

**Almacenes Éxito S.A.**  
**Interim separate financial statements**  
**At March 31, 2016**

**Almacenes Éxito S.A.**

**Interim separate financial statements and Notes to the interim separate financial statements**

At March 31, 2016 and December 31, 2015

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**Almacenes Éxito S.A.**  
**Interim separate statements of financial position**  
At March 31, 2016 and December 31, 2015  
(Amounts expressed in millions of Colombian pesos)

	Notes	March 31, 2016	December 31, 2015
<b>Current assets</b>			
Cash and cash equivalents		526,778	810,647
Trade receivables and other accounts receivable		192,541	217,742
Prepaid expenses		14,155	18,008
Accounts receivable from related parties	6	69,964	71,887
Inventories	7	1,139,693	1,141,806
Tax assets	17	180,966	133,373
Other financial assets		37,997	67,027
<b>Total current assets</b>		<b>2,162,094</b>	<b>2,460,490</b>
<b>Non-current assets</b>			
Property, plant and equipment, net	8	2,950,194	2,961,052
Investment property, net	9	148,279	96,442
Goodwill		1,453,077	1,453,077
Intangible assets other than goodwill, net		141,624	140,115
Investments accounted for using the equity method, net		7,976,814	7,900,651
Trade receivables and other accounts receivable		18,272	19,709
Prepaid expenses		13,127	12,996
Other financial assets		110,760	138,177
Other non-financial assets		398	398
<b>Total non-current assets</b>		<b>12,812,545</b>	<b>12,722,617</b>
<b>Total assets</b>		<b>14,974,639</b>	<b>15,183,107</b>
<b>Current liabilities</b>			
Financial liabilities	11	1,150,747	529,710
Employee benefit provisions		4,990	4,103
Other provisions	12	48,822	69,192
Trade payables and other accounts payable		2,042,022	2,505,973
Accounts payable to related parties	6	301,354	157,619
Tax Liabilities	17	153,888	108,086
Other financial liabilities		39,704	2,351
Other non-financial liabilities		73,839	84,803
<b>Total current liabilities</b>		<b>3,815,366</b>	<b>3,461,837</b>
<b>Non-current liabilities</b>			
Financial liabilities	11	3,609,513	3,911,747
Employee benefit provisions		32,257	32,257
Other provisions	12	26,138	8,520
Deferred tax liabilities	17	142,394	190,776
Other non-financial liabilities		48,963	49,488
<b>Total non-current liabilities</b>		<b>3,859,265</b>	<b>4,192,788</b>
<b>Total liabilities</b>		<b>7,674,631</b>	<b>7,654,625</b>
<b>Shareholders' equity, see attached statement</b>		<b>7,300,008</b>	<b>7,528,482</b>
<b>Total liabilities and shareholders' equity</b>		<b>14,974,639</b>	<b>15,183,107</b>

The accompanying Notes are an integral part of the interim separate financial statements.

**Almacenes Éxito S.A.****Interim separate statements of income**

For the three-month period ended March 31, 2016 and March 31, 2015

(Amounts expressed in millions of Colombian pesos)

	Notes	March 31, 2016	March 31, 2015
<b>Continuing operations</b>			
Revenue from ordinary activities		2,724,659	2,539,988
Cost of sales	7	(2,079,884)	(1,958,261)
<b>Gross profit</b>		<b>644,775</b>	<b>581,727</b>
Distribution expenses		(303,340)	(273,511)
Administration and sales expenses		(39,002)	(38,734)
Employee benefit expenses		(215,317)	(194,298)
Other operating revenue		-	29,681
Other operating expenses		(59,539)	(58,957)
Other profits, net		4	66
<b>Profit from operating activities</b>		<b>27,596</b>	<b>45,974</b>
Financial revenue		183,289	43,489
Financial expenses		(284,100)	(32,879)
Share of profits in subsidiaries, associates and joint ventures that are accounted for using the equity method		41,632	29,567
<b>(Loss) profit before income tax from continuing operations</b>		<b>(31,663)</b>	<b>86,151</b>
Tax revenue (expense)	17	32,530	(16,285)
<b>Net period profit from continuing operations</b>		<b>947</b>	<b>69,866</b>
<b>Earnings per share (*)</b>			
<b>Earnings per basic share (*):</b>			
Earnings per basic share from continuing operations		2.12	156.09
<b>Earnings per diluted share (*):</b>			
Diluted earnings per share from continuing operations		2.12	156.09

(\*) Amounts expressed in Colombian pesos.

The accompanying Notes are an integral part of the interim separate financial statements.

**Almacenes Éxito S.A.****Interim separate statements of comprehensive income**

For the three-month period ended March 31, 2016 and March 31, 2015

(Amounts expressed in millions of Colombian pesos)

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Net period profit</b>	<b>947</b>	<b>69,866</b>
<b>Other comprehensive income for the period</b>		
<b>Components of other comprehensive income that will not be reclassified to period results, net of taxes</b>		
Loss from investments in equity instruments	<u>-</u>	<u>2,004</u>
<b>Total other comprehensive income that will not be reclassified to period results, net of taxes</b>	<b>-</b>	<b>2,004</b>
<b>Components of other comprehensive income that will be reclassified to period results, net of taxes</b>		
Gain from translation exchange differences	68,603	13,511
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to period results	<u>3,412</u>	<u>34</u>
<b>Total other comprehensive income that will be reclassified to period results, net of taxes</b>	<b>72,015</b>	<b>13,545</b>
<b>Total other comprehensive income</b>	<b><u>72,015</u></b>	<b><u>15,549</u></b>
<b>Total comprehensive income</b>	<b>72,962</b>	<b>85,415</b>
<b>Earnings per share (*)</b>		
<b>Earnings per basic share (*):</b>		
Earnings per basic share from continuing operations	2.12	156.09
<b>Earnings per diluted share (*):</b>		
Diluted earnings per share from continuing operations	2.12	156.09

(\*) Amounts expressed in Colombian pesos.

**Almacenes Éxito S.A.****Interim separate statements of cash flows**

For the three-month period ended March 31, 2016 and March 31, 2015

(Amounts expressed in millions of Colombian pesos)

	March 31, 2016	March 31, 2015
<b>Cash flows from operating activities</b>		
<b>Net period profit</b>	<b>947</b>	<b>69,866</b>
<b>Period profit reconciliation adjustments</b>		
Income tax	(32,530)	16,285
Financial costs	79,855	4,801
Financial revenue	(2,418)	(19,429)
Decrease in inventories	2,113	45,827
Decrease in trade receivables	23,990	29,290
Decrease (increase) in other accounts receivable from operating activities	4,817	(92,033)
Decrease in trade payables	(419,557)	(648,870)
Decrease in other accounts payable from operating activities	(102,502)	(18,800)
Depreciation and amortization of fixed assets and intangible assets	57,819	51,456
Provisions	40,488	37,189
Loss (gain) from net unrealized exchange difference	10,162	(12,582)
Gain from reappraisal at fair value	-	(29,681)
Undistributed earnings from the application of the equity method	(41,632)	(29,567)
Other adjustments from items other than cash	(350)	4,409
Gain from the disposal of non-current assets	(3)	(66)
<b>Total period profit reconciliation adjustments</b>	<b>(379,748)</b>	<b>(661,771)</b>
<b>Net cash flows (used in) operating activities</b>	<b>(378,801)</b>	<b>(591,905)</b>
Income tax paid	(45,325)	(37,190)
<b>Net cash flows (used in) operating activities</b>	<b>(424,126)</b>	<b>(629,095)</b>
<b>Cash flows from investment activities</b>		
Cash flows used to gain control of subsidiaries or other businesses	(881)	(3,275)
Proceeds from the sale of property, plant and equipment	2	-
Acquisition of property, plant and equipment	(123,387)	(134,899)
Proceeds from the sale of intangible assets	-	10,794
Acquisition of intangible assets	(21,576)	(10,254)
Dividends received	20,192	-
Interest received	2,673	15,394
<b>Net cash flows from (used in) investment activities</b>	<b>(122,977)</b>	<b>(122,240)</b>
<b>Cash flows from financing activities</b>		
Borrowings	400,138	9
Payment of finance lease liabilities	(854)	(1,012)
Dividends paid	(64,967)	(59,388)
Interest paid	(71,462)	(4,689)
<b>Net cash flows from (used in) financing activities</b>	<b>262,855</b>	<b>(65,080)</b>
<b>Net decrease in cash and cash equivalents, before the effects of changes in exchange rates</b>	<b>(284,248)</b>	<b>(816,414)</b>
Effects of the variation in the exchange rate on cash and cash equivalents	379	(2,319)
<b>Net decrease in cash and cash equivalents</b>	<b>(283,869)</b>	<b>(818,733)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>810,647</b>	<b>2,706,109</b>
<b>Cash and cash equivalents at the end of period</b>	<b>526,778</b>	<b>1,887,376</b>

**Almacenes Éxito S.A.**

**Interim separate statements of changes in shareholders' equity**

For the three-month period ended March 31, 2016 and March 31, 2015

(Amounts expressed in millions of Colombian pesos)

	Issued share capital	Premium on the issue of shares	Own shares repurchased	Legal reserve	Occasional reserve	Reserve for the reacquisition of shares	Reserve for future dividends	Donations reserve	Total reserves	Other accumulated comprehensive income	Retained earnings	Other equity components	Total shareholders' equity
<b>Balance at December 31, 2014</b>	<b>4,482</b>	<b>4,843,466</b>	<b>(2,734)</b>	<b>7,857</b>	<b>1,189,296</b>	<b>22,000</b>	<b>1,419</b>	<b>-</b>	<b>1,220,572</b>	<b>63,486</b>	<b>1,576,747</b>	<b>(1,012)</b>	<b>7,705,007</b>
Cash dividend declared											(260,022)		(260,022)
Net income for the period											69,866		69,866
Other comprehensive income										15,549			15,549
Appropriation for reserves					168,844		30,000		198,844		(198,844)		-
Other increase (decrease) in shareholders' equity, net											(419)		(419)
Decrease from changes in the ownership of subsidiaries that do not result in loss of control												(34,633)	(34,633)
<b>Balance at March 31, 2015</b>	<b>4,482</b>	<b>4,843,466</b>	<b>(2,734)</b>	<b>7,857</b>	<b>1,358,140</b>	<b>22,000</b>	<b>31,419</b>	<b>-</b>	<b>1,419,416</b>	<b>79,035</b>	<b>1,187,328</b>	<b>(35,645)</b>	<b>7,495,348</b>
<b>Balance at December 31, 2015</b>	<b>4,482</b>	<b>4,843,466</b>	<b>(2,734)</b>	<b>7,857</b>	<b>1,358,140</b>	<b>22,000</b>	<b>31,419</b>	<b>-</b>	<b>1,419,416</b>	<b>(385,303)</b>	<b>1,690,171</b>	<b>(41,016)</b>	<b>7,528,482</b>
Cash dividend declared							(15,709)		(15,709)		(286,748)		(302,457)
Net income for the period											947		947
Other comprehensive income										72,015			72,015
Appropriation for reserves					279,937			6,810	286,747		(286,747)		-
Other increase (decrease) in shareholders' equity, net											-	5	5
Increase from share-based payments											1,016	-	1,016
<b>Balance at March 31, 2016</b>	<b>4,482</b>	<b>4,843,466</b>	<b>(2,734)</b>	<b>7,857</b>	<b>1,638,077</b>	<b>22,000</b>	<b>15,710</b>	<b>6,810</b>	<b>1,690,454</b>	<b>(313,288)</b>	<b>1,118,639</b>	<b>(41,011)</b>	<b>7,300,008</b>

## Note 1. General information

Almacenes Éxito S.A. was incorporated pursuant to Colombian laws on March 24, 1950; its main place of business is at Carrera 48 No. 32B Sur - 139, Municipality of Envigado in the department of Antioquia. The life span of the Company goes to December 31, 2050.

Almacenes Éxito S.A. is listed on the Colombian Stock Exchange (BVC) since 1994. The Company is under the surveillance of the Colombian Financial Superintendence.

Its main corporate purpose is:

- Acquire, store, transform and, in general, distribute and sell under any trading figure, including funding thereof, all kinds of goods and products, produced either locally or abroad, on a wholesale or retail basis, physically or online.
- Provide supplementary services, namely grant credit facilities for the acquisition of goods, grant insurance coverage, carry out money transfers and remittances, provide mobile phone services, trade tourist package trips and tickets, repair and maintain furnishings, complete paperwork.
- Give or receive in lease trade premises, receive or give in lease or under occupancy, spaces or points of sale or commerce within its trade establishments intended for the exploitation of businesses of distribution of goods or products, and the provision of ancillary services.
- Incorporate, fund or promote with other individuals or legal entities, enterprises or businesses intended for the manufacturing of objects, goods, articles or the provision of services related with the exploitation of trade establishments.
- Acquire property, build commercial premises intended for establishing stores, malls or other locations suitable for the distribution of goods, without prejudice to the possibility of disposing of entire floors or commercial premises, give them in lease or use them in any convenient manner with a rational exploitation of land approach, as well as invest in property, promote and develop all kinds of real estate projects.
- Invest resources to acquire shares, bonds, trade papers and other securities of free movement in the market to take advantage of tax incentives established by law, as well as make temporary investments in highly liquid securities with a purpose of short-term productive exploitation; enter into firm *factoring* agreements using its own resources; encumber its chattels or property and enter into financial transactions that enable it to acquire funds or other assets.
- In the capacity as wholesaler and retailer, distribute oil-based liquid fuels, through automotive service stations, alcohols, biofuels, natural gas for vehicles and any other fuels used in the automotive, industrial, fluvial, maritime and air transport sectors, of all kinds.

The Company's ultimate controlling entity is Casino Guichard Perrachon (France). The control situation has been registered with the Aburrá Sur Chamber of Commerce. At March 31, 2016, the controlling entity had a 55.30% interest in the share capital of the Company.

The Parent, Almacenes Éxito S.A., registered before the Aburrá Sur Chamber of Commerce a situation of entrepreneurial Group regarding its subsidiaries.

## Note 2. Basis for preparation

The financial statements for the three-month periods ended March 31, 2016 and March 31, 2015 and for the year ended December 31, 2015 have been prepared in accordance with accounting and financial reporting principles accepted in Colombia, set forth by Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB) at December 31, 2014, regulated in Colombia by Regulatory Decree 2420 of 2015, "Sole Regulatory Decree on accounting, financial reporting and reporting assurance standards", amended on December 23, 2015 by Regulatory Decree 2496 without applying any of the exceptions to the IFRS therein contained.

Regulatory Decrees 2420 and 2496 of 2015 rule the preparation of financial statements based on International Financial Reporting Standards (IFRS/IAS), Interpretations (IFRIC and SIC) and Conceptual Framework issued until December 31, 2014, published by the *International Accounting Standards Board - IASB* in 2015. Application of such regulatory framework is mandatory in Colombia as of January 1, 2017, regardless that the conceptual framework for financial reporting is mandatory as of January 1, 2016; earlier application of both regulations is permitted. The Company has decided for the earlier implementation of such regulations, in order to present financial information incorporating the amendments to the standards that reflect the requirements of the various information users.

### Financial statements herein presented

These interim separate financial statements are made of the statements of financial position at March 31, 2016 and December 31, 2015, and the statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the three-month periods ended March 31, 2016 and March 31, 2015. These financial statements are presented based on interim financial reporting requirements under IAS 34, and do not include all reporting disclosures required for annual financial statements under IAS 1.

### Statement of accountability

Company's management is responsible for the information contained in these financial statements. Preparing such financial statements pursuant to accounting and financial reporting principles accepted in Colombia, set forth by Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB) at December 31, 2014, regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, and without applying any of the exceptions to the IFRS therein contained, requires management's judgement to apply accounting policies.

### Estimates and accounting judgement

Company's estimations to quantify some of the assets, liabilities, revenue, expenses and commitments therein contained have been used to prepare the attached financial statements. Such estimations refer to:

- The hypotheses used to estimate the fair value of financial instruments,
- The appraisal of financial assets to identify actual impairment losses,



- The useful lives of property, plant and equipment and of intangible assets,
- Variables used to assess and determine the impairment of non-financial assets,
- Actuarial assumptions used to estimate retirement benefits and long-term employee benefit liabilities, such as inflation rate, death rate, discount rate, and the possibility of future salary increases,
- The probability of occurrence and the value of liabilities that serve as a basis to recognize provisions related to lawsuits and business reorganizations,
- The assumptions used to recognize liabilities arising from the customer loyalty program,
- The probability of making future profits to recognize deferred tax assets,
- The valuation technique applied to determine the fair values of elements in business combinations.

Such estimations are based on the best information available regarding the facts analyzed as at the date of preparation of the attached financial statements, which may give rise to future changes by virtue of potential situations that may occur and would result in prospective recognition thereof; this situation would be treated as a change in accounting estimations in future financial statements.

#### **Distinction between current and non-current items**

The Company presents its current and non-current assets, as well as its current and non-current liabilities, as separate categories in its statement of financial position. For this purpose, current assets are understood as those amounts that will be realized or will become available in a term not to exceed one year, and current liabilities are those amounts that will be enforceable or payable also in a term not to exceed one year.

#### **Functional currency**

The separate financial statements are presented in Colombian pesos, which is the Company's functional currency. The amounts shown have been adjusted to millions of Colombian pesos.

Company's functional currencies is not part of a highly inflationary economy, and consequently the financial statements are not adjusted for inflation.

#### **Foreign currency transactions**

Transactions in foreign currency are those denominated in a currency other than the functional currency. During the year or the reporting period, the exchange differences arising from the translation of such transactions, between the historical exchange rate when recognized and the exchange rate in force on the date of collection or payment, are accounted for as exchange gains or losses and shown as part of the net financial result in the statement of income.

Monetary balances at period closing expressed in a currency other than the functional currency, are updated based on the exchange rate at the closing of the reporting year or period, and the resulting exchange differences are recognized as part of the net financial result in the statement of income. For this purpose, monetary balances are translated into the functional currency using the market representative exchange rate (\*).

Non-monetary items are not translated at the closing exchange rate but are measured at historical cost (at the exchange rates in force on the date of each transaction), except for non-monetary items measured at fair value such as forwards and swaps, which are translated using the exchange rates in force on the date of measurement of their fair value.

(\* Market Representative Exchange Rate means the average of all market rates negotiated during the closing day (closing exchange rate), equivalent to the international "spot rate", as also defined by IAS 21 - Effects of changes in foreign exchange rates, as spot exchange rate in force at the closing of the reporting period.

#### **Accounting accrual basis**

The separate financial statements have been prepared on the accounting accrual basis, except for information on cash flows.

#### **Materiality**

Economic events are recognized and presented in accordance with materiality thereof. An economic event is material wherever awareness or unawareness thereof, given its nature or value and considering the circumstances, may have a significant impact on the economic decisions to be made by the users of the information.

When preparing the financial statements, including the notes thereto, the materiality for presentation purposes was defined on a 5% basis applied to current and non-current assets, current and non-current liabilities, shareholders' equity, period results and to each individual account at a general ledger level for the reporting period.

#### **Offsetting of balances and transactions**

Assets and liabilities are offset and reported net in the financial statements, if and only if there is an enforceable legal right on the closing date that makes it mandatory to receive or pay recognized amounts at its net value, and wherever there is an intention to offset on a net basis towards realizing assets and settling liabilities simultaneously.

### Classification as liability or equity

Debt and equity instruments are classified as financial liabilities or as equity, following the substance of the relevant legal agreement.

### Fair value measurement

The fair value is the price to be received upon the sale of an asset, or paid out upon transferring a liability under a transaction carried out by market participants on the date of measurement.

Measurements of the fair value are carried out using a fair value hierarchy that reflects the importance of inputs used in determining measurements:

- Based on (unadjusted) prices quoted in active markets for identical assets or liabilities (level 1).
- Based on valuation models commonly applied by market participants using variables other than prices quoted, directly or indirectly perceptible for assets or liabilities (level 2).
- Based on the Company's own valuation models applying non-perceptible estimated variables for assets or liabilities (level 3).

### Note 3. Significant accounting policies

The attached interim separate financial statements have been prepared using the same accounting policies, measurements and bases used to present the separate financial statements for the annual period ended December 31, 2015, pursuant to accounting and financial reporting standards accepted in Colombia, set forth by Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS), officially translated and authorized by the International Accounting Standards Board (IASB) at December 31, 2014, regulated in Colombia by Regulatory Decree 2420 of 2015, "Sole Regulatory Decree on accounting, financial information and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496 and without applying any of the exceptions to the IFRS therein contained, requires management's judgement to apply the accounting policies.

The following accounting policies were used in preparing the attached financial statements, a summary of which was included with the financial statements for the period ended December 31, 2015:

- Investments in subsidiaries, associates and joint arrangements
- Related parties
- Business combinations and goodwill
- Put options granted to the holders of non-controlling ownership interests
- Intangible assets
- Research and development costs
- Property, plant and equipment
- Investment property
- Non-current assets held for trading and discontinued operations
- Leases
  - Finance leases
    - \* If the Company acts as the lessee
    - \* If the Company acts as the lessor
  - Operating leases
- Loan costs
- Impairment of non-financial assets
- Inventories
- Financial assets
  - \* Financial assets measured at fair value through income
  - \* Financial assets measured at amortized cost
  - \* Financial assets at fair value through other comprehensive income
  - \* Derecognition
  - \* Effective interest method
  - \* Impairment of financial assets
  - \* Loans and accounts receivable
  - \* Cash and cash equivalents
- Financial liabilities
  - \* Financial liabilities measured at fair value through income
  - \* Financial liabilities measured at amortized cost
  - \* Derecognition
  - \* Effective interest method
- Embedded derivatives
- Derivative financial instruments
- Hedge accounting
  - \* Cash flow hedges
  - \* Fair value hedges
  - \* Foreign net investment hedges
- Employee benefits
  - \* Defined contribution plans
  - \* Defined post-employment benefit plans
  - \* Long-term employee benefits
  - \* Short-term employee benefits

- \* Employee termination benefits
- Provisions, contingent assets and liabilities
- Taxes
  - \* Current income tax
  - \* Deferred income tax
- Share capital
- Ordinary revenue
- Loyalty programs
- Costs and expenses
- Earnings per share

#### **Note 4. New and modified standards and interpretations**

##### **Note 4.1. Standards not yet in force, issued during the three-month period ended March 31, 2016**

No Regulatory Decrees enabling the application of the new International Financial Reporting Standards authorized by the International Accounting Standards Board IASB were enacted in Colombia during the three-month period ended March 31, 2016.

During January 2016, the International Accounting Standards Board issued the following new standards and amendments, not effective at March 31, 2016:

- IFRS 16 - Leases, in force as of January 2019.
- Amendment to IAS 12, in force as of January 2017.
- Amendment to IAS 7, in force as of January 2017.

##### IFRS 16 - Leases (January 2016)

The standard sets out the principles for recognition, measurement, presentation and disclosure of leases, applicable to lessors and lessees. It deletes the dual accounting model for lessees, which makes a distinction between finance lease agreements that are carried in the balance sheet and operating leases for which recognition of future lease instalments is not required. Instead, a single model is developed, in the balance sheet, similar to the current finance lease.

IFRS 16 supersedes IAS 17 "Leases" and relevant interpretations, and is applicable to periods commencing on or after January 1, 2019; earlier application is permitted, if IFRS 15 "Revenue from contracts with customers" has been applied.

##### Amendment to IAS 12 "Income tax" (January 2016)

The amendment clarifies how to account for deferred tax assets related with debt instruments measured at fair value.

IAS 12 sets out the requirements for recognition and measurement of current or deferred tax assets or liabilities. The amendments clarify the requirements for recognition of deferred tax assets arising from unrealized losses, to address diversity in the accounting practice.

The amendments will become effective for periods commencing on or after January 1, 2017. Earlier application is permitted.

##### Amendment to IAS 7 "Disclosure initiative" (January 2016)

The amendment clarifies IAS 7 to improve the information provided to the users of the financial statements regarding the entity's financing activities.

The amendments will become effective for periods commencing on or after January 1, 2017. Earlier application is permitted.

##### **Note 4.2. Standards not yet in force, issued as at December 31, 2015**

##### IFRS 15 - Revenue from contracts with customers (May 2014)

The standard sets forth a unique comprehensive accounting model for ordinary revenue arising from contracts with customers. IFRS 15 will supersede the guidelines on recognition of ordinary revenue included in IAS 18 - Revenue, IAS 11 - Construction Contracts and related interpretations, once applicable.

The core principle of IFRS 15 is that an entity recognizes the revenue from ordinary activities to describe the transfer of goods or services promised to the customers, in exchange for a sum that reflect the consideration the entity expects to be entitled to in exchange for such goods or services.

An entity recognizes revenue from ordinary activities pursuant to such basic principle, by applying the following stages:

- Stage 1: Identify customer contract.
- Stage 2: Identify the performance obligations under the contract.
- Stage 3: Define the consideration for the transaction.
- Stage 4: Allocate the transaction price to performance obligations under the contract.
- Stage 5: Recognize the revenue from ordinary activities when (or in as much as) the entity fulfills a performance obligation.

Pursuant to IFRS 15, revenue is recognized upon fulfillment of a performance obligation. The standard also includes guidance on specific aspects related with the recognition of revenue, and require a higher level of disclosure.

The standard will become effective for periods commencing on or after January 1, 2017. Company management is assessing the quantitative impact on information systems, internal processes and controls, arising from the new requirements set forth by the standard.

The Company does not consider early application since Decree 2496 of December 23, 2015 expressly forbids early application thereof during the current year.

#### **Note 4.3. Standards adopted earlier as at March 31, 2016**

During the three-month period ended March 31, 2016, and based on section 4.1, the Company has not applied any Standards earlier.

#### **Note 4.4. Standards applied earlier as at December 31, 2015**

##### IFRIC 21 - Levies (May 2013)

The interpretation includes the recognition of outflows of resources mandated by the Government (government agencies and similar bodies), pursuant to the laws and/or regulations, other than the income tax, fines and penalties for breaches of the legislation and amounts gathered by the entities on behalf of governments.

It sets forth that the triggering event of the liability is the activity that results in payment of the levy, and mentions that the date of payment thereof does not affect the time when the liability is recognized.

The Company started to apply this interpretation as of January 1, 2014. The impact of application thereof during 2015 on the separate statement of income, line item other operating revenue and expenses and other profits, amounted to \$57,772 due to the recognition of the expense arising from the tax on equity enacted by the National Government through Law 1739 of December 23, 2014.

In addition, this interpretation was applied to the recognition of the real estate tax in force in Colombia, with an impact on interim periods but not for the periods ended December 31, 2015.

##### Amendment to IAS 27 "Equity participation method in Separate Financial Statements" (August 2014)

The amendment gives entities the option of recognizing their investments in subsidiaries, joint ventures and associates at cost, pursuant to IFRS 9 "Financial Instruments" or using the equity method as described in IAS 28 "Investments in Associates and Joint Ventures".

The Company elected the earlier application of this amendment, incorporating its effects from the preparation of its opening statement of financial position on January 1, 2014. Revenue under the equity method recognized on investments, associates and joint ventures for the period ended 2015 amounted to \$144,415.

##### IFRS 9 - "Financial Instruments" (July 2014)

IFRS 9 introduced new requirements for the classification, measurement and derecognition of financial assets and liabilities, as well as new requirements for hedge accounting and impairment of financial assets.

The Company started to apply this standard as of January 1, 2014, without significant effects from implementation thereof.

##### Amendment to IAS 36 Information to be disclosed on the recoverable value of non-financial assets (May 2013)

This amendment includes the requirements of information to be disclosed on the recoverable value of non-monetary assets for which an impairment loss had been recorded or reversed. In these events, there is a requirement to disclose whether the recoverable value of assets was estimated from its fair value less costs of disposal or its value in use. Should fair values be used, it is required to disclose the value hierarchy used as set out in IFRS 13 - Fair Value Measurement.

The Company started to apply this interpretation as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

##### Amendment to IFRS 11 -Joint Arrangements - Accounting for the acquisition of an interest in a joint operation (May 2014)

The amendment sets forth that a joint operator should account for the acquisition of an interest in a joint operation, where the activity associated to the joint operation constitutes a business, using the principles related to business combinations contained in IFRS 3 "Business combinations" and other standards.

The Company started to apply this interpretation as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

##### Amendment to IAS 16 and IAS 38 Acceptable methods of depreciation and amortization (May 2014)

The amendments make it clear that revenue-based amortization methods are unacceptable since they do not reflect the expected consumption pattern of future economic benefits embodied in an asset. Such general rule might be refuted for intangible assets if the intangible asset is expressed as a function of revenue and it can be proved that the revenue and consumption of the economic benefits embodied in intangible assets are closely correlated.

The Company started to apply this interpretation as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

#### Amendment to IFRS 10 and IAS 28 and IAS 27 Sales or contribution of assets between an investor and its Associate or Joint Venture (September 2014)

The amendments refer to a well-known inconsistency between the requirements under IFRS 10 and IAS 28 (2011), in the treatment of sales or contribution of assets between an investor and its associate or joint venture.

The Company started to apply this interpretation as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

#### Annual improvement to IFRS Cycle 2012-2014 (September 2014)

Annual improvements to IFRS for the 2012-2014 cycle include:

- IFRS 5 "Non-current assets held for trading and discontinued operations", wherein it is made clear that wherever an asset (or group for disposal) is reclassified from "held for trading" to "held for distribution", or vice versa, this situation does not represent a change to the sales or distribution plan. This means that an asset (or group for disposal) does not need to be reinstated as if it had never been classified as "held for trading" or "held for distribution".
- IFRS 7 - "Financial instruments: Disclosures", includes two amendments for the purpose of analyzing disclosure requirements regarding financial instruments: (a) Provides guidance to help Company management to determine whether the terms of a certain arrangement to provide financial asset management services make a continuing involvement and (b) Makes it clear that additional information to be disclosed on the set-off of financial assets and financial liabilities is not specific for all interim periods.
- IAS 19 "Employee benefits" clarifies that to determine the discount rate for liabilities arising from post-employment benefits, what matters is the currency of liabilities and not the country where they are triggered. Likewise, where there is no broad market for high-quality corporate bonds in such currency, government bonds are to be used in the relevant currency.
- IAS 34 "Interim financial information" requires cross-reference of interim financial statements to the location of such information.

The Company started to apply this interpretation as of January 1, 2014, without significant effects from implementation thereof.

#### Amendment to IFRS 10, IFRS 12 and IAS 28 Consolidation exception for investment entities and its subsidiaries (December 2014)

The amendments to IFRS 10 make it clear that an investment entity should consolidate a subsidiary that is not an investment entity and that supports the entity's investment activities, in such a way that it acts as an extension of the investment entity.

The Company started to apply this amendment as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

## **Note 5. Business combinations**

### **Note 5.1. Business combinations during the three-month period ended March 31, 2016**

No business combinations were achieved during the three-month period ended March 31, 2016.

### **Note 5.2. Business combinations achieved during 2015**

#### Agreement between the Company and Caja de Compensación Familiar - CAFAM

During September 2010, the Company entered into an agreement with Caja de Compensación Familiar - CAFAM, which enabled it to operate the stores owned by Cafam, and enabled Cafam to operate the drugstores owned by the Company.

On February 23, 2015, the parties executed an agreement which main purpose was:

- The acquisition by the Company of the stores owned by Cafam, which it had been operating since September 2010, date on which the inventories in amount of \$33,506 and property, plant and equipment associated to such stores in amount of \$21,200 were purchased.
- Since it is deemed a business combination completed in various stages, the consideration transferred of \$127,267 includes \$5,048 on account of the measurement at fair value on the date of the business combination, of property, plant and equipment previously acquired by the Company. The amount recognized as goodwill amounts to \$122,219, based on the purchase price allocation survey, which is expected to be tax-deductible.
- The sale to Cafam of the drugstores owned by the Company, some of which had been operated by Cafam since September 2010, resulted in a net gain of \$74,515, recognized in period results as "Other revenue";
- The termination of the cooperation agreement executed by the parties in September 2010.

The conditions precedent under the agreement, including approval by the relevant authorities, were completed on May 27, 2015.

Expenses associated with the acquisition of such stores were not material.

#### Exercise of the purchase option of the Super Inter stores.

On April 15, 2015, the Company exercised the purchase option with Comercializadora Giraldo y Cia. S.A. granted on the acquisition of 29 trade establishments, which had been operated since October 2014, and on the Super Inter trademark. Previously, the Company had acquired the inventories associated with such establishments in amount of \$29,833 under a separate transaction.

The price of acquisition amounted to \$343,920, out of which \$284,173 were disbursed at the closing of December 31, 2015.

Below is a summary of the fair values of identifiable assets and liabilities of the business acquired, as of the date of acquisition and at the closing of the measurement period, based on the purchase price allocation survey:

	Provisional fair values at April 1, 2015	Measurement period adjustments (1)	Final fair values at April 1, 2015
Super Inter Banner	95,121	(31,417)	63,704
Property, plant and equipment	18,169	-	18,169
<b>Total identifiable assets</b>	<b>113,290</b>	<b>(31,417)</b>	<b>81,873</b>
<b>Total liabilities taken on</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets and liabilities measured at fair value</b>	<b>113,290</b>	<b>(31,417)</b>	<b>81,873</b>

Goodwill arising from the operation amounts to:

	Provisional fair values at April 1, 2015	Measurement period adjustments (1)	Final fair values at April 1, 2015
Consideration transferred	343,920	-	343,920
Less fair value of identifiable net assets	(113,290)	31,417	(81,873)
<b>Goodwill from the acquisition</b>	<b>230,630</b>	<b>31,417</b>	<b>262,047</b>

Goodwill in amount of \$262,047 is attributable to economies of scale expected from the integration of the operations of the stores acquired and Company stores, which is expected to be tax-deductible.

Expenses associated with the acquisition of such stores were not material.

(1) Relates to the fair value measurement adjustment of the Super Inter trademark, resulting from the review of the variables applied during the initial provisional appraisal.

## Note 6. Accounts receivable from and accounts payable to related parties

Transactions with related parties represent sales of goods, loans and purchase of goods for sale. The balance of accounts receivable from and accounts payable to related parties is as follows:

	Accounts receivable		Accounts payable	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Controlling entity (1)	184	204	187,119	61,477
Subsidiaries (2)	65,379	66,665	107,405	89,441
Key management personnel (3)	39	78	-	-
Members of the Board	-	-	371	1
Grupo Casino companies (4)	4,362	4,842	6,277	4,839
Other related parties (5)	-	98	182	1,861
<b>Total</b>	<b>69,964</b>	<b>71,887</b>	<b>301,354</b>	<b>157,619</b>

(1) Accounts payable to the controlling entity arise from consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V.

(2) Accounts receivable from subsidiaries relate to: direct operations of Almacenes Éxito Inversiones S.A.S where Almacenes Éxito S.A. acts as payer to third parties under a mandate agreement in amount of \$19,553 (2015 - \$25,319); sale of goods to Cdiscount Colombia S.A.S in amount of \$19,795 (2015 - \$19,007), collection of profits declared receivable from Special Equity Trust Deposits \$14,267 (2015 - \$12,406), sale of goods and loans to Gemex O y W S.A.S \$9,288 (2015 - \$8,147) and all other subsidiaries in amount of \$2,476 (2015 - \$1,786).

Accounts payable to subsidiaries at March 31, 2016 include: For purchase of goods, to Distribuidora de Textiles y Confecciones S.A. in amount of \$97,334 (2015- \$71,462); to Almacenes Éxito Inversiones S.A.S for corporate phone plans and recharge services in amount of \$2,644 (2015 - \$7,046); to Carulla Viviero Holding Inc. for dividends received in advance \$4,584 (2015 - \$4,778); to Logística, Transporte y Servicios Asociados S.A.S. for transportation services \$1,311 (2015 - \$3,178); for leases to Patrimonios Autónomos \$596 (2015 - \$1,452) and to Cdiscount Colombia S.A.S. \$0 (2015 - \$1,525); and to Exito Viajes y Turismo S.A.S. \$936 (2015 - \$0) for services received.

(3) Transactions between Almacenes Éxito S.A. and key management personnel, including legal representatives and/or administrators, mainly relate to labor agreements entered into between the parties. Key management personnel includes the CEO, Vice-presidents, business corporate managers, directors, and members of their families.

(4) Accounts receivable from and payable to Grupo Casino companies mainly arise from the purchase of goods and energy optimization services.

- (5) Costs and expenses with other related parties relate to transactions with companies where the shareholders are the beneficial owners of 10% or more of total outstanding shares, members of the Board, legal representatives and/or administrators having a direct or indirect interest equal to or higher than 10% of outstanding shares.

## Note 7. Inventories

The detail of inventories is as follows:

	March 31, 2016	December 31, 2015
Inventories available for sale	1,104,642	1,117,890
Inventories in transit	38,137	24,266
Materials, small spares, accessories and packaging material	14,961	14,736
Raw materials	2,793	3,281
Product in process	1,899	2,832
Inventories of property under construction (1)	1,897	1,897
Inventory impairment (2)	(24,636)	(23,096)
<b>Total inventories</b>	<b>1,139,693</b>	<b>1,141,806</b>

(1) Relate to buildings in process of construction, to be traded through real estate projects.

(2) The development of the provision during the period is as follows:

<b>Balance at December 31, 2015</b>	<b>23,096</b>
Period loss expense	1,540
<b>Balance at March 31, 2016</b>	<b>24,636</b>

Inventories are not subject to limitation or liens that restrict negotiability or realization thereof, and have been duly insured against all risks.

The following is the information related with the cost of sales, impairment and reversals of impairment recognized in inventories:

	January 1 to March 31, 2016	January 1 to March 31, 2015
Cost of goods sold	2,249,917	2,116,873
Trade discounts and rebates on purchases	(263,036)	(254,988)
Logistics costs	61,059	60,294
Damage and unknown reduction	30,404	36,082
Impairment loss recognized during the period	1,540	-
<b>Total cost of goods sold</b>	<b>2,079,884</b>	<b>1,958,261</b>

The following is a detail of expenses included in logistics costs:

Description	January 1 to March 31, 2016	January 1 to March 31, 2015
Services	29,367	27,900
Employee benefits	11,876	12,548
Leases	12,487	12,272
Depreciation and amortization	2,949	3,477
Maintenance and repairs	1,803	1,501
Packaging materials and marking expenses	840	956
Other expenses	1,737	1,640
<b>Total</b>	<b>61,059</b>	<b>60,294</b>

### Note 8. Property, plant and equipment, net

The balance of property, plant and equipment is as follows:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Land	785,244	830,245
Buildings	1,149,741	1,151,186
Machinery and equipment	522,252	508,451
Furniture and fixtures	302,490	300,164
Assets under construction	221,693	168,934
Improvements to third party properties	238,110	222,654
Vehicles and transportation equipment	4,724	4,524
Other property, plant and equipment	126,209	125,824
<b>Total gross property, plant and equipment</b>	<b>3,350,463</b>	<b>3,311,982</b>
Accumulated depreciation	400,269	350,930
<b>Total net property, plant and equipment</b>	<b>2,950,194</b>	<b>2,961,052</b>



The development of property, plant and equipment during the reporting periods is as follows:

Cost	Land	Buildings	Machinery and equipment	Furniture and fixtures	Assets under construction	Improvements to third party properties	Transportation equipment	Other	Total
<b>Balance at December 31, 2015</b>	<b>830,245</b>	<b>1,151,186</b>	<b>508,451</b>	<b>300,164</b>	<b>168,934</b>	<b>222,654</b>	<b>4,524</b>	<b>125,824</b>	<b>3,311,982</b>
Additions	775	646	4,472	1,026	85,094	775	200	148	93,136
Decrease from transfers to investment property									
Investment	(45,722)	(6,342)	-	-	-	-	-	-	(52,064)
Increase (decrease) from transfers from construction in progress	(54)	4,251	9,489	2,588	(32,335)	15,735	-	326	-
Disposal of property, plant and equipment	-	-	-	(4)	-	-	-	-	(4)
Derecognition of property, plant and equipment	-	-	(160)	(1,284)	-	(1,054)	-	(69)	(2,567)
Other changes	-	-	-	-	-	-	-	(20)	(20)
<b>Balance at March 31, 2016</b>	<b>785,244</b>	<b>1,149,741</b>	<b>522,252</b>	<b>302,490</b>	<b>221,693</b>	<b>238,110</b>	<b>4,724</b>	<b>126,209</b>	<b>3,350,463</b>
<b>Accumulated depreciation</b>									
<b>Balance at December 31, 2015</b>		<b>68,715</b>	<b>111,945</b>	<b>69,997</b>	<b>-</b>	<b>62,368</b>	<b>1,772</b>	<b>36,133</b>	<b>350,930</b>
Depreciation expense/cost		8,796	15,775	10,040	-	11,241	179	6,230	52,261
Other changes		(353)	(142)	(1,319)	-	(1,038)	-	(70)	(2,922)
<b>Balance at March 31, 2016</b>		<b>77,158</b>	<b>127,578</b>	<b>78,718</b>	<b>-</b>	<b>72,571</b>	<b>1,951</b>	<b>42,293</b>	<b>400,269</b>

Those assets not ready for their intended use as expected by Company management represent assets under construction, and on which costs directly attributable to the construction process continue to be capitalized.

The book value of property, plant and equipment under financial lease for the periods reported is as follows:

	March 31, 2016	December 31, 2015
Machinery and equipment	676	707
Other property, plant and equipment	14,710	14,907
<b>Total assets under finance lease</b>	<b>15,386</b>	<b>15,614</b>

No provisions for dismantling or similar provisions are included in the cost of assets, since after assessment the company determined that there are no legal or contractual obligations requiring such estimations at the time of acquisition thereof.

There are no limitations or liens imposed on property, plant and equipment that restrict realization or negotiability thereof. For the periods reported, the Company has no commitments to acquire, construct or develop property, plant and equipment.

During the three-month period ended March 31, 2016, no compensations have been received from third parties related with assets damaged in accidents.

During the periods reported in these financial statements there was no impairment of property, plant and equipment.

### Note 9. Investment property, net

The Company's investment properties are business premises and plots of land held to generate income from operating lease activities or future appreciation of the price thereof. The balance of investment properties is made as follows:

	March 31, 2016	December 31, 2015
Land	79,313	32,996
Buildings	73,192	66,850
<b>Total investment property, gross</b>	<b>152,505</b>	<b>99,846</b>
Accumulated depreciation	4,226	3,404
<b>Total investment property, net</b>	<b>148,279</b>	<b>96,442</b>

The development of investment property during the period is as follows:

Cost	Land	Buildings	Total
<b>Balance at December 31, 2015</b>	<b>32,996</b>	<b>66,850</b>	<b>99,846</b>
Transfers from property, plant and equipment	45,722	6,342	52,064
Other changes	595	-	595
<b>Balance at March 31, 2016</b>	<b>79,313</b>	<b>73,192</b>	<b>152,505</b>
<b>Accumulated depreciation</b>		<b>Buildings</b>	
<b>Balance at December 31, 2015</b>		<b>3,404</b>	
Depreciation expense		471	
Transfer to/from property, plant and equipment		351	
<b>Balance at March 31, 2016</b>		<b>4,226</b>	

There are no limitations or liens imposed on investment property that restrict realization or negotiability thereof. For the reporting periods included in these financial statements, the Company has no commitments to acquire, build or develop investment properties, or to repair, maintain or improve such properties. In addition, the Company has not received compensations from third parties arising from the damage or loss of investment properties, or impairment losses.

### Note 10. Changes in the classification of financial assets

During the three-month period ended March 31, 2016, there were no changes in the classification of financial assets, arising from a change in the purpose or use of such assets.

## Note 11. Financial liabilities

The balance of other financial liabilities is as follows:

	March 31, 2016	December 31, 2015
<b>Local currency</b>		
<b>Current</b>		
Bank loans (1)	829,036	216,197
Finance leases	41	41
<b>Total current financial liabilities in local currency</b>	<b>829,077</b>	<b>216,238</b>
<b>Non-current</b>		
Bank loans (1)	2,281,147	2,486,352
Finance leases	1,136	1,149
<b>Total non-current financial liabilities in local currency</b>	<b>2,282,283</b>	<b>2,487,501</b>
<b>Total financial liabilities in local currency</b>	<b>3,111,360</b>	<b>2,703,739</b>
<b>Foreign currency</b>		
<b>Current</b>		
Put option (2)	288,873	310,323
Finance leases	4,087	2,200
Bank loans (1)	28,710	949
<b>Total current financial liabilities in foreign currency</b>	<b>321,670</b>	<b>313,472</b>
<b>Non-current</b>		
Finance leases	16,240	20,056
Bank loans (1)	1,310,990	1,404,190
<b>Total non-current financial liabilities in foreign currency</b>	<b>1,327,230</b>	<b>1,424,246</b>
<b>Total financial liabilities in foreign currency</b>	<b>1,648,900</b>	<b>1,737,718</b>
<b>Total financial liabilities</b>	<b>4,760,260</b>	<b>4,441,457</b>
<b>Current</b>	<b>1,150,747</b>	<b>529,710</b>
<b>Non-current</b>	<b>3,609,513</b>	<b>3,911,747</b>

- (1) In August 2015, the Company entered into credit agreements with local banks in amount of \$3.25 trillion and with foreign banks in amount of \$1.21 trillion (USD\$400 million at the exchange rate of \$3,027.2) for the acquisition of the operations in Brazil and Argentina through the Spanish company Onper Investment 2015 S.L. Such credits are measured at amortized cost using the effective interest method, where transaction costs are included in amount of \$14,332.

Under both agreements, the Company commits to request approval from the banks if it requires to carry out the following transactions: encumber assets, enter into extraordinary agreements with any affiliated company, incur additional liabilities wherever the result is breach of the credit agreement and/or without prior authorization from creditors; creditors shall automatically grant authorization if the occurrence index is complied with, measured using the latest financial statements released by the Company, among others.

In January 2016, the Company requested a \$400,000 disbursement of the revolving trench under the credit agreement executed in July 2015.

- (2) The Company is party to a put option agreement with the holders of non-controlling interests of subsidiary Grupo Disco del Uruguay. The exercise price of the option is based on a previously determined formula, and the option can be exercised at any time. The current option for the period ended March 31, 2016 is measured at fair value.

Below is a detail of annual maturities of non-current bank loans and finance leases for the period ended March 31, 2016 discounted at present value:

Year	Total
2017	268,712
2018	1,795,101
2019	501,529
>2020	1,044,171
<b>Total</b>	<b>3,609,513</b>

### Note 11.1. Commitments undertaken under credit contracts (financial liabilities)

The purpose of commitments undertaken under credit contracts is to ensure compliance with the financial clauses applicable to debt and loans obtained in August 2015 that define the capital structure requirements (covenants) and other debtor obligations. Failure to comply with such financial clauses would result in the bank's promptly claiming repayment of debt and loans. No failure to comply with financial clauses has been reported regarding any interest-bearing debt or loan during the current period.

The Company has committed to pay in advance such obligations without accruing any prepayment commission or penalty, in the following events:

- (a) Sale of assets: When at any time during the term the Company dispose of its own assets, in one single or several transactions, which in the aggregate exceed 20% of the assets included in (i) 2014 financial statements, or (ii) the latest available annual financial statements, whichever is higher, it shall prepay an amount equivalent to 40% or 80%\$ of the net proceeds of such sales, except (i) arising from disposals in the ordinary course of business, or (ii) if the net proceeds of the sale are reinvested in other assets within 12 months of receipt.
- (b) Insurance compensation: When at any time, during the term, the Company receive one or several insurance compensations as payment for one or several claims arising from the loss or damage or one or several of its assets, which aggregate amount exceed 20% of the assets included in the latest available annual financial statements, the Company shall prepay an amount equivalent to 40% or 80%\$ of the net payments received, in accordance with the time when the prepayment is to be made, except if reinvestment of such resources begins within 18 months of receipt of the net cash compensation.
- (c) Prepayments under bridge loan contract: Wherever the Company intends to prepay any bank credit in foreign currency, the Company shall prepay the short-term trench in proportion to the amount prepaid to the bank credit in foreign currency, and in proportion to each creditor.

**Note 11.2. Obligations undertaken under credit contracts (financial liabilities)**

- (a) Financial: The Company is committed to maintain a financial leverage ratio of maximum 3.5x. Such ratio shall be measured annually on April 30, based on audited consolidated financial statements for each period.
- (b) Indebtedness: Refrain from: (i) Incurring new debts in the event of being in default of the financial liability and/or in the event that incurring the new debt would result in failure to comply with an existing financial liability, and (ii) incurring additional debt without the authorization of creditors.

In the event that the Company intends to incur additional debt, it shall require the prior authorization of creditors, which shall be deemed automatically granted if the Company complies with the occurrence indicator, which shall be measured based on the latest separate financial statements submitted to the National Register of Securities and Issuers.

**Note 12. Other provisions**

The balance of other provisions is made as follows:

	March 31, 2016	December 31, 2015
Legal proceedings (1)	22,505	26,853
Taxes other than income tax (2)	8,827	8,812
Restructuring (3)	11,527	8,295
Other (4)	32,101	33,752
<b>Total other provisions</b>	<b>74,960</b>	<b>77,712</b>
<b>Current</b>	<b>48,822</b>	<b>69,192</b>
<b>Non-current</b>	<b>26,138</b>	<b>8,520</b>

During the three-month period ended March 31, 2016, the Company reclassified to long-term certain provisions for legal proceedings and taxes other than income tax, in accordance with new information available provided by experts regarding such proceedings.

The Company has not recognized provisions for the protection of contracts for consideration during the reporting periods.

The detail of provisions is as follows:

- (1) Provisions for lawsuits are recognized to cover estimated potential losses arising from lawsuits brought against the Company, as follows: labor claims, in amount of \$15,177 (2015 - \$19,211) and civil claims, in amount of \$7,328 (2015 - \$7,642), assessed based on the best estimation of cash outflows required to settle the liability on the date of preparation of the financial statements.
- (2) Provisions for taxes other than income tax relate to the Industry and Trade tax in amount of \$3,256 (2015 - \$3,256) and tax on real estate in amount of \$5,571 (2015 - \$5,556).
- (3) The restructuring provision relates to reorganization processes announced to employees at the stores and distribution centers that will affect Company activities. The provision is estimated based on the cash outflows required, directly associated with the restructuring plan. The disbursement and plan implementation date are expected to be in 2016. The restructuring provision was recognized in the statement of income as other expenses.
- (4) Mainly relate to liabilities carried to recognize additional subsidiary losses exceeding the value of the amount invested in them by the Company. Company management has decided to carry such liability to recognize cash outflows probably required to settle these subsidiaries' liabilities. The detail of this provision is as follows

	March 31, 2016	December 31, 2015
Almacenes Éxito Inversiones S.A.S.	11,566	12,055
Cdiscount Colombia S.A.S.	8,402	4,939
Gemex O & W S.A.S.	3,027	1,813
Logística, Transporte y Servicios Asociados S.A.S.	2,247	1,653
<b>Total</b>	<b>25,242</b>	<b>20,460</b>

The remaining balance of other provision relates to:

	March 31, 2016	December 31, 2015
Transaction costs related to business combinations	4,835	5,827
Donation related to the film "Colombia Magia Salvaje" (4)	-	3,907
Income tax provision	1,910	2,203
Other	114	1,355
<b>Total</b>	<b>6,859</b>	<b>13,292</b>

- (a) On March 30, 2016, the General Meeting of Shareholders approved a payment to Fundación Éxito in amount of \$4,001 as donation of the profits obtained from the film "Colombia Magia Salvaje". A provision had been recognized at December 31, 2015 in amount of \$3,907.

The movement of provisions during the period is as follows:

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
<b>Balance at December 31, 2015</b>	<b>26,853</b>	<b>8,812</b>	<b>8,295</b>	<b>33,752</b>	<b>77,712</b>
Increase	2,669	15	7,889	6,700	17,273
Uses	(453)	-	-	(8,236)	(8,689)
Payments	(390)	-	(4,657)	-	(5,047)
Reversals (not used)	(6,174)	-	-	(115)	(6,289)
<b>Balance at March 31, 2016</b>	<b>22,505</b>	<b>8,827</b>	<b>11,527</b>	<b>32,101</b>	<b>74,960</b>

#### Note 12.1. Other provisions classified as current and non-current

The balance of other provisions, classified as current and non-current is as follows:

	March 31, 2016	December 31, 2015
<b>Current</b>		
Legal proceedings	5,194	18,333
Taxes other than income tax	-	8,812
Restructuring	11,527	8,295
Other	32,101	33,752
<b>Total other current provisions</b>	<b>48,822</b>	<b>69,192</b>
<b>Non-current</b>		
Legal proceedings	17,311	8,520
Taxes other than income tax	8,827	-
<b>Total other non-current provisions</b>	<b>26,138</b>	<b>8,520</b>
<b>Total other provisions</b>	<b>74,960</b>	<b>77,712</b>

#### Note 12.2. Forecasted payments of other provisions

Forecasted payments of other provisions for which the Company is responsible at March 31, 2016 will be:

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Less than 12 months	5,194	-	11,527	32,101	48,822
More than 1 year	17,311	8,827	-	-	26,138
<b>Total estimated payments</b>	<b>22,505</b>	<b>8,827</b>	<b>11,527</b>	<b>32,101</b>	<b>74,960</b>

## Note 13. Transactions with related parties

### Note 13.1. Key management personnel compensation

Transactions between the Company and key management personnel, including legal representatives and/or administrators, mainly relate to labor agreements entered into between the parties.

Compensation of key management personnel recognized during the three-month periods ended March 31, 2016 and March 31, 2015 is as follows:

	January 1 to March 31, 2016	January 1 to March 31, 2015
Short-term employee benefits	11,194	8,369
Post-employment benefits	355	332
Termination benefits	-	11
<b>Total</b>	<b>11,549</b>	<b>8,712</b>

### Note 13.2. Transactions with related parties

Transactions with related parties relate to revenue from the sale of goods and services, as well as to costs and expenses related to risk management and technical assistance support, and to the purchase of goods and services actually received. The amount of revenue, costs and expenses arising from transactions with related parties is as follows:

	Revenue		Costs and expenses	
	January 1 to March 31, 2016	January 1 to March 31, 2015	January 1 to March 31, 2016	January 1 to March 31, 2015
Controlling entity (1)	-	-	6,549	4,718
Subsidiaries (2)	4,974	292	74,999	41,603
Associates (3)	-	18,759	-	-
Members of the Board	-	-	409	198
Grupo Casino companies (4)	671	1,399	7,375	6,479
Other related parties (5)	-	44	636	2,152
<b>Total</b>	<b>5,645</b>	<b>20,494</b>	<b>89,968</b>	<b>55,150</b>

- (1) Accounts payable to the controlling entity arise from consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V.
- (2) Revenue from subsidiaries relate to the sale of goods to Cdiscount Colombia S.A.S and Gemex O & W S.A.S, provision of administration services to Almacenes Éxito Inversiones S.A.S., Gemex O & W S.A.S., Logística, Transporte y Servicios Asociados S.A.S. and stand-alone trust funds, and installments on lease of property to stand-alone trust funds and Éxito Viajes y Turismo S.A.S.

Costs and expenses accrued with subsidiaries relate to the purchase of goods from Distribuidora de Textiles y Confecciones S.A., purchase of services from Logística y Transporte S.A.S., and lease and property administration expenses.

	March 31, 2016	March 31, 2015
Almacenes Éxito Inversiones S.A.S.	1,946	71
Distribuidora de Textiles y Confecciones S.A.	57,919	38,337
Logística y Transporte S.A.S.	11,230	-
Stand-alone trust funds	3,904	3,195
<b>Total</b>	<b>74,999</b>	<b>41,603</b>

Until August 30, 2015, Cdiscount Colombia S.A.S. was classified as investment in an associate. As of August 31, 2015, with the business combination of the Brazil and Argentina operations through subsidiary Onper Investment 2015 S.L., control of such investment was gained and the investment was classified as a subsidiary. In 2016, the revenue from the sale of goods to this Company is shown under the subsidiaries line item.

- (3) Revenue obtained from associates relates to the sale of goods to Cdiscount Colombia S.A.S. during 2015.
- (4) Costs and expenses accrued with Grupo Casino companies mainly arise from the purchase of goods and energy optimization services received.
- (5) Costs and expenses with other related parties relate to transactions with companies where the shareholders are the beneficial owners of 10% or more of total outstanding shares, members of the Board, legal representatives and/or administrators having a direct or indirect interest equal to or higher than 10% of outstanding shares.

## Note 14. Asset impairment

### Note 14.1. Financial assets

During the three-month period ended March 31, 2016, no significant losses were recognized from the impairment of financial assets.

### Note 14.2. Non-financial assets

At March 31, 2016, there is no objective evidence that, resulting from one or more events occurred after initial recognition, a part or total book value of non-financial assets may be non-recoverable. No losses from the impairment of assets were recognized during the three-month period ended March 31, 2016.

## Note 15. Fair value measurement

Below is a comparison of book values and fair values of the Company's financial assets and liabilities and non-financial assets at March 31, 2016 and December 31, 2015 on a periodic basis as required or permitted by an accounting policy; financial assets and liabilities whose book values are an approximation of fair values are excluded, considering that they mature in the short time (in less than or up to one year), namely: trade receivables and other debtors, trade payables and other creditors and short-term financial liabilities.

	March 31, 2016		December 31, 2015	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Loans at amortized cost	22,163	19,099	22,091	19,359
Investments in private equity funds	956	956	966	966
Forward contracts measured at fair value through income	5,528	5,528	66,271	66,271
Swap contracts measured at fair value through income	-	-	756	756
Equity investments	1,046	1,046	1,046	1,046
<b>Total</b>	<b>29,693</b>	<b>26,629</b>	<b>91,130</b>	<b>88,398</b>
<b>Financial liabilities</b>				
Financial liabilities at amortized cost	4,449,883	4,440,582	4,107,637	4,042,279
Finance leases at amortized cost	21,504	20,960	23,445	22,191
Put option (1)	288,873	288,874	310,323	310,323
Forward contracts measured at fair value through income	39,051	39,051	2,351	2,351
Swap contracts measured at fair value through income	653	653	-	-
<b>Total</b>	<b>4,799,964</b>	<b>4,790,120</b>	<b>4,443,756</b>	<b>4,377,144</b>

The following methods and assumptions were used to estimate the fair values:

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
<b>Assets</b>				
Loans at amortized cost	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for loans under similar conditions on the date of measurement in accordance with maturity dates.	Commercial rate of banking institutions for consumption receivables without credit card for similar term horizons. Commercial rate for VIS housing loans for similar term horizons.
Investments in private equity funds	Level 1	Unit value	The value of the fund unit is given by the pre-closing value for the day, divided by the total number of fund units on the closing of operations for the day. The fund administrator appraises the assets on a daily basis.	N/A
<i>Forward</i> contracts measured at fair value through income	Level 2	<i>Peso-US Dollar forward</i>	The difference is measured between the " <i>forward</i> " agreed upon rate and the " <i>forward</i> " rate on the date of valuation relevant to the remaining term of the derivative financial instrument and discounted at present value using a zero coupon interest rate. The " <i>forward</i> " rate is determined based on the average price quoted for the two-way closing price ("bid" and "ask").	Peso/US Dollar exchange rate set out in the " <i>forward</i> " contract. Market representative exchange rate on the date of valuation. Forward points of the Peso-US Dollar " <i>forward</i> " market on the date of valuation. Number of days between valuation date and maturity date. Zero coupon interest rate.
<i>Swap</i> contracts measured at fair value through income	Level 2	Operating cash flows forecast model	The method uses <i>swap</i> cash flows, forecasted using treasury security curves of the State that issues the currency in which each flow has been expressed, for further discount at present value, using swap market rates disclosed by the relevant authorities of each country. The difference between cash inflows and cash outflows represents the <i>swap</i> net value at the closing under analysis.	Reference Banking Index Curve (RBI) 3 months. Zero coupon TES curve. <i>Swap</i> LIBOR curve. Treasury Bond curve. PCI 12 months
Equity investments	Level 1	Market quote prices	The fair value of such investments is determined as reference to the prices listed in active markets if Companies are listed; in all other cases, the investments are measured at the deemed cost as determined in the opening balance sheet, considering that the effect is immaterial and that carrying out a measurement using a valuation technique commonly used by market participants might generate higher costs than the value of benefits.	N/A



	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
<b>Liabilities</b>				
Put option (1)	Level 3	Given formula	Fair value is measured using a given formula under an agreement entered into with non-controlling interests of Grupo Disco, using level 3 input data. Periodically, the Company applies three different formulae agreed upon by the parties under contract. The result of the valuation is the highest value obtained from application of the three methods.	Net income of Supermercados Disco del Uruguay S.A. at December 31, 2014 and 2015. 24-month consolidated EBITDA of Supermercados Disco del Uruguay S.A. Consumer price index Uruguay 6-month consolidated net financial debt of Supermercados Disco del Uruguay Contract fixed price US Dollar-Uruguayan peso exchange rate on the date of valuation. US Dollar-Colombian peso exchange rate on the date of valuation. Total shares Supermercados Disco del Uruguay S.A.
Financial liabilities and finance leases measured at amortized cost	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for loans under similar conditions on the date of measurement in accordance with maturity dates.	Reference Banking Index (RBI) + Negotiated basis points. LIBOR rate + Negotiated basis points.
Bonds issued	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for bonds in similar conditions on the date of measurement in accordance with maturity dates.	PCI 12 months
Swap contracts measured at fair value through income	Level 2	Operating cash flows forecast model	The method uses Swap cash flows, forecasted using treasury security curves of the State that issues the currency in which each flow has been expressed, for further discount at present value, using swap market rates disclosed by the relevant authorities of each country. The difference between cash inflows and cash outflows represents the swap net value at the closing under analysis.	Reference Banking Index Curve (RBI) 3 months. Zero coupon TES curve. Swap LIBOR curve. Treasury Bond curve. PCI 12 months
Derivative instruments measured at fair value through income	Level 2	Peso-US Dollar forward	The difference is measured between the "forward" agreed upon rate and the "forward" rate on the date of valuation relevant to the remaining term of the derivative financial instrument and discounted at present value using a zero coupon interest rate. The "forward" rate is determined based on the average price quoted for the two-way closing price ("bid" and "ask").	Peso/US Dollar exchange rate set out in the "forward" contract. Market representative exchange rate on the date of valuation. Forward points of the Peso-US Dollar "forward" market on the date of valuation. Number of days between valuation date and maturity date. Zero coupon interest rate.

(1) The Company is party to a put option contract with the holders of non-controlling interests of subsidiary Grupo Disco del Uruguay. The Company internally measures such option by periodically applying three formulas agreed upon by the parties. The result of the valuation is the highest value obtained from application of the three methods.

Not observable material data input and a valuation sensitivity analysis on the valuation of the "put option" refer to:

	Not observable significant input data	Range (weighted average)	Input data sensitivity on the calculation of the fair value
Put option (1)	Net income of Supermercados Disco del Uruguay S.A. at December 31, 2014 and 2015	\$65,672 - \$91,080	A significant increase in any of input data severally considered would result in a significantly higher measurement of the fair value.
	EBITDA of Supermercados Disco del Uruguay S.A. consolidated over 24 months	\$115,912 - \$127,784	
	Consumer price index Uruguay	9.44% - 10.23%	
	Net financial debt of Supermercados Disco del Uruguay consolidated over 6 months	(\$200,639) - (\$221,991)	
	Fixed contract price	\$422,632 - \$440,409	
	US Dollar-Uruguayan peso exchange rate on the date of valuation, expressed in Uruguayan pesos	\$29.915 - \$32.575 (\$31.503)	
	US Dollar-Colombian peso exchange rate on the date of valuation, expressed in Colombian pesos	\$3,022.35 - \$3,434.89 (\$3,249.04)	
	Total shares Supermercados Disco del Uruguay S.A.	443.071.594	

The development of the put option measurement during the period was:

	Put option ("PUT option")
<b>Balance at December 31, 2015</b>	<b>310,323</b>
Purchases	-
Changes in fair value recognized in Investments (1)	(21,450)
<b>Balance at March 31, 2016</b>	<b>288,873</b>

(1) Changes arising mainly from the variations in the US Dollar - Uruguayan peso and US Dollar - Colombian peso exchange rates between valuation dates.

There were no transfers between level 1 and level 2 hierarchies during the period.

The Company determines whether transfers between fair value hierarchy levels have occurred, through a change in valuation techniques, in such a way that the new measurement is the most accurate picture of the new fair value of the appraised asset or liability.

Changes in hierarchies may occur if new information is available, certain information used for valuation is no longer available, there are changes resulting in the improvement of valuation techniques or changes in market conditions.

## Note 16. Contingent assets and liabilities

### Note 16.1. Contingent assets

The most significant of Company's contingent assets at March 31, 2016 relate to real estate revaluation assessment proceedings \$1,163 (2015 \$1,163); 2005 Industry and Trade tax proceedings \$1,010 (2015 \$1,010); and proceedings seeking nullity of the resolutions that declared as inapplicable the offsetting of 2008 income tax at Carulla Vivero S.A. \$1,088 (2015 \$1,088).

Such contingent assets, which nature is that of possible assets, are not recognized in the statement of financial position until realization of income is virtually true; instead, they are disclosed in the notes to the financial statements.

### Note 16.2. Contingent liabilities

On July 13, 2015 the Company extended a guarantee in amount of \$5,000 to Cdiscount Colombia S.A.S. to protect one of its most important suppliers in case of default of obligations arising from the procurement of goods; additionally, on December 18, 2015, notice was served on the assignment of title to credits with accountability in favor of Banco BBVA in amount of \$18,001.

At March 31, 2016, the Company is pursuing proceedings to obtain nullity of the resolution on changes to the Bogotá Industry and Trade tax returns for the bi-monthly periods 4, 5 and 6 of 2011 in amount of \$11,830 (2015 - \$0). The purpose of the nullity and restoration of rights action is that the Company be exempted from paying the amounts claimed by the tax authority.

Such contingent assets, which nature is that of possible assets, are not recognized in the statement of financial position; instead, they are disclosed in the notes to the financial statements.

## Note 17. Income tax

During the three-month period ended March 31, 2016, no changes have been implemented regarding tax rules applied at the closing of the year ended December 31, 2015.

### Note 17.1. Current tax assets and liabilities

The balances of current tax assets and liabilities recognized in the statement of financial position are:

#### Current tax assets

	March 31, 2016	December 31, 2015
Income tax advance payments	41,476	7,654
Income tax for equality CREE advance payments	30,336	18,817
Excess income tax from private assessment	96,097	96,097
Industry and trade tax advance payment and withholdings.	7,111	10,640
Receivable value added tax from imports	5,946	165
<b>Total current tax assets</b>	<b>180,966</b>	<b>133,373</b>

#### Current tax liabilities

	March 31, 2016	December 31, 2015
Income tax, CREE and VAT withholdings payable	14,945	27,729
Industry and trade tax withholdings payable	1,231	2,076
Income tax payable	5,960	-
Income tax for equality CREE payable	14,126	6,600
Value added tax payable	29,430	25,686
Industry and trade tax payable	32,935	42,167
Excise tax payable	3,844	3,607
Other taxes payable	334	221
Tax on equity payable	51,083	-
<b>Total current tax assets</b>	<b>153,888</b>	<b>108,086</b>

## Note 17.2. Income tax

The following is the reconciliation of accounting income to taxable income, and the estimation of tax expense:

	March 31, 2016	March 31, 2015
<b>Earnings before income tax</b>	<b>947</b>	<b>86,151</b>
<b>Add:</b>		
Receivables written-off	397	1,839
Non-deductible expenses	-	3
Non-deductible taxes	17	37
Taxes taken on and revaluation	1,408	10,045
Fines, penalties and litigation expenses	165	82
Tax on financial transactions	2,587	3,945
Tax on equity	51,083	57,538
<b>Less:</b>		
Taxable goodwill deduction, in addition to the accounting deduction	(14,214)	(10,203)
40% deduction of investment in income-generating assets	(32,159)	(7,881)
Withdrawal of gain on sale of fixed assets deemed occasional gain	(113)	-
IFRS adjustments with no tax effects	(26,282)	(118,008)
2015 industry and trade tax paid in 2016	(37,492)	-
Recovery of provisions	(1,752)	(315)
Disabled employee deduction	(152)	(152)
Allowance for doubtful accounts	(1,291)	(470)
<b>Net taxable income</b>	<b>(56,851)</b>	<b>22,611</b>
Income tax rate	25%	25%
<b>Subtotal income tax</b>	<b>-</b>	<b>5,653</b>
<b>Adjustment to effective rate</b>	<b>9,513</b>	<b>4,047</b>
Tax discounts	(3,553)	-
<b>Total income tax</b>	<b>5,960</b>	<b>9,700</b>
<b>Income tax for equality CREE</b>	<b>5,825</b>	<b>3,492</b>
<b>Income tax for equality CREE surcharge</b>	<b>4,067</b>	<b>1,940</b>
<b>Total current income tax</b>	<b>15,852</b>	<b>15,132</b>

The components of the income tax revenue (expense) recognized in the statement of income are:

	March 31, 2016	March 31, 2015
Current income tax	(15,852)	(15,132)
Deferred income tax	48,382	(1,153)
<b>Total income tax revenue (expense)</b>	<b>32,530</b>	<b>(16,285)</b>

### Deferred tax

The Company recognizes deferred taxes receivable or payable, arising from temporary differences representing a lower or higher payment of the current year income tax, estimated at the recovery rates expected (tax rates in force 2016 - 40%; 2017 - 42%; 2018 - 43% and 34% as of 2019), provided there is reasonable expectation that such differences will revert in future. Should there be any deferred tax asset, an analysis will be made of whether the Company will generate enough taxable income in future that allow offsetting the asset, in full or in part

Deferred taxes recognized in the statement of financial position relate to the following items:

	March 31, 2016	December 31, 2015
Investments at amortized cost	(2,190)	(75)
Equity investments	(47,051)	(50,065)
Accounts receivable	5,427	(19,307)
Inventories	37,861	38,569
Real estate for trading	(83)	-
Land	(38,704)	(38,704)
Tax consolidation and readjustment	19,926	19,926
Buildings	(107,653)	(98,570)
Non-operating commercial premises	102	40
Investment property	(3,322)	(8,261)
Construction in progress	(18,494)	(16,940)
Other fixed assets	(21,935)	(21,415)
Intangible assets	(62,884)	(52,625)
Deferred charges	12,053	12,089
Financial liabilities	16,211	2,664
Other liabilities	68,342	41,898
<b>Total net deferred tax assets (liabilities)</b>	<b>(142,394)</b>	<b>(190,776)</b>

Deferred tax assets and liabilities are made as follows:

	March 31, 2016	December 31, 2015
Deferred tax assets	1,878,415	1,729,704
Deferred tax liabilities	(2,020,809)	(1,920,480)
<b>Total net deferred tax (liabilities)</b>	<b>(142,394)</b>	<b>(190,776)</b>

The effect of deferred tax on the statement of income is as follows:

	March 31, 2016	March 31, 2015
Deferred income tax 25%	19,366	(12,131)
Deferred CREE tax 9%	6,972	(13,485)
Deferred CREE tax surcharge 5%	19,765	24,204
Deferred occasional gains tax 10%	(32)	1,954
Deferred retained earnings Uruguay 7%	2,311	(1,695)
<b>Total deferred tax revenue (expense)</b>	<b>48,382</b>	<b>(1,153)</b>

#### Note 18. Seasonality of transactions

The seasonality of the Company's operation cycles is reflected in its operating and financial results, with peaks during the last quarter of the year, particularly at Christmas time, and the second most important promotion event of the year "Special Price Days".

#### Note 19. Financial risk management policy

During the three-month period ended March 31, 2016, there have not been significant changes to the Company's risk management policies, or changes in the analysis of risk factors that might have an effect on the Company, such as the general risk management framework, financial risk management, credit risk, market risk, interest rate risk, currency risk, stock pricing risk and liquidity risk.

#### Note 20. Dividends declared and paid

##### At March 31, 2016

The Company's General Meeting of Shareholders held on March 30, 2016 declared a dividend of \$302,457, equivalent to an annual dividend of \$675.72 per share (\*), payable in four quarterly installments and enforceable between the sixth and tenth working day of April, July and October 2016, and January 2017.

Dividends paid during the three-month period ended March 31, 2016 amounted to \$64,967.

(\*) Expressed in Colombian pesos

#### **At December 31, 2015**

The Company's General Meeting of Shareholders held on March 17, 2015, declared a dividend of \$260,022, equivalent to an annual dividend of \$580.92 per share (\*), payable in four quarterly installments and enforceable between the sixth and tenth working day of April, July and October 2015, and January 2016.

Dividends paid during the year ended December 31, 2015 amounted to \$254,297.

Dividends paid during the three-month period ended March 31, 2015 amounted to \$59,388.

(\*) Expressed in Colombian pesos

#### **Note 21. Relevant facts**

##### **At March 31, 2016**

##### Revolving trench disbursement

\$400,000 of the revolving trench under the peso credit contract executed in July 2015 were disbursed on January 5, 2016, resulting in an increase of more than 5% in the Company's total liabilities.

##### General Meeting of Shareholders

The Company's General Meeting of Shareholders was held on March 30, 2016, to resolve, among other topics, on the approval of the Management Report, approval of separate and consolidated financial statements at December 31, 2015 and approval of dividend distribution to shareholders.

##### Appointment of new members of the Board of Directors.

On March 30, 2016, the General Meeting of Shareholders appointed the following Directors:

- a) Independent Members:
  - 1. Luis Fernando Alarcón Mantilla
  - 2. Daniel Cortés McAllister
  - 3. Felipe Ayerbe Muñoz
  - 4. Ana María Ibáñez Londoño
  
- b) Equity Members:
  - 1. Yves Desjacques
  - 2. Philippe Alarcon
  - 3. Bernard Petit
  - 4. Hervé Daudin
  - 5. Matthieu Santon

##### Appointment of the Statutory Auditor

On March 30, 2016, the General Meeting of Shareholders approved the proposal to retain Ernst & Young Audit S.A.S. as the Company's Statutory Auditor for the period 2016 to 2018.

#### **At December 31, 2015**

##### Agreement on the sale of trade establishments entered into between Almacenes Exito S.A. and Caja de Compensación Familiar - CAFAM

On February 23, 2015, the Company entered into an agreement with Caja de Compensación Familiar - CAFAM to sell trade establishments, which main purpose was: (i) the sale by Cafam to the Company of the stores owned by Cafam and operated by the Company; (ii) the sale by the Company to Cafam of drugstores owned by the Company and operated by Cafam; (iii) the sale by the Company to Cafam of Carulla drugstores owned by the Company; and (iv) the termination of the Cooperation Agreement executed on September 23, 2010 which established, among other provisions, the obligation of each party to pay to the other party a share of the net monthly sales of stores and drugstores.

##### Acquisition of 100% of Lanin S.A.

On February 26, 2015 Larenco S.A., a subsidiary domiciled in Uruguay, acquired an additional share interest of 3.18% represented in 98,287 shares of Lanin S.A., owner of Devoto stores in that country.

Such acquisition resulted from the exercise of seller shareholders' right to sell, and consolidated the Company's 100% interest in Lanin S.A., through Spice Investment Mercosur S.A., owner of 7.37% and Larenco S.A. that consolidates a 92.63% interest.

Exercise of the purchase option on establishments under the Super Inter banner.

On April 15, 2015, the Company exercised the option to acquire 29 trade establishment under the Súper Inter banner and the intellectual property rights associated to the Súper Inter trademark, title to which was vested in Comercializadora Giraldo Gómez ("Comercializadora"), pursuant to the purchase option agreement executed on February 8, 2014.

The Company thus acquired ownership of the trade establishments it had been operating since October 2014 under an operation agreement, as well as the trade name, trademarks, slogans and other intellectual property elements associated to the Súper Inter trademark, which use had been granted to the Company under a license agreement. Consequently, the operation agreement and the license agreement were terminated, including obligations imposed by such agreements on each of the parties.

Such transaction is completed upon compliance with the requirements of the Superintendence of Industry and Trade to carry out the integration operation, which included the obligation to sell to a competitor 4 out of the 50 trade establishments originally included in the transaction, that is, the sale of 2 out of 19 establishments that were the purpose of the sale-purchase agreement and of 2 of 31 establishments that were the purpose of the operation agreement.

Acquisition of control of Grupo Disco del Uruguay S.A. through Spice Investments Mercosur S.A.

On April 27, 2015, the Company entered into a Shareholders Agreement relevant to Grupo Disco Uruguay S.A. (GDU), with a two-year term, which granted to it the voting rights of more than 75% of such company and resulted in effective control and global consolidation of the financial statements.

Previously, in September 2011, the Company had acquired a share interest of 62.49% in this company under a situation of joint control arising from the capital structure and the various types of shares, which was recognized using the equity method until December 31, 2014.

The valuation method used to measure the fair value of the previous interest in GDU was based on the discounted cash flow method.

The Company recognized a profit of \$29,681 arising from the measurement at fair value of the 62.49% participation held in GDU prior to the business combination, for the period ended December 31, 2015.

The non-controlling interest in GDU was measured at fair value.

Appointment of new members of the Board of Directors.

Due to the death of Mr. Nicanor Restrepo Santamaría, the Board of Directors and the CEO of the Company called an extraordinary General Meeting of Shareholders to appoint the new members of the Board for the remaining of the period until 2016.

On June 11, 2015, the Meeting of Shareholders confirmed the appointment of 8 of the 9 members of the Board elected during the ordinary meeting held in March 2014, and as new member appointed Luis Fernando Alarcón Mantilla, who was also appointed as Chairman.

Damage to Almacén Éxito Las Flores in Valledupar.

Because of an act of nature, on June 23, 2015 the premises of Almacén Éxito Las Flores in Valledupar were damaged and technical studies concluded that it was necessary to rebuild the store.

At present, the Company is in the process of providing the insurance company with supporting evidence of damages.

This store is expected to reopen during the first half of 2016.

Approval of the acquisition of shares of Compañía de Financiamiento TUYA S.A.

On July 1, 2015, the Company and its subsidiary Almacenes Éxito Inversiones S.A.S. entered into a share sales-purchase agreement with Bancolombia S.A., Fundación Bancolombia and Fondo de Empleados del Grupo Bancolombia, by means of which they will acquire 50% of the outstanding shares of Compañía de Financiamiento Tuya S.A. ("Tuya"), company through which an alliance has been developed over a decade between Bancolombia and the Company for the promotion of consumer lending with products such as Éxito Credit Card, among others.

Formalization of the contract was conditional, among others, upon the approval by the Colombian Financial Superintendence, which was granted on December 30, 2015. Once all other authorizations required are obtained and paperwork is finalized, the parties will proceed to fulfil their obligations.

Funding of investments in Companhia Brasileira de Distribuição - CBD and Libertad S.A.

a. Peso credit facility agreement.

A peso credit facility agreement was entered into on July 29, 2015, by means of which certain Colombian financial institutions granted the Company a credit facility for up to \$3,500,000 (three trillion five hundred billion Colombian pesos). Fiduciaria Bancolombia S.A. was appointed as general partner to the contract.

An amendment to said agreement was executed on December 21, 2015, including the main following changes to borrowing terms and conditions:

(i) Amendment to borrowing amounts as per the following detail:

	<b>Total contract value</b>	<b>Amount disbursed under initial conditions</b>	<b>Amount disbursed under current conditions</b>
10-year long-term loan in millions of pesos	\$2,000,000	\$1,850,000	\$1,850,000
18-month short-term loan in millions of pesos	\$1,000,000	\$1,000,000	-
5-year medium-term loan in millions of pesos	-	-	\$838,000
Revolving credit in millions of pesos with a term of 12 months, renewable	\$500,000	\$400,000	\$400,000
<b>Total</b>	<b>\$3,500,000</b>	<b>\$3,250,000</b>	<b>\$3,088,000</b>
Bridge loan in millions of US Dollars (18 months)	USD400	USD400	-
Syndicated loan in millions of US Dollars (3 years)	-	-	USD450
<b>Total in USD</b>	<b>USD400</b>	<b>USD400</b>	<b>USD450</b>

(ii) The extension of the weighted average term of repayment from 3.4 to 4.3 years, resulting from:

- Partial payment of the eighteen-month Short-Term Trench of the Peso Credit Facility agreement.
- The extension of the remaining Short-Term Trench of the Peso Credit Facility, from 18 months to 5 years (now the "Medium-Term Trench").

Obligations agreed upon under these agreements include, among others, compliance with a leverage ratio of maximum 4.5x until September 30, 2016, 4.x until September 30, 2018, and 3.x as of October 1, 2018 in the separate financial statements, and maximum 3.x in the consolidated financial statements. Neither the original credit facility agreement nor the amendments thereto require the granting of collaterals by the Company in favor of creditors.

b. US Dollar credit facility agreement

A US Dollar credit facility agreement was entered into with Citibank N.A. on July 29, 2015 granting a credit facility available in amount of USD 400,000,000, which was fully disbursed on August 20, 2015.

The bridge loan was repaid and the agreement terminated on December 21, 2015, and instead a three-year syndicated credit facility agreement in US Dollars was entered into with Citigroup Global Markets INC., Banco Santander S.A., BNP Paribas Securities Corp., Credit Agricole Corporate and Investment Bank, J.P. Morgan Securities LLC., The Bank of Nova Scotia, and The Bank of Tokio-Mitsubishi UFJ, LTD., granting a credit facility available in amount of USD 450,000,000, which was fully disbursed. Citibank N.A. was appointed as general partner to the contract.

Obligations agreed upon under these agreements include, among others, compliance with a leverage ratio of maximum 4.5x until September 30, 2016, 4.x until September 30, 2018, and 3.x as of October 1, 2018 in the separate financial statements, and maximum 3.x in the consolidated financial statements. Neither the original credit facility agreement nor the amendments thereto require the granting of collaterals by the Company in favor of creditors.

#### Investments in Companhia Brasileira de Distribuição - CBD, and Libertad S.A.

In compliance with the share purchase-sale agreements entered into with Casino Guichard Perrachon on July 29, 2015, the Company acquired 100% of Onper Investments 2015 S.L., which indirectly owns 18.76% of the capital investment and 49.97% of the voting rights of Companhia Brasileira de Distribuição -CBD, a company with domicile in Brazil, in amount of USD 1,536, and 100% of the shares of Libertad S.A., a company domiciled in Argentina, in amount of USD 293.

#### Changes in administrative structure

On September 1, 2015, the Board appointed Mr. Carlos Mario Díez Gómez, who occupied the position of Retail Vice-President, as Chief Operating Officer of the Retail operation in Colombia; the creation of the International Business Vice-President position, to be occupied by Mr. José Gabriel Loaiza Herrera, who was formerly the Commercial and Supply Vice-President; and finally, appointed the following Vice-Presidents: Jacky Yanovich Mizrachi as Sales and Operations Vice-President and Carlos Ariel Gómez Gutierrez as Commercial Vice-President.

#### Action seeking protection of fundamental rights ("acción de tutela") arising from the investments in Companhia Brasileira de Distribuição - CBD and Libertad S.A.

Notice of the final decision for the Company, under the appeal of the acción de tutela proceedings brought by a minority shareholder of the Company was served on December 10, 2015. The appeal court found that there was no violation of the fundamental rights of said shareholder.

## **Note 22. Events subsequent to the reporting period**

#### Collateral granted to Cdiscount Colombia S.A.S.

At December 31, 2015, notice was served on the assignment of title to certain credits with accountability in favor of BBVA in amount of \$18,001. On April 8, 2016, Cdiscount Colombia S.A.S. paid to BBVA the invoices assigned, of which the Company was a guarantor.



Reopening of Éxito Las Flores store

As informed under relevant facts at the closing on 2015, on June 23, 2015 the structure of Éxito Las Flores store in Valledupar was seriously affected.

After six months of initiating the reconstruction of this store, which in 2015 was damaged in 30% of its roof and structure, it again came into operation on April 28, in compliance with that forecasted by the Company during 2015.

Payment to Fundación Éxito

On May 4, 2016, the Parent paid \$4,032 to Fundación Éxito as donation of the profits obtained from the film "Colombia Magia Salvaje", as approved by the General Meeting of Shareholders held on March 30, 2016.