

ZOFRANO GROUP FREE ZONE

Project's name	ZOFRANO GROUP FREE ZONE
Project's phase	Investment
Full Value	USD 25'000.000.000 (twentyfive thousand million dollars) close to \$ 105' Billion colombian pesos.
Founding	Private investment
People in charge and managers of the project	William Alejandro Vergara Pérez
Strategic allies	Angostura - Yarumal mayor's office – Antioquia governor's office - Presidency of the Republic
City/Town	Yarumal – Antioquia - Colombia
Phone number	+57 320 330 47 37 – +57 320 252 88 56
E - mail	gerentegeneral@zofrano.com.co zonafrancanortes@gmail.com

1. IDENTIFICATION OF THE PROBLEM OR NEED

ID-01 Contribution of the Project to the public policy

A. Contribution to the national development plan

Pilar	ECONOMIC GROWTH
Objectives	<i>Objective 1:</i> To protect and ensure the sustainable use of private capital, to improve quality, productive governance through investment and job creation.



	<p><u>Objective 2:</u> To achieve economic growth and reduce poverty, ensuring a better quality of life by providing food security from the private sector.</p> <p><u>Objetivo 3:</u> Protection and conservation of productive territories, guaranteeing clean ecosystems, a sustainable environmental order in agricultural and dairy producing territories.</p>				
Strategies	<p><u>Strategy 1:</u> Building and adaptation of a PERMANENT FREE ZONE located in the municipality of Yarumal - Antioquia, Colombia, seeking to massify agricultural, livestock and mining production in Colombia, with an export vocation.</p> <p><u>Strategy 2:</u> Consolidate a framework of entrepreneurship policy from Free Zones, with private capital.</p> <p><u>Strategy 3:</u> Strengthen the planning of sustainable and productive development with criteria of internationalization, export vocation and product transformation.</p>				
Goals	<p><u>Goal 1:</u> Construction of a PERMANENT FREE ZONE, focused on working hand in hand with the territorial entities, so that they incorporate in their development plans, all the planning and criteria on the free trade regime in Colombia.</p> <p><u>Goal 2:</u> Consolidate the 4 existing cargo ports, to be pioneers from the Zofrano Group Free Zone, in export and import from the center of the country to the ports of Urabá.</p> <p><u>Goal 3:</u> Consolidate job creation and develop an export vocation for all products and by-products produced in Colombia.</p>				
Produce	Construction of a permanent free zone, an international cargo airport and a freight train from the free zone to the ports of Urabá, with the projection of rail connectivity to the cupica bay in the department of Chocó; in this way we will have a connection between the 2 oceans.				
Program	Economic growth and Export				
	<table border="1"> <thead> <tr> <th>Measure unit</th> <th>Goal</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Measure unit	Goal		
Measure unit	Goal				



National Development Plan Monitoring Indicator	Plan	Execution within the plan
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This project is closely related to the objectives and goals of the National Development Plan 2019 - 2022, **PACT FOR COLOMBIA** and **PACT FOR EQUITY** as follows:

Why this pact for Colombia?

Colombia presents a remarkable social change in this century, with a sharp drop in poverty from 49.7% in 2002 to 27% in 2017, and a sustained increase in the middle class, which has gone from 16.3% to 31, 0% in the same period. However, a set of factors and restrictions persist that, if not dealt with successfully, will compromise the continuity of social change and the possibility of achieving a country with greater equity and quality of life for all.

What are those factors and constraints that hinder our progress? The stagnation of productivity in the last decade, the increase in illegal economies taking advantage of empty spaces and the absence of the State, the increase in corruption and the perception of impunity, the great regional disparities in particular against rural Colombia, the high labor and business informality, the tax and regulatory costs that discourage business activity, the great lags for the country's digital transformation, and the vulnerability to disaster risks and climate change, among many others.

The 2019-2022 National Development Plan will outline the course of action to remove these obstacles and transform the conditions that make it possible to accelerate economic growth and equal opportunities.

The 2019-2022 PND implies agreeing on a great pact in which public and private investments and the efforts of the different levels of government concur so that, as a State, we define the set of priorities that will generate the true transformation. The National Development Plan is not the disjointed action of the different ministries and sectors that make up the government. It is, on the other hand, the creation of coordination spaces that allow joining efforts, rowing from the same side and thus generating true social change, boosting economic growth and achieving greater development in the country and its regions.



This Plan is a commitment to equal opportunities so that each Colombian can freely choose what they want to be and do with their life and enjoy a dignified life. The novel elements of the National Development Plan 2019-2022 that will allow to achieve this objective are the increase in productivity, led by a profound digital transformation and a commitment to agribusiness that links small and medium producers; a regulatory and tax improvement that promotes entrepreneurship and business activity; greater efficiency of public spending; a modern family-centered social policy that connects the poor and vulnerable to markets; and the use of territorial potentialities by connecting territories, governments and populations. This is a great pact in which citizens have rights, but also duties to help build the Colombia that we all want and need.

This "Pact for Colombia. Pact for equity "is based on the welfare equation:

LEGALITY + ENTREPRENEURSHIP = EQUITY

The pact for legality is based on the consolidation of the Social State of Law, to guarantee coexistence and ensure access to an efficient and effective justice so that we all live with freedom and in democracy. This pact for legality will consolidate the presence of the State throughout the country and, in particular, in those territories where the absence of institutions and empty spaces of authority have persisted. The pact for entrepreneurship and productivity is a pact for a dynamic, inclusive and sustainable economy that empowers all of our talents. This pact will make possible the productive transformation that Colombia has been waiting for and that will reduce our dependence on mining and hydrocarbons, increase labor and business formalization, and make better use of the opportunities offered by free trade agreements. The pact for entrepreneurship also includes an alliance to boost development and productivity in rural Colombia.

The pact for equity is a pact for a modern social policy centered on the family, efficient, of quality and connected to markets, which seeks to guarantee equal opportunities for all Colombians. This compact includes opportunities for social inclusion and opportunities for productive inclusion. Among those of social inclusion are efficient and quality access to health services, childcare, education and human capital training, food security, housing and habitat. Regarding opportunities for productive inclusion, the pact focuses on access to labor markets and decent incomes, with special emphasis on connection to labor markets by the poor and vulnerable population. This last point structurally connects social policy with the pact for entrepreneurship and productivity.



The "Pact for Colombia. Pact for equity" also includes a set of transversal pacts that operate as enablers and also as connectors and coordination spaces, which make it possible to comply with our fundamental equation to achieve greater equity of opportunities for all. They are also dynamizers of development and help to face the risks that may arise in our commitment to a "Pact for Colombia. Pact for equity."

These pacts are based on the connection with the different territories of our country, for this reason some regional pacts have been established that are the implementation route that enables the commitment to legality and entrepreneurship to achieve equity throughout the Colombian territory. . These pacts identify, firstly, the strategic projects that will make it possible to boost the economy and promote social development according to their vocation and potential, and, secondly, the efforts focused at the territorial level of some cross-sectional pacts according to the particularities of each region. These pacts represent the joint and articulated work route between the Nation and the territory for the next four years. This will be consolidated in the "Territorial Pacts", with specific agreements between the Nation and the sub-national governments.

These regional pacts are proposed as follows:

- Pacific: diversity for equity, peaceful coexistence and sustainable development.
- Caribbean: for a transformation for equal opportunities and equity.
- Kriul & Seaflower Region: promote the care of the environment taking into account the protection of ecosystems, the promotion of green businesses and the use of alternative energy sources.
- Central Region: innovation center and logistic node for national and international productive integration.
- Greater Santander: logistics, competitive and sustainable axis of Colombia.
- Amazonia: for an Environmentally Sustainable Development.
- **Coffe growing axis and Antioquia: connecting for competitiveness and sustainable logistics development.**
- Orinoquia / Plains: connecting and promoting the sustainable pantry with the country and the world.



Finca La Pispita
Llanos de Cuivá
Angostura - Antioquia



320 330 47 37
320 252 88 56



gerentegeneral@zofrano.com.co



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- Oceans: Colombia bioceanic power.

WHAT WE WILL ACHIEVE:

The Pluriannual Investment Plan for the next four years will amount to a value of 1,100 billion pesos in 2018, of which about 50% will be directed to the pact for equity. These investments are a great bet so that, together as a State, the national and territorial government, combined with the private sector, we achieve increases in capital formation and increases in multifactorial productivity, which will be reflected in an expansion of potential growth of our economy, going from 3.3% today to 4.1% in the coming years. This increase in long-term growth is an important condition for the achievement of our objectives in terms of social equity, poverty reduction, higher income for our citizens and in the generation of formal and quality employment. In other words, inclusive growth with opportunities for all.

Thanks to these results, it will be possible to reduce monetary poverty by about 6 percentage points, which will go from 27% today to 21% in 2022, extreme poverty will be reduced by 3 percentage points, going from 7.4% currently to 4.4% in 2022, multidimensional poverty would decrease 5.1 percentage points, increasing from 17% to 11.9%, and 1.6 million additional jobs will be generated during this period. The Pact for Colombia, pact for equity is the proposal to unite Colombia in an agenda of policies and reforms that will allow us to achieve a more productive country with greater social justice.

What will allow the construction of the Zofrano Group Free Zone will be to support the national government's policies, from a private setting, resulting in the consolidation of a better quality of life for Colombians, promoting the generation of employment, the attraction of national investment and foreign, the internationalization of Colombian products, the attraction and creation of new companies, as well as the potentialization of the economy in scale and circular economy.

¿WHAT ARE FREE ZONES IN COLOMBIA?



Finca La Pispita
Llanos de Cuivá
Angostura - Antioquia



320 330 47 37
320 252 88 56



gerentegeneral@zofrano.com.co

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FREE ZONE:

Free zones are defined geographical areas of the national territory, where industrial activities of goods and services or commercial activities are carried out, under special regulations on tax, customs and foreign trade matters.

FREE ZONE TYPES

- Permanent
- Permanent Special
- Transitory

It is the delimited area of the national territory in which multiple industrial or commercial users are installed, which enjoy special tax, customs and foreign trade treatment, as the case may be. Among which are: Multiuser, Park and Offshore.

TYPES OF FREE ZONE USERS: Free zone users are operator users, industrial users of goods, industrial users of services, commercial users, administrator users and exhibitor users.



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Llanos de Cuivá
Angostura - Antioquia



320 330 47 37
320 252 88 56



gerentegeneral@zofrano.com.co

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USER OPERATOR: is the legal person authorized to direct, manage, supervise, promote and develop one or more free zones, as well as to rate its users. In development of the foregoing, the user operator will monitor and control the merchandise under customs control and will authorize the entry and exit operations thereof, without prejudice to compliance with the provisions of the customs regulation.

The user operator must guarantee that the development of its corporate purpose and the income-generating activity originates exclusively from the activities carried out as user operator described in this Decree.

INDUSTRIAL USER OF GOODS: is the legal person installed exclusively in one or more free zones, authorized to produce, transform or assemble goods by processing raw materials or semi-finished products.

COMMERCIAL USERS: may not occupy, as a whole, an area greater than fifteen percent (15%) of the total area of the respective free zone.

The legal person requesting the qualification as a commercial user does not need to be a new legal person and may not simultaneously have another qualification. Activity may be carried out within the free zone and in the rest of the national customs territory.

INDUSTRIAL USER OF SERVICES: is the legal person authorized to develop, exclusively, in one or more free zones, among others, the following activities:

1. Logistics, transportation, handling, distribution, packaging, repackaging, container, labeling or classification.
2. Telecommunications, information technology systems for data capture, processing, storage and transmission, and organization, management or operation of databases.
3. Scientific and technological research.
4. Medical, dental and general health care.
5. Tourism.
6. Repair, cleaning or quality testing of goods.
7. Technical support, maintenance and repair of equipment, ships, aircraft or machinery.
8. Audit, administration, brokerage, consulting or similar.

CONCEPTS

- **Real productive fixed assets:** Tangible assets that are acquired to form part of the patrimony of the legal entity that requests the declaration of the existence of a



Finca La Pispita
Llanos de Cuivá
Angostura - Antioquia



320 330 47 37
320 252 88 56



gerentegeneral@zofrano.com.co

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free zone or of the legal person that seeks to qualify as a free zone user, and that participate in a direct and permanent in the income-producing activity and they are depreciated or amortized for tax purposes.

For the purposes of this regime, real productive fixed assets are not considered those that have been used within the country. Neither are real productive fixed assets considered those goods that return to the country after having been exported from the national customs territory.

- **Expansion area:** It is the area adjacent to the declared free zone.
 - **Extension area:** It is the area not adjacent to the declared free zone.
 - **Direct employment:** It is that generated by the users of the free zones when they directly hire permanent and full-time personnel, through employment contracts concluded in accordance with the current legal regulations that govern the matter. Direct employment must be related to the economic activity of the user of free zones.
 - **Linked employment:** Linked employment is understood to be those jobs generated by third-party suppliers of goods or services to the free zones, in the event that the regulation establishes the possibility of having this type of employment. The linked jobs will be accredited with the labor contracts entered into between the companies linked to the free zone and their employees or the accounting supports that certify the work carried out in accordance with the current legal regulations that govern the matter.
 - **New investment:** New investment is considered to be the acquisition of real productive fixed assets and / or land that are directly linked to the economic activity for which it was qualified or authorized. Assets that are transferred as a result of the merger, liquidation, transformation or spin-off of existing legal entities are not considered new investment.
- Neither will the goods used within the country referred to in the definition of real productive fixed assets of this Decree be taken into account to prove new investment commitments.
- **Foreign trade operator:** The natural person, the legal person or branch of a foreign company that is part of or intervenes, directly or indirectly, in destinations, regimes, customs operations or in any customs formality. For the purposes of the provisions of this Decree, the users of the free zone will be foreign trade operators.



- **Equity:** It is that which is determined by subtracting the amount of the liabilities from the total assets owned by the legal entity.
- **General Development Master Plan:** Document that contains the investment initiative that is intended to be developed in the free zone and that must be aimed at ensuring the generation, construction and transformation of physical infrastructure, employment structure, competitiveness and production of goods and services, in order to generate economic and social impacts or benefits, through the use of good business management practices.
- **Industrial process:** Set of activities carried out successively or concatenated and in a planned manner, where authorized or qualified industrial users of a free zone, through the use of raw materials, supplies, machinery, equipment, human resources, technology and / or services, obtain goods and provide services.
- **Start up:** It is the stage where the legal person qualified as an industrial or commercial user generates income directly originated in the development of the entity's corporate purpose, and which has a direct relationship with the exercise of the activities for which it was declared or qualified.
- **Customs regulation:** It is the set of current provisions contained in Decree 2685 of 1999, Decree 390 of 2016 and other rules that regulate, modify or add to them.

The Free Zones Regime in Colombia is established in Law 1004 of 2005, decree 278 de March 15 de 2021 and Decree 2147 of December 23, 2016. Free Zones are "geographically delimited areas within the national territory, where industrial activities of goods and services or commercial activities, under special regulations on tax, customs and foreign trade matters.

Goods entered in these zones are considered outside the national customs territory for the purposes of taxes on imports and exports. The purpose of the Free Trade Zone is:

1. To be an instrument for job creation and for attracting new capital investments.
2. To be a focus of development that promotes competitiveness in the regions where it is established.
3. Develop highly productive and competitive industrial processes, under the concepts of safety, transparency, technology, clean production, and good business practices.



4. Promote the generation of economies of scale.
5. Simplify the procedures for the trade of goods and services, to facilitate their sale.

The Free Zones Regime in Colombia, in addition to constituting a mechanism for attracting new investments and large generators of employment, is also an incentive to develop highly productive and competitive industrial processes with components of substantial technological innovation.

RECEPTOR MUNICIPALITY. YARUMAL - ANGOSTURA - ANTIOQUIA – COLOMBIA

Yarumal is a Colombian municipality located on one side of the western mountain range of the Antioquia Andes, and on the road that connects Medellín with the Atlantic Coast. Its commercial and agricultural vocation has earned it the title of capital of northern Antioquia.

It is one of the 17 municipalities in the northern sub-region of the department, it has approximately 50 thousand inhabitants, has an average temperature of 17° centigrade, an area of 724 km² and a height above sea level of 2,265 meters; It is 120 kilometers from the city of Medellín and is surrounded by the following municipalities, to the north: Valdivia and Briceño; to the East: Anorí, Camp and Angostura; to the south: Santa Rosa de Osos; and to the West: San Andrés de Cuerquia and Toledo. It has seven townships, forty-five sidewalks and twenty-seven neighborhoods.

Angostura is a municipality in Colombia, located in the northern subregion of the department of Antioquia. It limits to the north with the municipalities of Yarumal and Campamento, to the east with the municipalities of Anorí and Guadalupe, to the south with the municipalities of Carolina del Príncipe and Santa Rosa de Osos and to the west with the municipality of Yarumal.

Currently, large investment projects are envisioned that will generate employment, development for the entire region and will attract large national and foreign investors; that project is:

The **ZOFRANO GROUP Free Zone**, whose company is legally constituted and registered with the Medellín Chamber of Commerce for Antioquia as:

Zofrano Group Free Zone, Nit: 901.630.297-1, Commercial Registration No 21-736329-12; We will be the fourth permanent free zone in the Department



Finca La Pispita
Llanos de Cuivá
Angostura - Antioquia



320 330 47 37
320 252 88 56



gerentegeneral@zofrano.com.co



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of Antioquia, the fourteenth agroindustrial, thirty-ninth Permanent and the 114th in Colombia; we will have several industrial users of goods and services.

It is a regional project of great impact that has been envisioned for many years, which seeks to protect and expand local and national production, the export and import of products, goods and services, raw materials and supplies from the North, Northeast and Bajo Cauca subregions in the The Department of Antioquia, which makes up 33 municipalities with a population close to 470,000 inhabitants, will have an International Cargo Airport, land and rail connectivity, on the western route to the ports of Urabá.

We will be the only Permanent Free Trade Zone in Colombia, with its own airport and rail connection to the Atlantic and Pacific oceans.



Pre designs under construction.

The North region is agricultural and livestock par excellence, as well as the Northeast and Bajo Cauca rich in mining and livestock, we seek with the declaration of a **Permanent Free Trade Zone** in the municipality of Angostura and Yarumal, **the llanos de Cuivá sector**, to strengthen small, medium and large producers , especially in the economic sectors of food, manufacturing, clothing, technology, logistics,



transformation, among others; facilitating the establishment of large national and foreign companies that in turn will benefit from the country's free regime; we will be a fourth generation green Free Zone.

We seek to generate during its construction, about 800 direct jobs, and during its first 10 years of operation, about 30 thousand permanent direct and indirect jobs, which will lead us to comply with all the SDGs proposed by the United Nations.

All investment is private, but we have the administrative support of the Yarumal Municipality and the Antioquia Government in their **development plans**, as well as all the support of the Presidency of the Republic.



Part of our team headed by the Mayor of Yarumal Miguel Peláez, General Manager Alejandro Vergara and Project Manager Mauricio Gómez.

The **ZOFRANO GROUP FREE ZONE** has a total investment cost of: **USD 25'000.000.000 (Twentyfive thousand million dollars) close to \$ 106' Billion colombian pesos**, invested in 4 stages:

1. Construction of 4 plants for pilot tests: dairy pasteurizer and pulverizer, fruit freeze-dryer, organic waste treatment plant and oil extraction plant, includes adaptation and closure of land:



USD 10,000,000 - \$ 47.000.000.000 Million pesos

2. Enclosure, adaptation of the land, declaration of Free Zone before the Ministry of Commerce, Industry and Tourism and construction of warehouses:

USD 200,000,000 - \$ 840'000,000,000.

3. Airport Construction: **USD 700,000,000 - \$ 3.4 Billion Pesos.**

4. Traceability and construction of the Train and cargo terminal, from the **Yarumal North Free Trade Zone**, to Puerto in Turbo - Antioquia:

USD 21,500,000,000 - \$ 102 'Billions of Colombian pesos - First stage.

Freight Train – Zofrano Group Free Zone - Turbo Port.



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320 330 47 37
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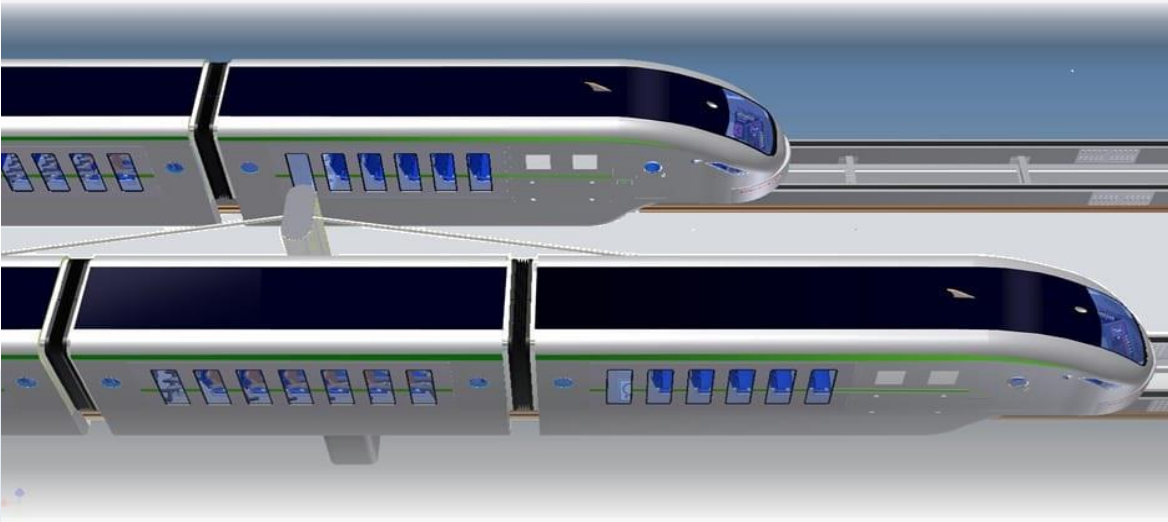
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Mixed Train - North Yarumal Free Zone – Urabá

We will have the 4 cargo terminals:

Land
Aerial
Train
Acuatic

The investment is projected to recover 20 years after its operation, since our main partners and industrial users of goods and services will be the 33 producing municipalities that will be part of the project, as well as several national and foreign companies from the economic sector of food, manufacturing, textiles, goods and services, technology, etc.

Those who make the aforementioned investment for the adaptation of the land, construction of the warehouses, airport, railroad and start-up of the North Yarumal Free Zone project, will be the owners of 49% of the total shares of the company, 51% It will be for the project managers, due to their legal procedures, progress and implementation of the development of the idea; both parties will have a seat on the company's board of directors.

If the investor can only invest a part of the total cost of the project, a negotiation for shares will be made, according to the amount invested.

The technical and legal leverage will be from the Ministry of the Environment who will review the project when the resources are available for the project and its technical, financial and pre-feasibility study has been approved by foreign investors.



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320 330 47 37
320 252 88 56



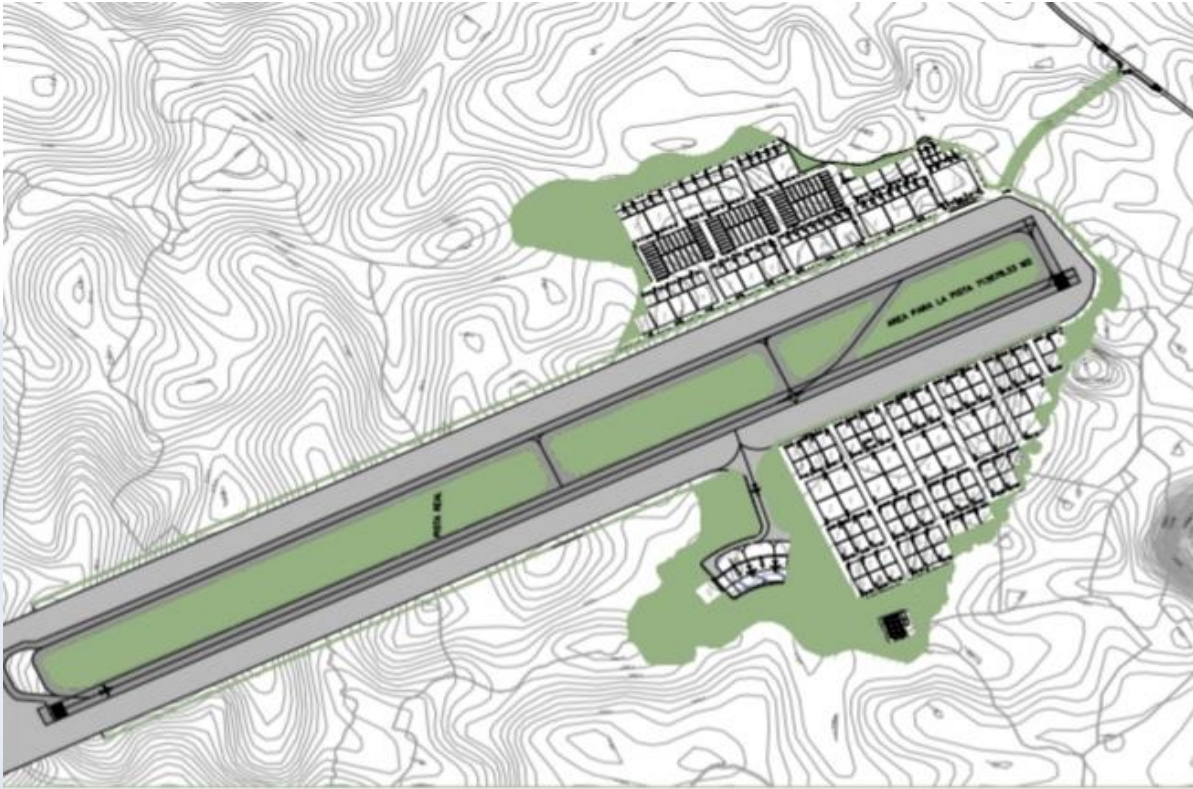
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Pre design international cargo airport, hangars and warehouses.

2. ANALYSIS OF THE INITIAL SITUATION OF THE "PROBLEM TREE"

PROJECT'S NAME	CONSTRUCTION PROJECT OF A PERMANENT FREE ZONE
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INDIRECT EFFECTS	Impossibility of proposing concrete government actions, valid given the generation of employment and attraction of new investments for the 3 subregions.	Loss of financial resources due to the unfeasibility of projects formulated by local governments, based on a baseline that takes as a starting point real analyzes of the socio-economic situation of the region.
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	EFFECT 1	EFFECT 2	EFFECT 3	EFFECT 4
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DIRECT EFFECTS	Absence of projects that come from local or national governments.	Lack of knowledge of projects with a regional vision such as free zones.	Formulation of projects, plans and programs, focused on generating employment and attracting investment.	There are no long-term vision projects that generate high economic and social impact in the region.
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PROJECT PROBABILITY	ALL OF THE INVESTMENT WILL BE PRIVATE AND WE HAVE THE APPROVAL OF THE MUNICIPAL, DEPARTMENTAL AND NATIONAL GOVERNMENTS
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DIRECT CAUSES	CAUSE 1	CAUSE 2	CAUSE 3
	Limited institutional capacity of human, operational and financial resources, in the face of such a high investment.	Lack of projects, plans, programs, incorporating private management and attraction of national and foreign resources.	Absence of a tool that allows projects of this magnitude to be carried out.

INDIRECT CAUSES	Budgetary limitations of the Department and the nation.	Lack of interest from large businessmen in the region to invest in free zone projects.	Lack of spaces for citizen participation aimed at promoting and disseminating the issue related to permanent free trade zones in Colombia	Municipalities lack adequate technological and financial equipment and tools to leverage free zone projects on their own.
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3. Effects that generate the problem

. Direct effects

- Lack of projects promoting free trade zones in the region.
- Ignorance of the customs benefits of the free zones in Colombia that would boost the small and medium producer.
- Formulation of regional projects, medium and long-term plans that promote agri-business.

3. Participant análisis

Actors participating in the Project

Actor	Entity	Position	Contribution type
Investor	To be defined	Partner - cooperant	Provides resources for the construction of the Zofrano Group Free Zone
National	Zofrano Group Free Zone - S.A.S.	Manager and Administrator	Manage private resources and executes the project.
National	Ministry of Commerce, Industry and Tourism	Cooperant	Declares the Permanent Free Zone, after an exhaustive study by the intersectoral commission.
National	National Environmental Licensing Authority- ANLA	Cooperant	Provides technical support, and authorizes environmental licenses for the construction of the airport and the freight train.
National I	National Infrastructure Agency - ANI	Cooperant	Provides construction licenses for the airport and the train.
Regional	Antioquia governor's office	Cooperant	Technical and regulatory support for the construction of the Permanent Free Trade Zone in Angostura.



Departamental	Regional Autonomous Corporation -CORANTIOQUIA	Cooperant	Provides regulatory and environmental resources for the construction of the Permanent Free Trade Zone in Angostura.
Municipal	Angostura - Yarumal Mayor's Office and Municipal Council	Cooperants	They authorize the use of land through the PBOT and provide qualified support personnel from municipal planning.
Others	Inhabitants of the department of Antioquia	Beneficiaries	They will actively participate in the construction of the North Yarumal Free Trade Zone and identification of adaptation and benefit measures in the territory

4. Previous experience of the Department of Antioquia

Antioquia has 10 Free Zones; 7 specials and 3 permanent ones, below we will know the main ones:

Rionegro Free Zone

Located in the department of Antioquia, 30 kilometers from the city of Medellín in the municipality of Rionegro Oriente Antioqueño, It is located next to the José María Córdova international airport runway and has land connectivity with Medellín by five (5) routes different.

In this 45-hectare industrial park with more than 100 companies installed, around 3,000 jobs are generated. It is equipped with adequate infrastructure and public services for any economic sector and for all required customs services, such as the permanent presence of DIAN, logistics facilities, customs agencies, banking facilities, restaurants, transportation, and an internal SENA headquarters.

Its privileged location in one of the fastest growing regions of Antioquia allows us to find qualified and operational human talent suitable for the development of any project. It has easy access to excellent telecommunications and data transmission service providers, via fiber optics and / or satellite.



The Rionegro free zone has more than 25 years of experience offering a comprehensive, quality service with expert support from the conceptualization of the project.

Urabá Free Zone

It is strategically located in the municipality of Apartadó, facilitating industrial and international trade operations from the Atlantic Ocean. The Free Zone offers:

Easy access to Urabá logistics platforms: Zungo, Puerto Antioquia and Darien International Port and Los Cedros de Apartadó airport.

Close to alternate ports in the Colombian Atlantic: Cartagena, Barranquilla and Santa Marta, as well as the Panama Canal and the port of Manzanillo in Panama.

Connection to the main consumption centers of Colombia: Medellín at 310 km, Cali at 717 km and Bogotá at 722 km by road, being the shortest route to reach the Atlantic from the center and the interior of the country through 4G routes: Mar 1 and Mar 2 highways (maritime exits to the Atlantic and Pacific). As with the Toyo Tunnel (macro project) that infrastructure that seeks to interconnect Valle del Cauca, Eje Cafetero and Antioquia with the Atlantic Coast, East West and the Caribbean Sea)

Industrial Park of 26 hectares declared a Free Zone and with an area reserved for future extensions.

International Free Zone of the Aburrá Valley - ZOFIVA

Modern state-of-the-art industrial park, with an area of 207,000 m², located in the south of the Aburrá Valley in the municipality of Caldas. 17 km from Medellín, this is positioned as the logistics platform par excellence in the Metropolitan Area. Its strategic position is its main virtue, enjoying its location in the "Ye de Primavera", which allows access to the 4G routes of:

Pacific 1: Ancón-Primavera-Bolombolo.

Pacific 2: Bolombolo-La Pintada and Pintada-spring rehabilitation

Pacific 3: La Pintada, Antioquia - Manizales, Caldas.

Mar 1: Medellín - Santa Fe de Antioquia: Bolombolo and / or Cañasgordas

Mar 2: Cañasgordas - Necoclí

In addition, it is equidistant from the main ports of Colombia: 500 km from Buenaventura, 755 km from Barranquilla, 687 km from Cartagena, 399 from Bogotá km and 700 km from Cúcuta.



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The **North Yarumal Free Trade Zone - ZOFRANO**, will be the fourth permanent one in the department of Antioquia, which will connect the entire center of the department with Urabá Antioqueño, we will be a great development pole for the region and the country, focused on the entire subject of agriculture. industry and technologies.

RELATED REGULATIONS

NORM	ASPECTS
Law 1004 of 2005	Whereby a special regime is modified to stimulate investment and other provisions are issued.
Decree 2147 of 2016	The free zone regime is modified and other provisions are issued.
Decree 659 of 2018	By which decrees 2685 of 1999 and 2147 of 2016 are modified.
Entrepreneurship Law	Axis of the economic reactivation of the country.
Decree 278	March 15 2021

3. Economic Analysis for the Department of Antioquia:

By 2012, Antioquia is one of the Colombian departments whose economic impulse is already distributed between the primary to tertiary sectors of the economy: the primary or rural sector (agriculture), the secondary or manufacturing sector, and the tertiary or services sector, including trade. Antioquia has already overcome the dependence on the manufacturing industry to install its economy, by more than 65%, in the services sector. Its contribution to the national gross domestic product, GDP, is 15% .38 For several years, the department has been working to focus and channel the bulk of its economic potential towards the knowledge economy.

Traditionally, Antioquia has been the first export department of Colombia. 70% of its exports are made up of value-added products and services. By 2005, products and services originating in Antioquia represented 25% of the country's total non-traditional exports.³⁹ By February 2011, it registered 33.5% of the country's total non-traditional exports; With the declaration of the **PERMANENT ZOFRANO GROUP FREE ZONE**, the direct export of processed and semi-processed products in the food and manufacturing sectors will multiply.



In 2012, Antioquia continues to work in the economic sectors defined by the departmental administration as strategic since 2007, which are: mining, cattle and horse farming, commerce, clothing, production and distribution of energy, specialized health and medicine services, fruits and flowers, vegetables with added value, canned food and food in general, forest products, housing construction, vehicles (cars and motorcycles) and financial, stock market, banking and insurance services. To these are added other cross-cutting sectors: software, electronics, telecommunications, machinery and equipment, business tourism, medical tourism, congresses and conventions, and transport. It is worth highlighting the timber potential; In 2007, 58% of the Antioquia territory was already suitable for this use and, given this comparative advantage, the implementation of a forestry cluster is planned for the near future, also with an export view.

Currently, Antioquia is registered in the area of high technology services, especially in telecommunications, software and ICTs, or Information and Communication Technologies. In the Metropolitan Area of Valle de Aburrá, for example, and for the service of all of Latin America, the multinational Hewlett Packard has established itself since 2011.⁴⁴ All of the 125 municipalities in the department have broadband connectivity to the internet, and It has an availability of one computer for every fifteen people.

It is the second most industrialized department in Colombia with a contribution of 15% of the national GDP and around 80,000 productive companies contributing to this figure.⁴⁵⁴⁶ This economic development has made the department a target of illegal armed groups due to the economic potential that would arise from them. product of extortion to companies and businesses; also to take control of illegal mining in the Bajo Cauca area, coca leaf crops and the manufacture of alkaloids in the Urabá area, micro-trafficking in the department and the capital Medellín and its surroundings, in addition to trade illegal cocaine through the ports of the Gulf of Urabá to the outside. However, at the end of 2011 the unemployment rate was 10.36% .⁴⁷

Primary sector

This level of modern technology has also had an impact on the agricultural sector to boost coffee production, for example. Antioquia is the first producer of coffee and bananas for export in the country.⁴⁸ Coffee is one of the emblematic products of the department, where it is grown on the slopes of the mountains that enjoy a mild climate. Corn, fruits and vegetables are also added to these products of the land.



Finca La Pispita
Llanos de Cuivá
Angostura - Antioquia



320 330 47 37
320 252 88 56



gerentegeneral@zofrano.com.co

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Antioquia is the first agricultural contributor to the national GDP, with 15.48% of the total. Coffee became an emblem of the Colombian economy in the 20th century.

The department is a major producer and distributor of electrical energy. It currently provides about 30% of the national electricity, and its intentions for the near future project to add to this copious percentage an additional 15% with the hydroituango project, Medellín is the headquarters of the largest Latin American energy transmission company.

The economic potential of the region is complemented by the exploitation of gold, coal and platinum mines, it is also rich in resources of oil, iron, copper, lead, asbestos, zinc and marble, and it preserves the country's mining leadership, it controls close to of 60% of the national cement production, it is currently building the largest cement factory in Latin America, and owns cement factories and ports in several nations, including the United States.

Antioquia has multiple reservoirs: Guatapé - El Peñol, Jaguas, Playas, Punchiná, Riogrande II, Miraflores, Porce II, Porce III and the dams of: Troneras, La García, La Fe and Piedras Blancas.

In addition, the Pescadero-Ituango energy production project is about to start operations.

Livestock has had a remarkable development since the last quarter of the twentieth century, standing out the varieties of cattle that lately include the exclusive and coveted Angus-Brangus breeds, especially the red Brangus, as has dairy production, which supplies directly its most populated urban areas and the rest of the country. The department is a notorious leader in national milk production and owns the largest Milk Cooperative in Latin America, Colanta. In another line are the pig and horse farms.

Secondary sector

The department has the first liquor company in the country, the Antioquia Liquor Factory. Business icons of Antioquia are the textile, clothing and fashion industries; approximately 60% of national exports in these sectors correspond to this region. Thus, in 2007, the first industrial production cluster in the country was created in Medellín, with more than eleven thousand linked companies, in the area of textiles, clothing, design and fashion.



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Other manufactures have also gained momentum, such as processed foods and canned goods, beverages, paper, chemical and pharmaceutical products, leather and furniture.

Similarly, the metalworking industry is very active and manufactures high value-added products such as motors, transformers, electrical equipment in general, household appliances, automotive parts and metal parts for construction, among others.

Third sector

In the services sector, the department has developed to a maturity of global competitiveness and first-rate international quality in sub-sectors, among others, such as medicine and health, telecommunications, electronic technology, banking, insurance, software and ICT information technology and communications. The region evolves every day from its traditional manufacturing vocation, and without renouncing it, towards the modernity of the service sector.

In the commercial services sector, it is in Antioquia where the largest retail organization in the nation, the Éxito organization, has been created. Today, the main bank in Colombia - Bancolombia, has its main headquarters in the city of Medellín.

In general, the largest Colombian business organization of public services is Antioqueña, represented by the emblematic Empresas Públicas de Medellín – EPM

1. Affected and target population

1. Population Benefited by the Project

Taking into account the need and scope of the project, the population that the project benefits is the entire department, specifically the North, Northeast, Bajo Cauca and Urabá subregions; This if the role of each inhabitant is taken into account in the integral planning of the development and impact that the North Yaru-mal Free Trade Zone will generate.

Given that the north of the department is 100% dairy and agricultural producer and the Northeast and Bajo Cauca subregion is almost entirely dedicated to mining



and livestock exploitation, it turns the North Yarumal Free Zone project, in the Llanos de Cuivá sector, into a strategic epicenter for the settlement of new and large companies.



Part of the team Zofrano.

1. Target population of the intervention

With the construction project of the **ZOFRANO GROUP FREE ZONE**, it is intended to reach the total population of the North, Northeast and lower Cauca subregion of the department of Antioquia, which comprises 33 municipalities and an estimated population of 680,000 inhabitants; the northern zone with 17 municipalities, Northeast 10 Municipalities and Bajo Cauca 6.

The total population of the department of Antioquia is 6,500,000 inhabitants according to DANE for the year 2015, the second largest after the city of Bogotá.

GENERAL OBJECTIVE	CONSTRUCTION OF A PERMANENT FREE ZONE IN THE MUNICIPALITY OF ANGOSTURA - YARUMAL - ANTIOQUIA AND AN INTERNATIONAL CARGO AIRPORT.
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	CAUSE 1	CAUSE 2	CAUSE 3	CAUSE 4
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DIRECT MEANS	Strengthen national and foreign investment and increase the capacity to generate employment in the country.	Take advantage of the livestock, agricultural and mining wealth of the territory.	Generate entrepreneurship with a social sense from the private sector in the population of the department, accompanied by the public sector.	Strengthen local capacities to take advantage of large investment projects.
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	Identification of investment sources and monitoring for the construction of the North Yarumal Free Trade Zone.	Establish a protocol for the integration of the Ministry of Commerce, industry and tourism, the Antioquia government, the municipalities of incidence and the project managers.	Promote spaces for citizen participation aimed at promoting and disseminating entrepreneurship from the private sector. Socialize and sensitize the community of the importance of the project and the benefit for the communities	Incorporate entrepreneurship from the academy, giving participation to the community of the municipalities of incidence.
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1. Objectives

A. General objective and monitoring indicators

Design and build the **ZOFRANO GROUP FREE ZONE**, which will have an international cargo airport and a rail line for cargo to the ports of Urabá. The company ZONA FRANCA NORTE YARUMAL S.A.S, will be in charge of doing the studies and



Finca La Pispita
Llanos de Cuivá
Angostura - Antioquia



320 330 47 37
320 252 88 56



gerentegeneral@zofrano.com.co

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designs, projecting and executing the project, hand in hand with the investor or investors, who bet on this mega work that will transform the commercial dynamics of the country.

Indicators that measure the general objective of the project		
Indicator name	Unit of measurement	Goal
<p>CONSTRUCTION PROJECT OF A PERMANENT FREE ZONE IN THE MUNICIPALITY OF ANGOSTURA - COLOMBIA.</p> <p>STAGE 1. PREPARATION AND PLANNING</p> <ol style="list-style-type: none"> 1. Presentation of the project. 2. Harmonization with other planning instruments. 3. Location of the territory. 4. Mapping of actors. 5. Baseline to execute the project. 6. Schedule for the construction of the environmental research center. <p>STAGE 2. INFORMATION MANAGEMENT FOR INVESTORS</p> <ol style="list-style-type: none"> 1. Diagnosis. 2. Characterize events and effects in the area of incidence of the ZOFRANO Group Free Zone project. 3. Formulate strategies to benefit from positive impacts. 4. Vulnerability analysis. 5. Assess climate risk. <p>STAGE 3. IDENTIFICATION AND PRIORITIZATION OF MEASURES</p>	Unit	Construction of the Zofrano Group Free Zone.



<ol style="list-style-type: none"> 1. Establish the expected results. 2. Identify appropriate adaptation measures of the project 3. Estimate implementation costs. 4. Prioritize adaptation measures. <p>STAGE 4. DESIGN AND IMPLEMENTATION OF ADAPTATION MEASURES</p> <ol style="list-style-type: none"> 1. Review the status of other Free Zones and national and international experiences. 2. Identify links with other Free Trade Zone initiatives. 3. Prepare the schedule of activities. 4. Formulate follow-up strategy. 5. Implement. <p>STAGE 5. MONITORING AND EVALUATION</p> <ol style="list-style-type: none"> 1. Detail the Baseline. 2. Make a mid-term evaluation. 3. Make adjustments to the process. 4. Evaluate the final impact <ol style="list-style-type: none"> 1. 5. Lessons learned. 		
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B. Specific objectives

- Strengthen institutional capacity of the Country in the face of private projects in the department of Antioquia, with respect to the National Entrepreneurship Policy.
- Define the protocol to manage the required resources, the pros and cons, for the execution of the Zofrano Group Free Zone project.



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320 330 47 37
320 252 88 56



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- To generate in the population of the department a sense of belonging and empowerment in private projects of high investment, through the construction of the ZOFRANO GROUP FREE ZONE, through the creation of new companies to take part as industrial users of goods and services within the Free zone project.
- Strengthen local capacities for mass production, use of agricultural, livestock and mining resources in the subregions of incidence.

2. PREPARING THE SOLUTION ALTERNATIVE

PE-01 Technical analysis of the alternative

1. Technical study

One of the main public and strategic policies for the revitalization of the economy of the department of Antioquia and the country, is **ENTREPRENEURSHIP** through private investment, added to the economic, social and environmental dynamics, which give evidence of the need for a mega work such as the **ZOFRANO GROUP FREE ZONE**.

In accordance with the above, the general objective is to build the ZOFRANO GROUP FREE ZONE, as a planning and execution instrument that allows generating employment and attracting foreign national investment, internationalizing existing Colombian products and those little known, in the agricultural and livestock field. of manufactures.

It is important to have relevant and contextualized local knowledge, where the population measures the significance of job creation, as a regulator of the economy for the department, the region and for the entire country.

1. STAGES FOR THE EXECUTION OF THE PROJECT:

STAGE A. PREPARATION AND PLANNING:

- Development of the project
- Socialization to local and national governments
- Presentation of this to foreign investors.
- Have the land where the project will be executed
- Management of documentation before the Ministry of Commerce, Industry and Tourism, seeking to comply with all current regulations and the law.



To develop this stage, the following points will be addressed:

- **Harmonization with other planning instruments.**
- **Mapping of actors.**
- **Baseline for project execution.**
- **Schedule.**

Expected results:

Start-up of the construction of the **ZOFRANO GROUP FREE ZONE** around which, **4 PILOT PLANTS** will be built:

A dairy pasteurizer and pulverizer plant.

A fruit freeze-drying plant.

An avocado oil extraction plant has

An organic waste processing plant.



Avocado Oil Extraction Pilot Plant

STAGE B. PRIORITIZATION OF CONSTRUCTION OF THE ZOFRANO GROUP FREE ZONE.

In this second stage, the studies and designs will be carried out for the closure, adaptation and stabilization of the land, in order to request the declaration of the **North Free Zone** before the MinCit.

- **Establish the expected results.**
- **Have environmental and construction licenses.**
- **Estimate implementation costs.**
- **Probing cost - benefits for investors.**

Expected result:

The land where the North Yarumal Free Trade Zone will operate must be delivered completely flattened and enclosed. When this occurs, we will convene the commission that will be sent from the Ministry of Commerce, Industry and Tourism.

Alternative summary

The construction of the **ZOFRANO GROUP FREE ZONE**, aims to set a roadmap to strengthen and guide **ENTREPRENEURSHIP** from the private, giving vital support to the Department of Antioquia in terms of economic recovery; even more so, in the **POST PANDEMIC COVID 19** - Coronavirus stage.

Success in achieving project implementation is directly related to the design of an adequate strategy for institutional coordination and the different investors.

It is intended that the actions achieved from the **ZOFRANO GROUP FREE ZONE** are executed through coordination between public entities and private investors.



Finca La Pispita
Llanos de Cuivá
Angostura - Antioquia



320 330 47 37
320 252 88 56



gerentegeneral@zofrano.com.co

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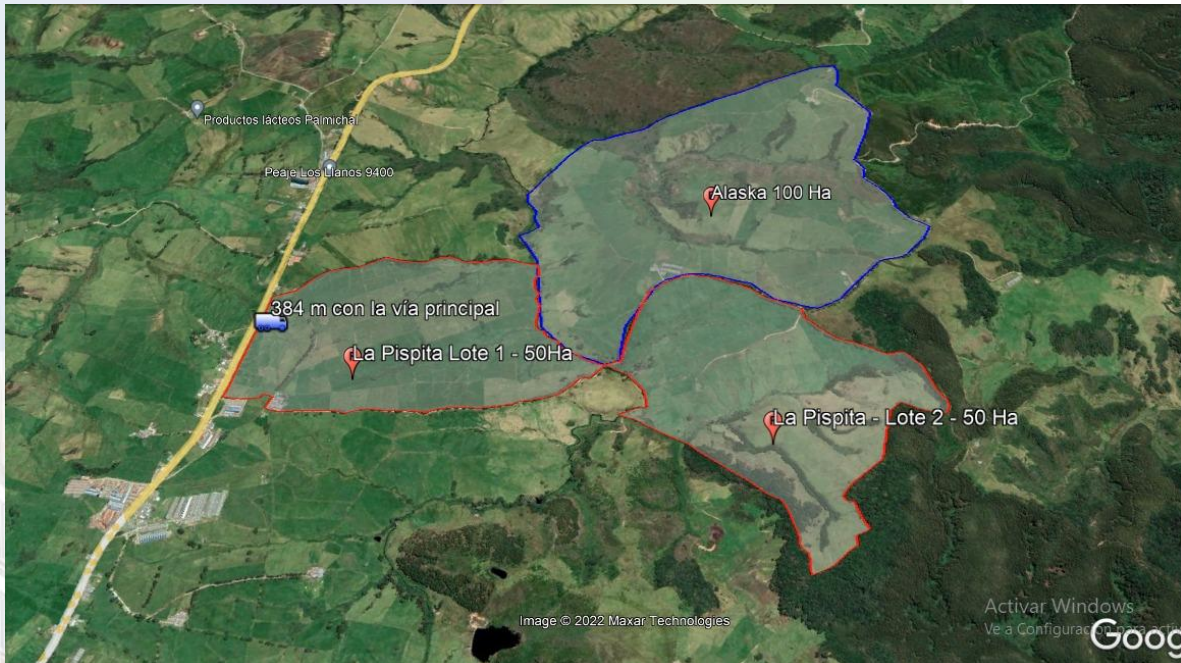
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LOCATION AND CHARACTERISTICS OF THE TERRITORY

Location:

Country Colombia
 Department: Antioquia
 Municipality: Angostura - Yarumal
 Township: Llanos de Cuivá
 176 Hectares - Public deed.



Matrícula 037 – 14019 – 14018 – 09860 – 02335

The construction of the **ZOFRANO GROUP FREE ZONE** is timely, focused on exporting agricultural, livestock, mining, manufacturing and technological products, given the current conditions of the territory, in super dairy, agricultural and mining production. We seek to promote new companies.

PE-03 Capacity and beneficiaries

Unit of measurement	PERMANENT FREE ZONE NORTH YARUMAL
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 Finca La Pispita
 Llanos de Cuivá
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 320 330 47 37
 320 252 88 56

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Total, generated capacity	<p>Between 800 and 1,200 jobs during construction. Between 10,000 and 30,000 direct jobs during its operation. About 800 new entrepreneurs More than 10.000 export-type products. More than 5.000 thousand families benefited.</p>
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PE-04 Alternative location

Region	Andean
Department	Antioquia
Base municipality	Angostura - Yarumal
Municipalities of incidence	33 municipalities of the North, North-east and Bajo Cauca Subregions
Specify trails / communities of each Entity where the project will be developed	Rural and urban area of the 33 municipalities of incidence in the department of Antioquia.

PE-05 Environmental Study

	Yes	No
Does the project require an Environmental License?	X	
Does the project require an Environmental Diagnosis?	X	
Does the project require an Environmental Management Plan?	X	
Does the project require other environmental permits?	X	

This construction project of the **ZOFRANO GROUP FREE ZONE**, requires a License, Diagnosis and Environmental Management Plan, likewise, the projection and construction of an International Cargo Airport, such as the Freight Train, an environmental license granted by the **NATIONAL AUTHORITY OF ENVIRONMENTAL LICENSES (ANLA)**.

Risk analysis

Risk description	Probability	Impact	Effects	Mitigation measures



Financial: That there is no financial closure to execute the project	Unlikely	Low	Non-execution of the project	Search for other investment options.
Commercial: Low availability	Unlikely	Moderate	Longer time for execution	Establish a long deadline for execution
Public order: Pressure from groups outside the law to the executor of the project	Unlikely	Low	Delays in the construction of Zofrano Group Free Zone	Request support and accompaniment from Law enforcement and private forces.

SCHEDULE FOR THE CONSTRUCTION OF THE ZOFRANO GROUP FREE ZONE

SPECIFIC OBJECTIVE	ACTIVITIES	DESCRIPTION	YEARS				
			1	2	3	4	5
CONSTRUCTION OF A PERMANENT FREE ZONE IN ANGOSTURA YARUMAL ANTIOQUIA	Presentation and socialization of the Project to the government entities involved, as well as to potential investors to obtain the resources and all the documentation required for the start of the project.	After creating the proposal, it will be presented to government actors and investors will be sought, at the same time we will do all the corresponding procedures before the Mayor's Office of Yarumal and Corantioquia; in turn, we will begin the construction of the pilot tests.					
	Purchase and adaptation of the land, as well as the socialization to the communities, we will present	We will socialize the project with the municipalities of incidence and request the declaration of a free zone before the MinCit.					



	the studies and designs of the project	We will present the official model of the project					
	We begin construction of the North Yarumal Free Trade Zone	Presentation of the work team and start of construction of the free zone					
	Project operation and execution report after the first year of start	General progress report					
	Review of the work and pertinent corrections	Progress of 60% of the project is sought					
CONSTRUCTION OF A PERMANENT FREE ZONE IN ANGOSTURA YARUMAL ANTIOQUIA	Review of the progress of the work	Defined identification of AIUs (Administration, Contingencies, Profit)					
		Selection and definition of all scenarios under construction with defined designs					
		Presentation of the report at 60% of project execution					
CONSTRUCTION OF A PERMANENT FREE ZONE IN ANGOSTURA YARUMAL ANTIOQUIA	Review of the progress of the work	Visit of the international community and agents of the Ministry of the Environment					
		Presentation of the report at 80% of project execution					
CONSTRUCTION OF A PERMANENT FREE ZONE IN AN-	Final Stage	Completion of civil and architectural works. Endowment of warehouses, whether rented or for sale.					



GOSTURA YA-RUMAL ANTIOQUIA	Final presentation 100% of the project				
	After 4 years of work, it is delivered operating the project ZOFRANO GROUP FREE ZONE				

The ZOFRANO GROUP FREE ZONE has a total investment cost of:
 USD 25'000,000,000
 (Twentyfive thousand million dollars)
 Close to \$ 105' Billion Colombian Pesos.



W. ALEJANDRO VERGARA PEREZ – General Manager

Cordially,

WILLIAM ALEJANDRO VERGARA PEREZ
Legal Representative - General Manager
ZOFRANO GROUP FREE ZONE

