973
Subtotal income tax			$ 88,270	$ 88,270	$ -		$ 166,803	$ 78,853	$ 35,180		$ 176,677	$ 51,321
2013	2017	17%	$ -	$ -	-	17%	13,749	13,749	-	9%	12,233	1,101
2013	2017	17%	-	-	-	17%	1,887	1,887	-	9%	1,679	152
2014	2017	17%	-	-	-	17%	35,629	35,629	-	9%	31,701	2,853
2015	2017	17%	-	-	-	17%	27,603	27,603	-	9%	-	-
2015	2017	40%	3,169	3,169	-	40%	3,143	-	1,257	9%	35,214	3,169
Subtotal CREE tax			3,169	3,169	-		82,011	78,868	$ 1,257		$ 80,827	$ 7,274
Total deferred tax assets					$ -				$ 36,437			$ 58,596

The Company's medium and long-term financial projections reflect the generation of cash flows. On April 20, 2016, the existing power purchase agreement with the shareholder GECELCA was finalized, and since then, the cash flows of the Company increased positively and exponentially, reflecting profits to generate returns to its shareholders, benefits to other stakeholders and maintain an optimal capital structure. In November 2016, the LNG import infrastructure came into operation, thereby ensuring cash flows from the allocation of firm energy obligations for 10 years and regulated revenue, Therefore, based on the profits obtained during 2016 and 2017, tax losses were totally used to offset income for 2017 and 2016.

2) The movement of the deferred income tax asset for temporary differences is as follows:

	Available	Debtors	Investments	Inventories	Property, plant and Equipment	Commercial accounts	Intangibles	Employee Benefits	Total
01/01/2015	$ -	$ 9,704	$ -	$ 540	$ 10,413	$ 45,196	$ -	$ 393	$ 66,246
Profit (loss) to the comprehensive income statement	-	-	-	268	8,511	3,515	66	(276)	12,084
31/12/2015	-	9,704	-	808	18,924	48,711	66	117	78,330
Profit (loss) to the comprehensive income statement	-	(285)	-	(161)	8,497	2,297	(51)	797	11,094
31/12/2016	-	9,419	-	647	27,421	51,008	15	914	89,424
Profit (loss) to the comprehensive income statement	-	6,943	39	(434)	8,948	(24,271)	(15)	(143)	(8,933)
31/12/2017	$ -	$ 16,362	$ 39	$ 213	$ 36,369	$ 26,737	$ -	$ 771	$ 80,491

3) The movement of the deferred income tax liability for temporary differences is as follows:

	Available	Debtors	Investments	Inventories	Property, plant and Equipment	Commercial accounts	Intangibles	Employee Benefits	Total
01/01/2015	$ -	$ (9,612)	$ -	$ (1,506)	$ (194,339)	$ (13,323)	$ (99)	$ -	$ (218,879)
Profit (loss) to the comprehensive income statement	-	3,012	-	(833)	(8,148)	(2,722)	73	-	(8,618)
31/12/2015	-	(6,600)	-	(2,339)	(202,487)	(16,045)	(26)	-	(227,497)
Profit (loss) to the comprehensive income statement	-	1,337	-	(1,374)	1,344	(2,634)	25	-	(1,302)
31/12/2016	-	(5,263)	-	(3,713)	(201,143)	(18,679)	(1)	-	(228,799)
Profit (loss) to the comprehensive income statement	-	1,441	-	(502)	5,859	17,809	(4)	-	24,603
31/12/2017	$ -	$ (3,822)	$ -	$ (4,215)	$ (195,284)	$ (870)	$ (5)	$ -	$ (204,196)

19. ISSUED CAPITAL

As of December 31, 2017, 2016 and 2015, the authorized capital is represented by 153,000,000 shares with a par value of COP$1.000 each, of which 145,515,117 have been subscribed and paid in.

Shareholder	No, of shares	Interest
Termocandelaria Power Limited	83,439,850	57,34%
Gecelca S.A. E.S.P.	61,864,972	42,51%
Lancaster Steel Co, INC	84,151	0,06%
GPUI Colombia S.A.S,	63,072	0,04%
Distral Termica C,A, (EMA)	63,072	0,04%
	145,515,117	100,00%

All the shares of Termocandelaria Power Limited are pledged in favor of Bancolombia Panama S.A., Davivienda, Multibanca Colpatria S.A. and Bancaribe Curazo Bank N.V.

20. RESERVES

20.1. Legal Reserve - Corporations are obligated to create a legal reserve until they reach 50% of the subscribed capital, with appropriations of at least 10% of each year's net income. This reserve can only be used to offset losses or distribute to the Company's liquidation, As of December 2017, 2016 and 2015 it amounts to $3,438.

20.2. Statutory Reserve - This reserve for $30,946 as of December 2017, 2016 and 2015 is freely available to the shareholders' assembly meeting.

21. REVENUES

Revenue from ordinary activities as of December 31 included:

	2017	2016	2015
Energy sales on the market	$ 459,504	$ 338,543	$ -
Reliability charge – VD (2)	116,997	82,771	-
Reliability charge – VR (2)	(71,217)	(51,773)	-
Regulated revenue - CREG Res, 062 of 2013 (1)	20,303	-	-
Gas trade	6,153	6,587	-
Substation compensation	3,134	1,762	-
Backup energy sale	773	-	-
Capacity charge (3)	-	10,963	36,951
Delivered energy (3)	-	2,755	8,014
Adjustment for tax variations (3)	-	1,780	5,147
Additional mandate agreement (3)	-	46	3,728
Total	$ 535,647	$ 393,434	$ 53,840

(1) According to the provisions of CREG Res, 062 of 2013, corresponds to a fixed annual revenue that pays part of the investment costs, administration, operation, maintenance expenses and others related to the infrastructure of import, storage, regasification and connection to the SNT (See note 1 h) for the supply of LNG to TEBSA as a benefit, since it belongs to the Thermal Generator Group or GT that ensures the port infrastructure services to the thermal generators, for the import of LNG, and cover security generations according to the requirements of the National Dispatch Center – CND.

(2) Corresponds to the charge settled and collected by ASIC and paid by the users of the National Interconnected System (SIN) through the rates of the distributors, The Reliability charge - Distribute

Value corresponds to the amount received for the daily real individual consideration of the Firm Energy Obligation of the generation units of TEBSA and the Reliability charge - Raise Value corresponds to the amount collected through the sale of energy to the system.

(3) Corresponds to the revenue received until April 20, 2016, for the sale of energy made to GECELCA under the power purchase agreement (PPA) signed.

22. SALES AND OPERATING COSTS

Sales and operating costs during the year are summarized as follows:

	2017	2016	2015
Fuel gas	$ 248,165	$ 189,282	$ -
Fuel gas transportation	69,355	49,387	-
Charges for availability of the LNG plant	40,684	3,175	-
Charges for use and connection to the STN	10,908	7,119	-
personnel cost	6,662	5,887	5,482
Transfer Act 99/93 (1)	5,687	6,378	5,331
Maintenance and operations	3,731	4,189	2,488
Insurance	3,320	3,281	3,349
Fuel Gas Taxes	2,955	-	-
Fuel Gas Transportation Taxes	2,962	-	-
FAZNI Contribution	2,431	1,765	-
Energy purchase	2,412	451	-
Spare parts consumption	2,096	2,332	1,490
Other services received (2)	643	1,259	4,240
Cleaning, surveillance and cafeteria	353	329	378
Fees	53	985	2,608
Other costs (3)	389	304	388
Total operating costs and sales	$ 402,806	$ 276,123	$ 25,754
Depreciation	31,616	28,076	27,928
Amortization	13,044	11,381	3,248
Total depreciation and amortization	$ 44,660	$ 39,457	$ 31,176

(1) Corresponds to contributions caused under the environmental transfer contained in Act 99 of 1993, This tax is 4% of the kilowatts generated annually at the rate established by the CREG, of this 4%, 1,5% corresponds to the municipality of Soledad and the remaining 2,5% to the Regional Autonomous Corporation of Atlántico. For 2017, the applicable rate for transfer tax Act 99 is of COP$72.89 (2016: COP$70.77 and 2015: COP$68.70), for each kilowatt/hour generated.

(2) For 2017 includes $438 (2016: $311 and 2015: $314) for surveillance service, $155 (2016: $123 and 2015: $111) for cafeteria and restaurant service, $- (2016: $651 and 2015: $1,824) for provision on behalf of GECELCA for self-withholdings applied to TEBSA which are paid by GECELCA and that are later returned by DIAN, $- (2016: $- and 2015: $1,990) for fees of the mandate agreement of additional burners, and other minor costs for $50 (2016: $174 and 2015: $1).

(3) For 2017 includes $211 (2016: $161 and 2015: $143) for freight transportation and hauling, $17 (2016: $43 and 2015: $6) for photocopies and office supplies, $- (2016: $ 6 and 2015: $1) for subscriptions and affiliations, $143 (2016: $73 and 2015: $196) of international charges for imports and other minor costs for $18 (2016: $21 and 2015: $42).

23. ADMINISTRATION EXPENSES

Administration expenses during the year are summarized as follows:

	2017	2016	2015
Personnel cost	$ 2,961	$ 2,250	$ 1,807
Fees	990	512	653
Taxes and contributions	2,576	1,751	388
Subscriptions and Affiliations	388	408	168
Maintenance	274	70	56
Other services received	648	556	578
Total administration expenses	$ 7,837	$ 5,547	$ 3,650

24. OTHER REVENUES AND EXPENSES

Other revenues and expenses as of December 31, included:

Revenues			
Recovery (1)	$ 705	$ 550	$ 1,348
Expenses			
Impairment of accounts receivable (2)	(8,479)	-	-
Impairment of LNG inventory (3)	(1,091)	-	-
Other expenses (4)	(577)	(1,010)	(514)
Expense participation method in Calamari LNG	121)	-	-
Subtotal	(10,268)	(1,010)	(514)
Total	$ (9,563)	$ (460)	$ 834

(1) For 2017, corresponds to $344 of expenses for pensioners, which are charged to GECELCA for the employer substitution agreement, $113 for the mandate agreement for prepayment of taxes, $153 for a recovery from scrap sale, $ 35 corresponding to sick leave of absence reimbursement and other minor recoveries, $60, For 2016, corresponds to $315 of expenses for pensioners, which are charged to GECELCA for the employer substitution agreement, $88 for retroactive payments reimbursed by Colpensiones, $81 for a recovery corresponding to surplus inventories and other minor recoveries for $66, For 2015 corresponds to $362 of expenses for pensioners, which are charged to GECELCA for the employer substitution agreement, as well as recovery for the mandate agreement for taxes $152 and other recoveries for $834.

(2) Corresponds to impairment of accounts receivable to Electrificadora del Caribe S.A. E.S.P., see Note 7(1).

(3) Corresponds to impairment of liquid natural gas inventory LNG, See Note 8(2).

(4) For 2017 corresponds mainly to $101 for insurance policies, $55 for reimbursement of employees medical expenses and other minor expenses for $77, For 2016 corresponds mainly to charges of GECELCA, for the employer substitution agreement, $315, and the expenses corresponding to losses in inventory due to obsolescence for $574 and other minor expenses $121, For 2015 corresponds mainly to charges of Gecelca, for the employer substitution agreement $362, and other minor expenses for $ 152.

25. FINANCIAL EXPENSES -NET

Financial revenues and expenses as of December 31 included:

	2017	2016	2015
Revenues			
Interest and returns	$ 1,347	$ 1,197	$ 234
Expenses			
Interest on debts (1)	(11,873)	(11,495)	(11,085)
Finance lease interest (2)	(10,288)	(10,288)	(10,288)
Fees and bank guarantees	(827)	(557)	(41)
Subtotal	(22,988)	(22,340)	(21,414)
Total	$ (21,641)	$ (21,143)	$ (21,180)

(1) For 2017, corresponds mainly to the accounting of interest for subordinated debt and the Restitution Payment for $8,252 (2016: $8,278 and 2015: $8,255), and interests accrued for $3,621 (2016: $3,217 and 2015: $2,830), due to the financial obligation contracted with Banco de Bogotá.

(2) For 2017, 2016 and 2015 corresponds to the interests accrued from the lease of equipment signed with LEASECO.

26. EXCHANGE GAIN (LOSS) - NET

Revenues and expenses as of December for exchange differences included:

Revenues	$ 4,865	$ 10,484	$ 16,267
Expenses	(4,102)	(14,957)	(9,392)
Total	$ 763	$ (4,473)	$ 6,875

For the years mentioned, corresponds mainly to the variation in the exchange rate of the items whose origin is in pesos.

27. FINANCIAL INSTRUMENTS

27.1. Financial risk management – The Company's activities are exposed to different financial risks, including market (interest rates and exchange rates), liquidity risk and credit risk.

The company manages the risks inherent to the financing of the activities of its corporate purpose, as well as those derived from treasury operations, TEBSA does not make investments, derivative transactions or currency positions for speculative purposes.

Below, each risk is analyzed separately:

27.1.1 Liquidity risk - The Company maintains a liquidity policy in accordance with the flow of working capital, performing the payment commitments to suppliers in accordance with the policy of accounts payable and contractual agreements with banking entities in the case of financial obligations, this management is based on the preparation of cash and budget flows, which are reviewed periodically, allowing the Company to determine the position necessary to meet liquidity needs.

27.1.2 As of December 31, 2017, the Company maintains the following lines of credit approved and available:

BANKS AND CREDIT LINES	LIMIT	USED	AVAILABLE
Banco de Bogotá ordinary credit	$ 55,000	$ 24,529	$ 30,471
Banco de Bogotá working capital	11,997	7,517	4,480
Banco de Bogotá bank guarantees	25,000	8,952	16,048
BBVA working capital	15,080	-	15,080
BBVA ordinary credit	3,351	-	3,351
BBVA bank guarantees	6,702	-	6,702
Banco Davivienda bank guarantees	33,512	30,730	2,782
Banco Davivienda ordinary credit	12,500	-	12,500
Banco Corpbanca working capital	9,719	-	9,719
Banco Corpbanca bank guarantees	21,381	20,831	550
Total	$ 194,242	$ 92,559	$ 101,683

As of December 31, 2016

BANKS AND CREDIT LINES	LIMIT	USED	AVAILABLE
Banco de Bogotá ordinary credit	$ 28,660	$ 24,926	$ 3,734
Banco de Bogotá leasing credit	157	76	81
Banco de Bogotá derivatives	1,500	22	1,478
Banco de Bogotá working capital	3,500	0	3,500
Banco de Bogotá bank guarantees	25,000	21,329	3,671
Banco Corpbanca ordinary credit	11,664	10,190	1,474
Banco Corpbanca leasing credit	267	-	267
Banco Corpbanca derivatives	2,000	-	2,000
Banco Davivienda working capital	2,616	-	2,616
Banco Davivienda bank guarantees	33,325	26,763	6,562
Total	$ 108,689	$ 83,306	$ 25,383

As of December 31, 2015

BANKS AND CREDIT LINES	LIMIT	USED	AVAILABLE
Banco de Bogotá ordinary credit	$ 27,306	$ 26,290	$ 1,016
Banco de Bogotá leasing credit	48	15	33
Banco de Bogotá derivatives	95	-	95
Banco de Bogotá working capital	635	-	635
Banco de Bogotá bank guarantees	19,600	1	19,599
Banco Davivienda bank guarantees	23,814	8,948	14,866
Total	$ 71,498	$ 35,254	$ 36,244

27.1.3. Exchange rate risk - The Company is exposed to exchange rate risk, in this regard, the most representative operations in relation to this risk correspond to accounts receivable from related parties, obligations for gas purchases and financial liabilities with LEASECO that are contracted in dollars. The Company currently carries out short-term hedges and transacts in foreign accounts to minimize the difference between the rates.

27.1.4. Counterparty risk - The Company is exposed to risks in the collection of accounts from counter-parties in the electricity generation market. The most representative transactions in relation to this risk correspond to accounts receivable from agents in the interconnected market. The Company has low exposure to credit risk since, according to the historical behavior, customers have complied, and the agreed cash flows have been collected.

27.1.5. Interest rate risk - The Company is exposed to risks in the interest rate because the it borrows money at both fixed and variable interest rates. The Company manages the risk by maintaining an appropriate combination between fixed and variable rate loans.

28. TRANSACTIONS WITH RELATED PARTIES

The transactions between the Company and its related parties are detailed below:

2017	Shareholders	Legal Representatives and Managers	Related Companies
Accounts receivable			
Los Amigos Leasing CO (a)	$ -	$ -	$ 10,978
Termocandelaria S.C.A. E.S.P. (b)	-	-	136
Gecelca S.A. E.S.P. (c)	6,405	-	-
Total accounts receivable	$ 6,405	$ -	$ 11,114
Accounts payable			
GPUI Colombia S.A.S. (a)	$ 1,951	$ -	$ -
Termocandelaria Power Ltd. (a)	652	-	-
Gecelca S.A. E.S.P.	2,482	-	-
Los Amigos Leasing CO (b)	-	-	76,714
Total accounts payable	$ 5,085	$ -	$ 76,714
2016			
Accounts receivable			
Los Amigos Leasing CO (a)	$ -	$ -	$ 15,448
Termocandelaria S.C.A. E.S.P. (b)	-	-	1,304
Gecelca S.A. E.S.P. (c)	12,041	-	-
Total accounts receivable	$ 12,041	$ -	$ 16,752
Accounts payable			
GPUI Colombia S.A.S. (a)	$ 3,759	$ -	$ -
Termocandelaria Power Ltd. (a)	1,393	-	-
Gecelca S.A. E.S.P.	4,082	-	-
Los Amigos Leasing CO (b)	-	-	152,480
Total accounts payable	$ 9,234	$ -	$ 152,480
2015			
Accounts receivable			
Los Amigos Leasing CO (a)	$ -	$ -	$ 29,447
Termocandelaria S.C.A. E.S.P. (b)	-	-	-
Gecelca S.A. E.S.P. (c)	18,196	-	-
Total accounts receivable	$ 18,196	$ -	$ 29,447
Accounts payable			
GPUI Colombia S.A.S. (a)	$ 3,853	$ -	$ -
Termocandelaria Power Ltd. (a)	1,308	-	-
Gecelca S.A. E.S.P. (Notes 14)	108,679	-	-
Los Amigos Leasing CO (b)	-	-	142,191
Total accounts payable	$ 113,840	$ -	$ 142,191

Accounts receivable correspond to:

(a) Advances drawn to LEASECO from the HGPSA with GE Global Parts & Products (formerly Alstom Power O&M Ltd, of Switzerland).

(b) For 2017, corresponds to accounts receivable for gas sales for $105, management and commercial advise $31, For 2016, corresponds to accounts receivable for gas sales for $1,268, backup energy $5, and reimbursement of expenses for $31.

(c) Corresponds mainly to the portion of the retirement pension liability of $4,879 (2016: $4,727 and 2015: $4,113), contribution to the Superintendence of Residential Public Utilities for $224 (2016: $223 and 2015: $212) the forced investment of $451 (2016: $449 y 2015: $428), energy under the PPA agreement $573 (2016: $6,438 and 2015: $13,443), $180 (2016: $ 204 and 2015: $-) backup energy, and $98 reimbursement of pensioned payroll expenses, which are charged to GECELCA for the employer substitution agreement.

Accounts payable correspond to:

(a) Corresponds mainly to the accounting for interest on the subordinated debt with GPUI Colombia S.A.S, $1,951 (2016: $3,759 and 2015: $3,853), Termocandelaria Power Ltd. $652 (2016: $1,393 and 2015: $1,308).

(b) Corresponds to the finance lease obligation.

2017	**Shareholders**	**Legal Representatives and Managers**	**Related Companies**
Revenues			
Gas trade (a)	$ -	$ -	$ 3,466
Backup energy (a)	800	-	44
Management and commercial advise	-	-	61
Energy delivered	(40)	-	-
Adjustment for tax variations	116	-	-
Total Revenues	$ 876	$ -	$ 3,571
Expenses			
Fuel Gas (b)	27,352	-	-
Interests expenses (c)	342	-	10,288
Total Expenses	$ 27,694	$ -	$ 10,288
2016			
Revenues			
Gas trading (a)	$ -	$ -	$ 2,959
Backup energy (a)	-	-	43
Capacity charge	10,964	-	-
Delivered Energy	2,755	-	-
Adjustment for tax variations	1,780	-	-
Additional Mandate agreement	47	-	-
Total Revenues	$ 15,546	$ -	$ 3,002
Expenses			
Interest expenses (c)	$ 7,581	$ -	$ 10,288
Operating fees (GPUI)	934	-	-
Total Expenses	$ 8,515	$ -	$ 10,288

2015		Shareholders	Legal Representatives and Managers	Related Companies
Revenues				
Capacity charge	$	36,951	$ -	$ -
Delivered Energy		8,014	-	-
Adjustment for tax variations		5,147	-	-
Additional Mandate agreement		3,728	-	-
Total Revenues	$	53,840	$ -	$ -
Expenses				
Interest expenses (c)	$	8,130	$ -	$ 10,288
Operating fees (GPUI)		2,558	-	-
Total Expenses	$	10,688	$ -	$ 10,288

Revenues correspond to:

(a) For years 2017 y 2016, corresponds to revenues from gas and backup energy sales to the related company Termocandelaria S.C.A. E.S.P. and the shareholder Gecelca S.A. E.S.P. For years Para 2016 and 2015, corresponds mainly to energy sale revenues to Gecelca under the PPA agreement and for estimated energy billing.

Costs correspond to:

(b) Corresponds to purchase costs for gas fuel to the shareholder Gecelca S.A. E.S.P.

(c) Corresponds to expenses for subordinated debt interests of shareholders GPUI Colombia S.A.S, and Termocandelaria Power Ltd.; finance leasing interests with the related Los Amigos Leasing CO.

29. OTHER DISCLOSURES

Contingent Liabilities **-** There are civil, labor (individual and collective) proceedings against the Company, which demand, among others, labor indemnities, contractual actions and compensation for easement processes, the probability of occurrence of which is eventual; therefore, they are not recognized in the statement of financial position.

Type of Process		2017		2016		2015
Labor (1)	$	1,114	$	1,219	$	1,074
Contractual Action (2)		402		399		381
Easement Process (3)		1,205		1,199		1,142
Tax Responsibility (4)		1,743		1,734		1,652
Arbitration Procedure– Easement (5)		2,104		2,092		1,994

(1) Corresponds to labor lawsuits filed against TEBSA S.A. E.S.P. for reassessment of social benefits, indemnities, and retirement pensions,

(2) Corresponds to the contractual action of Clearlake Overseas Inc, against Termobarranquilla and Corelca S.A. for breaching the "Payment Method Agreement" signed on March 28, 2002, between the plaintiff and the defendants, the action seeks to declare and order Termobarranquilla and Corelca to pay the damages and losses caused to Clearlake, as a result of the breach of the agreement.

(3) Corresponds to the easement process of CORELCA against the Technical Industrial Institute of Atlantico "ITIDA", For the year 2016 and 2015, corresponds to the arbitration process of the abbreviated easement process, under service provision agreement C-3330-95 between TEBSA and

CORELCA, TEBSA being responsible for the design, engineering, construction and commissioning of the 220 Kv transmission line between the substations of Soledad and Sabanalarga, The transmission line built crosses property No, 040-96607 located in the municipality of Soledad

(4) Investigation for alleged property damage to CORELCA for the non-payment of the entire sentence in the INEM easement process.

(5) Corresponds to the arbitration proceeding of CORELCA in liquidation against TEBSA S.A. E.S.P. for the easement process, under service provision agreement C-3330-95 between TEBSA and CORELCA, where CORELCA claims that TEBSA should compensate for the alleged damages caused to CORELCA, as a legal consequence of the acquisition of easement rights for the construction of an electric power transmission line.

Delivered guarantees - There are guarantees acquired in favor of XM S.A. E.S.P. to support the construction and start-up of the infrastructure of imported natural gas for the OPACGNI 2015 - 2016,

Guarantees		**2017**		**2016**		**2015**
Bank Guarantees on OPACGNI (1)	$	844	$	11,032	$	9,712
Bank Guarantees for gas supply(2)		47,783		26,690		-
Bank Guarantees for gas transportation (3)		10,093		10,612		-
	$	58,720	$	48,334	$	9,712

(1) Guarantees acquired in favor of XM S.A. E.S.P. to support the construction and start-up of the infrastructure of natural gas imported for OPACGNI 2016 – 2017. For 2017, corresponds to the Bank Guarantees issued by Banco Davivienda, for $844 (2016: $10,231 and 2015: $9,712) and by Banco Bogotá for $- (2016: $801).

(2) For the years 2017 and 2016, bank guarantees have been constituted to guarantee the supply of gas with Banco Davivienda in favor of Gases del Caribe for $18,107 (2016: $6,333), and Gecelca for $5,419 (2016: $7,667), with Banco Itaú in favor of Pacific Rubiales Energy for $3,372 (2016: $6,312), Geoproduction Oil Gas for $6,609 (2016: $6,378), and with Nacional De Seguros in favor of VP IngenieriA for $14,276.

(3) For 2017, bank guarantees have been constituted to guarantee the transportation of gas with Banco de Bogotá in favor of Promigas for $5,179 (2016: $7,880), and with Banco Davivienda in favor of Promigas for $2,029 and Gases del Caribe for $2,885 (2016: $2,732).

30. SUBSEQUENT EVENTS

There were no relevant events after the closing of the financial statements that could significantly affect the company's financial position reflected in the financial statements as of December 31, 2017.

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been authorized for disclosure by the Legal Representative on October 30, 2018.

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JOINT AND SEVERAL GUARANTORS

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