

Table of Contents

## **Eolo de Nicaragua, S.A. (A Nicaraguan Entity) Notes to financial statements**

**December 31, 2014 and 2013**  
(amounts expressed in US dollars)

### **1. Corporate information**

Eolo de Nicaragua, S.A. ("Eolo" or "the Company") was organized as a corporation on July 1, 2008 under the laws of the Republic of Nicaragua. Eolo is domiciled in Rivas, Nicaragua. The Company is a wholly-owned subsidiary of Globeleq Mesoamerica Energy (Wind) Limited ("GME Wind"), a company incorporated in Bermuda, and Eolo's ultimate parent company is Actis Infrastructure Fund 2LP.

The Company's main activity is the generation of electricity from its 44 megawatt wind electric power-generating park located in Rivas, Nicaragua ("the Project"). This activity is regulated by Nicaraguan Law No. 272 of June 23, 1998. Eolo was granted the commercial operation status on December 1, 2012 by the Instituto Nicaragüense de Energía. Energy sales began in December 2012.

The Company has entered into two power purchase agreements (PPAs) with Distribuidora de Electricidad del Sur, S.A. (Disur) and Distribuidora de Electricidad del Norte, S.A. (Disnorte) to sell the Project's energy.

The Project was registered as a Clean Development Mechanism (CDM) project under the United Nations Framework Convention on Climate Change on June 18, 2012 and for a crediting period from January 1, 2013 through December 31, 2019. The Project is therefore eligible for Certified Emission Reductions (CERs) starting on January 1, 2013.

The Company does not have traded debt or equity in the public markets. The accompanying financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 24.

### **2. Power purchase agreements and regulations governing autonomous private or parallel generation of electricity in Nicaragua**

As per Nicaraguan regulation, public, private and mixed companies are subject to Law No. 272 of June 23, 1998. According to this law, economic agents dedicated to energy generation activities can subscribe contracts for the purchase-sale of electricity with distributors and large consumers, and can sell their production fully or partially in the spot market and can export electricity as well.

### **3. Basis of preparation of the financial statements**

#### **3.1 Statement of compliance**

The Company's financial statements as of December 31, 2014 and 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Company's financial statements as of December 31, 2014 were first approved for issuance by the Company's Chief Executive Officer and Chief Financial Officer on January 8, 2015, and were subsequently approved by the Company's shareholders. The accompanying restated financial statements have been

F-481