“Africa is simply tired of being in the dark. We have to light up and power Africa and do so in a way that allows us to unlock its huge amount of renewable energy potential.”

Akinwumi Adesina, President of the African Development Bank Group
1
DIRECTORS’ REPORT
The year 2015 was full of global socio-economic challenges, events and headwinds that shook the world, but thankfully one in which our host country and Cabeolica remained resilient and focused on the development of reliable, sustainable and clean energy production for the electricity grid of four of Cabo Verde’s islands; thus ensuring greater predictability for the country’s electrical system and emphasizing the growing role of the private sector and renewable energy in the economy.

We feel privileged to present the 2015 audited Financial Statements, the third full year after Cabeolica’s achievement of full Commercial Operations Date (COD) in mid-2012. The financial performance of Cabeolica continued to be positive, despite revenues having grown only by 0.4% and production having suffered a decline of about 4.6% compared to 2014, for reasons justified within the report; but with a modest net profit of 1.38 million Euros.

The company continued to be responsible for providing over 20% of the electricity consumed in the country, remaining near the top in terms of wind power penetration rates worldwide, and continues to be a model Public Private Partnership (PPP) point of reference in Africa; and in a leading position in the West African region.

We are also pleased to report that in 2015 the company distributed dividends to its shareholders, due to the positive results achieved in 2014; continued investments as programmed in its approved business plan and budget; and continued providing Electra with quality clean / green energy within the contractual arrangements made with the off-taker.

The process of the acquisition of InfraCo Africa’s shares by AFC, which commenced in 2015 was concluded in early 2016. Thus, as originally planned, the original Project Developer, InfraCo Africa, has ceased being a shareholder, and the AFC has strengthened its majority position in the corporation: In this regard, we would like to thank InfraCo Africa’s Director, Mr. Alex Katon, for his contributions to Cabeolica; and also welcome his replacement, Mr. Ayotunde Anjorin, who is AFC’s Chief Finance Officer.

In reference to technical and operational aspects, we would like to highlight the performance of the off-taker (Electra) and its technical, commercial and financial departments, not only for the responsive management capacity with regard to energy dispatch and improvements and extensions made to the electricity generation assets, and transmission and distribution networks, which has afforded increased access to electricity from clean sources for the population and for economic activities, but also for the ability it demonstrated in managing the commercial relationship. The Board continues to proactively monitor the potential impact of international fuel price reductions on Electra and the implications for Cabeolica.

Significant limitations in wind energy absorption remain, especially in Sal and São Vicente islands, in which the rate of actual wind energy used stood at approximately 60% of available energy in 2015, due to slower than projected demand growth and other reasons. Within this context, Cabeolica continues to express interest in working closely with key stakeholders, especially the Government and Electra, in the consolidation of technically and economically innovative options that can be deployed to address the under-exploitation of available wind energy. We remain hopeful that, in the near future, we will together find practical solutions.

The current global economic context is characterized by major uncertainties and factors that greatly influence the energy sector, with an emphasis on the effect caused by the successive and unexpected reductions in petroleum prices on the international market and the falling prices of other commodities,
all of which have an obvious impact on the national economy. However, Cabo Verde has remained firm in its policy of reducing dependence on imported fossil fuels and, consequently, accelerating energy diversification, with an emphasis on the deployment of renewable energy.

Persuant to making a significant contribution to the pursuit of that goal, the company was particularly attentive to possible opportunities for business expansion, and is pleased to mention the visit that AFC’s President & Chief Executive Officer (Andrew Alli) and Executive Director & Chief Investment Officer (Oliver Andrews) made to Cabo Verde last year, in a combination of courtesy call and exploratory business development mission with GOCV, aiming to follow market trends and collaborate on projects in line with the short/long term objectives in the national energy sector, especially the electricity sector.

Cabeolica, as a result of its recognition as a flagship company in the subsector of renewable energy in the country and in the sub-Saharan region, continued to enjoy an outstanding reputation both domestically and abroad, and was honored in 2015 with invitations to join the Advisory Boards of ECREEE and the Ministry of Tourism Industry and Business Development (MTIDE), and participated in a number of domestic and international forums directed at sharing of experiences and best practices that can help in the acceleration of initiatives and decision-making regarding development of renewable energy projects in other regions. Additionally, the company continued to invest in marketing and communication campaigns that have greatly contributed to increasing its visibility and the dissemination of information on its business activities.

We cannot fail to mention our scrupulous and strict compliance with our environmental and social obligations, and the fact that the purchase and sale of our first Carbon Emission Reduction (CER) credits, commenced in August 2015; providing revenues and marking yet another important milestone for Cabeolica. The Board also approved the sale of excess CER credits.

At this juncture, I commend all my colleagues on the Board, and Cabeolica employees and our outsourced legal, administrative and audit staff, for the efforts they have undertaken, their unequivocal commitment and firm belief in the company’s ability to achieve its stipulated objectives. Indeed, thanks to the commitment and dedication that the Cabeolica Board and management team have shown over the years, today we can count on an increasingly mature company, which continues to make noble and impactful contributions to national, regional and even global renewable energy initiatives.

Finally, I would like to thank the Government of Cape Verde, our esteemed customer (Electra), our shareholders and financiers for their encouragement and support, which have enabled Cabeolica to deliver yet another year of impressive results. We look forward to achieving more together!

Batchi Baldeh
Chairman of the Board of Directors
Some economic indicators may be signaling the country’s recovery, albeit still slowly, from the effects of the economic crisis that has been affecting the entire world, and Cabo Verde in particular, for several years now, resulting mainly from an extended financial crisis. However, in 2015 the growth of Cabo Verde’s economy continued to prove feeble, standing at approximately 1.5%. In the same vein, it appears that the major economies directly related to the country will continue to grow at very low levels of between 1% and 2%, creating even greater uncertainty for the domestic economy.

In 2015 the Economic Regulation Agency, for its part, made successive and significant reductions in the price of oil products, as a result of constant oil price reductions in the reference markets. Indeed, in 2015 the price of the barrel of oil reached record lows not seen since 2003, and has, unexpectedly, remained on a downward trend that, according to some analysts, will still last for some time.

At the same time the growth of electricity consumption in the country remained at a very low level and is not expected to exceed 4% in the coming years. There are several factors that contribute to this situation, namely: (i) the stagnation of high-impact projects in the tourism sector and in the islands’ economy; (ii) the decline in purchasing power of some segments of the population; and (iii) higher energy efficiency of electrical equipment.

Hurricane Fred, which passed through Cabo Verde last year, created some degree of concern, but fortunately had little devastating effect and did not have an actual impact on the functional capacity or stability of the wind turbines (WTs). Indeed, only scheduled stops of WTs were provoked for safety reasons.

The total installed capacity in the 4 wind farms (WFS) remained at 25.5 MW, with all WTs available, producing a total of 77,135 MWh, about 4.6% less than in 2014. The main reason for the slight reduction in production was due to low winds recorded, mostly in the second half of the year, as well as to changes in the production structure of Electra, the off-taker, especially with the entry into operation of new higher-capacity generators installed in the Santiago and São Vicente power stations.

As such, 2015 once again registered a high level of wind power limitations imposed by the dispatching of power made by Electra, mainly for reasons related to load management in the new generators. As a result, the company has expressed interest to its direct partners in seeking joint technical and engineering solutions that could lead to a reduction of the amount of wind energy wasted in the WFs. However, the question, notwithstanding its relevance, has so far failed to arouse the interest of all stakeholders.

It is to be noted that within the current context, in which the technology market offers many solutions for stabilizing power grids and storing renewable energy, it is imperative to develop studies and understandings aimed at capitalizing on experiences and achieved learning, with a view toward optimizing the use of available wind energy.

Even so, in spite of these still somewhat limiting conditions for the production of renewable energy, in 2015 approximately 21.4% of the total electricity consumed in the country was provided by the company’s wind farms, representing a slight decrease in production in comparison to 2014.

The availability of the wind turbines remained extremely high, at above 98%, guaranteed by the maintenance and availability service provider, Vestas PT, a company that provided adequate servicing of the WTs, thus fulfilling the approved maintenance plan for the year in question. The plan for the replacement of the meteorological masts, however, was not carried out.
We would also highlight the improvements Electra made in the electricity networks of the four islands; the cooperation that occurred between the technical teams of both companies; and the reduction in the number of black-outs, factors contributing to greater stability and quality of the service provided to the final consumers of electricity in general and to improving the commercial relationship between the companies. It should also be highlighted that, as was the case in the previous two years, the use of guarantee mechanisms was not resorted to in 2015, thanks to commercial understandings reached with the Off-taker.

The company reached the mandated environmental targets for the year and contributed greatly toward further increasing renewable energy penetration in the grid, as well as to increasing the overall reliability of the electric system.

During 2015, the company maintained a solid financial position, generating sufficient cash flow to respond to commitments, as provided for in the budget approved for the year.

The management of human resources went smoothly throughout the year. However, within the scope of the principle of constant improvement, a performance evaluation process for all employees to be consolidated during the first quarter of 2016 was introduced and implemented, constituting an additional tool to stimulate productivity and professional pride and optimize results. The company, due to Cabo Verde’s geographical discontinuity, has a representative at each WF, whose main mission is to facilitate and promote dialogue at the island level and help in the adjustment of practices and procedures, according to local realities and experiences. Once every semester the technical staff meets with the management staff to evaluate the situation and fine tune procedures.

We are particularly pleased to report that during 2015 the company complied with all statutory obligations, as well as all contractual, legal and tax commitments, in a timely manner. The management team is also pleased to have submitted all programmed reports to the Board of Directors and to the Lenders within the time limit.

As part of its growing profile, the company participated in various international meetings such as ESMAP Knowledge Exchange Forum which took place in Austria, a Conference on Energy for Development of Portuguese Language Countries in Lisbon, the ECOWAS Renewable, Energy Policy and Investment Forum in Abidjan and the UNFCCC launch event held for Climate Neutral Now in New York. The company also received the African Development Bank representative during the annual supervision visit to Cabeolica.

In 2016 Cabeolica will continue the planned activities and improvements in procedures with a positive impact in the life of the company.

Competence, commitment and dedication of the entire staff proved essential in obtaining the results reached, and, as such, we would like to leave our words of encouragement, appreciation and congratulations to all. Similarly, we would like to thank all the support received from the Directors and the cooperation achieved with all partners.

Antão Fortes
Chief Executive Officer
1.2 - CABEOLICA IN BRIEF

**Vision, Values and Historical Milestones**

**Vision**

To be a company of excellence and of global reference within the renewable energy sector that creates value for its stakeholders and that is strongly committed to sustainability.

**Values**

- Sustainability - promoting improvement in quality of life
- Professionalism in providing services
- Ethics and Integrity in doing business
- Social Responsibility - promoting education for a sustainable world
- Passion for clean energy

**Historical Milestones**

2008 – The signing of an innovative Public-Private Partnership (PPP) between InfraCo Africa, the Government of Cabo Verde and the local utility company Electra SARL.

2009 – The company Cabeólica, S.A. (Cabeolica) was created to finance, construct, own and operate four wind farms in the Cabo Verdean islands of Santiago, São Vicente, Sal and Boa Vista, with a total installed capacity of 25.5 MW.

2010 – Africa Finance Corporation and Finnish Fund for Industrial Cooperation began participating in Cabeolica as strategic partners of reference, and as majority investors. Also in 2010, having secured long-term loans from the European Investment Bank and the African Development Bank, Cabeolica signed a turn-key engineering procurement and construction contract (EPC) and a service and availability agreement with Vestas, one of the world’s leading manufacturers of wind turbines, for the construction, maintenance and availability of the wind farms. The company also executed a power purchase agreement with the utility company for the supply of wind energy throughout a 20-year period.

2011 – Construction of the wind farms started, with those of Santiago and São Vicente concluded and both take-over certificates signed towards the end of the year. Also in 2011, Cabeolica garnered its first international recognition, winning the award for Best Renewable Energy Project in Africa at the Africa Energy Awards. During the same year, financial close was reached.

2012 – Construction of the Sal and Boa Vista wind farms was concluded, with their respective take-over certificates signed within the year as well. Full COD (Commercial Operation Date) was achieved.

2013 - The company celebrated its first full year with all four wind farms fully operational. Also during that same year, Cabeolica became the first Cabo Verdean company to register its project under the Clean Development Mechanism of the United Nations Framework Convention on Climate Change.


2015 - The Company continued to supply high levels of wind power to the electricity grid systems, consolidating one of the highest wind energy penetration rates in the world. The company also sold its first batch of CERs in that year.

**Corporate Governance**

As a result of high-reputation investors and partners, as well as the sound values and principles shared by its leadership, Cabeolica has since its incorporation established a strong commitment to transparency,
accountability and compliance with Corporate Governance best practices.

The company’s structure and operation are regulated by Cabo Verde’s commercial companies law, by its Statutes and by the Development and Investment Agreement signed between the investors. In addition, the company’s operational management is guided by its internal guidelines, establishing best practices for key areas of the company’s performance.

Because of the agreement signed with the lenders, the company is also subject to compliance with a set of rules in terms of information reporting, as well as in terms of its structure and operation.

Investors

Africa Finance Corporation (AFC) is a multilateral development finance institution established by an international agreement between sovereign states. AFC’s shareholders principally comprise African States and corporate entities, such as major commercial banks, other financial institutions and other private sector commercial entities.

Finnish Fund for Industrial Cooperation (Finnfund), a development finance institution supporting industrial development, based in Finland and having as its main shareholder the State of Finland;

InfraCo Africa Limited, a privately managed, donor-funded infrastructure development company based in the United Kingdom. It has as shareholders and members several European Union countries;

Electra – Empresa de Electricidade e Água, SARL (Electra, SARL), the local utility company, having as main its shareholder the State of Cabo Verde;

State of Cabo Verde.

On February 16, 2016, InfraCo Africa Limited’s equity position in Cabeolica was transferred to AFC, which reinforces its position as majority investor, currently holding more than 50% stake in Cabeolica.

Lenders

European Investment Bank (EIB), long-term lender of the project;

African Development Bank (AfDB), long-term lender of the project;

Main Partners

VESTAS, manufacturer of wind turbines and maintenance service provider;

Electra, SARL, the commercial and operational partner in the management of the wind farms.
Organizational Structure

Corporate Bodies

GENERAL ASSEMBLY
- President
  - Miguel Ramos
- Secretary
  - Ilídio Cruz

SUPERVISORY BODY
- Full Member
  - Carlos Maia
  - Representing PwC
- Alternate
  - Nikolai Barbosa

General Assembly

Board of Directors

Chief Executive Officer

Chief Financial Officer

Head of ESA

Technical Manager

IT Support

Maintenance Support

Financial and Admin. Assistant

Receptionist

Santiago Site Manager

São Vicente Site Manager

Sal Site Manager

Boa Vista Site Manager

Outsourcing
THE BOARD OF DIRECTORS

The Chairman of the Board

Batchi Baldeh
Director, Power
Africa Finance Corporation

Batchi Baldeh has over 27 years of experience in the power sector and has worked as a consultant to Governments, the World Bank and the European Union and has acted as Power and Utility Management Specialist in several large corporate and project finance transactions.

The Directors

Taiwo Adeniji
Director, Investment Group
Africa Finance Corporation

Taiwo Adeniji is an investment professional with over 23 years of post-graduate experience. Currently a Director of Investments with the Africa Finance Corporation, his previous work experience includes a 13-year stay with the African Development Bank.

Tariye Gbadegesin
Senior Vice President, Heavy Industries and Telecommunications
Africa Finance Corporation

Tariye Gbadegesin is an investment and management professional with over 15 years of experience in the financial services. She has broad experience in private equity and banking, and was on the founding team to establish the Africa Finance Corporation. Tariye has a bachelor’s degree in Economics from Amherst College, and an MBA from the Harvard Business School.

Helena Teppana
Senior Investment Manager
Finnish Fund for Industrial Cooperation

Helena Teppana has been working in the renewable energy sector within Finnfund since 2002. She has an MBA on finance and extensive experience on various power generation technics as well as legal aspects with reference to project finance.

Alexandre Fontes
Chairman
ELECTRA, SARL

Alexandre Fontes is a former Director of the African Development Bank and former Chairman of Ecobank Cabo Verde, whose professional experience includes heading such entities as Cabo Verde Investmentos, the Government investment promotion agency, and the Cabo Verden utility company.

Abraão Lopes
President
Institute for Quality Management and Intellectual Property Right

Abraão Lopes possesses vast experience in the local energy sector, having been Cabo Verde’s Director of Energy for over two decades. He is currently the President of the Institute for Quality Management and Intellectual Property Right.

Alex Katon, nominated by InfraCo Africa, resigned on February 16, 2016 and will be replaced by Ayotunde Anjorin, nominated by AFC in March 2016. Ayotunde Anjorin is the CFO of AFC.

The composition of the Board of Directors reflects the investors’ contribution in the company’s equity, while ensuring under any circumstances a minimum of one Director from the State of Cabo Verde and one Director from Electra, SARL. The Board of Directors meets quarterly.

Additionally, the company is subject to external audit executed by an international auditing firm, currently PricewaterhouseCoopers.
1.3 - THE YEAR 2015 IN BRIEF

Key Indicators

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Revenues (EUR)</td>
<td>10,516,731</td>
<td>10,474,073</td>
</tr>
<tr>
<td>EBIT (EUR)</td>
<td>5,970,072</td>
<td>5,529,729</td>
</tr>
<tr>
<td>Profit for the period (EUR)</td>
<td>1,385,453</td>
<td>636,840</td>
</tr>
<tr>
<td>Debt to Equity Ratio*</td>
<td>15.7</td>
<td>34.2</td>
</tr>
<tr>
<td>Debt Service Coverage Ratio*</td>
<td>1.87</td>
<td>1.74</td>
</tr>
<tr>
<td>Average Collection period (days)</td>
<td>65</td>
<td>73</td>
</tr>
<tr>
<td>Installed capacity (MW)</td>
<td>25.5</td>
<td>25.5</td>
</tr>
<tr>
<td>Production (MWh)</td>
<td>77,153</td>
<td>80,878</td>
</tr>
<tr>
<td>Penetration rate (Cabo Verde)</td>
<td>21%</td>
<td>24%</td>
</tr>
<tr>
<td>Average wind speed (m/s)</td>
<td>9.0</td>
<td>9.1</td>
</tr>
<tr>
<td>CO2 Equivalent avoided (tons)</td>
<td>52,697</td>
<td>54,577</td>
</tr>
<tr>
<td>Hours of training</td>
<td>568</td>
<td>428</td>
</tr>
<tr>
<td>H&amp;S Hazards (number)</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Considering only Lenders’ Loans

Main Events

Sale of Certified Emission Reductions

Between April and July 2015 the company completed its Certified Emission Reductions (CERs) verification procedures and successfully sold CERs, pertaining to the 2013-2014 period, to the Swedish Energy Agency.

Training

In June 2015, various Cabeolica staff members, underwent refreshment trainings in work at heights, first aid and firefighting, following which the trainees received the respective Global Wind Association certificates.

In December 2015, various Cabeolica staff members participated in Health and Safety trainings, including basic safety training, electrical risks and electrical consignment.

Participation in forums, conferences and important meetings

In January 2015, Cabeolica participated in a renewable energy event organised by the Government of Cabo Verde, which sought to bring together representatives of major stakeholder to discuss renewable energy sector reform in the country.

In June 2015, Cabeolica presented the company’s case study at the ESMAP Knowledge Exchange Forum in Austria. The event aimed to help Small Island Developing States and partners to share lessons learned from the clean energy efforts in Small Island Developing States and deliberate on the challenges and potential solutions to inform scale-up strategies.

Also in June 2015, Cabeolica made a presentation at the first Conference on Energy for Development of Portuguese Language Countries. The event aimed to recognize the value of the Portuguese-speaking community’s existing capacity to affirm itself as a global actor in the world energy field.

In July 2015, Cabeolica presented the company’s case study at the ESMAP Knowledge Exchange Forum in Austria. The event aimed to help Small Island Developing States and partners to share lessons learned from the clean energy efforts in Small Island Developing States and deliberate on the challenges and potential solutions to inform scale-up strategies.

In September 2015, Cabeolica participated in and made a presentation at the ECOWAS Renewable Energy Policy and Investment Forum in Abidjan. During the Forum, the ECREEE Business Advisory Council (BAC), of which Cabeolica is a member, was also launched.

In September 2015, Cabeolica participated in the
UNFCCC launch event held for Climate Neutral Now, a new UNFCCC emission cancellation initiative launched as part of the build up to the COP21 held later that year in Paris.

In October 2015, Cabeolica participated as a speaker in a workshop entitled “The Involvement of the Private Sector in Cabo Verde: Opportunities and Challenges”, which was jointly organized by the Portugal/Germany Chamber of Commerce and the Lusophone Renewable Energy Association.

In December 2015, Cabeolica attended a workshop held by Electra with the objective of openly discussing and obtaining contributions regarding the utility’s high commercial losses. The workshop was attended by various stakeholders in the electricity sector and was chaired by the Minister of Tourism, Investment and Business Development.

Throughout the year, the company participated in various meetings, diagnosis studies and workshops regarding the renewable energy sector in Cabo Verde, promoted by various domestic and international entities.

Throughout 2015, Cabeolica hosted numerous important site visits to its four wind farms, including from representatives of various countries.

21.4% of the electricity consumed in the country is produced by Cabeolica

55000 tons of greenhouse gas curbed per year

17% increase of wind energy installed capacity in 2015

Cabeolica wind farm: With 30 turbines and 25.5 MW of total installed capacity, the company’s wind farms permit one of the world’s highest national wind energy penetration rates.
1.4 - ECONOMIC FRAMEWORK

In 2015, the global economy continued to reflect signs of modest recovery, with growth of 3.1%, according to IMF data. This modest and uneven growth was influenced in part by the low prices of oil and other commodities.

The emerging and developing economies remained the main drivers of global growth, accounting for about 70% of this growth, but even so saw a slight slowdown in the pace of growth, in contrast with the trend of modest recovery in developed economies, which were, for their part, nevertheless affected by fiscal consolidation policies in the euro area and more restrictive monetary policy in the United States.

In the energy sector in particular, the most important highlight corresponds to a significant fall in the oil barrel price on international markets. This drop results essentially from the combined effect of maintaining production at abnormally high quantities by decision of OPEC, influenced by Saudi Arabia, the production of US shale oil and an environment of moderate demand from emerging economies, notably China.

In the short term, this fall in oil price puts a certain pressure on the competitiveness of wind power. However, taking into account competitiveness from a long-term perspective, as well as other factors such as sustainability, independence, predictability and environmental impacts, wind energy continues to be one of the dominant options regarding new investments in installed electricity capacity.

Global Cumulative Installed Wind Power Capacity 1996-2015 (GW)

Source: Global Wind Energy Council
Installed wind power capacity increased globally by 17% in 2015, from 370 GW to the current figure of 432 GW, confirming the trend of sustainable growth that has been occurring over the past decade. Regarding the African continent in particular, a highlight is the 483 MW installed in 2015 in South Africa.

<table>
<thead>
<tr>
<th>Installed Wind Power Capacity (MW)</th>
<th>Africa &amp; Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of 2014</td>
<td>New 2015</td>
</tr>
<tr>
<td>South Africa</td>
<td>570</td>
</tr>
<tr>
<td>Morocco</td>
<td>787</td>
</tr>
<tr>
<td>Egypt</td>
<td>610</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>171</td>
</tr>
<tr>
<td>Tunisia</td>
<td>245</td>
</tr>
<tr>
<td>Jordan</td>
<td>2</td>
</tr>
<tr>
<td>Cabo Verde</td>
<td>26</td>
</tr>
<tr>
<td>Other</td>
<td>125</td>
</tr>
<tr>
<td>Total</td>
<td>2,536</td>
</tr>
</tbody>
</table>

Source: Global Wind Energy Council

The sharp slowdown of the national economy in recent years is a consequence of the prolonged crisis in the Eurozone and Cabo Verde’s vulnerability. The country registered a reduction in foreign direct investment, with special emphasis on the tourism real estate sector, the reduction of budgetary support from traditional international partners and the reduction in growth of remittances and tourism.

In 2015, if on the one hand a modest recovery in developed countries contributed to a recovery in the level of remittances and revenues from tourism, the latter also as a result of instability in competing destinations, on the other hand the debt stock ratio reached values above 110%.

According to the National Statistics Institute data, in the tourism sector, the number of hotel guests increased approximately 5%, a clear recovery from the reduction of about 6% registered in 2014.

With the growth of the tourism sector and the economy itself at a slow pace, but with significant investments in the production and distribution of electricity, consumption of electricity in the country continued the previous year’s weak growth trend.

The energy sector in Cabo Verde was also influenced by significant decline in fuel prices and the reduction of electricity prices, albeit to a lesser extent in the latter case.

<table>
<thead>
<tr>
<th>Key Indicators</th>
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<tbody>
<tr>
<td>2011</td>
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</tbody>
</table>

Source: IMF, Bank of Cabo Verde and National Statistics Institute

<table>
<thead>
<tr>
<th>Average Electricity Price to the Final Consumer (EUR/KWh)</th>
</tr>
</thead>
</table>

Source: ANE - Caboverdian Regulatory Agency
Cabeolica has been responsible for producing approximately 21.4% of the electricity consumed in the country, keeping Cabo Verde in its position as a world leader in terms of wind power penetration.

1000 students in the energy educational program promoted by Cabeolica

55% monthly wind energy penetration rate is the company’s record which was reached in Sal in January 2015

Fuel Price in Cabo Verde - 10 Years (Euro/KWh excluding VAT)

Santiago wind farm: The company’s largest wind farm reached its current record when it produced 41% of the electricity consumed in the island during a single day.
1.5 - PERFORMANCE IN 2015

Infrastructures

Cabeolica’s 4 wind farms, consisting of 30 Vestas Model V52-850kW wind turbines, installed on the islands of Santiago (9.35MW), São Vicente (5.95MW), Sal (7.65 MW) and Boa Vista (2.55 MW), with a total installed capacity of 25.5MW, functioned normally and were fully operational during the year 2015.

Vestas, the service provider, presented and implemented the Preventive Maintenance Plan provided for 2015 and developed corrective action when necessary to ensure the proper availability and performance of the wind turbines and wind farm substations.

Cabeolica continued reporting of power quality to Electra SARL and AEB – Água e Energia da Boa Vista, S.A., corresponding to energy injected into the network by the 4 wind farms. Cabeolica also carried out inspections of the wind farms, in particular, of access, substations and wind turbines, which overall presented good quality conditions.

As a result of inspections, in November and December 2015, Cabeolica carried out maintenance work for rain water drainage passages, such as ditches and culverts, in the Santiago, São Vicente and Boa Vista wind farms. Maintenance and replacement work was also carried out on equipment located in the substation facilities, namely air conditioners and gates, while water reservoirs were installed in the wind farm substations as well. In late December 2015, the exterior of the substation was painted, and recovery began on the Santiago wind farm’s internal access road.

In 2015, Electra, SARL, invested in increasing installed capacity of its conventional generation plants in Santiago and São Vicente, introducing higher-capacity generators, with a direct and significant impact on reducing the energy use and penetration of wind farms, especially in São Vicente. In Boa Vista, the AEB and the Government of Cabo Verde invested in grid connections to the Iberostar Hotel, located in Rabil, and the relatively isolated town of Povoação Velha, guaranteeing round-the-clock access to electricity.

Operational Performance

Evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Produced Energy (MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>61.643</td>
</tr>
<tr>
<td>2013</td>
<td>75.197</td>
</tr>
<tr>
<td>2014</td>
<td>80.878</td>
</tr>
<tr>
<td>2015</td>
<td>77.153</td>
</tr>
</tbody>
</table>

Overall Results

In 2015, the four wind farms produced a total of 77.2 GWh (Santiago - 41%; São Vicente - 25%; Sal - 24%, and Boa Vista - 10%), representing a decrease of roughly 5% from 2014. This drop is related to the slight reduction in wind speed at all four wind farms, particularly in February, July and October, and the reduction of wind energy delivered to the grids in Santiago, São Vicente and Boa Vista. In São Vicente, a significant reduction of 16.5% was registered, while Santiago and Boa Vista saw reductions of 7% and 6.5%, respectively. Sal, however, recorded an increase of approximately 11%.
In 2015, the average annual penetration rate of the four wind farms was 21.4% compared to the total production generated in the country (Santiago - 16%, São Vicente - 28%, Sal - 32% and Boa Vista - 27%), with a 7% reduction registered in São Vicente. The penetration rate in the remaining wind farms remained practically constant in comparison to 2014.

In 2015, the average annual availability provided by Vestas was 98.99%, while total available energy saw a reduction of 3%. As in previous years, a certain amount of the total energy available in the wind farms went unproduced, mainly due to the limitations occurring in production dispatch.

<table>
<thead>
<tr>
<th>Wind Farm</th>
<th>Installed Capacity</th>
<th>Energy Produced</th>
<th>Wind Speed</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santiago</td>
<td>9.36</td>
<td>31,672</td>
<td>8.3</td>
<td>90.32</td>
</tr>
<tr>
<td>S. Vicente</td>
<td>5.95</td>
<td>19,072</td>
<td>10.2</td>
<td>98.89</td>
</tr>
<tr>
<td>Sal</td>
<td>7.65</td>
<td>18,776</td>
<td>8.9</td>
<td>99.22</td>
</tr>
<tr>
<td>Boa Vista</td>
<td>2.55</td>
<td>7,633</td>
<td>8.8</td>
<td>98.53</td>
</tr>
<tr>
<td>Total</td>
<td>25.5</td>
<td>77,153</td>
<td>9.0</td>
<td>98.99</td>
</tr>
</tbody>
</table>

Cabeolica has a Power Purchase Agreement (PPA) with the off-taker Electra, SARL that remains in effect for a period of twenty years beginning in 2012 and provides the conditions and guarantees necessary for the sale of energy during this period, namely the prices to be considered during the period and the minimum quantities of energy that Electra should acquire.

The year 2015 represents the third full year of activity of the wind farms and reflects a phase of stability in operations and commercial activity, following the improvements achieved in the last years. In fact, in 2015 total energy invoiced reflected only a slight increase of 0.4% when compared to the previous year.
Despite the treasury constraints still faced by Electra, SARL, it was possible to keep the overdue debt within a limit bearable by Cabeólica. Indeed, a trend toward improvement was registered near the end of the year.

In proportional terms, there was improvement in the Sal wind farm and a slight deterioration in São Vicente and Santiago. In the Sal and São Vicente wind farms, this was related essentially to technical restrictions on the part of the off-taker, and in Santiago to wind conditions.

The average sales price has remained at approximately the same level since the beginning of activity, confirming the predictability associated with Cabeólica and in contrast with the volatility associated with the price of traditional fossil fuel-based production sources. It should be noted that, despite the significant and surprising drop in oil prices at domestic and international levels, which clearly exerted a certain degree of pressure on the short term with regards to competitiveness, there remains a great deal of uncertainty about future developments and the volatility of these prices.

In 2015, the beginning of sales of Certified Emission Reductions (CERs) under the ERPA – Emission Reduction Purchase Agreement signed with the Swedish Energy Agency should also be highlighted.

Financial Performance

Being in full operation phase, in 2015 the company registered an expected decrease in the balance sheet total, resulting from the depreciation of the investments and amortization of the loans.

Tangible fixed assets correspond mainly to the net book value of the construction of the four wind farms, while Intangible fixed assets correspond essentially to the transmission lines and the project’s development costs.

Liabilities consist essentially of the outstanding portion of the financing from investors and lenders. Although the level of liabilities is high when compared to equity, this scenario has been improving in a sustainable way, and only 13% of the liabilities corresponds to short-term responsibilities.

Given that revenues and most operating expenses remained basically at the same level in 2015 when compared to the previous year, the increase in profit essentially reflects the combined effect of the recognition of other income related to Certified Emission Reductions (CERs) and the decrease in financial expenses, the latter primarily related to the expected repayment of loans.
The cash flows also reflect the steady phase of the activity, confirming the ability to comply with all obligations and to provide an acceptable return to investors.

The main ratios for 2015 and 2014 are summarized in the table below, reflecting Cabeolica’s positive financial performance.

As a result of the singularity of this industry, the main expenses of the company correspond to depreciation and financial expenses, accounting for a total of approximately 80% of the company’s total expenses.

The actual data of positive performance in the three years of full commercial and operational operations indicates that conditions are in place for Cabeolica to develop its activities in a sustainable manner in the coming years.
Human Resources

In 2015, Cabeolica, in accordance with its organogram, continued to employ ten staff members who constitute its entire staff body and who are referred to in Section 1.2. For operational activities, the company has strived to maintain local staff members in both administrative positions as well as operations services in order to contribute to local development and to retain the technical know-how within the country. The number of staff within the company was determined by comparing its size, practices and objectives to industry benchmarks and concluding the optimum staffing levels within its Staffing Plan.

The staff has been operating from the company’s headquarters in the city of Praia, with its Site Representatives operating mainly from the wind farms in their respective islands.

Over the years, Cabeolica has been responsible for creating direct and indirect employment opportunities due to its activities. The company has held a long term maintenance contract with Vestas since the beginning of its wind farms’ operations. To fulfill its maintenance and availability obligations, Vestas created a local company which employs 6 local workers, 5 technicians and 1 supervisor. This strategy is well aligned with Cabeolica’s objective of building and retaining technical knowledge of wind farm operations in the country. Cabeolica has also held a security and surveillance contract with the local company Silmac since 2012. In order to secure its obligations, the surveillance company hired several employees to guarantee effective surveillance of the company’s wind farms.

Cabeolica has further contributed to indirect employment through its many retainer contracts with local companies for services such as legal counsel, wind farm site security, IT, insurance and cleaning services, among others. Overall, Cabeolica is responsible for creating roughly 40 local jobs.

Employment Created (number of people)

Gender Ratio

Cabeolica’s employee base is currently comprised of 30 percent women and 70 percent male. The company is geared toward the promotion of gender diversity and inclusivity, whenever possible.

Human Resource Management

Cabeolica’s Internal Guidelines and performance evaluation manual serve as the main tools for Human Resource management, enabling the company to ensure a high standard of professionalism, employee satisfaction and responsibility. The Internal Guidelines, including its standards of Business Conduct, is binding to all Cabeolica employees and managing Directors, and require strict ethics, compliance with the law, mutual respect, honesty and integrity.

Training

We are committed to providing continuous knowledge to our employees as well as building up their skills, which is why in 2015 our ten-person staff spent over 560 hours in training, including 300 hours in Health and Safety training specifically targeted at our technical team members who deal with electrical equipment as well as work at height. Other training during the year included sessions pertinent to the Financial Department and sessions for the Administration Department in the realm of quality management systems.
Health and Safety

Our aim is to set and maintain appropriate health and safety management standards to ensure the wellbeing of our staff and others who visit our wind farms. All personnel and visitors with access to the wind farm sites are provided with personal protective equipment.

Further to this, all sites are equipped with the appropriate first aid and firefighting equipment, as well as appropriate gear for handling the onsite electrical and mechanical equipment.

The company now provides all of its employees with an annual general health checkup as a way to encourage and promote the health of its employees. It also covers those employees most at risk of work-related injuries with optional insurance.

The implementation of effective safety policies and procedures has permitted the company to enjoy a record of 0 work accidents or incidents in its 5 years of activity. The company vows to make all possible effort to maintain this number.

Environmental Responsibility

Cabeolica is the main renewable energy player in the local energy matrix, delivering substantial amounts of clean energy to the grid systems. The company is continuously committed to increasing its involvement and contribution to environmental and social sustainability with each passing year. Besides strictly complying with our internal Environmental and Social Management Plan (ESMP) guiding our environmental monitoring, we believe that there are three priority areas of responsibility and with the greatest impact:

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The Cabeolica team: Comprised of 10 Cape Verdean employees, thus ensuring that the acquired knowhow is retained in the country.
Reduction of Greenhouse Gas Emissions

Cabeolica’s energy is not only making a difference for the development and growth of the country but the way it is produced is also contributing positively to an important global issue.

In 2015 the production of wind energy by Cabeolica allowed for a reduction of roughly 53,000 tons of CO2 equivalent (CO2e), bringing the total to roughly 211,000 tons of CO2 equivalent emission curbed since the company began operation. Cabeolica is proud to be the Cabo Verdean company that most effectively reduces greenhouse gas emissions in the country, an important achievement in today’s global fight against climate change.

<table>
<thead>
<tr>
<th>CO2e Emissions Avoided per Year (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60000</td>
</tr>
<tr>
<td>50000</td>
</tr>
<tr>
<td>40000</td>
</tr>
<tr>
<td>30000</td>
</tr>
<tr>
<td>20000</td>
</tr>
<tr>
<td>10000</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

In previous years Cabeolica successfully registered with the United Nations Framework Convention on Climate Change as a Clean Development Mechanism Project, and in 2014 the company secured an Emission Reduction Purchase Agreement for the sale of its Certified Emission Reductions (CERs) throughout a seven-year period. In 2015, the company successfully verified and sold its CERs produced during the years 2013-2014.

Biodiversity Enhancement

As a wind energy company with strong visions of sustainable development, Cabeolica respects and promotes the importance of conserving biodiversity and this has been one of the primary environmental objectives of the company. The loss of biodiversity has drastically increased worldwide in recent decades, and this is evident in Cabo Verde as well. All efforts have been undertaken by the company not only to prevent any harmful impacts its turbines might have on biodiversity, but also to take important initiatives aimed at halting decline resulting from unrelated activities.

Vantage point surveys are conducted annually in order to obtain data for periodic collision risk assessments. Due to the extremely critical status of various bird species, such as the Pandion haliaetus and the Phaethon aethereus, among others, as well as the explicit call for control of bird activity within the ESMP, the company has consistently financed annual bird monitoring and data collection by qualified professionals in order to analyze and distribute important relevant information to the local and international interested parties as well as government and non-government institutions.

The 2015 Bird Monitoring concluded on unexpected but promising results that encourages the company to continue its attempts to stimulate potential interest and collaboration that might generate positive results for overall avifauna diversity within the country.

Cabeolica has also been active in promoting and raising awareness regarding the importance of endemism and healthy biodiversity in general in order to increase the chances that the population of these bird species is sufficient to guarantee healthy survival.

During the pre-construction phase, potential impacts upon the endemic gecko *Tarentola substituta* were identified. This gecko, found existing only in the island of São Vicente, was classified as a data-deficient subspecies and has since been elevated to a species of Low Concern by the IUCN Red List, primarily due to
the results of the various studies on it requested by Cabeolica. Since becoming aware of this unique species, the company has made every effort to protect it by avoiding activities that might harm its habitat, and primarily by remaining informed of its behaviors and health status within and around the wind farm. In 2015, Cabeolica conducted its fourth population check of the endemic gecko, in line with the ESMP, which served to confirm a healthy density of the species coexisting harmoniously with the turbines at the São Vicente wind farm.

Environmental Education

Cabeolica continued in 2015 to promote educational activities designed to bring awareness to the importance of conservation for bird species in Boa Vista. These programs consisted of lectures administered at secondary schools in the island to promote adequate behavior regarding the status of the osprey and red-billed tropic bird as well as the importance of their conservation. During the bird monitoring period, 650 Boa Vista students joined these lectures, with some participating in the World Migratory Bird Day commemoration, which included a site visit to the Cabeolica wind farm.

Corporate Social Responsibility

Due to the company’s corporate values, as well as those of its investors and lenders, the company developed and supported various voluntary programs and projects that it believes foster social and environmental well-being.

In January 2015 Cabeolica launched a pilot educational program in 3 schools in the São Vicente island focused on promoting sources of clean energy as well as energy efficiency among school children between 9 and 10 years of age. The program was created by Cabeolica and by the ECOWAS Center for Renewable Energy and Energy Efficiency (ECREEE) with the support of the Ministry of Education and Sports, and follows the national school curricular program. The program was extended at the end of 2015 to a further 16 schools in São Vicente and 8 schools in the island of São Nicolau. The program has had positive feedback from the Ministry of Education and Sports and the Department of Energy, as well as from students and parents.

Additionally, Cabeolica also sponsored an important University of Cabo Verde and Research Centre in Biodiversity and Genetic Resources project aimed at conducting comprehensive research on the situation of the osprey bird in the island of São Nicolau in order to understand the overall situation of this bird in Cabo Verde. The results of the study will be used to update Cabo Verde’s endemic species database, as well as contribute to international information databases.

The company’s support of local initiatives that foster awareness of environmental causes is in line with our environmental values, and the company will strive to continue to back such efforts in the years to come.
1.6 - OUTLOOK

Subsequent Events

On February 16, 2016, the transfer of the total ownership position of InfraCo Africa Limited in Cabeolica to AFC Equity Investments Limited was concluded. The buyer is a 100% subsidiary of the current largest investor in Cabeolica - Africa Finance Corporation. With this transfer, InfraCo Africa Limited’s investor loan was also transferred to the buyer.

There are no more known significant subsequent events from December 31, 2015 to the date of this Annual Report.

Activity Development

Approximately 3 years after the start of the full operation phase of the wind farms, the priority targets continue necessarily related to the management and efficient monitoring of the operation and maintenance of the wind farms in order to maximize the penetration rates in the grid and to ensure the high quality parameters of the energy produced.

Considering (i) the expected development of electricity consumption for the coming years in Cabo Verde, (ii) the ambitious plans of the Government of Cabo Verde regarding renewable energy, (iii) the experience accumulated by Cabeolica in this market and (iv) the technical and financial strength of its investors and partners, expansion of activity is part of the plans of Cabeolica and its investors, albeit subject to a detailed and careful analysis of each actual project.

Acknowledgments

To our Lenders, the European Investment Bank and the African Development Bank and to the other financial institutions, bank and insurance, we express our profound appreciation for the excellent relationship maintained and their support and cooperation throughout the year 2015.

To our partner Electra SARL and to our suppliers of goods and services, Vestas in particular, we express our gratitude for the valuable technical and commercial cooperation.
1.7 - EARNINGS DISTRIBUTION PROPOSAL

Having registered a net profit of EUR 1,385,453 and considering the fact that the company’s legal reserves are above the minimum requirements, the good operational and financial performance, but also the need to capitalize the company, the Board of Directors propose to the General Assembly the following distribution for 2015 net profit:

- Transfer of 79% to Other Reserves – EUR 1,097,453
- Transfer of 21% to Dividends – EUR 288,000

Praia, 29th of March, 2016

The Board of Directors

Batchi Baldeh, Chairman

Tariye Gbadegesin, Director

Taiwo Adeniji, Director

Alexandre Fontes, Director

Helena Teppana, Director

Alex Katon, Director
(resigned on February 16, 2016)

Abraão Lopes, Director
3
REPORTS OF THE AUDITOR AND SUPERVISORY BODY
3.1 - AUDITOR’S REPORT

Auditor’s Report

Introduction

1. We have audited the accompanying financial statements of Caboelica, SA which comprise the balance sheet as at 31 December 2015, the statement of income by nature, the statement of income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors’ responsibility for the financial statements

2. The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in Cabo Verde and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

6. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caboelica, SA as at 31 December 2015, the results of its operations, the
changes in equity and the cash flows for the year then ended, in accordance with generally accepted accounting principles in Cabo Verde.

Other matters

7 It is also our opinion that the information included in the Directors’ Report is consistent with the financial statements for the year.

29 March 2016

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Carlos Manuel Sim Sim Maia
Report and Opinion of the Supervisory Body

To the Shareholders,

1. In accordance with the law and our mandate, we herewith present the report on our supervisory activity and our opinion on the Directors’ Report and financial statements as presented by the Board of Directors of Cabeólica, SA with respect to the year ended 31 December 2015.

2. During the year, we have accompanied the evolution of the Company’s activity, as and when deemed necessary. We have verified the timeliness and adequacy of the accounting records and respective supporting documentation, as well as the effectiveness of the internal control system, only to the extent that the controls are of relevance for the control of the Company’s activity and the presentation of the financial statements. We have also ensured that the law and the Company’s articles of association have been complied with.

3. As a consequence of our work, we have issued the attached Statutory Audit Report.

4. Within the scope of our mandate, we have verified that:

i) the balance sheet, the statement of income by nature, the statement of changes in equity, the statement of cash flows and the corresponding notes to the accounts, permit an adequate understanding of the financial position, the results, the changes in equity and cash flows of the Company;

ii) the accounting policies and valuation methods applied are appropriate;

iii) the Directors’ Report is sufficiently clear as to the developments of the business and the position of the Company and highlights the more significant aspects;

iv) the proposed appropriation of results is not contrary with the applicable laws and Company’s articles of association.

5. On this basis, and taking into account information obtained from the Board of Directors and the Company’s employees, together with the conclusions in the Statutory Audit Report, we are of the opinion that:

i) the Directors’ Report be approved;

ii) the financial statements be approved;

iii) the proposed appropriation of results be approved.
6 Finally, we would like to express our gratitude to the Board of Directors and all those whom we contacted, for their valuable contribution.

29 March 2016

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Carlos Manuel Sim Sim Maia