Atlantica Yield

Annual Report and Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2015

Company Registration n° 08818211
Abengoa Yield Plc
Doing business as Atlantica Yield

Company Registration No. 08818211

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Strategic Report

This Strategic Report has been prepared solely to provide additional information to shareholders to assess the company's strategies and the potential for the strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The directors, in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

The Strategic Report discusses the following areas:

- Nature of the business.
- Business model, strategy and objectives.
- Fair review of the business.
- Key performance indicators.
- Principal risks and uncertainties.
- Corporate social responsibility.
- Future developments.
- Going concern basis.

Nature of the business

Abengoa Yield plc (hereinafter "we", "our", the "Company" or "Atlantica Yield") was incorporated in England and Wales as a private limited company on December 17, 2013 under the name "Abengoa Yield Limited." On March 19, 2014, we were re-registered as a public limited company, under the name "Abengoa Yield plc." On January 7, 2016, we changed our corporate brand to Atlantica Yield. Our shares will continue to be listed on the NASDAQ Global Select Market under the symbol "ABY" and we will change our legal name once approved by the shareholders at our next annual general meeting, which we expect to hold in May 2016.

We are a total return company that owns, manages, and acquires renewable energy, conventional power, electric transmission lines and water revenue-generating assets, focused on North America (the United States and Mexico), South America (Peru, Chile, Brazil and Uruguay) and EMEA (Spain, Algeria and South Africa).

As of December 31, 2015, we own or have interests in 20 assets, comprising 1,441 MW of renewable energy generation, 300 MW of conventional power generation, 10.5 M ft3 per day of water desalination and 1,099 miles of electric transmission lines, as well as an exchangeable preferred equity investment in ACBH. Each of the assets we own has a project-finance agreement in place. All of our assets have contracted revenues (regulated revenues in the case of our Spanish assets) with low-risk offtakers and collectively have a weighted average remaining contract life of approximately 22 years as of December 31, 2015.

We are focused on high-quality, newly-constructed and long-life facilities with creditworthy counterparties that we expect will produce stable, long-term cash flows. We will seek to grow our

cash available for distribution and our dividend to shareholders through organic growth and by acquiring new contracted assets from our current sponsor, Abengoa S.A., from third parties and from potential new future sponsors.

With this business model, our objective is to pay a consistent and growing cash dividend to shareholders that is sustainable on a long-term basis. We expect to distribute a very high percentage of our cash available for distribution as cash dividends and we will seek to increase such cash dividends over time through organic growth and as we acquire assets with characteristics similar to those in our current portfolio.

The Company creates value for its shareholders by seeking to (i) achieve recurrent and growing dividends to investors valuing long-term contracted assets and (ii) to grow our cash available for distribution ("CAFD") and its cash dividends paid to shareholders by acquiring new contracted assets from our current sponsor, Abengoa S.A., from third parties and from potential new future sponsors.

The address of our principal executive offices is Great West House, GW1, 17th floor, Great West Road, Brentford, United Kingdom TW8 9DF.

Events during the period

On January 22, 2015, Abengoa S.A. closed an underwritten public offering and sale of 10,580,000 of our ordinary shares for total proceeds of $327,980,000 (or $31 per share) before underwriting fees and expenses. As of the date of this annual report, Abengoa S.A. owns 41.86% of our ordinary shares.

On February 3, 2015, we completed the acquisition of a 25.5% stake in Honaine and a 34.2% stake in Skikda, two desalination plants in Algeria with an aggregate capacity of 10.5 M ft3 per day. On February 23, 2015, we completed the acquisition of a 29.6% stake in Helioenergy 1/2, a solar power asset in Spain with a capacity of 100 MW. The total purchase price paid for these assets amounted to $94 million.

On May 13, 2015 and May 14, 2015, we completed the acquisition of Helios 1/2, a 100 MW solar complex and Solnova 1/3/4, a 150 MW solar complex, each in located in Spain. On May 25, 2015, we completed the acquisition of the remaining 70.4% stake in Helioenergy 1/2. On July 30, 2015, we completed the acquisition of Kaxu, a 100 MW solar plant in South Africa. The total purchase price paid for these assets amounted to $682 million.

On June 25, 2015, we completed the acquisition of ATN2, an 81-mile transmission line in Peru from Abengoa S.A. and Sigma, a third-party financial investor in the project. On September 30, 2015, we completed the acquisition of Solaben 1/6, a 100 MW solar complex in Spain. On January 7, 2016, we completed the acquisition of a 13% stake in Solacor 1/2, a 100 MW solar complex where we already owned a 74% stake. The total purchase price paid for these assets amounted to $378 million.

Asset portfolio

We own a diversified portfolio of contracted assets across the renewable energy, conventional power, electric transmission line and water sectors in North America (the United States and Mexico), South America (Peru, Chile, Uruguay and Brazil) and EMEA (Spain, Algeria and South Africa). We intend to expand to certain countries in the Middle East, maintaining North America, South America and Europe as our core geographies. Our portfolio consists of 12 renewable

energy assets, a natural gas-fired cogeneration facility, several electric transmission lines and minority stakes in two water desalination plants, all of which are fully operational. All of our assets have contracted revenues (regulated revenues in the case of our Spanish assets) with low-risk offtakers and collectively have a weighted average remaining contract life of approximately 22 years as of December 31, 2015.

The following table provides an overview of our current assets as of December 31, 2015:

Assets	Type	Ownership	Location	Currency[1]	Capacity (Gross)	Offtaker	Counterparty Credit Rating [2]	COD	Contract Years Left
Solana............	Renewable (Solar)	100% Class B[3]	Arizona (USA)	U.S. dollar	280 MW	APS	A-/A2/A	4Q 2013	28
Mojave	Renewable (Solar)	100%	California (USA)	U.S. dollar	280 MW	PG&E	BBB/Baa1/ BBB+	4Q 2014	24
Solaben 2/3[4]	Renewable (Solar)	70%[5]	Spain	Euro	2x50 MW	Wholesale market/ Spanish Electric System	BBB/Baa2/ BBB+	2Q 2012 & 4Q 2012	22 / 21
Solacor 1/2[6]	Renewable (Solar)	74%[7]	Spain	Euro	2x50 MW	Wholesale market/ Spanish Electric System	BBB+/Baa2/ BBB+	2Q 2012 & 4Q 2012	21 / 21
PS10/20[8]	Renewable (Solar)	100%	Spain	Euro	31 MW	Wholesale market/ Spanish Electric System	BBB+/Baa2/ BBB+	1Q 2007 & 2Q 2009	16 / 18
Helioenergy 1/2[9]	Renewable (Solar)	100%	Spain	Euro	2x50 MW	Wholesale market/ Spanish Electric System	BBB+/Baa2/ BBB+	3Q 2011 & 4Q 2011	22 / 22
Helios 1/2[10] .	Renewable (Solar)	100%	Spain	Euro	2x50 MW	Wholesale market/ Spanish Electric System	BBB+/Baa2/ BBB+	2Q 2012 & 3Q2012	21 / 22
Solnova 1/3/4[11]......	Renewable (Solar)	100%	Spain	Euro	3x50 MW	Wholesale market/ Spanish Electric System	BBB+/Baa2/ BBB+	2Q 2010 & 2Q 2010 & 3Q 2010	19 / 19 / 20
Solaben 1/6[12]..........	Renewable (Solar)	100%(19)	Spain	Euro	2x50 MW	Wholesale market/ Spanish Electric System	BBB+/Baa2/ BBB+	3Q 2013	23 / 23
Kaxu	Renewable (Solar)	51%[13]	South Africa	Rand	100 MW	Eskom	BBB- /Baa2/BBB[14]	1Q 2015	19
Palmatir.........	Renewable (Wind)	100%	Uruguay	U.S. dollar	50 MW	Uruguay	BBB-/Baa2/ BBB-[15]	2Q 2014	18
Cadonal.........	Renewable (Wind)	100%	Uruguay	U.S. dollar	50 MW	Uruguay	BBB-/Baa2/ BBB-[15]	4Q 2014	19
ACT.................	Conventional Power	100%	Mexico	U.S. dollar	300 MW	Pemex	BBB+/Baa1/ BBB+	2Q 2013	17
ATN	Transmission Line	100%	Peru	U.S. dollar	362 Miles	Peru	BBB+/A3/ BBB+	1Q 2011	25
ATS	Transmission Line	100%	Peru	U.S. dollar	569 Miles	Peru	BBB+/A3/ BBB+	1Q 2014	28
ATN2..............	Transmission Line	100%	Peru	U.S. dollar	81 miles	Las Bambas	Not rated	2Q 2015	17
Quadra 1........	Transmission Line	100%	Chile	U.S. dollar	43 Miles	Sierra Gorda	Not rated	2Q 2014	19
Quadra 2........	Transmission Line	100%	Chile	U.S. dollar	38 Miles	Sierra Gorda	Not rated	1Q 2014	19
Palmucho	Transmission Line	100%	Chile	U.S. dollar	6 Miles	Endesa Chile[16]	BBB+/Baa2/ BBB+	4Q 2007	22
Honaine	Water	25.5%[17]	Algeria	U.S. dollar	7 M ft^3/day	Sonatrach	Not rated	3Q 2012	22
Skikda	Water	34.2%[18]	Algeria	U.S. dollar	3.5 M ft^3/day	Sonatrach	Not rated	1Q 2009	18

Notes:

(1) Certain contracts denominated in U.S. dollars are payable in local currency.

(2) Reflects the counterparty's issuer credit ratings issued by Standard & Poor's Ratings Services, or S&P, Moody's Investors Service Inc., or Moody's, and Fitch Ratings Ltd, or Fitch.

(3) On September 30, 2013, Liberty Interactive Corporation agreed to invest $300 million in Class A shares of Arizona Solar Holding, the holding company of Solana, in exchange for a share of the dividends and the taxable loss generated by Solana. See note 1 to our Annual Consolidated Financial Statements.

(4) Solaben 2 and Solaben 3 are separate special purpose vehicles with separate agreements, but they are treated as a single platform.

(5) Itochu Corporation, a Japanese trading company, holds 30% of the shares in each of Solaben 2 and Solaben 3.

(6) Solacor 1 and Solacor 2 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(7) JGC Corporation, a Japanese engineering company, holds 13% of the shares in each of Solacor 1 and Solacor 2.

(8) PS10 and PS20 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(9) Helioenergy 1 and Helioenergy 2 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(10) Helios 1 and Helios 2 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(11) Solnova 1, Solnova 3 and Solnova 4 are separate special purpose vehicles with separate agreements but they are treated as a single platform.

(12) Solaben 1 and Solaben 6 are separate special purpose vehicles with separate agreements, but they are treated as a single platform.

(13) Industrial Development Corporation of South Africa owns 29% and Kaxu Community Trust owns 20% of Kaxu.

(14) Refers to the credit rating of the Republic of South Africa.

(15) Refers to the credit rating of Uruguay, as UTE is unrated.

(16) Refers to Empresa Nacional de Electricidad, S.A., or Endesa Chile, which is owned by the Enel Group.

(17) Algerian Energy Company, SPA owns 49% of Honaine and Sadyt owns the remaining 25.5%.

(18) Algerian Energy Company, SPA owns 49% of Skikda and Sadyt owns the remaining 16.8%.

(19) Atlantica Yield has the indirect ownership of 74,99% and the usufruct rights over the economical rights of 25,01% in Solaben 1/6

In addition to the assets listed above, we hold an exchangeable preferred equity investment in ACBH, a subsidiary holding company of Abengoa S.A. that is engaged in the development, construction, investment and management of contracted concessions in Brazil, comprised mostly of transmission lines in various stages of development.

Per clarification, on January 29, 2016, Abengoa S.A. informed us that several of its indirect subsidiaries of Abengoa in Brazil, including ACBH, have initiated an insolvency procedure under Brazilian law (“recuperaçao judiciaria”). We are assessing the potential impact of this event together with external advisors and this analysis is currently ongoing. Given that this process will likely negatively affect the value of our preferred equity investment and considering the high degree of uncertainty of its final outcome, we have recorded an impairment of this preferred equity investment for a total amount of $210 million.

Business model, strategy and objectives

Atlantica Yield is a total return company that owns, manages, and acquires renewable energy, conventional power, electric transmission lines and water assets, focused on North America, South America and EMEA.

We are focused on high-quality, newly-constructed and long-life facilities that have contracts with creditworthy counterparties that we expect will produce stable, long-term cash flows. We will seek to grow our cash available for distribution and our dividend to shareholders through organic growth and by acquiring new contracted assets from our current sponsor, Abengoa S.A., from third parties and from potential new future sponsors.

In this sense, we intend to take advantage of favourable trends in the power generation and electric transmission sectors globally, including energy scarcity and a focus on the reduction of carbon emissions. To that end, we believe that our cash flow profile, coupled with our scale, diversity and low-cost business model, offers us a lower cost of capital than that of a traditional engineering and construction company or independent power producer and provides us with a significant competitive advantage with which to execute our growth strategy.

We signed an exclusive agreement with Abengoa S.A., which we refer to as the ROFO Agreement, which provides us with a right of first offer on any proposed sale, transfer or other disposition of any of Abengoa S.A.'s contracted renewable energy, conventional power, electric transmission or water assets in operation and located in the United States, Canada, Mexico, Chile, Peru, Uruguay, Brazil, Colombia and the European Union, as well as four assets in selected countries in Africa and the Middle East.

Additionally, we plan to sign similar agreements with other developers or asset owners. In addition, we expect to acquire assets from third parties leveraging the local presence and network we have in the geographies and sectors in which we operate.

In general, we expect to acquire only assets that are developed and operational. We intend to use the following investment guidelines in evaluating prospective acquisitions in order to successfully execute our accretive growth strategy:

- High quality offtakers, with long-term contracted revenue, ideally longer than 20 years.
- Project financing in place at each project.
- Operations and maintenance contract in place at each project.
- Management and operational systems and processes at our level.
- Focus on regions and countries that provide an optimal balance between growth opportunities and security and risk considerations, including the United States, Canada, Mexico, Chile, Peru, Uruguay, Brazil, Colombia and the European Union, as well as selected countries in Africa and the Middle East.
- Preference for U.S. dollar-denominated revenues, in the absence of which, we will implement a cost-effective, ad-hoc hedging policy that will support stability of cash flows.

With this business model, our objective is to pay a consistent and growing cash dividend to shareholders that is sustainable on a long-term basis. We expect to distribute a very high percentage of our cash available for distribution as cash dividends and we will seek to increase such cash dividends over time through organic growth and as we acquire assets with characteristics similar to those in our current portfolio.

Based on the acquisition opportunities available to us, we believe that we will have the opportunity to grow our cash available for distribution in a manner that would allow us to increase our cash dividends per share over time.

Our primary business strategy is to generate stable cash flows with our portfolio of assets, which will allow us to grow the cash dividends that we intend to pay to holders of our shares over time while ensuring the ongoing stability of our business. Our plan for executing this strategy includes the following key components:

- Focus on stable, long-term contracted assets in renewable energy, conventional power generation and electric transmission lines. We intend to focus on owning and operating these types of assets, for which we possess deep know-how, extensive experience and proven systems and management processes, as well as the critical mass to benefit from operating efficiencies and scale. We expect that this will allow us to maximize value and cash flow generation going forward. We intend to maintain a diversified portfolio in the future, as we believe these technologies will undergo significant growth in our targeted geographies.

- Maintain geographic diversification across three principal geographic areas. Our focus on three main markets, North America, South America and Europe, helps to ensure exposure to markets in which we believe the renewable energy, conventional power and electric transmission sectors will continue growing significantly. We believe that a strategic exposure to international markets will allow us to pursue greater growth opportunities and achieve higher returns than if we only focus on assets located in the United States.
- Increase cash available for distribution by optimizing our existing assets. Some of our assets are newly operational and we believe that we can increase the cash flow generation of these assets through further management and optimization initiatives and in some cases through repowering.
- Increase cash available for distribution through the acquisition of new assets in renewable energy, conventional power and electric transmission. We will seek to grow our cash available for distribution and our dividend to shareholders by acquiring new contracted assets from our current sponsor, Abengoa S.A., from third parties and from potential new future sponsors.
- Foster a low-risk approach. We intend to maintain, over time, a portfolio of contracted assets with a low-risk profile due to creditworthy offtake counterparties, long-term contracted revenues, 90% of cash available for distribution in, indexed or hedged to the U.S. dollar and proven technologies in which we have deep expertise and significant experience, located in countries where we believe conditions to be stable and safe. Additionally, our policies and management systems include thorough risk analysis and risk management processes that we apply whenever we acquire an asset, and which we review monthly throughout the life of the asset. Our policy is to insure all of our assets whenever economically feasible.
- Maintain financial strength and flexibility. We intend to maintain a solid financial position through a combination of cash on hand and credit facilities.

Lastly, we believe that we are well positioned to execute our business strategies because of the following competitive strengths:

- Stable and predictable long-term U.S. and international cash flows with attractive tax profiles.
- Highly diversified portfolio by geography and technology.
- Strong corporate governance with a majority independent board and an experienced and incentivized management team.

A fair review of the business

The Company is focused on high-quality, newly-constructed and long-life facilities with creditworthy counterparties that we expect will produce stable, long-term cash flows.

During our two first years of operation, we have focused on three priorities:

1. Creating, in the case of new assets, and reinforcing, in the case of others, the processes and systems required to manage and control our contracted assets internationally.
2. Bringing into service, ramping up and maximizing performance of our asset portfolio. This is an area where in 2016 we still need to continue ramping up some of younger assets, including Solana, Kaxu or Mojave.
3. Acquiring and integrating new contracted assets.

In 2015 the Company and its subsidiaries closed with revenues of $790.9 million (2014: $362.7 million) and a loss for the year of $198.2 million (2014: $-29.3 million).

$ in millions	2015	2014
Revenue	790.9	362.7
Operating Profit	344.5	173.3
Loss for the Year	-198.2	-29.3

As of December 31, 2015, our cash and cash equivalents at the project company level were $469.2 million as compared with $198.7 million as of December 31, 2014. In addition, our cash and cash equivalents at the Abengoa Yield plc level were $45.5 million as of December 31, 2015 compared with $155.4 million as of December 31, 2014. The losses in 2015 relate mainly to the impairment of the preferred equity investment on ACBH, as described on page 13.

We expect our ongoing sources of liquidity to include cash on hand, cash generated from our operations, project debt arrangements, corporate debt and the issuance of additional equity securities, as appropriate, given market conditions. Our financing agreements consist mainly of the project-level financings for our various assets, the 2019 Notes and the Credit Facility.

Based on our current level of operations, we believe our cash flow from operations, available cash and available borrowings under our financing agreements will be adequate to meet our future liquidity needs for at least the next twelve months.

In 2015, we have paid total dividends of $1.4292 per share (2014: $0.2962 per share) to our shareholders and from that amount we retained $9 million of the dividend attributable to Abengoa S.A. in accordance with the provisions of the parent support agreement.

As previously stated within this Annual Report, all of our assets have contracted revenues with low-risk off-takers and collectively have a weighted average remaining contract life of approximately 22 years as of December 31, 2015. To gain an overall fair review of the business we have enclosed a detailed breakdown of our results of operations for the years ended as of December 31, 2015 and 2014:

	2015	2014
Revenue	$ 790.9	$ 362.7
Other operating income	68.8	79.9
Raw materials and consumables used	(23.2)	(9.4)
Employee benefit expenses	(5.8)	(1.7)
Depreciation, amortization and impairment charges	(261.3)	(125.5)
Other operating expenses	(224.9)	(132.7)
Operating profit/(loss)	**$ 344.5**	**$ 173.3**
Financial income	3.5	4.9
Financial expense	(333.9)	(210.3)
Net exchange differences	3.9	2.1
Other financial income/(expense), net	(200.2)	5.9
Financial expense, net	**$ (526.7)**	**$ (197.4)**
Share of profit/(loss) of associates carried under the equity method	7.8	(0.8)
Loss before income tax	**$ (174.4)**	**$ (24.9)**
Income tax	(23.8)	(4.4)
Loss for the year	**$ (198.2)**	**$ (29.3)**
Profit/(loss) attributable to non-controlling interests	(10.8)	(2.3)
Loss for the year attributable to the parent company	**$ (209.0)**	**$ (31.6)**

Revenues

Revenues increased by 118.1% to $790.9 million in the year ended December 31, 2015, compared with $362.7 million for the year ended December 31, 2014. On a constant currency basis, revenue for the year ended December 31, 2015 would have been $859.4 million, representing an increase of 136.9% compared to the previous year. The increase is largely attributable to the acquisitions of Solacor 1/2, PS 10/20 and Cadonal in the fourth quarter of 2014, Skikda in the first quarter of 2015, Helios 1/2, Solnova 1/3/4, Helioenergy 1/2 and ATN2 in the second quarter of 2015 and Kaxu and Solaben 1/6 in the third quarter of 2015. The commencement of operations of Mojave in the last quarter of 2014 also contributed to the increase of revenues in the year ended December 31, 2015 as compared with the year ended December 31, 2014. These resulted in a net electricity production of 5,001 GWh and 1,099 miles of transmission lines in operation for the year ended December 31, 2015, compared with 3,376 GWh produced and 1,018 miles of transmission lines in operation during the year ended December 31, 2014.

Other operating income

The following table sets forth our other operating income for the years ended December 31, 2015 and 2014:

	Year ended December 31,	
	2015	2014
Other operating income	$ in millions	
Grants	67.8	35.2
Income from various services	1.0	6.1
Income from subcontracted construction services for our assets and concessions	—	38.6
Total	**68.8**	**79.9**

Other operating income decreased by 13.8% to $68.8 million for the year ended December 31, 2015, compared with $79.9 million for the year ended December 31, 2014. The decrease was mainly due to the decrease in income from subcontracted construction services for our assets and concessions, which decreased from $38.6 million for the year ended December 31, 2014 to $0 in the year ended December 31, 2015. As certain assets owned by us were under construction and subcontracted to related parties during 2014, we were required to account for income from construction services as "other operating income" in accordance with IFRIC 12. The corresponding costs of construction were recorded within "Other operating expenses." These amounts reflect the construction progress of the assets and concessions during 2014. The decrease was primarily due to the completion of construction of ATS. We do not expect to have any other operating income from construction activities in future periods.

Income from grants increased from $35.2 million in the year ended December 31, 2014 to $67.8 million in the year ended December 31, 2015. Income classified as grants is related to the financial support provided by the U.S. Treasury to Solana and Mojave. The increase is due to grants in respect to Mojave, which is fully consolidated from December 2014 once the asset reached COD and was recorded under the equity method until that time.

Raw materials and consumables used

Raw materials and consumables used increased by $13.8 million to $23.2 million for the year ended December 31, 2015, compared with $9.4 million for the year ended December 31, 2014, primarily due to the increase in raw materials used in Solana, the commencement of operations of Mojave and the recent acquisition of Skikda in the first quarter of 2015.

Employee benefits expenses

Employee benefit expenses increased by $4.1 million to $5.8 million for the year ended December 31, 2015, compared with $1.7 million for the year ended December 31, 2014. This increase in expenses was primarily attributable to the fact that during 2015 management employees of Atlantica Yield, who had been employed by Abengoa S.A. until March 2015 were transferred to companies within the perimeter of Atlantica Yield and the Executive Services Agreement was terminated, which has caused an increase in employee benefit expenses. In addition, other employees previously employed by subsidiaries of Abengoa S.A. who were providing services to Atlantica Yield under the Support Services Agreement were transferred to subsidiaries of Atlantica Yield. This increase was partially offset by a decrease in employee benefit expenses in ATN due to the fact that in April 2014 all ATN employees were transferred to an entity excluded from the perimeter of Atlantica Yield.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges increased by 108.2% to $261.3 million for the year ended December 31, 2015, compared with $125.5 million for the year ended December 31, 2014. Depreciation and amortization are recorded from the commencement of operations of the contracted assets. The net change was largely attributable to the commencement of operations of Mojave and to the acquisitions of Solacor 1/2, PS 10/20 and Cadonal in the fourth quarter of 2014, Helios 1/2, Solnova 1/3/4 and Helioenergy 1/2 in the second quarter of 2015 and Kaxu and Solaben 1/6 in the third quarter of 2015.

Other operating expenses

The following table sets forth our other operating expenses for the years ended December 31, 2015 and 2014:

	Year ended December 31,			
	2015		2014	
Other operating expenses	$ in millions	% of revenue	$ in millions	% of revenue
Leases and fees	3.9	0.5%	1.8	0.5%
Repairs and maintenance	24.7	3.1%	10.3	2.8%
Independent professional services[(1)]	104.6	13.2%	38.1	10.5%
Supplies	18.0	2.3%	7.7	2.1%
Other external services	24.4	3.1%	10.2	2.8%
Levies and duties	32.4	4.1%	14.2	3.9%
Other expenses	16.9	2.1%	11.8	3.3%
Construction costs	—	—	38.6	10.6%
Total	**224.9**	**28.4%**	**132.7**	**36.5%**

Notes:

(1) Includes approximately $3.8 million in the year ended December 31, 2014 of allocated costs and expenses for general and administrative services provided by Abengoa S.A. prior to our IPO.

Other operating expenses increased by 69.5% to $224.9 million for the year ended December 31, 2015, compared with $132.7 million for the year ended December 31, 2014. This increase in our operating expenses, other than those related to construction costs, was primarily due to the acquisitions of Solacor 1/2 in the fourth quarter of 2014, Skikda in the first quarter of 2015, Helios 1/2, Solnova 1/3/4 and Helioenergy 1/2 in the second quarter of 2015 and Kaxu and Solaben 1/6 in the third quarter of 2015. In addition, ACT recorded higher other operating expenses due to higher operation and maintenance costs in the year ended December 31, 2015 as a result of scheduled maintenance. The increase is also due to the commencement of operations of Mojave in the last quarter of 2014. This increase was partially offset by the decrease in construction costs from $38.6 million for the year ended December 31, 2014 to $0 for the year ended December 31, 2015, due to the completion of construction of ATS, Quadra 1, Quadra 2 and Palmatir.

Operating profit/(loss)

As a result of the above factors, operating profit increased by 98.7% to $344.5 million for the year ended December 31, 2015, compared with $173.3 million for the year ended December 31, 2014.

Financial income and financial expense

	Year ended December 31,	
Financial income and financial expense	2015	2014
	$ in millions	
Financial income	3.5	4.9
Financial expense	(333.9)	(210.3)
Net exchange differences	3.9	2.1
Other financial income/(expense), net	(200.2)	5.9
Financial expense, net	**(526.7)**	**(197.4)**

Net financial expense increased by $329.3 million to $526.7 million for the year ended December 31, 2015, compared with $197.4 million for the year ended December 31, 2014. This increase was primarily attributable to the increase in other financial income (expense), net, and also due to the increase in the financial expense, both analysed below. Financial income decreased by 28.5% to $3.5 million for the year ended December 31, 2015, compared to $4.9 million for the year ended December 31, 2014, mainly due to lower interest income from short-term financial investments at the holding level.

Financial expense

The following table sets forth our financial expense for the years ended December 31, 2015 and 2014:

Financial expense	Year ended December 31, 2015	Year ended December 31, 2014
	$ in millions	
Expenses due to interest:		
Loans with credit entities	(197.9)	(117.7)
Other debts	(81.9)	(61.9)
Interest rates losses derivatives: cash flow hedges	(54.1)	(30.7)
Total	**(333.9)**	**(210.3)**

Financial expense increased by 58.8% to $333.9 million for the year ended December 31, 2015, compared with $210.3 million for the year ended December 31, 2014. This increase was largely attributable to interest from loans with credit entities, which increased due to the acquisitions of Solacor 1/2, PS 10/20 and Cadonal in the fourth quarter of 2014, Skikda in the first quarter of 2015, Helios 1/2, Solnova 1/3/4, Helioenergy 1/2 and ATN2 in the second quarter of 2015 and Kaxu in the third quarter of 2015. Interest from loans with credit entities also increased due to the interest accrued on our Credit Facility. Interest from other debts primarily consist of interest on the 2019 Notes issued in November 2014, notes issued by ATS, ATN and Solaben 1/6, as well as interest on debt with related parties in 2014, which was capitalized in its majority before our IPO. Interest on interest-rate derivatives designated as cash flow hedges of $54.1 million in 2015 was due to transfers from equity to financial expense in accordance with our cash flow hedge accounting policy, and the increase was mainly due to the acquisition of solar assets in Spain.

Other financial income/(expense), net

Other financial income/(expenses)	Year ended December 31, 2015	Year ended December 31, 2014
	$ in millions	
Dividend ACBH (Brazil)	18.4	9.2
Other financial income	1.5	0.6
Impairment preferred equity investment in ACBH	(210.4)	—
Other financial losses	(9.7)	(3.9)
Total	**(200.2)**	**5.9**

Other financial expense, net amounted to $200.2 million for the year ended December 31, 2015, compared with a $5.9 million financial income, net for the year ended December 31, 2014. The expense recorded in 2015 was largely attributable to the impairment of our preferred equity

investment in ACBH. On January 29, 2016, Abengoa S.A. informed us that several indirect subsidiaries of Abengoa in Brazil, including ACBH, have initiated an insolvency procedure under Brazilian law (“recuperaçao judiciaria”), as a “Pedido de processamento conjunto”, which means the substantial consolidation of the three main subsidiaries of Abengoa in Brazil, including ACBH. Given that this process will likely negatively affect the value of our preferred equity investment and considering the high degree of uncertainty on its final outcome, we have recorded an impairment of this preferred equity investment of $210.4 million. In addition, dividends received from our preferred equity investment in ACBH increase for a total amount of $18.4 million during the year ended December 31, 2015 compared to $9.2 million received in the year ended December 31, 2014, as we began to receive this income upon this consummation of our IPO. Other financial losses mainly include guarantees and letters of credit, wire transfers, other bank fees and other minor financial expenses.

Share of profit/(loss) of associates carried under the equity method

Share of profit/(loss) of associates carried under the equity method increased from a loss of $0.8 million for the year ended December 31, 2014 to a $7.8 million profit for the year ended December 31, 2015 mainly due to the acquisition of a 25.5% stake in Honaine and a 29.6% stake in Helioenergy 1/2 in February 2015. The results of Honaine have been accounted for under the equity method since the date of its acquisition in February 2015. The results of Helioenergy 1/2 have been recorded under the equity method since the acquisition of the initial 29.6% stake in February 2015 until we gained control of Helioenergy 1/2 on May 25, 2015 and have been fully consolidated since that date.

Profit/(loss) before income tax

As a result of the above factors, we reported a loss before income tax amounting to $174.4 million for the year ended December 31, 2015, compared with a loss before income taxes of $24.9 million for the year ended December 31, 2014. Without considering the impact of the impairment of our preferred equity investment in ACBH of $210.4 million, profit before income tax would have amounted to $36.0 million for the year ended December 31, 2015, compared with a loss before income taxes of $24.9 million for the year ended December 31, 2014.

Income tax

Income tax expense amounted to $23.8 million for the year ended December 31, 2015, compared with an income tax expense of $4.4 million for the year ended December 31, 2014. Our effective tax rate differs from the average nominal tax rate mainly due to permanent differences resulting primarily from inflationary effects in ACT and incentives related mainly to the tax exemption of ACBH dividends.

Loss/(profit)) attributable to non-controlling interest

Profit attributable to non-controlling interest increased by 360.9% to $10.8 million in the year ended December 31, 2015, from $2.3 million in the year ended December 31, 2014. This increase was due to the acquisition of Solacor 1/2 in the fourth quarter of 2014, in which we acquired a 74% stake in 2015, Skikda in the first quarter of 2015, in which we have a 34.2% stake with control and Kaxu in the third quarter of 2015, in which we have a 51% stake.

Profit/(loss) attributable to the parent company

As a result of the above factors, loss attributable to the parent company increased to $209.0 million for the year ended December 31, 2015, compared with a loss attributable to the parent company of $31.6 million for the year ended December 31, 2014. Without considering the impact of the impairment of our preferred equity investment in ACBH of $210.4 million, we would have reported a profit attributable to the parent company in 2015 of $1.4 million for the year ended December 31, 2015, compared with a loss attributable to the parent company of $31.6 million for the year ended December 31, 2014.

Per clarification, the factors affecting our results of operations are:

- Regulation.
- Power purchase agreements and other contracted revenue agreements.
- Tax incentives in the United States for renewable energy assets.
- Tax accelerated depreciation for Spanish new assets.
- Specific corporate income tax rules in Mexico.
- Capital expenditures.
- Interest rates.
- Exchange rates.

Summarizing, with the fleet of assets we own at the end of 2015 we believe that we have achieved a balanced portfolio in terms of geographies and technologies that provides the Company the critical mass required to continue capturing opportunities to (i) continue improving the performance and cash generation of our assets and (ii) continue growing through acquisitions from Abengoa S.A., third parties or new potential future sponsors.

Key performance indicators

In addition to the factors described above, we closely monitor the following key drivers of our business sectors' performance to plan for our needs, and to adjust our expectations, financial budgets and forecasts appropriately as of the year ended December 31,

	2015	2014
Renewable Energy		
MW in operation	1,441	891
GWh produced	2,536	902
Conventional Power		
MW in operation	300	300
GWh produced	2,465	2,474
Availability (%)	101.7%	101.9%
Electric Transmission		
Miles in operation	1,099	1,018
Availability (%)	99.9%	100.0%
Water		
Mft^3 in operation	10.5	—
Availability (%)	101.5%	—

MW in operation and Mft3 in operation represent total installed capacity in assets owned at the end of the period, regardless of the stake in each of the assets.

Principal risks and uncertainties

The Company and its underlying assets are subject to a number of risks ranging from operating, regulatory, financial and link with Abengoa S.A. The processes and systems implemented have been designed to mitigate those risks to the extent possible. We include the following table as a summary of some of those risks and action plans carried out to mitigate them:

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
Operations in each asset.	Loss of revenues and cash flows at the project company level, which has subsequent impact on cash returns to the Company.	Operational risks are higher in younger assets than in more mature ones and likely to remain similar in the next few years.	▪ Dedicated supervisory and management teams. ▪ Reporting and monitoring systems in place. ▪ Proven technology through years of experience. ▪ Operation and maintenance contracted with specialists. ▪ Tracked down alternative O&M opportunities in the market.
▪ Consummate future acquisitions.	▪ Impede our ability to execute our growth strategy.	▪ Acquisitions throughout 2015 of operational assets from our current Sponsor.	▪ Maintain ROFO agreement with current sponsor. ▪ Seek for new sponsors. ▪ Dedicated supervisory and management teams to locate opportunities within the market.
▪ Regulation - legal, environmental and general compliance - of each asset.	▪ Uncertainty or changes to any such regulation could adversely affect the profitability of our current plants and our ability to refinance projects.	▪ No material changes for the underlying assets. The risk has increased for the Company following its acquisitions.	▪ Investment grade ratings in most of our assets. ▪ Strong power purchase agreement or concession contracts in most assets. ▪ Management and specialized compliance teams continuously tracking down any potential change. ▪ Reporting and monitoring system.
▪ Financing agreements in each contract.	▪ Restrictions to distribute cash out of project companies. ▪ Declare project finance debt to be due and payable immediately.	▪ Additional risks derived from the Company's acquisitions. ▪ Cross-default provisions related to Abengoa could trigger defaults under project financing arrangements (Solana, Mojave, Kaxu and Cadonal).	▪ Reporting and monitoring of covenants in each contract. ▪ Management and specialized compliance and legal teams continuously tracking down any change. ▪ Cross-default provisions expire progressively over time. ▪ Current discussions with our project finance lenders.
▪ Link with Abengoa.	▪ Our reputation is closely related to Abengoa's reputation. ▪ Existing service and support agreements, outstanding debt, cross-default provision and other risks.	▪ We have been adversely affected due to our relationship with Abengoa.	▪ Contingency plan in each key area. ▪ Corporate governance. ▪ New corporate brand.

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
▪ Liquidity risk.	▪ Not being able to meet our financial obligations as they fall due.	No material changes.	▪ Processes and systems in place. ▪ Cash in hand. ▪ At least 10% of cash flows generated by our project companies and distributed to the holding company retained. ▪ Possibility to change dividend policy.
▪ Interest rate and foreign currency exchange rate.	▪ Increases in rates would raise our finance expenses at project companies or corporate level.	▪ Currency Swap Agreement entered with Abengoa for distributions from Spanish assets. ▪ No material changes for the underlying assets related to interest rates.	▪ Policy to hedge in order to have a 90% at least of cash flows generated by our project companies in USD or hedged to USD. ▪ 86% of our total interest risk exposure is fixed or hedged.

The directors have considered the Group's relationship with its shareholder, Abengoa S.A, and the events that have taken place in the year as discussed in Note 1 to the consolidated financial statements.

Corporate and social responsibility

Sustainability and health and safety in our business model and activities as key values of Atlantica Yield

Atlantica Yield creates value for its investors by owning, managing and acquiring a diversified portfolio of contracted assets in operation in the energy and environment sectors.

As of December 31, 2015 our cash available for distribution comes from renewable assets, clean conventional (cogeneration technology) and from water desalination. These facts demonstrate that Atlantica Yield promotes a low-carbon energy production and a business model based on a sustainable development as we intend to take advantage of favourable trends in the power generation, electric transmission, and water sectors globally, including energy scarcity and a focus on the reduction of carbon emissions.

We own a geographically diverse portfolio of assets, with a primary focus on North America, South America and Europe. Atlantica Yield is committed to create a positive impact in the diverse local communities where the Company develops its activities. The Company also focuses its efforts in guaranteeing the integrity and safety of the employees that work and operate in our facilities.

The main environmental and corporate social responsibility figures and milestones for 2015 are:

Management System

We have established an environmental management system that guarantees that the Company complies with regulation in force in each of the markets we operate. In this sense, we measure the environmental impact of our activities, monitoring our water usage, waste, chemical product management, hazardous materials and emissions, among others, and identify and implement action plans to reduce that impact at each of our assets.

As a demonstration of the efforts carried out by the Company, throughout 2015 we obtained the following international recognized standards certifications:

- ISO 9001: Certification for Quality Management System.
- ISO 14001: Certification for Environmental Management System.
- OHSAS 18001: Certification for Occupational Health and Safety.

Greenhouse gas emissions

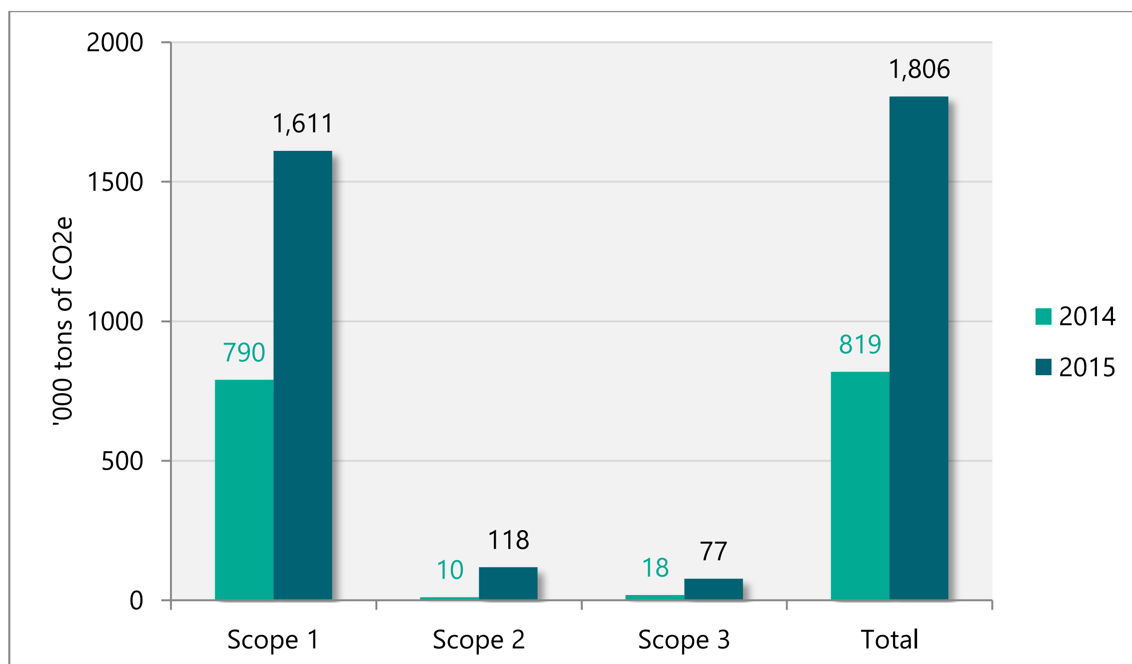
Our focus in renewables and sustainable technologies allows Atlantica Yield to have greenhouse gas emissions rates significantly lower than fossil fuels power generators.

Emissions figures on this report are quantified and reported according to the guidelines of the ISO 14064. Regarding this international standard, which was compiled according to the Green House Gas Protocol, emissions are classified into 3 groups:

- Scope 1: Emissions of greenhouse gas from sources that are owned or controlled by the Company.
- Scope 2: Indirect emissions of greenhouse gas from consumption of purchased electricity, heat or steam.
- Scope 3: Other indirect emissions, such as transport-related activities in vehicles not owned or controlled by the Company, electricity-related activities not covered in Scope 2, outsourced activities, etc.

The total emissions of carbon dioxide equivalent generated by the Company during 2015 reached 1,806 thousands of tons, a 120% higher than 2014 values. This increase is explained by the acquisition of new assets throughout 2015 and the higher generation on the youngest assets.

Graphic 1 shows the tons of carbon dioxide equivalent generated both in 2015 and 2014 corresponding to each scope.

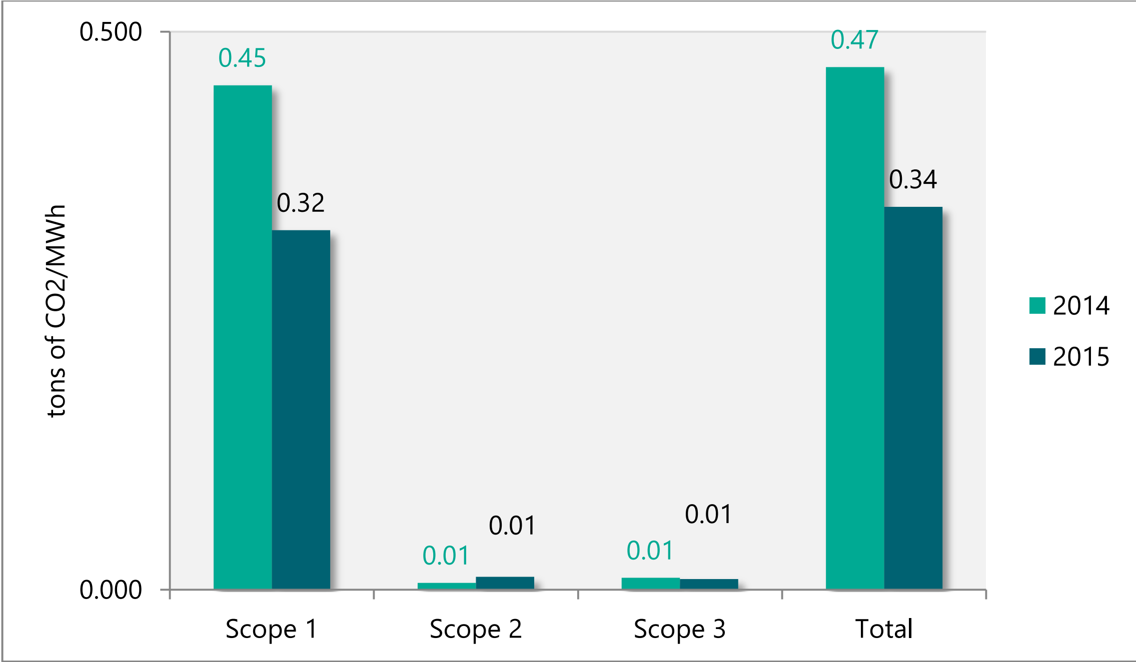


Graphic 1: Greenhouse Gas emissions breakdown by Scope*

* Emissions are considered since .acquisition date of each asset and for assets that are consolidated.

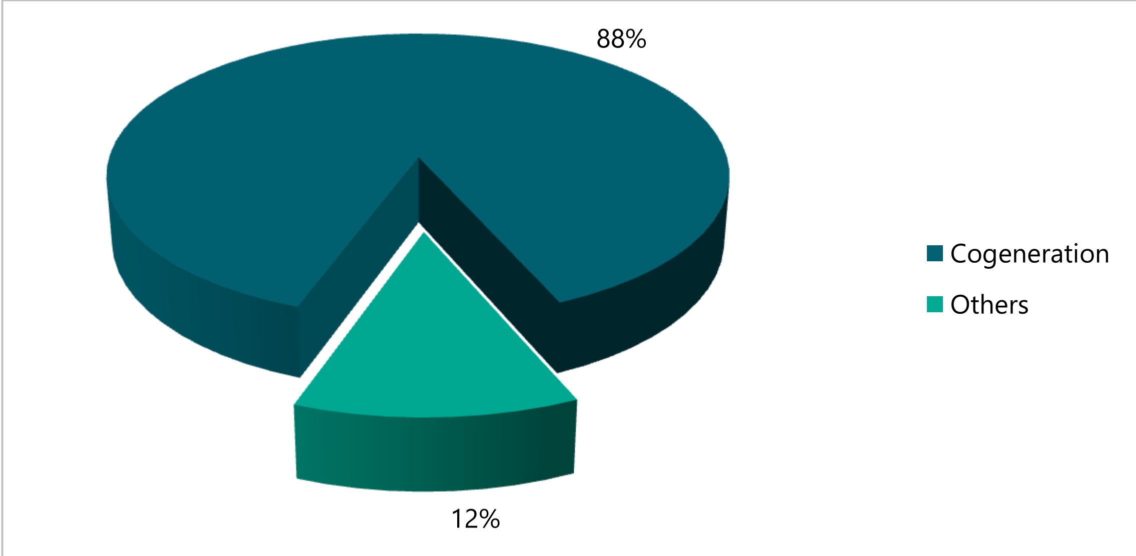
As shown on the following graphic, the rate of emissions rate per energy generation has decreased significantly, from 0.47 equivalent tons of Carbon Dioxide (“CO2”) per megawatt hour

to 0.34 in 2015. This decrease is caused by the higher generation coming from renewables in 2015 thanks to the new acquisitions and to the learning curve in the youngest assets.



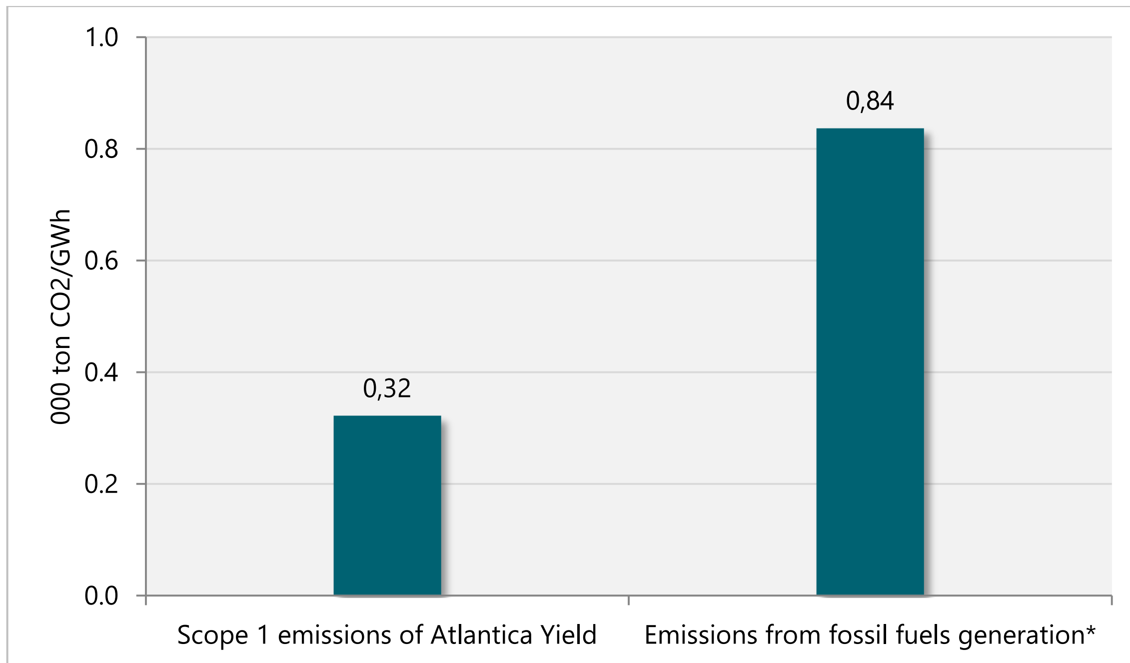
Graphic 2: Tons of CO2 emissions per MWh by Scope

Almost 90% of the emissions generated in 2015 come from our conventional power plant as shown in Graphic 3.



Graphic 3: Greenhouse Gas emissions breakdown by power technology

As previously stated, generating electricity from renewable resources allows us to have a much lower emission rate than pure fossil fuels generators as shown on Graphic 3. This fact implies a total of 2,575 tons of CO2 equivalent saved to the atmosphere compared with a hypothetical 100% fossil fuels based generation.



* Source: Average value of carbon dioxide produced per kilowatt-hour for different sources (bituminous coal, subbituminous coal, lignite, natural gas, distillate oil and residual oil. Data from the U.S. Energy Information Administration

Graphic 4: Atlantica Yield versus Fossil fuel generation GHG emissions

Human rights

We are committed to conducting our business in a manner that respects the rights and dignity of all people. We respect internationally recognized human rights, as set out in the International Bill of Human Rights and the International Labour Organization´s Declaration on Fundamental Principles and Rights at Work. Labor practice at Atlantica Yield and the professional activities of its employees, directors and executives are governed by the United Nations Universal Declaration of Human Rights and its protocols, as well as by International Agreements signed by the UN and the International Labor Organization (ILO) on social rights, as well as the principles of the United Nations Global Pact.

We are fully aware of the diversity of the local communities where we operate. In this sense, we are fully committed to respect and create value in these local communities as one of our key outputs of our business activities. We are delivering our human rights policy by implementing it into the processes that govern our business activities in all the geographies where we are present. Our code of conduct references the policy, requiring the employees, officers and directors to report any illegal behaviour or violations of laws, rules, regulations.

Business ethics

Atlantica Yield and each of its members subscribe and assume the document issued by the United Nations Convention against Corruption, which was approved by the General Assembly of the UN on October 31 2003. We have a responsibility to our shareholders and the countries and communities in which we do business to be ethical and lawful in all our dealings.

We have specific quality norms, which are the result of carrying out activities with knowledge, common sense, rigor, order and responsibility. Our code of conduct requires the highest standards for honest and ethical conduct and explicitly states that we do not tolerate bribery and

corruption in any of its forms. We also promote and strengthen the measures to prevent and combat corruption more effectively and efficiently. Our anti-bribery and corruption policy applies to all Atlantica Yield business.

In accordance with our policies, Atlantica Yield provides to its employees, shareholders and others a specific channel of communication with management and the governing bodies, that serves as an instrument to report any suspected or actual irregularities, instances of non-compliance with the code of conduct, as well as unethical or unlawful behaviour or behaviour that is against the rules and regulations which govern our company. Our whistleblower disclosure channel meets the requirements of the Sarbanes Oxley Act.

In addition to the provisions of our code of conduct, the business activities of Atlantica Yield are governed by the U.S. Foreign Corrupt Practices Act ("FCPA") and the UK Bribery Act 2010 ("UKBA").

Employees

Our values and code of conduct set out the expected qualities and actions of all our people. The honesty, integrity and sound judgment of our employees, officers and directors is essential to Abengoa Yield's reputation and success. We seek employees who have the right skills and who understand and embody the values and expected behaviours that guide our business activity.

As of December 31, 2015 we had 88 employees compared to seven employees as of December 31, 2014. During 2015, we finished the process of transferring and employing directly our executive management team. As a result of the completion of this process, the Executive Services Agreement between Abengoa S.A. and us was terminated in March 2015. In addition, during 2015 we initiated a process to employ directly personnel that were employed by Abengoa S.A. subsidiaries in 2014. In 2016, we expect our number of employees to increase aligned with the right-size of our organization and our business activities.

The following table shows the number of employees as of December 31, 2015 on a consolidated basis:

Geography	Employees
EMEA	34
North America	7
South America	6
Corporate	41
Total	**88**

Per gender, 13% of our Board of Directors, 14% of our Senior Management and 38% of the overall number of employees are women.

Our people

We aim to develop the talents of our workforce. The executive team members hold regular meetings with employees around the countries in which we operate. Team and one-to one meetings are complemented by formal processes to evaluate the performance of the employees.

Atlantica Yield code of conduct

Our code of conduct is based in our values and states the principles and expectations for everyone who works at Atlantica Yield.

Our code of conduct governs the actions and working relationships of our employees, officers and directors with current and potential customers, fellow employees, competitors, government and self-regulatory agencies, the media, and anyone else with whom Atlantica Yield has contact. These relationships are essential to the continued success of us.

Atlantica Yield´s Board of Directors monitors the code of conduct and any question and further information about our code of conduct is directed to Atlantica Yield's VP Risks & Compliance.

The Code of Conduct is available on our website at www.atlanticayield.com.

Occupational Health and Safety

Atlantica Yield and its management are committed to prioritize and actively promote the health and safety as a tool to protect the integrity and health of our employees, subcontractors and partners involved in our business activity. We promote deep capability and a safe operating culture across Atlantica Yield and encourages a preventive culture in the operation and maintenance ("O&M") activities of the subcontractors in our assets as reflected in our corporate health and safety policy. These efforts resulted in the certification for Occupational Health and Safety (O0048SAS 18001).

We actively monitor a broad range of occupational health and safety key performance indicators such as days without accidents, number of near misses and drills, not only to closely track down this area but to encourage employees in our assets to continuously improve on this matter.

Future Developments

As previous described in this Annual Report, we intend to grow our business primarily through the improvement of existing assets and the acquisition of contracted power generation assets, electric transmission lines and other infrastructure assets, which, we believe, along with the acquisitions carried out throughout 2015 will facilitate the growth of our cash available for distribution and enable us to increase our dividend per share over time.

Specifically, on January 7, 2016 we completed the acquisition from JGC of a 13% in Solacor 1/2, a 100 MW solar complex in Spain where we already owned a 76% stake.

On January 29, 2016, Abengoa S.A. informed us that several indirect subsidiaries of Abengoa in Brazil, including ACBH, had initiated an insolvency procedure under Brazilian law ("recuperaçao judiciaria"). We are assessing the potential impact of this event together with external advisors.

Going Concern Basis

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within this report. During the period, the Company generated $299.6 million from operating activities, invested $929.9 million (of which

$834.0 million were acquisitions) and raised $810.9 million from financing activities. All of these resulted in a $180.6 million increase on our cash position by the year end, with a closing cash position of $514.7 million. The directors believe that this is above the level of cash needed to operate the business for the foreseeable future and meet the Company's liabilities as they fall due, as well as being used as a significant part of the cash required to make future acquisitions.

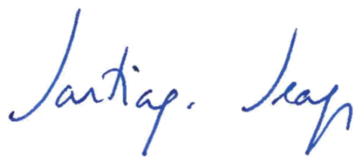
Critical accounting policies and estimates

The most critical accounting policies, which reflect significant management estimates and judgment to determine amounts in the consolidated financial statements, are as follows:

- Contracted concessional agreements and PPAs;
- Impairment of intangible assets;
- Assessment of control;
- Derivative financial instruments and fair value estimates; and
- Income taxes and recoverable amount of deferred tax assets.

Approval

This Strategic report was approved by the board and signed on its behalf by Santiago Seage, Managing Director on 15th March, 2016.



Managing Director
Santiago Seage

15th March, 2016

Directors’ Report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor’s report, for the year ended December 31, 2015.

Details of significant events since the balance sheet date are contained in footnote 26 to the consolidated financial statements. An indication of likely future developments in the business of the Company is included in the Strategic Report.

Information about the use of financial instruments by the Company is given in note 23 to the consolidated financial statements.

Dividends

We expect to pay a quarterly dividend on or about the 75 day following the expiration of each fiscal quarter to our shareholders of record on or about the 60th day following the last day of such fiscal quarter. However, our board of directors may change our dividend policy at any point in time or modify the dividend for specific quarters following prevailing conditions. We declared our first quarterly dividend in November 2014 and paid it on December 15, 2014.

On May 8, 2015, our board of directors approved a quarterly dividend corresponding to the first quarter of 2015 amounting to $0.34 per share. The dividend was paid on June 15, 2015 to shareholders of record as of May 29, 2015. On July 29, 2015, our board of directors approved a quarterly dividend corresponding to the second quarter of 2015 amounting to $0.40 per share. The dividend was paid September 15, 2015 to shareholders of record as of August 29, 2015. On November 5, 2015, our board of directors approved a quarterly dividend corresponding to the third quarter of 2015 amounting to $0.43 per share. The dividend was paid on December 16 2015, to shareholders of record as of November 30, 2015, and from that amount we retained $9 million from the dividend payable to Abengoa S.A. in accordance with the provisions of the parent support agreement. See “Business Overview—Electric Transmission—Exchangeable Preferred Equity Investment in Abengoa Concessoes Brasil Holding.” Furthermore, taking into consideration the uncertainties resulting from the situation of our sponsor, the board of directors has decided to postpone the decision on the dividend corresponding to the fourth quarter of 2015 until the second quarter of 2016.

We intend to distribute a very high portion of our cash available for distribution as dividend, after considering the cash available for distribution that we expect our projects will be able to generate, less reserves for the prudent conduct of our business (including for, among other things, dividend shortfalls as a result of fluctuations in our cash flows).

Our cash available for distribution is likely to fluctuate from quarter to quarter, in some cases significantly, as a result of the seasonality of our assets, the terms of our financing arrangements, maintenance and outage schedules, among other factors.

Capital Structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 21 to the consolidated financial statements. The Company has one class of ordinary share which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

On January 22, 2015, Abengoa closed an underwritten public offering and sale in the United States of 10,580,000 of ordinary shares of the Company for total proceeds of $327,980,000 (or

$31 per share). As a result of such offering, Abengoa reduced its stake in the Company from 64.3% to 51.1% of its shares.

On May 14, 2015 Atlantica Yield issued 20,217,260 new shares at $33.14 per share, which was based on a 3% discount versus the May 7, 2015. Abengoa subscribed for 51% of the newly-issued shares and maintained its previous stake in Atlantica Yield.

On July 14, 2015, Abengoa sold 2,000,000 shares of Atlantica Yield under Rule 144, reducing its stake to 49.1%.

As of the date hereof, Abengoa has sold 7,197,362 Ordinary Shares to holders that exercised their option to exchange Exchangeable Notes and Abengoa expects to deliver an additional 359,836 Ordinary Shares on the applicable settlement dates to certain holders of the Exchangeable Notes that have delivered a notice to exchange. As of December 31, 2015, there were 54,918.73 Ordinary Shares subject to delivery to holders of the Exchangeable Notes upon exchange of the outstanding Exchangeable Notes. These operations reduced Abengoa's Stake to 41.86%.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

The Company participates in no employee share schemes. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the SEC listing rules, the UK Companies Act 2006 and related legislation. The Articles of Association themselves may be amended by special resolution of the shareholders. The powers of directors are described in the Main Board Terms of Reference, copies of which are available on request.

Directors

The directors, who served throughout the year since the date indicated, and to the date of this report, were as follows:

▪ Daniel Villalba	Director and Chairman of the Board, independent	Chairman of the Board: appointed 27 November 2015 Director, independent: appointed 13 June 2014
▪ Santiago Seage	Managing Director	Appointed 27 November 2015 as M.D. Appointed 17 December 2013
▪ William B. Richardson	Director	Appointed 13 June 2014
▪ María J. Esteruelas	Director	Appointed 13 June 2014
▪ Eduardo Kausel	Director, independent	Appointed 13 June 2014
▪ Jack Robinson	Director, independent	Appointed 13 June 2014
▪ Enrique Alarcon	Director, independent	Appointed 13 June 2014
▪ Juan del Hoyo	Director, independent	Appointed 13 June 2014

Our board of directors is responsible for, among other things, overseeing the conduct of our business; reviewing and, where appropriate, approving, our long-term strategic, financial and organizational goals and plans; and reviewing the performance of our chief executive officer and other members of senior management.

Under English law, the board of directors of an English corporation is responsible for the management, administration and representation of all matters concerning the relevant business, subject to the provisions of the relevant constitution, statutes and resolutions adopted at general shareholder's meetings by a majority vote of the shareholders. Under English law, the board of directors may delegate its powers to an executive committee or other delegated committee or to one or more persons, unless the shareholders, through a meeting, have specifically delegated certain powers to the board of directors and have not approved the board of director's delegation to others.

Currently the Board's standing committees are the Audit Committee and the Appointments and Remuneration Committee. Each committee operates under a written charter that sets forth the purposes, goals and responsibilities of the committee as well as qualifications for committee membership. Committees report regularly to the full Board with respect to their activities.

In February 2016, the board decided to create two separate committees (Nominating and Compentation) to replace the existing Appointments and Remunerations Committee.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Political contributions

No political donations were made during 2015 nor 2014.

Substantial shareholdings

During the period between 31 December 2015 and as of the date of this report the Company did not receive any notifications under chapter 5 of the Disclosure and Transparency Rules.

Auditors

Each person who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

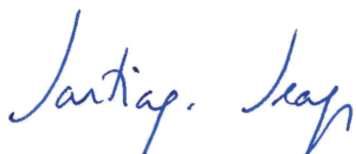
The Audit Committee preselected the Big 4 companies to participate in the audit tender of Atlantica Yield and its consolidated group for 2016, 2017 and 2018 consolidated and stand-alone financial statements. The preselected audit firm will be proposed in the forthcoming Annual General Meeting

Events after the balance sheet date

On January 7, 2016, we completed the acquisition from JGC of a 13% in Solacor 1/2, a 100 MW solar complex in Spain where we already owned a 76% stake.

On January 29, 2016, Abengoa S.A. informed us that several indirect subsidiaries of Abengoa in Brazil, including ACBH, have initiated an insolvency procedure under Brazilian law ("recuperaçao judiciaria"). We are currently assessing the potential impact of this event together with external advisors.

This report was approved by the board of directors on 15th March, 2016 and signed on its behalf by Santiago Seage, Managing Director.



Managing Director
Santiago Seage

15th March, 2016

Director’s Remuneration Report

Introduction

This report is on the remuneration of the directors of Abengoa Yield Plc for the period to 31 December 2015. It sets out the remuneration policy and remuneration details for the executive and non-executive directors of the company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013.

The report is split into three main areas:

- the statement by the chair of the remuneration committee;
- the annual report on remuneration; and
- the policy report.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Directors’ Remuneration Report and to state whether, in their opinion; those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in that report. The statement by the chair of the remuneration committee and the policy report are not subject to audit.

Statement by the Chair of the remuneration committee

Abengoa Yield plc had as of 31 December 2015 an Appointments and Remunerations Committee. In February 2016, the board approved the creation of two separate committees, one focusing on nominations and appointments and another one focusing on remunerations.

During 2015, the committee met five times and focused on three key objectives:

- *Supervised the transition of personnel from Abengoa to the Company.*

  Throughout 2015, we finished the process of transferring and employing directly our executive management team. As a result of the completion of this process, the Executive Services Agreement between Abengoa and us was terminated in March 2015. In addition, during 2015 we initiated a process to employ directly personnel that were employed by Abengoa subsidiaries in 2014.

- *Prepared a Succession Plan for the executive management team.*

  As previously stated, Senior Management was hired in 2015. Shortly thereafter, a Succession Plan was drafted and agreed.

  The succession plan was approved by the appointment and remunerations committee in 2015 and 2016.

- *Prepared a new version of our remuneration policy.*

  As of 31 December 2015 we had 88 employees compared to seven employees as of 31 December 2014. This increase required a new remuneration policy that was proposed for adoption in early 2016. It will be proposed for approval at our next Shareholders Meeting, which is expected to be held in May 2016.

Per clarification, information on Long-Term Incentive Plans ("LTIP") and bonuses to be applied in 2016 remuneration's plan is provided later on within this report.

Annual Report on Remuneration

Single total figure of remuneration for each director

The information provided in this part of the report is subject to audit.

Abengoa Yield Plc only paid remuneration to independent non executive directors, non executive directors and executive directors. Each independent non executive director receives a total annual compensation of $100,000 or approximately 90 thousand euros. As chairman of the board of directors and chairman of our audit committee, Mr. Villalba receives an additional $35,000 per year. Directors representing Abengoa do not receive any compensation from us.

In 2014, the remuneration was the same but the independent non executive directors served only during the second half of the year and therefore remuneration was $50,000 or approximately 38,000 euros (using 2014 exchange rate) for independent directors.

The total compensation received by our independent non executive directors, Chief Executive Officer and Managing Director from us during 2015 and 2014 is set forth in the table below.

Director's remuneration as a single figure (2015)						
Name	Salary and fees €'000	All taxable benefits €'000	Annual bonuses €'000	LTIP €'000	Pension €'000	Total for 2015 €'000
Santiago Seage	151.3	0.1	-	-	-	151.4
Javier Garoz **	1,289.6	0.1	-	-	-	1289.6
Daniel Villalba	121.8					121.8
Jackson Robinson	90.2					90.2
Enrique Alarcon	90.2					90.2
Eduardo Kausel	90.2					90.2
Juan del Hoyo	90.2					90.2
Total	**1,923.5**	**0.2**				**1,923.6**

Director's remuneration as a single figure (2014)						
Name	Salary and fees €'000	All taxable benefits €'000	Annual bonuses €'000	LTIP €'000	Pension €'000	Total for 2014 €'000
Santiago Seage*	130.8	0.1	-	-	-	130.9
Daniel Villalba	50.9					50.9
Jackson Robinson	37.7					37.7
Enrique Alarcon	37.7					37.7
Eduardo Kausel	37.7					37.7
Juan del Hoyo	37.7					37.7
Total	**332.5**	**0.1**	**-**	**-**	**-**	**332.5**

* The chief executive officer was employed in 2014 by Abengoa S.A. and therefore received no remuneration directly from the Company. The table above reflects an estimate of the fixed remuneration he received from Abengoa S.A. for services provided to

the Company, based on the time dedicated to the Company. The chief executive officer did not receive any variable remuneration for services provided to Abengoa Yield for the year ended 31 December 2014.

** Includes a 1,189.5 thousand euros termination payment received after leaving the Company on 25 November 2015 as per his employment contract.

Each member of our board of directors will be indemnified for his actions associated with being a director to the extent permitted by law.

Remuneration of the Chief Executive Officer

The information provided in this part of the report is not subject to audit.

The table enclosed within the "Single total figure of remuneration for each director" sets out the details for Mr. Seage who is undertaking the role of chief executive officer CEO/Managing Director.

Mr. Seage served as a director since our formation in 2014 and was Chairman from June until November 2015. Santiago Seage served as our chief executive officer from our formation until he was appointed chief executive officer of Abengoa in May 2015, in which capacity he served until 27 November 2015, when he was appointed as our Managing Director.

2015 was the first year when Mr. Seage was employed by the Company. He did not receive any bonus payments for 2015.

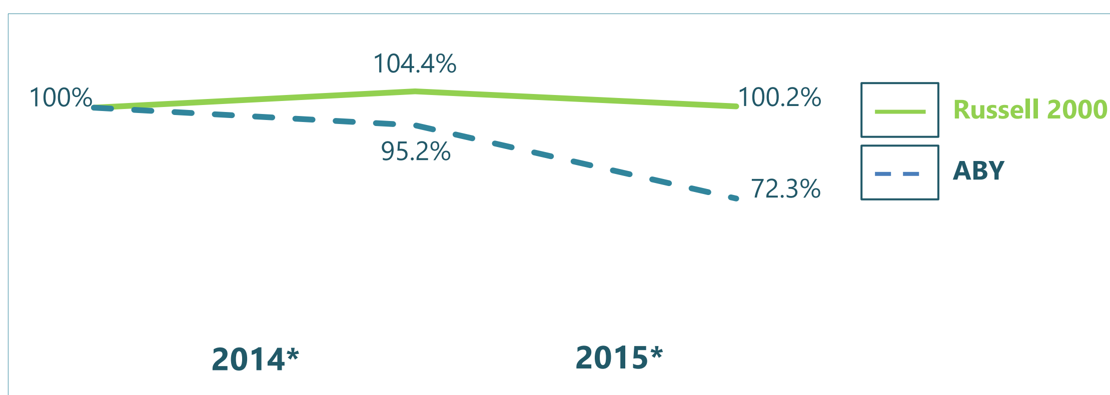
Mr. Garoz held the position of CEO between May and November 2015, when he left the Company.

Total Shareholder return and CEO pay

The chart below shows the Company's total shareholder return since June 2014, the date of our Initial Public Offering ("IPO"), until the end of 2015 compared with the total shareholder return of the companies in the Russell 2000 Index. The chart represents that return assuming an investment, represented as 100%, at the time of the IPO. In addition, dividends are not assumed to have been re-invested.

We believe the Russell 2000 Index is an accurate comparator as it represents a broad range of companies of similar size.

TSR is calculated in US dollars.



* Period since the IPO (June 2014) until December 31 of 2014 and 2015

The table below shows, for 2015 and 2014, the total remuneration of the Company's CEO/Managing Director and his bonuses and LTIP grants expressed as a percentage of the maximum he could have been awarded.

Year	Total Pay (€ 000)	Bonus		LTIP awards	
		Percentage of maximum	*Amount of bonus*	Percentage of maximum	*Value*
2015	1,440.9*	-	-	-	-
2014	130.9	-	-	-	-

* Includes a 1,189.5 thousand euros termination payment received by Mr. Garoz after leaving the Company on 25 November 2015.

The chief executive officer did not receive any variable remuneration for services provided to the Company for the years ended 31 December 2015 and 2014.

As previously stated, Santiago Seage occupied that office between January and May 2015, and again since late November 2015. Meanwhile, Mr. Garoz held that position between May and November 2015, when he voluntarily left the Company.

1. CEO pay vs. employee pay

This table sets out the percentage change between the 2014 and 2015 years in salary, benefits and bonus (determined in the same basis as for the Single Total Figure Table) for the CEO/Managing Director and *the average per capita change* for employees of the group as a whole.

As of 31 December 2014, we had seven employees. During the year 2014, we did not employ any member of our senior management team. Since 1 February 2015, we have been transferring and employing directly both our executive management as well as employees who were in Abengoa's subsidiaries in 2014.

Element of remuneration	Percentage change for CEO	Percentage change for employees
Salary	92%*	251%**
Benefits	0%	n/a
Bonus	0%	n/a

* 2015 was the first year when our CEO/Managing Director was employed by the Company. Moreover, the chief executive officer was employed in 2014 by Abengoa S.A. and therefore received no remuneration directly from the Company. The percentage of change showed above is an estimate due to the previous facts.

* * This percentage change is a reflection of the Company having seven employees during 2014, and 88 employees during 2015.

2. Relative importance of spend on pay

The following table sets out the change in overall employee costs, directors' compensation and dividends.

€ Million	Amount in 2015	Amount in 2014	Difference
Spend on pay for all employees of the group	5.2	1.4	3.8
Total remuneration of directors	1.9	0.3	1.6
Dividends	116.1	21.4	94.7

As previously stated, the Company had seven employees during 2014. The number of employees increased to 88 during 2015.

Directors Shareholdings

The following table includes information with respect to beneficial ownership of our ordinary shares as of the date of this annual report by each of our directors and executive officers as well as their connected persons.

Those not included in the table do not hold shares.

	Shares	Shares
	31st December 2015	31st December 2014
Santiago Seage	20,000	20,000
Daniel Villalba	60,000	46,897
Jackson Robinson	5,281	-

There have been no changes in the holdings of the directors between the year end and the date of issuance of this report.

Directors do not hold share options or awards and there are no share ownership requirements applicable to directors.

3. Termination payments

When he left the Company on 25 November 2015, Mr Garoz was paid, in accordance with his employment contract, a cash termination payment of €1,189,500.

4. Statement of implementation of policy in 2016

The targets for bonuses and LTI's are detailed under the section "2016 Remuneration Policy" of this report.

We have been able to establish key policies and we describe them in the Remuneration Policy. We expect to obtain approval for our 2016 policy in our next Annual Shareholders Meeting.

5. Remuneration Committee

The Appointments and Remuneration Committee included during 2015 Manuel Sanchez, replaced from May 2015 by Santiago Seage, as well as Daniel Villalba and Enrique Alarcon. During the year, the committee met five times and all directors attended every meeting.

The Company has used the services of external advisors to help to determine appropriate compensation levels according to market practice and data but the committee did not use the services of any advisors.

6. Voting at 2015 annual general meeting

At the 2015 annual general meeting, votes in relation to the directors' remuneration policy and the remuneration report were as follows:

	Remuneration policy	Remuneration report
▪ Votes for	62,561,361 (83.8%)	74,576,786 (99.9%)
▪ Votes against	11,997,520 (16.1%)	9,145 (0%)
▪ Votes withheld	81,442 (0.1%)	54,392 (0.1%)

2016 Remuneration Policy

If approved, this policy will take effect from the date of our Annual General Meeting, currently expected to be held in May 2016.

For independent non-executive directors the Company's policy is to compensate in cash for the time dedicated, subject to a maximum of 135 thousand dollars for the chairman or lead independent director and 100 thousand dollars for directors. Once a year the Appointments and Remuneration Committee reviews compensation practices for independent non-executive directors in similar companies and the skills and experience required and may propose an adjustment in the current compensations. For other non-executive directors the policy is not to compensate for the time dedicated.

The Managing Director/CEO is currently the only executive director. The policy for the executive directors is as follows:

Name of component	Description of component	How does this component support the company's (or group's) short and long term objectives?	What is the maximum that may be paid in respect of the component?	Framework used to assess performance
Salary/fees	Fixed remuneration payable monthly	Helps to recruit and retain executive directors and forms the basis of a competitive remuneration package	Maximum amount 700 thousand euros, maybe increased by 5% per year Salary levels for peers are considered	Not applicable No retention or clawback
Benefits	Opportunity to join existing plans for employees but without any increase in remuneration			
Annual bonus	Annual bonus is paid following the end of the financial year for performance over the year. 50% of any bonus (net of taxes) must be invested in shares. There are no retention or forfeiture provisions	Helps to offer a competitive remuneration package and align it with company's objectives	200% of base salary	50% CAFD 10% EBITDA 40% other operational or qualitative objectives No retention or clawback
Long Term Incentive Awards	LTI is paid in early 2019 if the company achieves its total shareholder return targets	Aligns pay with longer term returns to shareholders	3 year plan representing a maximum of 70% of salary and annual bonus for the 2016-2018 period	50% Total Annual Shareholder's Return (TSR) 50% TSR versus peers No retention or clawback

Committee discretions

The committee has discretion, consistent with market practice, in respect of, but not limited to participants, timing of payments, size of the award subject to policy, performance measures and when dealing with special situations such as change of control or restructuring.

The annual bonus will be a variable cash bonus, based on the objectives described above. Those objectives will include Cash Available for Distribution (CAFD), with a 50% weight for executive directors, and EBITDA as these are key financial metrics for a company like us. Additionally, the bonus will include 2-3 objectives that should reflect some of the key projects, initiatives or key objectives in each year. The CEO must reinvest 50% of his effective after tax yearly bonus in Company shares.

For the management team and key personnel our policy is to use two external consultants to estimate market conditions for similar positions in terms of fixed and variable remuneration and, based on a performance appraisal, set a target remuneration normally within that market practice. Variable payments are based on a number of specific measurable targets in relation to the measures described above and below which will be defined by the remuneration committee at the beginning of the year. For the rest of its employees the Company establishes predefined remuneration ranges for different positions and reviews each individual remuneration depending on performance appraisal and the position within two ranges without employee consultation.

The Company has also launched a long term incentive plan for the period 2016-2019 for the executive team. The plan includes:

- Approximately 10 executives, including the CEO/Managing Director
- Each executive would be entitled to the payment of a LTI cash bonus in March 2019 if the Company has achieved its Total Annual Shareholder's Return (TSR) objectives in the 2016-2019 period, as the committee and the board have considered that this is the best metric to align management and shareholders interests
- The maximum bonus will be a 50% (70% for the CEO) of the total remuneration received by the executive in the 2016-2018 period
- 50% of the LTI bonus will be based on the Company's TSR and 50% on the relative performance in terms of TSR versus other yieldcos to be selected by the committee
- In case of change of control the LTI would become due and would be calculated using the offer price or the last price based on TSR up to and including the change of control
- In case of retirement, termination without cause, permanent disability or death, the LTI would be pro-rated for the period until that event and paid out at the end of the plan period once TSR for the period is known. If the employee left the company for other reasons there would be no compensation

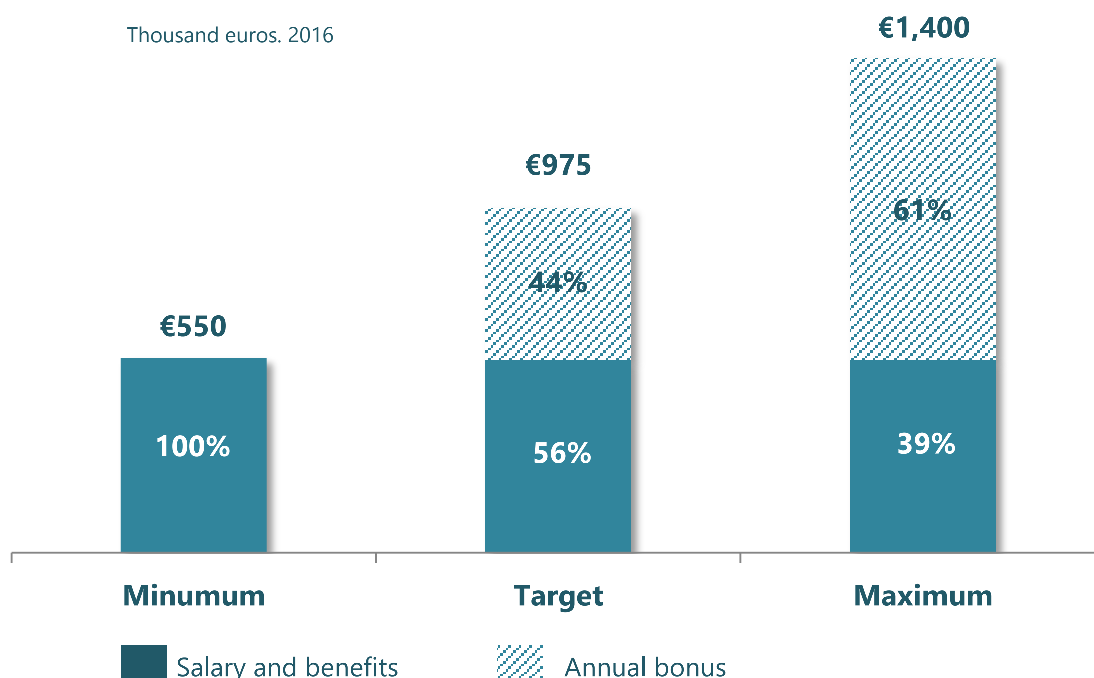
Executive directors do not receive any pension contributions.

None of the non-executive directors receive bonuses, long-term incentive awards, pension or other benefits in respect of their services to the Company.

There are no provisions for the recovery of sums paid or the withholding of any sum.

Total remuneration of the only executive director for a minimum, target and maximum performance in 2016 is presented in the chart below.

CEO/Managing Director



Assumptions made for each scenario are as follows:

- Minimum: fixed remuneration only
- Target: fixed remuneration plus half of maximum annual bonus
- Maximum: fixed remuneration plus maximum annual bonus

LTI is not included as it would only be paid in 2019.

Approach to recruitment

As previously stated within this report, the recruitment of managers contains the use of two external consultants to estimate market conditions for similar positions in terms of fixed and variable remuneration.

In addition, the 2016 remuneration policy reflects the composition of the remuneration package for the appointment of new executive directors. We expect to offer a competitive fixed remuneration, a yearly bonus not exceeding 200% of fixed remuneration and participation in our LTI plan.

Lastly, whenever needed, the Company will contract a top tier external advisor to hire key personnel.

As stated in the "Single total figure of remuneration for each director", each independent director receives a total annual compensation of $100,000. As chairman of the board of directors and

chairman of our audit committee, Mr. Villalba receives an additional $35,000 per year. Directors representing Abengoa do not receive any compensation from us.

When recruiting independent directors remuneration offered should be the same.

Policy on payments for loss of office

The payments for loss of office are calculated in accordance with the performance during the period of qualifying service as well as any other circumstance that may be deemed necessary within the employment contract or local labour law such as bonuses (typically pro-rated for the period served) or long term incentive plan previously discussed and applying relevant labour laws. Executive directors have notice periods of 6 months.

Consideration of employee conditions elsewhere

For the management team and key personnel our policy is to use two external consultants to estimate market conditions for similar positions in terms of fixed and variable remuneration and, based on a performance appraisal, set a target remuneration normally within that market practice. Variable payments are based on a number of specific measurable targets defined at the beginning of the year. For the rest of its employees the Company establishes predefined remuneration ranges for different positions and reviews each individual remuneration depending on performance appraisal and the position within two ranges without employee consultation.

The remuneration policy for Executive Directors is designed having regard to the remuneration policy for employees across the Company. However, there are differences that the Committee believe are necessary to reflect the different levels of responsibility. The key difference is an increased emphasis on annual variable bonus and long term compensation for Executive Directors.

Overall we expect that, following the implementation of our policies, remunerations of the Company's employees will increase in line with the market with the exception of individuals that have been recently promoted or whose remuneration is below market conditions.

Statement of consideration of shareholder views

There are no comments in respect of directors' remuneration expressed to the Company by shareholders. The next Annual Shareholders Meeting is expected to be held in May 2016.

Summary of Policy for Non-Executive Directors

Name of component	How does the component support the company's objective?	Operation	Maximum
Independent Non-Executive Directors			
Fees	Attract and retain high performing	Reviewed annually by the committee and board The lead independent director/chairman receive additional fees	Annual total compensation for non executive directors in any case will not exceed two million dollars
Benefits	Reasonable travel expenses to the Company's registered office or venues for meetings	Customary control procedures	Real costs of travel with a maximum of one million dollars for all directors
Other Non-Executive Directors			
Fees	Attract and retain high performing	Directors appointed by shareholders receive no fees	No prescribed maximum annual increase
Benefits	Reasonable travel expenses to the Company's registered office or venues for meetings	Customary control procedures	Real costs of travel

Service Contracts

Mr. Seage has a contract with Abengoa Yield that includes a 6 months' notice period.

The non-executive directors do not have a service contract and have been elected for a period of three years starting June 2014.

Payments for loss of office for executive directors or executives would be based on prevailing labour and legal conditions in their contracts or countries where they are employed. Most of our executives, including the Managing Director, are entitled to compensation under standard labour law in Spain. Additionally, the Managing Director and CFO could be entitled to 12 months or standard labour law compensation if they leave, voluntarily or not, after a change of control. The Company may lawfully terminate the executive director's employment without compensation in circumstances where the employer is entitled to terminate for cause as defined by applicable law.

In the event of termination by the Company, each executive director may have an entitlement to compensation in respect of his statutory rights under employment protection legislation in the UK, Spain or elsewhere.

Employee Benefit Trusts

The policy is not to use any employee trust for share plans.

Key Management Compensation for 2015

	2015	2014
• Short-term employee benefits	2,851.9	332.5
• Post-employment benefits		
• Other long-term benefits		
• Termination benefits		
• Share-based payment		
• **Total**	**2,851.9**	**332.5**

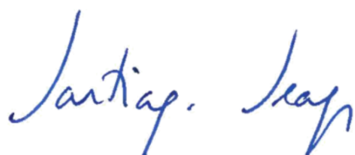
Key management includes Directors, CEO/MD, CFO and 5 key executives

Statement of voting at general meeting

The remuneration report will be submitted to the annual shareholder meeting in 2016.

Approval

This report was approved by the board of directors on 15th March, 2016 and signed on its behalf by Santiago Seage, Managing Director.



Managing Director
Santiago Seage

15th March, 2016

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board (IASB) and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- In preparing the group financial statements, International Accounting Standard 1 requires that directors:
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

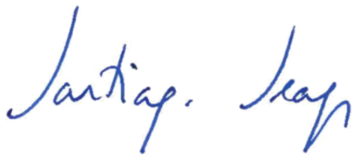
the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;

the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 15th March, 2016 and is signed on its behalf by:

By order of the Board



Managing Director
Santiago Seage
15th March, 2016

Chief Financial Officer
Francisco Martinez-Davis
15th March, 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABENGOA YIELD PLC

We have audited the financial statements of Abengoa Yield plc for the year ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes 1 to 31 to the Consolidated financial statements and notes 1 to 8 to the Company financial statements. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB'). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB
As explained in note 1 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Makhan Chahal (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

21 March 2016

Consolidated Income Statement

Amounts in thousands of U.S. dollars

	Note (1)	For the twelve-month period ended December 31, 2015	2014
Revenue		790,881	362,693
Other operating income	9	68,857	79,913
Raw materials and consumables used		(23,243)	(9,462)
Employee benefit expenses	8	(5,848)	(1,664)
Depreciation, amortization, and impairment charges		(261,301)	(125,480)
Other operating expenses		(224,828)	(132,657)
Operating profit		**344,518**	**173,343**
Finance income	10	3,464	4,911
Finance expense	10	(333,921)	(210,252)
Net exchange gains		3,852	2,054
Net other finance (expense)/income	10	(200,153)	5,861
Net finance costs		**(526,758)**	**(197,426)**
Share of profit/(loss) of associates carried under the equity method		7,844	(769)
Loss before income tax		**(174,396)**	**(24,852)**
Income tax	11	(23,790)	(4,413)
Loss for the year		**(198,186)**	**(29,265)**
Profit attributable to non-controlling interests		(10,819)	(2,347)
Loss for the year attributable to owners of the Company		**(209,005)**	**(31,612)**
Less: Predecessor Loss prior to Initial Public Offering on June 13, 2014		-	(28,233)
Net profit/(loss) attributable to Abengoa Yield Plc. Subsequent to Initial Public Offering		-	(3,379)
Weighted average number of ordinary shares outstanding (thousands)		92,795	80,000
Basic and diluted earnings per share (U.S. dollar per share)(*)		(2.25)	(0.04)

(*) Earnings per share have been calculated for the period subsequent to the initial public offering, considering Net loss attributable to equity holders of Abengoa Yield plc. generated after the initial public offering divided by the number of shares outstanding.

(1) Notes 1 to 31 are an integral part of the consolidated financial statements

All results are derived from continuing operations.

Balance Sheet
31 December 2015

Consolidated Statement of other comprehensive income

	Year ended 2015	Year ended 2014
Loss for the year	**(198,186)**	**(29,265)**
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges and available for sale financial assets.		
Gains / (losses) arising during the year	56	(117,423)
Less: reclassification adjustments for gains / (losses) transferred to profit or loss	55,841	29,859
Exchange differences on translation of foreign operations	(91,405)	(51,226)
Income tax relating to items that may be reclassified subsequently to profit or loss	(12,010)	24,515
Other comprehensive loss for the year net of tax	**(47,518)**	**(114,275)**
Total comprehensive loss for the year	**(245,704)**	**(143,540)**
Total comprehensive loss attributable to:		
Owners of the Company	(249,254)	(158,353)
Non-controlling interests	(3,550)	14,813

Balance Sheet
31 December 2015

Consolidated Balance Sheet

Amounts in thousands of U.S. dollars	Note (1)	As of December 31, 2015	As of December 31, 2014
Assets			
Non-current assets			
Contracted concessional assets	13	9,300,897	6,725,178
Investments carried under the equity method	14	56,181	5,711
Other receivables accounts	23	89,050	368,964
Derivative assets	24	4,741	4,597
Financial investments		93,791	373,561
Deferred tax assets		191,314	124,210
Total non-current assets		**9,642,183**	**7,228,660**
Current assets			
Inventories		14,913	22,068
Trade receivables		126,844	78,521
Credits and other receivables		70,464	51,175
Trade and other receivables	15&23	197,308	129,696
Financial investments	23	221,358	229,417
Cash and cash equivalents	16&23	514,712	354,154
Total current assets		**948,291**	**735,335**
Total assets		**10,590,474**	**7,963,995**

(1) Notes 1 to 31 are an integral part of the consolidated financial statements

Balance Sheet
31 December 2015

Consolidated Balance Sheet

Amounts in thousands of U.S. dollars	Note (1)	As of December 31, 2015	As of December 31, 2014
Equity			
Share capital		10,022	8,000
Parent company reserves		2,313,855	1,790,135
Other reserves		24,831	(15,539)
Accumulated currency translation reserve		(109,582)	(28,963)
Retained earnings		(356,524)	(2,031)
Equity attributable to the Company		1,882,602	1,751,602
Non-controlling interest		140,899	88,029
Total equity	21	**2,023,501**	**1,839,631**
Non-current liabilities			
Long-term corporate debt	17	661,341	376,160
Borrowings		2,763,814	2,970,984
Notes and bonds		810,650	520,893
Long-term project debt	18	3,574,464	3,491,877
Grants and other liabilities	19	1,646,748	1,367,601
Related parties		126,860	77,961
Derivative liabilities	24	385,095	168,931
Deferred tax liabilities		79,654	60,818
Total non-current liabilities		**6,474,162**	**5,543,348**
Current liabilities			
Short-term corporate debt	17	3,153	2,255
Borrowings		1,870,691	323,250
Notes and bonds		25,514	7,939
Short-term project debt	18	1,896,205	331,189
Trade payables and other current liabilities	19	178,217	231,132
Income and other tax payables		15,236	16,440
Total current liabilities		**2,092,811**	**581,016**
Total equity and liabilities		**10,590,474**	**7,963,995**

(1) Notes 1 to 31 are an integral part of the consolidated financial statements

Balance Sheet
31 December 2015

The consolidated financial statements of Abengoa Yield plc, company registration no. 08818211, were approved by the board of directors and authorised for issue on 25th February 2016.

They were signed on its behalf by:

Managing Director

Santiago Seage

15th March, 2016

Statement of changes in equity
Year ended 31 December 2015

Consolidated Statement of changes in equity

Amounts in thousands of U.S. dollars	Share Capital	Parent company reserves	Other reserves	Retained earnings (b)	Accumulated currency translation differences	Total equity attributable to the Company	Non-controlling interest	Total equity
	-	-	**(36,600)**	**1,245,510**	**9,009**	**1,217,919**	**69,279**	**1,287,198**
Profit/(loss) for the six-month period after taxes	**-**	**-**	**-**	**(28,233)**	**-**	**(28,233)**	**410**	**(27,823)**
Change in fair value of cash flow hedges	-	-	(59,277)	-	-	(59,277)	(4,253)	(63,530)
Currency translation differences	-	-	-	-	(10,660)	(10,660)	(4,347)	(15,007)
Tax effect	-	-	17,325	-	-	17,325	1,276	18,601
Other comprehensive income	**-**	**-**	**(41,952)**	**-**	**(10,660)**	**(52,612)**	**(7,324)**	**(59,936)**
Total comprehensive income	**-**	**-**	**(41,952)**	**(28,233)**	**(10,660)**	**(80,845)**	**(6,914)**	**(87,759)**
Initial Public Offering and Asset Transfer	8,000	1,813,831	78,552	(1,195,862)	1,651	706,172	-	706,172
Balance as of June 30, 2014 (a)	**8,000**	**1,813,831**	**-**	**21,415**	**-**	**1,843,246**	**62,365**	**1,905,611**
Profit/(loss) for the six-month period after taxes	-	-	-	**(3,379)**	-	**(3,379)**	**1937**	**(1,442)**
Change in fair value of cash flow hedges and available for sale financial assets	-	-	(20,236)	-	-	(20,236)	(3,685)	(23,921)
Currency translation differences	-	-	-	-	(28,963)	(28,963)	(7,256)	(36,219)
Tax effect	-	-	4,697	-	-	4,697	1,105	5,802
Other comprehensive income (c)	**-**	**-**	**(15,539)**	**-**	**(28,963)**	**(44,502)**	**(9,836)**	**(54,338)**
Total comprehensive income	**-**	**-**	**(15,539)**	**(3,379)**	**(28,963)**	**(47,881)**	**(7,899)**	**(55,780)**
Asset acquisition under the Rofo (d)	**-**	**-**	**-**	**(20,067)**	**-**	**(20,067)**	**33,563**	**13,496**
Dividend distribution	**-**	**(23,696)**	**-**	**-**	**-**	**(23,696)**	**-**	**(23,696)**
Balance as of December 31, 2014 (a)	**8,000**	**1,790,135**	**(15,539)**	**(2,031)**	**(28,963)**	**1,751,602**	**88,029**	**1,839,631**
Balance as of January 1, 2015	8,000	1,790,135	(15,539)	(2,031)	(28,963)	1,751,602	88,029	1,839,631
Profit/(loss) for the year after taxes	-	-	-	(209,005)	-	(209,005)	10,819	(198,186)
Change in fair value of cash flow hedges and available for sale financial assets		-	51,215	-	-	51,215	4,682	55,897
Currency translation differences	-	-	-	-	(80,619)	(80,619)	(10,786)	(91,405)
Tax effect		-	(10,845)	-	-	(10,845)	(1,165)	(12,010)
Other comprehensive income	**-**	**-**	**40,370**	**-**	**(80,619)**	**(40,249)**	**(7,269)**	**(47,518)**
Total comprehensive income	**-**	**-**	**40,370**	**(209,005)**	**(80,619)**	**(249,254)**	**3,550**	**(245,704)**
Asset acquisition under the Rofo (d)	**-**	**-**	**-**	**(145,488)**	**-**	**(145,488)**	**57,627**	**(87,861)**
Dividend distribution	**-**	**(137,995)**	**-**	**-**	**-**	**(137,995)**	**(8,307)**	**(146,302)**
Capital Increase	**2,022**	**661,715**	**-**	**-**	**-**	**663,737**	**-**	**663,737**
Balance as of December 31, 2015	**10,022**	**2,313,855**	**24,831**	**(356,524)**	**(109,582)**	**1,882,602**	**140,899**	**2,023,501**

Cash flow statement
31 December 2015

(a) The Consolidated statement of changes in equity for the six-month period ended June 30, 2014 and for the twelve-month period ended December 31, 2014 represents the changes in the consolidated equity of Abengoa Yield plc and its subsidiaries since January 1, 2014.
(b) The loss for the six-month period after taxes amounting to ($3,379) thousands, includes the result of the Company after the Initial Public Offering up to the end of December 31 2014. The loss attributable to the parent company for the twelve-month period ended December 31, 2014 amounting to ($31,612) thousand is included within Retained Earnings.
(c) These amounts account for the impact in Other comprehensive income of the consolidated statements for the six-month period ended December 31, 2014.
(d) Fully relates to the impact of acquisitions under common control under the Right of first offer (´Rofo´) agreement (See Note 5)

(1) Notes 1 to 31 are an integral part of the consolidated financial statements

Cash flow statement
31 December 2015

Consolidated Cash flow statement

Amounts in thousands of U.S. dollars	Note (1)	For the year ended 2015	2014
Loss for the year		**(198,186)**	**(29,265)**
Non-monetary adjustments			
Depreciation, amortization and impairment charges	13	261,301	125,480
Finance costs		553,300	206,294
Fair value (gains)/losses on derivative financial instruments		(4,292)	2,386
Shares of (profits)/losses from associates		(7,844)	769
Income tax	11	23,790	4,413
Changes in consolidation and other non-monetary items		(91,410)	(48,793)
Profit for the year adjusted by non-monetary items		**536,659**	**261,284**
Variations in working capital			
Inventories		(1,198)	379
Trade and other receivables		14,845	(5,981)
Trade payables and other current liabilities		9,994	(117,19)
Financial investments and other current assets/liabilities		49,420	54,810
Variations in working capital		**73,061**	**(67,991)**
Income tax received/(paid)		522	(428)
Interest received		1,600	256
Interest paid		(312,357)	(149,513)
Net cash provided by operating activities		**299,485**	**43,608**
Investments in entities under the equity method		4,417	(44,524)
Investments in contracted concessional assets		(106,007)	(56,960)
Other non-current assets/liabilities		5,714	(21,339)
Acquisitions of subsidiaries	5	(833,974)	(222,345)
Net cash used in investing activities		**(929,850)**	**(345,168)**
Proceeds from Project & Corporate debt		459,366	1,350,689
Repayment of Project & Corporate debt		(175,389)	(1,665,433)
Dividends paid to company´s shareholders		(137,166)	(23,696)
Proceeds from related parties and other		—	(39,035)
Proceeds from IPO		—	681,916
Proceeds from capital increase		664,120	—
Net cash provided by financing activities		**810,931**	**304,441**
Net increase in cash and cash equivalents		**180,566**	**2,881**
Cash, cash equivalents and bank overdrafts at beginning of the year	15	354,154	357,664
Translation differences cash or cash equivalent		(20,008)	(6,391)
Cash and cash equivalents at end of the year	15	**514,712**	**354,154**

(1) Notes 1 to 31 are an integral part of the consolidated financial statements

Notes to the consolidated financial statements

1. General information

Abengoa Yield plc. ('Atlantica Yield' or the Company) is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Great West Road, Brentford TW8 9DF, Greater London (United Kingdom). The nature of the Group's operations and its principal activities are set out in the strategic report on pages 3 to 15.

These financial statements are presented in US Dollars because that is the primary currency in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

The sponsor of the Company, Abengoa, has reported that on November 27, 2015, it filed a communication pursuant to article 5 bis of the Spanish Insolvency Law 22/2003 with the Mercantile Court of Seville nº 2. The filing by Abengoa was intended to initiate a process to try to reach an agreement with its main financial creditors, aimed to ensure the right framework to carry out such negotiations and provide Abengoa with financial stability in the short and medium term. The Mercantile Court published a decree to admit the filing of the communication on December 15, 2015 and set a deadline of March 28, 2016 for Abengoa to reach an agreement with its main financial creditors.

Abengoa reported that on January 25, 2016, its board of directors approved a viability plan that defined the structure of the future business activity. In accordance with this plan, Abengoa will negotiate a debt restructuring with its creditors as well as necessary resources to be able to continue its activity and to operate in a competitive and sustainable manner in the future.

The financing arrangements of some of the project subsidiaries of the Company (Solana, Mojave, Kaxu and Cadonal) contain cross-default provisions related to Abengoa, such that debt defaults by Abengoa, subject to certain threshold amounts, could trigger defaults under such project financing arrangements. These cross-default provisions expire progressively over time, remaining in place until the termination of the obligations of Abengoa under such project financing arrangements. The Company is currently in discussions with the project finance lenders.

Although the Company does not expect the acceleration of debt to be declared by the credit entities, the project entities did not have contractually as of December 31, 2015 what International Accounting Standards define as an unconditional right to defer the settlement of the debt for at least twelve months after that date, as the cross-default provisions make that right not totally unconditional, and therefore the debt has been presented as current in these consolidated financial statements in accordance with International Accounting Standards 1 ("IAS 1"), "Presentation of Financial Statements". As a result of this reclassification, current liabilities in the consolidated statement of financial position are higher than current assets. In any case, due to the legal nature of the project financing of the Company in place and pursuant to the laws of each jurisdiction, the lenders of these agreements would, in any case, have recourse only against the specific project company

(pledge over the shares of the special purpose vehicle, pledge over certain credit rights, mortgage over certain assets in certain jurisdictions, etc.) but do not have any recourse against Abengoa Yield plc or any other assets of the Company, since there is no further guarantee provided to the credit entities.

All the project financing arrangements except for ATN, ATS, Skikda and Honaine contain a covenant that Abengoa must own at least 35% of the Abengoa Yield plc shares. Abengoa currently owns 41.86% of the ordinary shares of the Company. In connection with various financing agreements, Abengoa has disclosed that 39,530,843 of its Abengoa Yield plc shares, representing approximately 39.5% of the outstanding shares of the Company, have been pledged as collateral. If Abengoa defaults on any of these financing arrangements, such lenders may foreclose on the pledged shares and, as a result, Abengoa could eventually own less than 35% of Abengoa Yield plc outstanding shares. As a result, the Company would be in breach of covenants under the applicable project financing arrangements. Waivers have been requested to all the parties of these project financing arrangements containing these covenants. Solaben 1&6 obtained the necessary waivers in February 2016. Similar waivers related to a minimum percentage of ownership of Abengoa in the Company have been obtained in the past and therefore the Management of the Company expects a similar outcome in this instance for the rest of the projects. In any case, due to the legal nature of the project financing of the Company in place and pursuant to the laws of each jurisdiction, the lenders of these agreements would have recourse only against the specific project company but do not have any recourse against Abengoa Yield plc or any other assets of the Company, since there is no further guarantee provided to the credit entities.

Both aspects previously explained could have an impact under the terms of the Credit Facility. The Credit Facility does not include cross-default provisions related to Abengoa. Nevertheless, the Company is required to comply with (i) a maintenance leverage ratio of the indebtedness at Abengoa Yield plc level to the cash available for distribution and (ii) an interest coverage ratio of cash available for distribution to debt service payments. A potential payment default in several of the project companies or potential restrictions to distributions from several of the project companies may trigger these covenants. The Credit Facility also includes a cross-default provision related to a default by the project subsidiaries of the Company in their financing arrangements, such that a payment default in one or more of the non-recourse subsidiaries of the Company representing more than 20% of the cash available for distribution distributed in the previous four fiscal quarters could trigger a default under the Credit Facility. In the remote scenario where sufficient waivers were not obtained in due time, the Company would undertake initiatives including, but not limited to, asset disposals or changes in the dividend policy.

Currently, the Company continues to rely on Abengoa for certain support services as well as for operation and maintenance services at most of its facilities. The Company is very advanced in the process of internalizing main support services, has launched a plan to separate its IT systems and is preparing plans to replace existing operation and maintenance suppliers if required.

On January 29, 2016, Abengoa informed the Company that several indirect subsidiaries of Abengoa in Brazil, including ACBH, have initiated an insolvency procedure under Brazilian law ("recuperaçao judiciaria") as a "Pedido de processamento conjunto", which means the substantial consolidation of the three main subsidiaries of Abengoa in Brazil, including ACBH (see Note 23).

These consolidated financial statements were approved by the Board of Directors on February 25, 2016. The Board of Directors decided to postpone the decision on the dividend corresponding to the fourth quarter of 2015 until the second quarter of 2016.

2. Adoption of new and revised Standards

a) During the year ended December 31, 2015, the Company has not applied in the preparation of the consolidated financial statements new standards, amendments or interpretations as none have become effective during the year.

c) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after January 1, 2016:

› Annual Improvements to IFRSs 2012-2014 cycles. These improvements are mandatory for annual periods beginning on or after January 1, 2016 under IFRS-IASB.

› IAS 1 (Amendment) 'Presentation of Financial Statements'. This amendment is mandatory for annual periods beginning on or after January 1, 2016 under IFRS-IASB.

› IAS 27 (Amendment) 'Separate financial statements' regarding the reinstatement of the equity method as an accounting option in separate financial statements. This amendment is mandatory for annual periods beginning on or after January 1, 2016 under IFRS-IASB.

› IFRS 14 'Regulatory Deferral Accounts'. This Standard will be effective from January 1, 2016 under IFRS-IASB.

› IFRS 9 'Financial Instruments'. This Standard will be effective from January 1, 2018 under IFRS-IASB.

› IFRS 15 'Revenues from contracts with Customers'. IFRS 15 is applicable for annual periods beginning on or after January 1, 2018 under IFRS-IASB.

› IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', regarding acceptable methods of amortization and depreciation. This amendment is mandatory for annual periods beginning on or after January 1, 2016 under IFRS-IASB.

› IFRS 10 (Amendment) 'Consolidated financial statements, IFRS 12 'Disclosure of interests in Other Entities' and IAS 28 'Investments in associates and joint ventures' regarding the exemption from consolidation for investment entities. These amendments are mandatory for annual periods beginning on or after January 1, 2016 under IFRS-IASB.

- IFRS 11 (Amendment) 'Joint Arrangements' regarding acquisition of an interest in a joint operation. This amendment is mandatory for annual periods beginning on or after January 1, 2016 under IFRS-IASB.
- IAS 16 'Property, Plant and Equipment' and 41 'Agriculture' (Amendment) regarding bearer plants. These amendments are mandatory for annual periods beginning on or after January 1, 2016 under IFRS-IASB.
- IFRS 16, 'Leases'. These amendments are mandatory for annual periods beginning on or after January 1, 2016 under IFRS-IASB.

The Company is currently in the process of evaluating the impact on the financial statements derived from the application of the new standards and amendments that will be effective for periods beginning after December 31, 2015.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB, and on a basis consistent with the prior year.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Basis of consolidation

a) Controlled entities

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. In order to evaluate the existence of control, we need to distinguish two independent stages in these projects in terms of decision making process: the construction phase and the operation phase. In some of these projects such as Solana and Mojave solar plants in the United States, the Company has concluded that all the relevant decisions during the construction phase are subject to the approval of the Administration. As a result, the Company does not have control over these assets during this period and records these companies as associates under the equity method. Once the Project´s construction phase is finished, the Company gains control over these companies which are then fully consolidated.

The Company uses the acquisition method to account for business combinations of companies controlled by a third party. According to this method, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any contingent consideration is recognized at fair value at the acquisition date and subsequent changes in its fair value are recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Acquisition related costs are expensed as incurred. The Company recognizes any non-controlling interest in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquirer's net assets on an acquisition by acquisition basis.

Acquisitions of businesses from Abengoa were previously not considered business combinations, as Atlantica Yield was a subsidiary controlled of Abengoa. The assets acquired constituted an acquisition under common control by Abengoa and accordingly, were recorded using Abengoa's historical basis in the assets and liabilities of the Predecessor.

The difference between the cash paid and historical value of the net assets was recorded in equity. Results of operations of the assets acquired have been recorded in Atlantica Yield's consolidated income statement since the date of the acquisition.

All assets and liabilities between entities of the group, equity, income, expenses, and cash flows relating to transactions between entities of the group are eliminated in full.

b) Investments accounted for under the equity method

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company share of the profit or loss and other comprehensive income of the associate.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. Further detail is contained in the Strategic Report on page 22 and note 1 to the consolidated financial statements.

Critical accounting policies and estimates

The most critical accounting policies, which reflect significant management estimates and judgment to determine amounts in the consolidated financial statements, are as follows:

- Contracted concessional agreements and Power Purchase Agreements (‘PPAs’);
- Impairment of intangible assets;
- Assessment of control;
- Derivative financial instruments and fair value estimates; and
- Income taxes and recoverable amount of deferred tax assets.

Contracted concessional Assets and price purchase agreements

Contracted concessional assets and price purchase agreements (PPAs) include fixed assets financed through project debt, related to service concession arrangements recorded in accordance with IFRIC 12, except for Palmucho, which is recorded in accordance with IAS 17 and PS10/PS20, which are recorded as tangible assets in accordance with IAS 16. The infrastructures accounted for by the Company as concessions are related to the activities concerning electric transmission lines, solar electricity generation plants, cogeneration plants and wind farms.

The useful life of these assets is approximately the same as the length of the concession arrangement. The infrastructure used in a concession can be classified as an intangible asset or a financial asset, depending on the nature of the payment entitlements established in the agreement.

The application of IFRIC 12 requires extensive judgment in relation to, among other factors, (i) the identification of certain infrastructures and contractual agreements in the scope of IFRIC 12, (ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the timing and recognition of the revenue from construction and concessionary activity.

Under the terms of contractual arrangements within the scope of this interpretation, the operator shall recognize and measure revenue in accordance with IAS 11 and 18 for the services it performs. If the operator performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

Consequently, even though construction is subcontracted to Abengoa, in accordance with the provisions of IFRIC 12, the Company recognizes and measures revenue and costs for providing construction services during the period of construction of the infrastructure in accordance with IAS 11 “Construction Contracts”. Construction revenue is recorded within “Other operating income” and Construction cost, which is fully contracted with related parties, is recorded within “Other operating expenses”. This applies in the same way to the two models.

a) Intangible assets

The Company recognizes an intangible asset to the extent that it receives a right to charge final customers for the use of the infrastructure. This intangible asset is subject to the provisions of IAS 38 and is amortized linearly, taking into account the estimated period of commercial operation of the infrastructure which coincides with the concession period.

Once the infrastructure is in operation, the treatment of income and expenses is as follows:

- Revenues from the updated annual revenue for the contracted concession, as well as operations and maintenance services are recognized in each period according to IAS 18 "Revenue".
- Operating and maintenance costs and general overheads and administrative costs are recorded in accordance with the nature of the cost incurred (amount due) in each period.
- Financing costs are expensed as incurred.

b) Financial assets

The Company recognizes a financial asset when demand risk is assumed by the grantor, to the extent that the concession holder has an unconditional right to receive payments for the asset. This asset is recognized at the fair value of the construction services provided, considering upgrade services in accordance with IAS 11, if any.
The financial asset is subsequently recorded at amortized cost calculated according to the effective interest method. Revenue from operations and maintenance services is recognized in each period according to IAS 18 "Revenue". The remuneration of managing and operating the asset resulting from the valuation at amortized cost is also recorded in revenue.

Financing costs are expensed as incurred.

c) Property, plant and equipment

Property, plant and equipment includes property, plant and equipment of companies or project companies. Property, plant and equipment is measured at historical cost, including all expenses directly attributable to the acquisition, less depreciation and impairment losses, with the exception of land, which is presented net of any impairment losses. Once the infrastructure is in operation, the treatment of income and expenses is the same as the one described above for intangible assets.

Borrowing costs

Interest costs incurred in the construction of any qualifying asset are capitalized over the period required to complete and prepare the asset for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its internal use

or sale, which is considered to be more than one year. Remaining borrowing costs are expensed in the period in which they are incurred.

Asset impairment

Atlantica Yield reviews its contracted concessional assets to identify any indicators of impairment at least annually.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, defined as the present value of the estimated future cash flows to be generated by the asset. In the event that the asset does not generate cash flows independently of other assets, the Company calculates the recoverable amount of the Cash Generating Unit 'CGU') to which the asset belongs. When the carrying amount of the CGU to which these assets belong is lower than its recoverable amount, the assets are impaired.

Assumptions used to calculate value in use include a discount rate, growth rate and projections considering real data based in the contracts terms and projected changes in both selling prices and costs. The discount rate is estimated by Management, to reflect both changes in the value of money over time and the risks associated with the specific CGU. For contracted concessional assets, with a defined useful life and with a specific financial structure, cash flow projections until the end of the project are considered and no terminal value is assumed.

Contracted concessional assets have a contractual structure that permits the Company to estimate quite accurately the costs of the project (both in the construction and in the operations periods) and revenue during the life of the project.

Projections take into account real data based on the contract terms and fundamental assumptions based on specific reports prepared by experts, assumptions on demand and assumptions on production. Additionally, assumptions on macro-economic conditions are taken into account, such as inflation rates, future interest rates, etc. and sensitivity analyses are performed over all major assumptions which can have a significant impact in the value of the asset.

Cash flow projections of CGUs are calculated in the functional currency of those CGUs and are discounted using rates that take into consideration the risk corresponding to each specific country and currency. Taking into account that in most CGUs the specific financial structure is linked to the financial structure of the projects that are part of those CGUs, the discount rate used to calculate the present value of cash-flow projections is based on the weighted average cost of capital (WACC) for the type of asset, adjusted, if necessary, in accordance with the business of the specific activity and with the risk associated with the country where the project is performed.
In any case, sensitivity analyses are performed, especially in relation with the discount rate used and fair value changes in the main business variables, in order to ensure that possible

changes in the estimates of these items do not impact the possible recovery of recognized assets.

Accordingly, the following table provides a summary of the discount rates used (WACC) and growth rates to calculate the recoverable amount for CGUs with the operating segment to which it pertains:

Operating segment	Discount Rate	Growth Rate
Europe	5% - 6%	0%
North America	3% - 5%	0%
South America	5% - 6%	0%

In the event that the recoverable amount of an asset is lower than its carrying amount, an impairment charge for the difference would be recorded in the income statement under the item "Depreciation, amortization and impairment charges". Pursuant to IAS 36, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate.

Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments, not listed on an active market. In accordance with IFRIC 12, certain assets under concessions qualify as financial assets and are recorded as is described in note 13. Pursuant to IAS 36, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate. Loans and accounts receivable are initially recognized at fair value plus transaction costs and are subsequently measured at amortized cost in accordance with the effective interest rate method. Interest calculated using the effective interest rate method is recognized under other financial income within financial income.

Derivative financial instruments and hedging activities

Derivatives are recorded at fair value. The Company applies hedge accounting to all hedging derivatives that qualify to be accounted for as hedges under IFRS-IASB.

When hedge accounting is applied, hedging strategy and risk management objectives are documented at inception, as well as the relationship between hedging instruments and hedged items. Effectiveness of the hedging relationship needs to be assessed on an ongoing basis. Effectiveness tests are performed prospectively and retrospectively at inception and at each reporting date, following the dollar offset method.

Atlantica Yield applies cash flow hedging. Under this method, the effective portion of changes in fair value of derivatives designated as cash flow hedges are recorded temporarily in equity and are subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Any ineffective portion of the hedged transaction is recorded in the consolidated income statement as it occurs.

When interest rate options are designated as hedging instruments, the intrinsic value and time value of the financial hedge instrument are separated. Changes in intrinsic value which are highly effective are recorded in equity and subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Changes in time value are recorded as financial income or expense, together with any ineffectiveness.

When the hedging instrument matures or is sold, or when it no longer meets the requirements to apply hedge accounting, accumulated gains and losses recorded in equity remain as such until the forecast transaction is ultimately recognized in the income statement. However, if it becomes unlikely that the forecast transaction will actually take place, the accumulated gains and losses in equity are recognized immediately in the income statement.

Fair value estimates

Financial instruments measured at fair value are presented in accordance with the following level classification based on the nature of the inputs used for the calculation of fair value:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Fair value is measured based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value is measured based on unobservable inputs for the asset or liability.

In the event that prices cannot be observed, the management shall make its best estimate of the price that the market would otherwise establish based on proprietary internal models which, in the majority of cases, use data based on observable market parameters as significant inputs (Level 2) but occasionally use market data that is not observed as significant inputs (Level 3). Different techniques can be used to make this estimate, including extrapolation of observable market data. The best indication of the initial fair value of a financial instrument is the price of the transaction, except when the value of the instrument can be obtained from other transactions carried out in the market with the same or similar instruments, or valued using a valuation technique in which the variables used only include observable market data, mainly interest rates. Differences between the transaction price and the fair value based on valuation techniques that use data that is not observed in the market, are not initially recognized in the income statement.

a) Level 2 valuation

All derivatives are classified as level 2. Atlantica Yield derivatives correspond mainly to the interest rate swaps designated as cash flow hedges.

Description of the valuation method

Interest rate swap valuations are made by valuing the swap part of the contract and valuing the credit risk. The methodology used by the market and applied by Atlantica Yield to value interest rate swaps is to discount the expected future cash flows according to the parameters of the contract. Variable interest rates, which are needed to estimate future cash flows, are calculated using the curve for the corresponding currency and extracting the implicit rates for each of the reference dates in the contract. These estimated flows are discounted with the swap zero curve for the reference period of the contract.

The effect of the credit risk on the valuation of the interest rate swaps depends on the future settlement. If the settlement is favourable for the Company, the counterparty credit spread will be incorporated to quantify the probability of default at maturity. If the expected settlement is negative for the Company, its own credit risk will be applied to the final settlement. Classic models for valuing interest rate swaps use deterministic valuation of the future of variable rates, based on future outlooks. When quantifying credit risk, this model is limited by considering only the risk for the current paying party, ignoring the fact that the derivative could change sign at maturity. A payer and receiver swaption model is proposed for these cases. This enables the associated risk in each swap position to be reflected. Thus, the model shows each agent's exposure, on each payment date, as the value of entering into the 'tail' of the swap, i.e. the live part of the swap.

Variables (Inputs)

Interest rate derivative valuation models use the corresponding interest rate curves for the relevant currency and underlying reference in order to estimate the future cash flows and to discount them. Market prices for deposits, futures contracts and interest rate swaps are used to construct these curves. Interest rate options (caps and floors) also use the volatility of the reference interest rate curve.

To estimate the credit risk of the counterparty, the credit default swap (CDS) spreads curve is obtained in the market for important individual issuers. For less liquid issuers, the spreads curve is estimated using comparable CDSs or based on the country curve. To estimate proprietary credit risk, prices of debt issues in the market and CDSs for the sector and geographic location are used.

The fair value of the financial instruments that results from the aforementioned internal models takes into account, among other factors, the terms and conditions of the contracts and observable market data, such as interest rates, credit risk and volatility. The valuation models do not include significant levels of subjectivity, since these methodologies can be adjusted and calibrated, as appropriate, using the internal calculation of fair value and subsequently compared to the corresponding actively traded price. However, valuation adjustments may be necessary when the listed market prices are not available for comparison purposes.

b) Level 3 valuation

Level 3 includes the preferred equity investment in ACBH.

Fair value of this instrument was calculated by taking as the main reference the value of the investment, which is obtained by considering expected cash-flows from the preferred equity instrument discounted at a rate appropriate for the sector in which the Company is operating. Valuation was obtained from internal models. This valuation could vary where other models and assumptions made on the principle variables had been used, however the fair value of the asset as well as the results generated by this financial instrument are considered reasonable.

Trade and other receivables

Trade and other receivables are amounts due from customers for sales in the normal course of business. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less allowance for doubtful accounts.

Trade receivables due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

An allowance for doubtful accounts is recorded when there is objective evidence that the Company will not be able to recover all amounts due as per the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash in bank and other highly-liquid current investments with an original maturity of three months or less which are held for the purpose of meeting short-term cash commitments.

Grants

Grants are recognized at fair value when it is considered that there is a reasonable assurance that the grant will be received and that the necessary qualifying conditions, as agreed with the entity assigning the grant, will be adequately complied with. Grants are recorded as liabilities in the consolidated statement of financial position and are recognized in "Other operating income" in the consolidated income statement based on the period necessary to match them with the costs they intend to compensate. In addition, grants correspond also to loans with interest rates below market rates, for the initial difference between the fair value of the loan and the proceeds received.

Loans and borrowings

Loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost and any difference between the proceeds initially received (net of transaction costs incurred in obtaining such proceeds) and the repayment value is recognized in the consolidated income statement over the duration of the borrowing using the effective interest rate method.

Loans with interest rates below market rates are initially recognized at fair value in liabilities and the difference between proceeds received from the loan and its fair value is initially recorded within "Grants and Other liabilities" in the consolidated statement of financial position, and subsequently recorded in "Other operating income" in the consolidated income statement when the costs financed with the loan are expensed.

Bonds and notes

The Company initially recognizes ordinary notes at fair value, net of issuance costs incurred. Subsequently, notes are measured at amortized cost until settlement upon maturity. Any other difference between the proceeds obtained (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the term of the debt using the effective interest rate method.

Income taxes

Current income tax expense is calculated on the basis of the tax laws in force as of the date of the consolidated statement of financial position in the countries in which the subsidiaries and associates operate and generate taxable income.

Deferred income tax is calculated in accordance with the liability method, based upon the temporary differences arising between the carrying amount of assets and liabilities and their tax base. Deferred income tax is determined using tax rates and regulations which are expected to apply at the time when the deferred tax is realized.

Deferred tax assets are recognized only when it is probable that sufficient future taxable profit will be available to use deferred tax assets.

Trade payables and other liabilities

Trade payables are obligations arising from purchases of goods and services in the ordinary course of business and are recognized initially at fair value and are subsequently measured at their amortized cost using the effective interest method. Other liabilities are obligations not arising in the normal course of business and which are not treated as financing transactions. Advances received from customers are recognized as "Trade payables and other current liabilities".

Foreign currency transactions

The consolidated financial statements are presented in U.S. dollars, which is Atlantica Yield functional and reporting currency. Financial statements of each subsidiary within the Company are measured in the currency of the principal economic environment in which the subsidiary operates, which is the subsidiary's functional currency.

Transactions denominated in a currency different from the subsidiary's functional currency are translated into the subsidiary's functional currency applying the exchange rates in force at the time of the transactions. Foreign currency gains and losses that result from the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currency at the year-end rates are recognized in the consolidated income statement, unless they are deferred in equity, as occurs with cash flow hedges and net investment in foreign operations hedges.

Assets and liabilities of subsidiaries with a functional currency different from the Company's reporting currency are translated to U.S. dollars at the exchange rate in force at the closing date of the financial statements. Income and expenses are translated into U.S. dollars using the average annual exchange rate, which does not differ significantly from using the exchange rates of the dates of each transaction. The difference between equity translated at the historical exchange rate and the net financial position that results from translating the assets and liabilities at the closing rate is recorded in equity under the heading "Accumulated currency translation differences". Results of companies carried under the equity method are translated at the average annual exchange rate.

Equity

The Company has recyclable balances in its equity, corresponding mainly to hedge reserves and translation differences arising from currency conversion in the preparation of these consolidated financial statements. These balances have been presented separately in Equity.

Non-controlling interest represents interest from other partners in entities included in these consolidated financial statements which are not fully owned by Atlantica Yield as of the dates presented. Parent company reserves together with the Share capital represent the Parent's net investment in the entities included in these consolidated financial statements.

Provisions and contingencies

Provisions are recognized when:

- there is a present obligation, either legal or constructive, as a result of past events;
- it is more likely than not that there will be a future outflow of resources to settle the obligation; and
- the amount has been reliably estimated.

Provisions are initially measured at the present value of the expected outflows required to settle the obligation and subsequently valued at amortized cost following the effective interest method. The balance of Provisions disclosed in the Notes reflects management's best estimate of the potential exposure as of the date of preparation of the consolidated financial statements.

Contingent liabilities are possible obligations, existing obligations with low probability of a future outflow of economic resources and existing obligations where the future outflow cannot be reliably estimated. Contingences are not recognized in the consolidated statements of financial position unless they have been acquired in a business combination.

Some companies included in the group have dismantling provisions, which are intended to cover future expenditures related to the dismantlement of the solar plants and it will be likely to be settled with an outflow of resources in the long term (over 5 years). Such provisions are accrued when the obligation for dismantling, removing and restoring the site on which the plant is located, is incurred, which is usually during the construction period. The provision is measured in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and is recorded as a liability under the heading "Grants and other liabilities" of the Financial Statements, and as part of the cost of the plant under the heading "Contracted concessional assets."

4. Financial information by segment

Atlantica Yield's segment structure reflects how management currently makes financial decisions and allocates resources. Its operating segments are based on the following geographies where the contracted concessional assets are located:

- North America
- South America
- EMEA

Based on the type of business, as of December 31, 2015 the Company had the following business sectors:

Renewable energy: Renewable energy assets include two Solar plants in the United States, Solana and Mojave, each with a gross capacity of 280 MW and located in Arizona and California, respectively. The Company owns seven solar platforms in Spain: Solacor 1 and 2 with a gross capacity of 100 MW, PS10 and PS20 with a gross capacity of 31 MW, Solaben 2 and 3 with a gross capacity of 100 MW, Helioenergy 1 and 2 with a gross capacity of 100 MW, Helios 1 and 2 with a gross capacity of 100 MW, Solnova 1, 3 and 4 with a gross capacity of 150 MW and Solaben 1 and 6 with a gross capacity of 100 MW. The Company also owns a Solar plant in South Africa, Kaxu with a gross capacity of 100 MW. Additionally, the Company owns two wind farms in Uruguay, Palmatir and Cadonal, with a gross capacity of 50 MW each.

Conventional power: Conventional power asset consists of ACT, a 300 MW cogeneration plant in Mexico, which is party to a 20-year take-or-pay contract with Pemex for the sale of electric power and steam.

Electric transmission lines: Electric transmission assets include (i) three lines in Peru, ATN, ATS and ATN2, spanning a total of 1,012 miles; and (ii) three lines in Chile, Quadra 1, Quadra 2 and Palmucho, spanning a total of 87 miles. In addition, the Company owns a preferred equity investment in ACBH, a subsidiary holding company of Abengoa that is engaged in the development, construction, investment and management of contracted concessions in Brazil, consisting mostly of electric transmission lines.

Water: Water assets include a minority interest in two desalination plants in Algeria, Honaine and Skikda with an aggregate capacity of 10.5 M ft3 per day.

Atlantica Yield's Chief Operating Decision Maker (CODM) assesses the performance and assignment of resources according to the identified operating segments. The CODM considers the revenues as a measure of the business activity and the Further Adjusted EBITDA as a measure of the performance of each segment. Further Adjusted EBITDA is calculated as profit/(loss) for the period attributable to the parent company, after adding back loss/(profit) attributable to non-controlling interest from continued operations, income tax, share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges of entities included in these consolidated financial statements, and dividends received from the preferred equity investment in ACBH. In order to assess performance of the business, the CODM receives reports of each reportable segment using revenues and Further Adjusted EBITDA. Net interest expense evolution is assessed on a consolidated basis. Financial expense and amortization are not taken into consideration by the CODM for the allocation of resources.

In the year ended December 31, 2015, Atlantica Yield had three customers with revenues representing more than 10% of the total revenues, i.e., two in the renewable energy and one in the conventional power business sectors.

a) The following tables show Revenues and Further Adjusted EBITDA by operating segments and business sectors for the years 2015 and 2014:

	Revenue		**Further Adjusted EBITDA**	
	For the twelve-month period ended December 31,		**For the twelve-month period ended December 31,**	
Geography	**2015**	**2014**	**2015**	**2014**
North America	328,139	195,508	279,559	175,398
South America	112,480	83,592	110,905	77,188
EMEA	350,262	83,593	233,755	55,437
Total	**790,881**	**362,693**	**624,219**	**308,023**

	Revenue		Further Adjusted EBITDA	
	For the twelve-month period ended December 31,		For the twelve-month period ended December 31,	
Geography	**2015**	**2014**	**2015**	**2014**
Renewable energy	543,012	170,673	413,933	137,82
Conventional power	138,717	118,765	107,671	101,896
Electric transmission lines	86,393	73,255	89,047	68,307
Water	22,759	-	13,568	-
Total	**790,881**	**362,693**	**624,219**	**308,023**

The reconciliation of segment Further Adjusted EBITDA with the loss attributable to the parent company is as follows:

	For the twelve-month period ended December 31,	
	2015	**2014**
Total segment Further Adjusted EBITDA	624,219	308,023
Depreciation, amortization, and impairment charges	(261,301)	(125,480)
Financial expense, net	(526,758)	(197,426)
Dividend from exchangeable preferred equity investment in ACBH	(18,400)	(9,200)
Share in profits/(losses) associates under the equity method	7,844	(769)
Income tax	(23,790)	(4,413)
Profit attributable to non-controlling interests	(10,819)	(2,347)
Loss attributable to the parent company	**(209,005)**	**(31,612)**

b) The assets and liabilities by operating segments (and business sector) at the end of 2015 and 2014 are as follows:

Assets and liabilities by geography as of December 31, 2015:

	North America	South America	EMEA	Balance as of December 31, 2015
Assets allocated				
Contracted concessional assets	4,054,093	1,206,693	4,040,111	9,300,897
Investments carried under the equity method	-	-	56,181	56,181
Current financial investments	129,349	61,973	30,036	221,358
Cash and cash equivalents (project companies)	136,950	41,525	290,548	469,023
Subtotal allocated	**4,320,392**	**1,310,191**	**4,416,876**	**10,047,459**
Unallocated assets				
Other non-current assets				285,105
Other current assets (including cash and cash equivalents at holding company level)				257,910
Subtotal unallocated				**543,015**
Total assets				**10,590,474**

	North America	South America	EMEA	Balance as of December 31, 2015
Liabilities allocated				
Long-term and short-term project debt	1,891,597	888,304	2,690,769	5,470,670
Grants and other liabilities	1,611,724	799	34,225	1,646,748
Subtotal allocated	**3,503,321**	**889,103**	**2,724,994**	**7,117,418**
Unallocated liabilities				
Long-term and short-term corporate debt				664,494
Other non-current liabilities				591,608
Other current liabilities				193,453
Subtotal unallocated				**1,449,555**
Total liabilities				**8,566,973**
Equity unallocated				**2,023,501**
Total liabilities and equity unallocated				**3,473,056**
Total liabilities and equity				**10,590,474**

Assets and liabilities by geography as of December 31, 2014:

	North America	South America	EMEA	Balance as of December 31, 2014
Assets allocated				
Contracted concessional assets	4,185,638	1,159,652	1,379,888	6,725,178
Investments carried under the equity method	-	-	5,711	5,711
Current financial investments	175,339	54,012	66	229,417
Cash and cash equivalents (project companies)	49,030	37,623	112,133	198,786
Subtotal allocated	**4,410,007**	**1,251,287**	**1,497,798**	**7,159,092**
Unallocated assets				
Other non-current assets				497,771
Other current assets (including cash and cash equivalents at holding company level)				307,132
Subtotal unallocated				**804,903**
Total assets				**7,963,995**

	North America	South America	EMEA	Balance as of December 31, 2014
Liabilities allocated				
Long-term and short-term project debt	2,121,916	804,460	896,690	3,823,066
Grants and other liabilities	1,354,588	798	12,215	1,367,601
Subtotal allocated	**3,476,504**	**805,258**	**908,905**	**5,190,667**
Unallocated liabilities				
Long-term and short-term corporate debt				378,415
Other non-current liabilities				307,710
Other current liabilities				247,572
Subtotal unallocated				**933,697**
Total liabilities				**6,124,364**
Equity unallocated				**1,839,631**
Total liabilities and equity unallocated				**2,773,328**
Total liabilities and equity				**7,963,995**

Assets and liabilities by business sectors as of December 31, 2015:

	Renewable energy	Conventional power	Electric transmission lines	Water	Balance as of December 31, 2015
Assets allocated					
Contracted concessional assets	7,597,771	649,479	957,235	96,412	9,300,897
Investments carried under the equity method	14,064	-	-	42,117	56,181
Current financial investments	14,892	128,999	61,807	15,660	221,358
Cash and cash equivalents (project companies)	437,455	784	17,755	13,029	469,023
Subtotal allocated	**8,064,182**	**779,262**	**1,036,797**	**167,218**	**10,047,459**
Unallocated assets					
Other non-current assets					285,105
Other current assets (including cash and cash equivalents at holding company level)					257,910
Subtotal unallocated					**543,015**
Total assets					**10,590,474**

	Renewable energy	Conventional power	Electric transmission lines	Water	Balance as of December 31, 2015
Liabilities allocated					
Long-term and short-term project debt	4,108,166	617,082	697,922	47,500	5,470,670
Grants and other liabilities	1,646,637	111	-	-	1,646,748
Subtotal allocated	**5,754,803**	**617,193**	**697,922**	**47,500**	**7,117,418**
Unallocated liabilities					
Long-term and short-term corporate debt					664,494
Other non-current liabilities					591,608
Other current liabilities					193,453
Subtotal unallocated					**1,449,555**
Total liabilities					**8,566,973**
Equity unallocated					**2,023,501**
Total liabilities and equity unallocated					**3,473,056**
Total liabilities and equity					**10,590,474**

Assets and liabilities by business sectors as of December 31, 2014:

	Renewable energy	Conventional power	Electric transmission lines	Balance as of December 31, 2014
Assets allocated				
Contracted concessional assets	5,178,459	646,842	899,877	6,725,178
Investments carried under the equity method	5,711	-	-	5,711
Current financial investments	64,449	110,959	54,009	229,417
Cash and cash equivalents (project companies)	156,867	17,612	24,307	198,786
Subtotal allocated	**5,405,486**	**646,842**	**978,193**	**7,159,092**
Unallocated assets				
Other non-current assets				497,771
Other current assets (including cash and cash equivalents at holding company level)				307,132
Subtotal unallocated				**804,903**
Total assets				**7,963,995**

	Renewable energy	Conventional power	Electric transmission lines	Balance as of December 31, 2014
Liabilities allocated				
Long-term and short-term project debt	2,579,221	625,135	618,710	3,823,066
Grants and other liabilities	1,367,601	-	-	1,367,601
Subtotal allocated	**3,946,822**	**625,135**	**618,710**	**5,190,667**
Unallocated liabilities				
Long-term and short-term corporate debt				378,415
Other non-current liabilities				307,710
Other current liabilities				247,572
Subtotal unallocated				**933,697**
Total liabilities				**6,124,364**
Equity unallocated				**1,839,631**
Total liabilities and equity unallocated				**2,773,328**
Total liabilities and equity				**7,963,995**

c) The amount of depreciation and amortization expense recognized for the years ended December 31, 2015 and 2014 are as follows:

Depreciation and amortization by geography	For the twelve-month period ended December 31, 2015	2014
North America	(129,091)	(70,777)
South America	(41,274)	(31,990)
EMEA	(90,936)	(22,713)
Total	**(261,301)**	**(125,480)**

Depreciation and amortization by business sectors	For the twelve-month period ended December 31, 2015	2014
Renewable energy	(232,699)	(98,107)
Electric transmission lines	(28,602)	(27,373)
Total	**(261,301)**	**(125,480)**

5. Changes in the scope of the consolidated financial statements

For the year ended December 31, 2015

On February 3, 2015, the Company completed the acquisition of a 25.5% stake in Honaine and a 34.2% stake in Skikda and on February 23, 2015, the Company completed the acquisition of a 29.6% stake in Helioenergy 1/2. Total purchase price paid for these assets amounted to $94 million.

On May 13, 2015 and May 14, 2015, the Company completed the acquisition of Helios 1/2, a 100 MW solar complex, and Solnova 1/3/4, a 150 MW solar complex, respectively, both in Spain. On May 25, 2015 the Company completed the acquisition of the remaining 70.4% stake in Helioenergy 1/2, a 100 MW solar complex in Spain. On July 30, 2015, the Company completed the acquisition of Kaxu, a 100 MW solar plant in South Africa. Total purchase price paid for these assets amounted to $682 million.

On June 25, 2015, the Company completed the acquisition of ATN2, an 81-mile transmission line in Peru. On September 30, 2015, the Company completed the acquisition of Solaben 1/6, a 100 MW solar complex in Spain. The total purchase price paid for these assets amounted to $359 million.

The Company has significant influence over Honaine therefore it is accounted for using the equity method as per IAS 28 *Investments in Associates* in these consolidated financial statements.

Under IFRS 10, *Consolidated Financial Statements* the Company has control over the rest of the assets acquired during the year 2015 and therefore they are fully consolidated in these consolidated financial statements. Given that Atlantica Yield was a subsidiary controlled by Abengoa when these acquisitions were closed, these assets constituted an acquisition under common control by Abengoa and accordingly, they were recorded using Abengoa’s historical basis in the assets and liabilities of the predecessor. The difference between the cash paid and historical value of the net assets was recorded in equity. Results of operations of the assets acquired have been recorded in Atlantica Yield’s consolidated income statement since the date of the acquisition.

Impact of changes in the scope in the consolidated financial statements

The amount of assets and liabilities integrated at the effective acquisition date for the aggregated change in scope is shown in the following table:

	Asset Acquisition under ROFO Agreement
Concessional assets (Note 13)	3,140,457
Investments carried under the equity method (Note 14)	51,527
Deferred tax asset (Note 11)	107,227
Other non-current assets	10,137
Current assets	428,935
Project debt long term (Note 18)	(2,087,362)
Deferred tax liabilities (Note 11)	(9,589)
Project debt short term (Note 18)	(102,012)
Other current and non-current liabilities	(491,768)
Asset acquisition under Rofo – purchase price	(1,135,413)
Non-controlling interests	(57,627)
Net result of the asset acquisition	**(145,488)**

Had the Asset acquisition under ROFO Agreement performed during 2015 been consolidated from January 1, 2015, the consolidated statement of comprehensive income would have included additional revenue of $162 million and additional loss after tax of $25.8 million.

For the year ended December 31, 2014.

Mojave Solar LLC

On December 1, 2014, Mojave Solar, LLC, the Company that holds the assets in Mojave, which was recorded under the equity method during its construction period, entered into operation and started to be fully consolidated once control over this company was gained.

The Company reassesses whether or not it controls an investee when facts and circumstances indicate that there are changes to the elements that determine control (power over the investee, exposure to variable returns of the investee and ability to use its power to affect its returns). The Company concluded that during the construction phase of Mojave plant all the relevant decisions were subject to the control and approval of the Administration. As a result, the Company did not have control over these assets during this period. IFRS 10 (B80) establishes that control requires a continuous assessment and that the Company shall reassess if it controls on investee if facts and circumstances indicate that there are changes to the elements of control. Once the Project´s construction phase was finished, the decision making process changed such that the Company makes decisions about the relevant activities of the investee, the investee was controlled and it started to be fully consolidated.

As during the construction period the assets were included in the investee's accounts under the scope of IFRIC 12, the book value of the combined assets and liabilities is the same as its fair value.

First asset acquisition under the ROFO agreement

On September 22, 2014, the Company entered into an agreement with Abengoa, subject to financing and negotiations of definitive documentation and certain other conditions, to acquire the First Dropdown Assets. On November 18, 2014, the Company completed the acquisition of Solacor 1/2 through a 30-year usufruct rights contract over the related shares (which includes the option to purchase such shares for one euro during a four-year term); on December 4, 2014, the Company completed the acquisition of PS10/20; and on December 29, 2014, the Company completed the acquisition of Cadonal. The total aggregate consideration for the First Dropdown Assets was $312 million. Solacor 1/2 are Solar assets located in Spain with a capacity of 100 MW, PS 10/20 are Solar assets located in Spain with a capacity of 31 MW and Cadonal is a 50 MW wind farm located in Uruguay.

Given that Atlantica Yield was a subsidiary controlled by Abengoa when these acquisitions were closed, the assets acquired constituted an acquisition under common control by Abengoa and accordingly, were recorded using Abengoa's historical basis in the assets and liabilities of the Predecessor. The difference between the cash proceeds and historical value of the net assets was recorded in equity. Results of operations of the assets acquired have been recorded in Atlantica Yield's consolidated income statement since the date of the acquisition.

Impact of changes in the scope in the consolidated financial statements

The amount of assets and liabilities integrated at the effective acquisition date for the aggregated change in scope is shown in the following table:

	Total	First asset acquisition under ROFO Agreement	Mojave
Concession assets (Note 13)	2,583,946	1,010,030	1,573,916
Amortization (Note 13)	(108,191)	(108,191)	—
Deferred tax asset (Note 11)	20,230	20,230	—
Other non-current assets	21,837	1,555	20,282
Current assets	144,734	138,692	6,042
Project debt long term (Note 18)	(1,401,107)	(592,115)	(808,992)
Deferred tax liabilities (Note 11)	(2,526)	(2,526)	—
Project debt short term (Note 18)	(39,445)	(28,284)	(11,161)
Other current and non-current liabilities	(468,349)	(113,630)	(354,719)
Book value of previously held interest for Mojave (Note 14)	(425,368)	—	(425,368)
First asset acquisition under Rofo – purchase price	(312,265)	(312,265)	—
Non-controlling interests	(33,563)	(33,563)	—
Net result of the asset acquisition	**(20,067)**	**(20,067)**	**—**

Had the first asset acquisition under ROFO Agreement performed during 2014 been consolidated from January 1, 2014, the consolidated statement of comprehensive income would have included additional revenue of $97 million and additional profit of $13 million. Mojave Solar LLC impact would have been nil.

6. Loss for the year

Loss for the year has been arrived at after charging/ (crediting):

	Year ended 2015	Year ended 2014
Net foreign exchange gains	3,852	2,054
Depreciation, amortization and impairment charges	(261,301)	(125,480)
Impairment preferred equity investment in ACBH through finance costs (see Note 23)	(210,435)	-
Employee benefit expenses	(5,848)	(1,664)
	(473,732)	**(125,090)**

7. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2015	Year ended 2014
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	791	826
Fees payable to the company's auditor and their associates for other services to the group		
–The audit of the company's subsidiaries	488	402
Total audit fees	**1,279**	**1,228**
- Audit-related assurance services	619	53
- Taxation compliance services	-	63
- Other services	78	176
Total non-audit fees	**697**	**292**
	1,976	**1,520**

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

8. Staff costs

The average monthly number of employees (including executive directors) was:

	2015 Number	2014 Number
Executives	9	7
Middle Managers	8	2
Engineers and Graduates	30	17
Assistants and Profesionals	10	3
Interims	19	6
	76	**35**

Their aggregate remuneration comprised:

	Year ended 2015	Year ended 2014
Wages and salaries	(5,251)	(1,576)
Social security costs	(505)	(72)
Other staff costs	(92)	(16)
	(5,848)	**(1,664)**

9. Other operating income

Other Operating income	For the twelve-month period ended December 31, 2015	For the twelve-month period ended December 31, 2014
Grants	67,859	35,261
Income from various services	998	6,087
Income from subcontracted construction services for assets and concessions	—	38,565
Total	**68,857**	**79,913**

As certain assets owned by the Company were under construction and subcontracted to related parties in 2014, the Company recorded income from construction services as “Other operating income” in accordance with IFRIC 12. The corresponding costs of construction were recorded within “Other operating expenses.” These amounts reflect the construction progress of the assets

and concessions during this year. There were no plants under construction during 2015.

The increase in grants is related to the ITC cash grant of Mojave, which was received in September 2015 and to the implicit grant recorded for accounting purposes in relation to the FFB Loans in Solana and Mojave projects with interest rates below market rates (See Note 19).

10. Finance income and expenses

The following table sets forth our financial income and expenses for the years ended December 31, 2015 and 2014:

	For the twelve-month period ended December 31, 2015	For the twelve-month period ended December 31, 2014
Finance income		
Interest income from loans and credits	933	4,074
Interest rates benefits derivatives: cash flow hedges	2,531	836
TOTAL	**3,464**	**4,911**

	For the twelve-month period ended December 31, 2015	For the twelve-month period ended December 31, 2014
Finance expenses		
Expenses due to interest:		
- Loans from credit entities	(197,929)	(117,743)
- Other debts	(81,853)	(61,814)
Interest rates losses derivatives: cash flow hedges	(54,139)	(30,695)
TOTAL	**(333,921)**	**(210,252)**

Finance expenses increased in 2015 mainly due to the asset acquisitions under the ROFO Agreement and the interest expense from loans and credits associated with projects that have entered into operation during 2014. Interest is capitalized for the Company´s intangible concession assets during the construction period and begins to be expensed upon commercial operation. Interests from other debts are primarily interest on the notes issued by ATS, ATN, Abengoa Yield plc and interest related to the investment from Liberty (see Note 19). Losses from interest rate derivatives designated as cash flow hedges correspond mainly to transfers from equity to financial expense when the hedged item is impacting the consolidated condensed income statement.

Other finance income / (expenses)	For the twelve-month period ended December 31, 2015	For the twelve-month period ended December 31, 2014
Dividend from ACBH (Brazil)	18,400	9,200
Other finance income	1,520	549
Impairment preferred equity investment in ACBH (see Note 23)	(210,435)	-
Other finance losses	(9,638)	(3,888)
TOTAL	**(200,153)**	**5,861**

Other finance losses mainly include guarantees and letters of credit, wire transfers and other bank fees and other minor finance expenses.

11. Tax

All the companies included in the Company file income taxes according to the tax regulations in force in each country on an individual basis or under consolidation tax regulations.

The consolidated income tax has been calculated as an aggregation of income tax expenses of each individual company. In order to calculate the taxable income of the consolidated entities individually, the accounting profit is adjusted for temporary and permanent differences, recording the corresponding deferred tax assets and liabilities. At each consolidated income statement date, a current tax asset or liability is recorded, representing income taxes currently refundable or payable. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the country in which the entity is registered. Additionally, tax deductions and credits are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation.

	Year ended 2015	Year ended 2014
Corporation tax:		
Current year	(2,182)	(1,075)
	(2,182)	(1,075)
Deferred tax	(21,608)	(3,338)
	(23,790)	**(4,413)**

Taxation is calculated at the rates prevailing in the respective jurisdictions. The tax charge / income for the year can be reconciled to the loss in the income statement as follows:

	Year ended 2015	Year ended 2014
Loss before tax	(174,396)	(24,852)
Tax at the average statutory tax rate of 30% (2014: 30 %)	52,319	7,456
Tax effect of share of results of associates	2,341	(231)
Permanent differences	(19,456)	(4,587)
Incentives, deductions, and tax losses carryforwards	(58,039)	(249)
Change in Spanish corporate income tax	884	1,608
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,389)	(76)
Other non taxable income/ (expense)	550	(8,334)
Tax charge for the year	**(23,790)**	**(4,413)**

Permanent differences are mainly due to inflationary effects in ACT (Mexico). Incentives, deductions, and tax losses carryforwards include the impact of not recognizing deferred tax assets on the impairment charge of the preferred equity investment in ACBH ($63.1 million).

On November 28, 2014, certain laws were published in the official state gazette (BOE) to reform the Spanish tax system which include changing the general tax rate to 28% in 2015 and to 25% in 2016 (from 30% in 2014), among other measures. The impact of the change in the new income tax rate has resulted in a $0.9 million reduction in the deferred income tax expense recorded in the profit and loss statement in 2015 ($1.6 million in 2014).

In relation to tax loss carryforwards and deductions pending to be used recorded as deferred tax assets, the entities evaluate its recoverability projecting forecasted taxable income for the upcoming years and taking into account their tax planning strategy. Deferred tax liabilities reversals are also considered in these projections, as well as any limitation established by tax regulations in force in each tax jurisdiction. Most of the tax credits for net operating loss carryforwards correspond to Solana, Mojave, Peru and solar plants in Spain.

The movements in deferred tax assets and liabilities during the years ended December 31, 2015 and 2014 were as follows:

At 1 January 2014	30,945
Charge to profit or loss	(3,338)
Charge to other comprehensive income	16,404
Acquisition of subsidiary	17,704
Exchange differences and other	1,677
At 1 January 2015	**63,392**
Charge/(credit) to profit or loss	(21,608)
Charge to other comprehensive income	(12,010)
Acquisition of subsidiary	97,638
Exchange differences and other	(15,752)
At 31 December 2015	**111,660**

12. Dividends

	Year ended 2015	Year ended 2014
Amounts recognised as distributions to equity holders in the period:	(146,302)	(23,696)

The dividends indicated above primarily relate to the dividends declared by Abengoa Yield Plc. to its shareholders. These have been declared as follows:

February 23, 2015, the Board of Directors of the Company declared a quarterly dividend corresponding to the fourth quarter of 2014 amounting to $0.2592 per share. The dividend was paid on March 16, 2015. On May 8, 2015, the Board of Directors of the Company declared a quarterly dividend corresponding to the first quarter of 2015 amounting to $0.34 per share. The dividend was paid on June 15, 2015. On July 29, 2015, the Board of Directors of the Company declared a quarterly dividend corresponding to the second quarter of 2015 amounting to $0.40 per share. The dividend was paid on September 15, 2015. On November 5, 2015, the Board of Directors of the Company declared a quarterly dividend corresponding to the third quarter of 2015 amounting to $0.43 per share. The dividend was paid on December 16, 2015, except for $9 million corresponding to Abengoa which were retained under the parent support agreement.

13. Contracted concessional assets

a) The following table shows the movements of contracted concessional assets included in the heading "Contracted Concessional assets" for 2015:

	2015
Cost	
At 1 January 2015	7,025,576
Additions	13,426
Translation differences	(326,557)
Changes in scope of the consolidated financial statements	3,430,362
Reclassification and other movements	(16,784)
At 31 December 2015	**10,126,023**
Accumulated amortization losses	
At 1 January 2015	(300,398)
Charge	(261,301)
Translation differences	26,478
Changes in scope of the consolidated financial statements	(289,905)
At 31 December 2015	**(825,126)**
Carrying amount	
At 1 January 2015	6,725,178
At 31 December 2015	9,300,897

During 2015 contracted concessional assets increased mainly due to the asset acquisition under Rofo agreement ($3,140 million).

No losses from impairment of 'Contracted concessional assets' were recorded during 2015.

The decrease included in "Reclassification and other movements" is mainly due to the reclassification from the long to the short term, of the current portion of the contracted concessional financial assets.

Contracted concessional assets include fixed assets financed through project debt, related to service concession arrangements recorded in accordance with IFRIC 12, except for Palmucho, which is recorded in accordance with IAS 17, and PS10&20, which are recorded as property plant and equipment in accordance with IAS 16. As of December 31, 2015, contracted concessional financial assets amount to $933,949 thousand ($750,546 thousand as of December 31, 2014).

b) The following table shows the movements of contracted concessional assets included in the heading 'Contracted Concessional assets for 2014:

	2014
Cost	
At 1 January 2014	4,492,286
Additions	50,799
Translation differences	(86,095)
Changes in scope of the consolidated financial statements	2,583,946
Reclassification and other movements	(15,360)
At 31 December 2014	**7,025,576**
Accumulated amortization losses	
At 1 January 2014	(74,166)
Charge	(125,480)
Translation differences	7,439
Changes in scope of the consolidated financial statements	(108,191)
At 31 December 2014	**(300,398)**
Carrying amount	
At 1 January 2014	4,418,120
At 31 December 2014	6,725,178

During 2014 contracted concessional assets increased mainly due to the first asset acquisition under Rofo ($1,010 million) and the full consolidation of Mojave Solar LLC ($1,574 million), once control over the company was gained with the entry into operation of the plant.

In addition, contracted concessional assets increased due to the construction of contracted concessions which have entered into operation in 2014, mainly electric transmission lines in Peru, Palmatir and Quadra 2. No losses from impairment of 'Contracted concessional assets in projects' were recorded during 2014.

The decrease included in "Reclassification and other movements" is mainly due to the reclassification from the long to the short term, of the current portion of the contracted concessional financial assets.

14. Investments carried under the equity method

The table below shows the breakdown and the movement of the investments held in associates for 2015 and 2014:

Investments in associates	2015	2014
Initial balance	5,711	387,324
Capital contributions	-	44,524
Change in the scope of the consolidated financial statements	51,528	(425,368)
Share of profit/(loss)	7,844	(769)
Dividend distribution	(4,845)	-
Currency translation differences	(4,057)	-
Final balance	**56,181**	**5,711**

Details of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest / voting rights held by the Group	
			31/12/2015	31/12/2014
Evacuación Valdecaballeros, S.L.	Connection Facilities	Caceres (Spain)	57.12%	28.56 %
Myah Bahr Honaine, S.P.A.	Connection Facilities	Madrid (Spain)	25.50%	-
Pectonex, R.F. Proprietary Limited	Connection Facilities	Pretoria (South Africa)	50.00 %	-

All of the above associates are accounted for using the equity method in these consolidated financial statements as set out in the group's accounting policies in note 3.

The increase in 2015 is mainly due to the entrance of Geida Tlemcem, S.L., which owns 51% of Honaine desalination plant. Investment carried under the equity method also increased for the investment held by Kaxu Solar One (Pty) Ltd. in Pectonex, R.F. and the investment held by Solaben 1&6 in Evacuación Valdecaballeros, S.L.

The decrease in 2014 is due to the entity Mojave Solar, LLC, which was fully consolidated since the plant entered into operation in December 2014.

The tables below show a breakdown of assets, revenues and profit and loss as well as other information of interest for the years 2015 and 2014 for the associated companies:

Company	% Shares	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
Evacuación Valdecaballeros, S.L.	57.12	20,765	2,102	295	322	604	(689)	(534)	10,475
Myah Bahr Honaine, S.P.A. (*)	25.50	201,997	73,965	116,610	11,945	52,767	39,336	15,607	42,117
Pectonex, R.F. Proprietary Limited	50.00	3,776	-	-	-	-	(189)	(189)	3,589
As of December 31, 2015		**226,538**	**76,067**	**116,905**	**12,267**	**53,371**	**38,458**	**14,884**	**56,181**

	% Shares	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
Evacuacion Valdecaballeros, S.L.	28.56	24,513	2,137	310	1,108	536	(868)	(651)	5,711
As of December 31, 2014		**24,513**	**2,137**	**310**	**1,108**	**536**	**(868)**	**(651)**	**5,711**

None of the associated companies referred to above is a listed company.

(*) Myah Bahr Honaine, S.P.A., the project entity, is 51% owned by Geida Tlemcen, S.L. which is accounted for using the equity method in these consolidated statements.

15. Trade and other receivables

Trade and other receivable as of December 31, 2015 and 2014, consist of the following:

	Balance as of December 31, 2015	Balance as of December 31, 2014
Trade receivables	126,844	78,521
Tax receivables	42,322	36,080
Other accounts receivable	28,142	15,095
Total	**197,308**	**129,696**

As of December 31, 2015 and 2014, the fair value of trade and other receivable accounts does not differ significantly from its carrying value. The increase in trade and other receivables is primarily due to the asset acquisition under Rofo Agreement.

The Group has not provided for these debtors as there are all considered to be fully recoverable.

Trade receivables according to foreign currency as of December 31, 2015 and 2014, are as follows:

	Balance as of December 31, 2015	Balance as of December 31, 2014
Euro	74,535	45,435
Rand	6,208	-
Other	6,646	7,714
Total	**87,389**	**53,149**

The following table shows the maturity of Trade receivables as of December 31, 2015 and 2014:

	Balance as of December 31, 2015	Balance as of December 31, 2014
Up to 3 months	126,844	78,521
Total	**126,845**	**78,521**

16. Cash and cash equivalents

	2015	2014
Cash and cash equivalents	514,712	350,854
Bank deposits	-	3,300
	514,712	**354,154**

The following breakdown shows the main currencies in which cash and cash equivalent balances are denominated:

	2015	2014
US Dollar	219,172	226,225
Euro	251,778	113,948
Peruvian Sol	1,553	7,840
Chilean Peso	3,057	6,099
South African Rand	25,962	-
Others	13,190	41
	514,712	**354,154**

17. Corporate debt

The breakdown of the corporate debt as of December 31, 2015 and 2014 is as follows:

Non-current	**Balance as of December 31, 2015**	**Balance as of December 31, 2014**
Credit Facilities with financial entities	409,665	123,400
Notes and Bonds	251,676	252,760
Total Non-current	**661,341**	**376,160**

Current	Balance as of December 31, 2015	Balance as of December 31, 2014
Credit Facilities with financial entities	624	103
Notes and Bonds	2,529	2,152
Total Current	**3,153**	**2,255**

Current corporate debt fully relates to the accrued interest of the Notes and Credit Facility as of December 31, 2015 and 2014.

The repayment schedule for the Corporate debt at the end of 2015 is as follows:

	2016	2017	2018	2019	Total
Credit Facilities with financial entities	624	286,484	123,181	—	410,289
Notes and Bonds	2,529	—	—	251,676	254,205
	3,153	**286,484**	**123,181**	**251,676**	**664,494**

On November 17, 2014, the Company issued the Senior Notes due 2019 in an aggregate principal amount of $255,000 thousand (the "2019 Notes"). The 2019 Notes accrue annual interest of 7.00% payable semi-annually beginning on May 15, 2015 until their maturity date of November 15, 2019.

On December 3, 2014, the Company entered into a credit facility of up to $125,000 thousand with Banco Santander, S.A., Bank of America, N.A., Citigroup Global Markets Limited, HSBC Bank plc and RBC Capital Markets, as joint lead arrangers and joint bookrunners (the "Credit Facility"). On December 22, 2014, the Company drew down $125,000 thousand under the Credit Facility. Loans under the Credit Facility accrue interest at a rate per annum equal to: (A) for Eurodollar rate loans, LIBOR plus 2.75% and (B) for base rate loans, the highest of (i) the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day plus 1/2 of 1.00%, (ii) the U.S. prime rate and (iii) LIBOR plus 1.00%, in any case, plus 1.75%. Loans under the Credit Facility will mature on the fourth anniversary of the closing date of the Credit Facility. Loans prepaid by the Company under the Credit Facility may be reborrowed. The Credit Facility is secured by pledges of the shares of the guarantors which the Company owns.

On June 26, 2015, the Company increased its existing $125 million Credit Facility with a revolver tranche B for an amount of $290,000 thousand (the "Credit Facility Tranche B). On September 9, 2015, Credit Facility Tranche B was fully drawn down and the proceeds were used for the acquisition of Solaben 1/6. Loans under the Tranche B Facility accrue interest at a rate per annum equal to: (A) for Eurodollar rate loans, LIBOR plus 2.50% and (B) for base rate loans, 1.50%. Loans under the Credit Facility Tranche B will mature in December 2017. Tranche B of the Credit Facility was signed for a total amount of $290 million with Bank of America, N.A., as global coordinator and documentation agent and Barclays Bank plc and UBS AG, London Branch as joint lead arrangers and joint bookrunners.

18. Project debt

The main purpose of the Company is the long-term ownership and management of contracted concessional assets, such as renewable energy, conventional power and electric transmission line assets, which are financed through project debt. This note shows the project debt linked to the contracted concessional assets included in note 13 of these consolidated financial statements.

Project debt is generally used to finance contracted assets, exclusively using as guarantee the assets and cash flows of the company or group of companies carrying out the activities financed. In most of the cases, the assets and/or contracts are set up as guarantee to ensure the repayment of the related financing.

Compared with corporate debt, project debt has certain key advantages, including a greater leverage period permitted and a clearly defined risk profile.

The movements for 2015 and 2014 of project debt have been as follows:

	Project debt - long term	Project debt - short term	Total
Balance as of December 31, 2014	3,491,877	331,189	3,823,066
Increases	72,406	370,720	443,126
Repayments	-	(772,886)	(772,886)
Currency translation differences	(201,958)	(10,052)	(212,010)
Reclassifications	(1,875,223)	1,875,223	-
Changes in the scope of the consolidated financial statements	2,087,362	102,012	2,189,374
Balance as of December 31, 2015	**3,574,464**	**1,896,206**	**5,470,670**

The increase in Project debt – short term is the result of:

- A decrease for the repayment of the short term tranche of the loan with the federal financing Bank by Mojave Solar LLC debt amounting to $334 million on October 2015;
- A reclassification of the entire debt of Solana, Mojave, Kaxu and Cadonal projects from long term to short term as of December 31, 2015 as a result of the cross-default provisions related to Abengoa further to the Insolvency Proceeding filed by Abengoa on November 25, 2015. Although the Company does not expect the acceleration of debt to be declared by the credit entities, the project entities did not have contractually as of December 31, 2015 an unconditional right to defer the settlement of the debt for at least twelve months after that date, and therefore the debt has been presented as current in these consolidated financial statements in accordance with International Accounting Standards 1 ("IAS 1"), "Presentation of Financial Statements".

	Project debt - long term	Project debt - short term	Total
Balance as of December 31, 2013	2,842,338	52,312	2,894,650
Increases	501,335	89,390	590,725
Repayments	(896,848)	(139,086)	(1,035,934)
Currency translation differences	(65,036)	(1,891)	(66,927)
Reclassifications	(291,019)	291,019	-
Changes in the scope of the consolidated financial statements	1,401,107	39,445	1,440,552
Balance as of December 31, 2014	**3,491,877**	**331,189**	**3,823,066**

During 2014, the increase in Project debt was mainly due to the ATS bond issuance of $ 432 million on April 8, 2014, at a fixed coupon and with semi-annual amortization until April 2043, to refinance its then existing project finance debt. In addition, Project debt increased due to the full consolidation of Mojave Solar, LLC, and increase of $820 million resulting from the business combination of the plant in December 2014 and to the First asset acquisition under the Rofo agreement which represented an increase of $620 million.

The decrease was mainly due to the repayment of the short term tranche of the loan with the Federal Financing Bank by Arizona Solar One debt amounting to $451.3 million and to the repayment of the former project finance debt of ATS $333 million, both in April 2014.

Reclassifications from long term to short term primarily relates to the Short term tranche of the loan with the Federal Financing Bank due by Mojave in December 2014.

The repayment schedule for Project debt in accordance with the financing arrangements, at the end of 2015 is as follows and is consistent with the projected cash flows of the related projects.

2016		2017	2018	2019	2020	Subsequent years	Total
Interest Repayment	Nominal repayment						
20,716	175,011	191,030	209,612	229,949	247,902	4,396,449	5,470,670

The company did not enter into any new project debt in 2015. In 2014 the only new project debt was ATS for $432 million.

Current and non-current loans with credit entities include amounts in foreign currencies for a total of $2,960,769 thousand as of December 31.2015 ($896,690 thousand as of December 31, 2014).

All of the Company's financing agreements have a carrying amount close to its fair value.

19. Grants and other long term payables

	Balances as of December 31, 2015	Balances as of December 31, 2014
Grants	1,354,967	1,043,837
Other liabilities	291,781	259,364
Deferred Income	—	64,400
Grant and other non-current liabilities	**1,646,748**	**1,367,601**

As of December 31, 2015, the amount recorded in Grants corresponds mainly to the ITC Grant awarded by the U.S. Department of the Treasury for Solana and Mojave for a total amount of $834 million, which was mainly used to fully repay the Solana and Mojave short-term tranche of the loan with the Federal Financing Bank. The amount recorded in Grants as a liability is progressively recorded as other income over the useful life of the asset.

The remaining balance of the "Grants" account corresponds to loans with interest rates below market rates for Solana and Mojave for a total amount of $517 million ($549 million as of December 31, 2014). Loans with the Federal Financing Bank guaranteed by the Department of Energy for these projects bear interest at a rate below market rates for these types of projects and terms. The difference between proceeds received from these loans and its fair value, is initially recorded as "Grants" in the consolidated statement of financial position, and subsequently recorded in "Other operating income" starting at the entry into operation of the plants. The increase in Grants was primarily due to the ITC Grant receivable recognized for the Mojave project for $360 million.

Other liabilities mainly relates to the investment from Liberty Interactive Corporation ('Liberty') made on October 2, 2013 for an amount of $300 million. The investment was made in class A

shares of Arizona Solar Holding, the holding of Solana Solar plant in the United States. Such investment was made in a tax equity partnership which permits the partners to have certain tax benefits such as accelerated depreciation and ITC.

According to the stipulations of IAS 32 and in spite of the fact that the investment of Liberty Interactive Corporation ('Liberty') is in shares, it does not qualify as equity and has been classified as a liability as of December 31, 2015 and 2014, the non-current portion of the liability is recorded in Grants and other liabilities for an amount of $247 million and its current portion is recorded in other current liabilities for the remaining amount (see Note 20). This liability has been initially valued at fair value, calculated as the present value of expected cash-flows during the useful life of the concession, and will be measured at amortized cost in accordance with the effective interest method.

Deferred income as of December 31, 2014 corresponded to the long-term portion of the deferred income from the dividend receivable from the preferred equity investment in ACBH (See Note 23).

20. Trade and other payables

Item	Balance as of December 31, 2015	Balance as of December 31, 2014
Trade accounts payable	110,495	54,074
Down payments from clients	6,398	5,274
Deferred Income	—	18,400
Suppliers of concessional assets current	17,582	81,052
Liberty (see Note 19)	21,515	63,652
Other accounts payable	22,227	8,680
Total	**178,217**	**231,132**

Decrease in Suppliers of concessional assets primarily relates to Mojave, which COD took place on December 1, 2014. Trade accounts payables mainly relate to the operating and maintenance of the plants and its increase is primarily due to asset acquisitions under the ROFO Agreement.

Deferred income as of December 31, 2014 corresponded to the short-term portion of the deferred income related to the dividend receivable from the preferred equity investment in ACBH (see Note 23).

Nominal values of Trade payable and other current liabilities are considered to approximately equal to fair values and the effect of discounting them is not significant.

21. Equity

As of December 31, 2015, the share capital of the Company amounts to $10,021,726 represented by 100,217,260 ordinary shares completely subscribed and disbursed with a nominal value of $0.10 each, all in the same class and series. Each share grants one voting right.

On June 18, 2014 Atlantica Yield closed its initial public offering issuing 24,850,000 ordinary shares. The shares were offered at a price of $29 per share and as a result the Company raised $720,650 thousand of gross proceeds. The Company recorded $2,485 thousand as Share Capital and $682,810 thousand as Additional Paid in Capital, included in the Parent company reserves of the consolidated statement of financial position as of December 31, 2015, corresponding to the total net proceeds of the offering. The underwriters further purchased 3,727,500 additional shares from the selling shareholder, a subsidiary wholly owned by Abengoa, at the public offering price less fees and commissions to cover over-allotments ("greenshoe") driving the total proceeds of the offering to $828,748 thousand.

Atlantica Yield's shares began trading on the NASDAQ Global Select Market under the symbol "ABY" on June 13, 2014.

On January 22, 2015, Abengoa closed an underwritten public offering and sale in the United States of 10,580,000 of ordinary shares of the Company for total proceeds of $327,980,000 (or $31 per share). As a result of such offering, Abengoa reduced its stake in the Company from 64.3% to 51.1% of its shares.

On May 14, 2015 Atlantica Yield issued 20,217,260 new shares at $33.14 per share, which was based on a 3% discount versus the May 7, 2015 closing price. Abengoa subscribed for 51% of the newly-issued shares and maintained its previous stake in Atlantica Yield. The proceeds were primarily used to finance asset acquisitions in May and June 2015.

On July 14, 2015, Abengoa sold 2,000,000 shares of Atlantica Yield under Rule 144, reducing its stake to 49.1%.

As of the date hereof, Abengoa has delivered an aggregate of 7,197,362 Ordinary Shares to holders that exercised their option to exchange Exchangeable Notes and Abengoa expects to deliver an additional 359,836 Ordinary Shares on the applicable settlement dates to certain holders of the Exchangeable Notes that have delivered a notice to exchange. As of December 31, 2015, there were 54,918.73 Ordinary Shares subject to delivery to holders of the Exchangeable Notes upon exchange of the outstanding Exchangeable Notes. These operations reduced Abengoa´s Stake to 41.86%.

On February 23, 2015, the Board of Directors of the Company declared a quarterly dividend corresponding to the fourth quarter of 2014 amounting to $0.2592 per share. The dividend was paid on March 16, 2015. On May 8, 2015, the Board of Directors of the Company declared a quarterly dividend corresponding to the first quarter of 2015 amounting to $0.34 per share. The dividend was paid on June 15, 2015. On July 29, 2015, the Board of Directors of the Company declared a quarterly dividend corresponding to the second quarter of 2015 amounting to $0.40

per share. The dividend was paid on September 15, 2015. On November 5, 2015, the Board of Directors of the Company declared a quarterly dividend corresponding to the third quarter of 2015 amounting to $0.43 per share. The dividend was paid on December 16, 2015 except for $9 million corresponding to Abengoa which were retained under the parent support agreement.

Parent company reserves as of December 31, 2015 are made up of share premium account and distributable reserves.

Other reserves primarily represent the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Accumulated Currency translation differences primarily relate to the translation of the net assets of the Group’s foreign operations, which relate to subsidiaries only, from their functional currency into the parent’s functional currency, being Usd, which are recognised directly in the translation reserve.

Retained earnings include results attributable to the Parent company and impact of the Asset Transfer of the assets acquisition under the ROFO agreement in equity recorded in accordance with the Predecessor accounting principle.

Non-controlling interests fully relate to interests held by JGC Corporation in Solacor 1 and Solacor 2, by Itochu Corporation in Solaben 2 and Solaben 3, Algerian Energy Company, SPA and Sadyt for Skikdad and Honaine and Industrial Development Corporation of South Africa (IDC) and Kaxu Community Trust in Kaxu Solar One (Pty) Ltd.

In addition, as of December 31, 2015, there was no treasury stock and there have been no transactions with treasury stock during the period then ended.

22. Notes to the cash flow statement

Analysis of changes in net debt

	January 1, 2015	Cash Flow	Acquisitions	December 31, 2015
Cash and bank balances	354,154	(85,011)	245,569	514,712
Borrowings	4,201,481	(255,691)	2,189,374	6,135,164
Net debt	**3,847,327**	**(170,680)**	**1,943,805**	**5,620,452**

23. Financial instruments by category

Financial instruments are primarily deposits, derivatives, trade and other receivables and loans. Financial instruments by category (current and non-current), reconciled with the statement of financial position as of December 31, 2015 and 2014 are as follows:

Category	Notes	Loans and receivables / payables	Available for sale financial assets	Hedging derivatives	Balance as of 12.31.15
Derivative assets	24	-	-	4,741	4,741
Preferred equity in ACBH		-	52,564	-	52,564
Other financial accounts receivables		257,844	-	-	257,844
Trade and other receivables		197,308	-	-	197,308
Cash and cash equivalents	16	514,712	-	-	514,712
Total financial assets		**969,864**	**52,564**	**4,741**	**1,027,169**
Corporate debt	17	664,494	-	-	664,494
Project debt	18	5,470,670	-	-	5,470,670
Related parties	27	126,860	-	-	126,860
Trade and other current liabilities	20	178,217	-	-	178,217
Derivative liabilities	24	-	-	385,095	385,095
Total financial liabilities		**6,440,240**	**-**	**385,094**	**6,825,335**

	Notes	Loans and receivables / payables	Available for sale financial assets	Hedging derivatives	Balance as of 12.31.14
Derivative assets	24	-	-	4,597	4,597
Preferred equity in ACBH		-	263,000	-	263,000
Financial accounts receivables		335,381	-	-	335,381
Trade and other receivables		129,696	-	-	129,696
Cash and cash equivalents	16	354,154	-	-	354,154
Total financial assets		**819,231**	**263,000**	**4,597**	**1,086,828**
Corporate debt	17	378,415	-	-	378,415
Project debt	18	3,823,066	-	-	3,823,066
Related parties	27	77,961	-	-	77,961
Trade and other current liabilities	20	231,132	-	-	231,132
Derivative liabilities	24	-	-	168,931	168,931
Total financial liabilities		**4,510,575**	**-**	**168,931**	**4,679,505**

As of December 31, 2015 and 2014, all the financial instruments measured at fair value have been classified as Level 2, except for the preferred equity investment in ACBH, classified as Level 3. The movement in the period relates to the impairment described in the below.

The preferred equity investment in ACBH is an available for sale financial asset that gives the following rights:

- During the five-year period commencing on July 1, 2014, Atlantica Yield has the right to receive, in four quarterly installments, a preferred dividend of $18,400 thousand per year. Until December 31, 2015, the Company received the dividend corresponding to 1.5 years and the portion corresponding to 3.5 years is pending to be received;

- Following the initial five-year period, Atlantica Yield has the option to (i) remain as preferred equity holder receiving the first $18,400 thousand in dividends per year that ACBH is able to distribute or (ii) exchange the preferred equity for ordinary shares of specific project companies owned by ACBH.

Given that Atlantica Yield has a right to receive a quarterly dividend from July 2014 and for the following five years; the Company initially recorded an account receivable corresponding to the present value of the dividend receivable in the first five years, with a credit to deferred income, in "Grants and other liabilities". Income was recorded progressively from July 2014, as dividend was collected.

The valuation method used to calculate the initial fair value of the preferred equity investment in ACBH was discounting the $18.4 million annual dividend, using a discount rate of 7%.

On January 29, 2016, Abengoa informed the Company that several indirect subsidiaries of Abengoa in Brazil, including ACBH, have initiated an insolvency procedure under Brazilian law ("recuperaçao judiciaria"). The Company is currently assessing the potential impact of this event

together with external advisors. Given that this process will likely negatively affect the value of the preferred equity investment and considering the high degree of uncertainty on its final outcome, the Company has recorded an impairment of this preferred equity investment for a total amount of $210 million. This amount has been recorded in "Other financial income/(expense), net" in the consolidated income statement for the year ended December 31, 2015. The valuation method used to calculate the value on the preferred equity investment in ACBH has been discounting the originally expected cash-flows from the instrument using a discount rate of 35%, based on the yields of bonds issued in Brazil by comparable companies with a rating indicating distress. The residual value of the instrument reflects its value in use.

In addition, the Company de-recognised the account receivable corresponding to the dividend receivable in the remaining 3.5 years, amounting to $64.4 million, with a corresponding debit to the deferred income recorded in "Grants and other liabilities".

Other financial accounts receivables include the short-term portion of contracted concessional assets (see Note 13).

24. Derivative financial instruments

The breakdowns of the fair value amount of the derivative financial instruments as of December 31, 2015 and 2014 are as follows:

	Balance as of 12.31.15		Balance as of 12.31.14	
	Assets	Liabilities	Assets	Liabilities
Derivatives - cash flow hedge	4,741	385,095	4,597	168,931

The derivatives are primarily interest rate cash-flow hedges. All are classified as non-current assets or non-current liabilities, as they hedge long-term financing agreements. All derivatives are classified as Level 2 (see Note 3).

On May 12, 2015, the Company entered into a currency swap agreement with Abengoa which provides for a fixed exchange rate for the cash available for distribution from the Company's Spanish assets. The distributions from the Spanish assets are paid in euros and the currency swap agreement provides for a fixed exchange rate at which euros will be converted into U.S. dollars. The currency swap agreement has a five-year term, and is valued by comparing the contracted exchange rate and the future exchange rate in the valuation scenario at the maturities dates. The instrument is valued by calculating the cash flow that would be obtained or paid by theoretically closing out the position and then discounting that amount.

As stated in Note 25 to these consolidated financial statements, the general policy is to hedge variable interest rates of financing agreements purchasing call options (caps) in exchange of a premium to fix the maximum interest rate cost and contracting floating to fixed interest rate swaps.

As a result, the notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, can be diverse:

- Project debt in Euros: the Company hedge between 75% and 100% of the notional amount, maturities until 2030 and average guaranteed interest rates of between 3.20 % and 4.87%.

- Project debt in U.S. dollars: the Company hedge between 75% and 100% of the notional amount, including maturities until 2043 and average guaranteed interest rates of between 2.52% and 6.88%.

The table below shows a breakdown of the maturities of notional amounts of interest rate derivatives designated as cash flow hedges as of December 31, 2015 and 2014.

Notionals	**Balance as of 12.31.15**		**Balance as of 12.31.14**	
	Cap	Swap	Cap	Swap
Up to 1 year	22,320	72,184	18,505	28,122
Between 1 and 2 years	25,018	77,193	19,833	39,923
Between 2 and 3 years	26,741	201,186	21,333	41,135
Subsequent years	441,766	1,611,035	245,797	751,350
Total	**$ 515,845**	**$1,961,598**	**$ 305,468**	**$ 860,530**

The table below shows a breakdown of the maturity of the fair values of interest rate derivatives designated as cash flow hedges as of December 31, 2015 and 2014. The net position of the fair value of caps and swaps for each year end reconciles with the net position of derivative assets and derivative liabilities in the consolidated statement of financial position:

Fair value	**Balance as of 12.31.15**		**Balance as of 12.31.14**	
	Cap	Swap	Cap	Swap
Up to 1 year	185	(15,741)	170	(5,388)
Between 1 and 2 years	201	(16,508)	185	(7,110)
Between 2 and 3 years	218	(16,580)	202	(7,320)
Subsequent years	4,137	(336,266)	4,040	(149,113)
Total	**$ 4,741**	**(385,095)**	**$ 4,597**	**(168,931)**

Derivative liabilities included in these consolidated financial statements increase is primarily due to the asset acquisition under the ROFO Agreement.

The net amount of the fair value of interest rate derivatives designated as cash flow hedges transferred to the consolidated income statement is a loss of $55,841 thousand (loss of $27,473

thousand in 2014). Additionally, the net amount of the time value component of the cash flow derivatives fair value recognized in the consolidated income statement for the year 2015 and the consolidated income statement for the year 2014 has been a gain of $4,234 thousand and a loss of $2,386 thousand respectively.

The after-tax result accumulated in equity in connection with derivatives designated as cash flow hedges at the years ended December 31, 2015 and 2014, amounts to a $24,831 thousand gain and a $15,539 thousand loss respectively.

25. Financial risk management

Atlantica Yield's activities are exposed to various financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk is managed by the Company's Risk Management and Finance Department, which are responsible for identifying and evaluating financial risks quantifying them by project, region and company, in accordance with mandatory internal management rules. Written internal policies exist for global risk management, as well as for specific areas of risk. In addition, there are official written management regulations regarding key controls and control procedures for each company and the implementation of these controls is monitored through internal audit procedures.

a) Market risk

The Company is exposed to market risk, such as movement in foreign exchange rates and interest rates. All of these market risks arise in the normal course of business and we do not carry out speculative operations. For the purpose of managing these risks, we use a series of swaps and options on interest rates. None of the derivative contracts signed has an unlimited loss exposure.

b) Interest rate risk

Interest rate risk arises when the Company's activities are exposed to changes in interest rates, which arises from financial liabilities at variable interest rates. The main interest rate exposure for the Company relates to the variable interest rate with reference to the Libor and Euribor. To minimize the interest rate risk, the Company primarily uses interest rate swaps and interest rate options (caps), which, in exchange for a fee, offer protection against an increase in interest rates. The Company does not use derivatives for speculative purposes.

As a result, the notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, are very diverse, including the following:

1. Project debt in U.S. dollars: between 75% and 100% of the notional amount, maturities until 2043 average guaranteed interest rates of between 2.52% and 6.88%.

2. Project debt in euro: between 75% and 100% of the notional amount, maturities until 2030 and average guaranteed interest rates of between 3.20% and 4.87%.

In connection with our interest rate derivative positions, the most significant impacts on our consolidated financial statements are derived from the changes in EURIBOR or LIBOR, which represent the reference interest rate for the majority of our debt. In the event that Euribor and Libor had risen by 25 basis points as of December 31, 2014, with the rest of the variables remaining constant, the effect in the consolidated income statement would have been a loss of $ 1,795 thousand (a loss of $ 271 thousand in 2014) and an increase in hedging reserves of $41,702 thousand ($24,177 thousand in 2014).. The increase in hedging reserves would be mainly due to an increase in the fair value of interest rate swaps designated as hedges.

A breakdown of the interest rates derivatives as of December 31, 2015 and 2014 is provided in Note 23.

c) Currency risk

The main cash flows in the entities included in these consolidated financial statements are cash collections arising from long-term contracts with clients and debt payments arising from project finance repayment. Given that financing of the projects is always closed in the same currency in which the contract with client is signed, a natural hedge exists for the main operations of the Company.

In relation to the Spanish solar plants, on May 12, 2015, the Company entered into a currency swap agreement with Abengoa which provides for a fixed exchange rate for the cash available for distribution from the Company's Spanish assets. The distributions from the Spanish assets are paid in euros and the currency swap agreement provides for a fixed exchange rate at which euros will be converted into U.S. dollars. Therefore, in the event that the exchange rate of the Euro had risen by 10% against the US Dollar as of December 31, 2015, with the rest of the variables remaining constant, there would not be any effect in the cash received from these assets.

d) Credit risk

The company considers that it has a limited credit risk with clients as revenues derive from power purchase agreements with electric utilities and state-owned entities. The Company has investment grade offtakers in all the assets except for Quadra 1&2, ATN2, Skikda and Honaine, which represent a very low percentage of the cash available for distribution on a run-rate basis.

e) Liquidity risk

Atlantica Yield's liquidity and financing policy is intended to ensure that the Company maintains sufficient funds to meet our financial obligations as they fall due. Project finance borrowing permits the Company to finance the project through project debt and thereby insulate the rest of its assets from such credit exposure. The Company incurs in project-finance debt on a project-by-project basis. The repayment profile of each project is established on the basis of the projected cash flow generation of the business. This ensures

that sufficient financing is available to meet deadlines and maturities, which mitigates the liquidity risk significantly.

f) Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings disclosed in note 16 and 17 after deducting cash and bank balances) and equity of the group (comprising issued capital, reserves and retained earnings). The board of directors review the capital structure on a regular basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the year end is as follows:

	Balance as of December 31, 2015	**Balance as of December 31, 2014**
Debt	6,135,163	4,201,481
Cash and cash equivalents	514,712	354,154
Net Debt	5,620,451	3,847,327
Equity	2,023,501	1,839,631
Net debt to equity ratio	278%	209%

26. Events after the balance sheet date

On January 7, 2016, the Company closed the acquisition of 13% of the shares of Solacor 1/2 from JGC Corporation, who reduced their ownership in Solacor 1/2 to 13%.

On January 29, 2016, Abengoa informed the Company that several indirect subsidiaries of Abengoa in Brazil, including ACBH, have initiated an insolvency procedure under Brazilian law ("recuperaçao judiciaria"). The Company is currently assessing the potential impact of this event together with external advisors (See Note 1).

27. Related party transactions

During the normal course of business, the Company has historically conducted operations with related parties consisting mainly of Abengoa´s subsidiaries, mainly through loan contracts and advisory services. The transactions were completed at market rates.

During the period prior to the initial public offering, certain consolidated entities entered into one-year contractual arrangements with Abengoa from which the Company received certain administrative services. Such services included general services related to supporting functions such as financing, human resources management, and administration. The fee incurred by the operating companies was based on anticipated annual sales.

In addition, other operating expenses included in 2014 an allocation of certain general and administrative services provided by Abengoa. Allocated costs included general and administrative costs deemed allocable to the Company. Measurement of allocated costs was based principally on time devoted to the Company by employees of Abengoa. The Company believed that including the allocated costs, the combined statements of operations included a reasonable estimate of actual costs incurred to operate the business.

At the date of the initial offering, the Company entered into a series of agreements to receive management, general and administrative services from Abengoa (the Support Services Agreement and Executive Service Agreement), and corresponding fees have been properly accounted for as other operating expenses from this date onwards. The Executive Service Agreement was canceled in February 2015. During the year 2015 some employees of Abengoa delivering services under the Support Services Agreement have been transferred to entities within the consolidation perimeter of Atlantica Yield.

Main part of the project entities included in these consolidated financial statements receives operation and maintenance services from related parties. Furthermore, some of these entities received engineering, procurement, construction services from related parties for those concessions which were still under construction during the year 2014.

Details of balances with related parties as of December 31, 2015 and 2014 are as follows:

	Balance as of December 31, 2015	Balance as of December 31, 2014
Credit receivables (current)	12,653	29,876
Total current receivables with related parties	**12,653**	**29,876**
Credit receivables (non-current)	52,774	327,400
Total non-current receivables with related parties	**52,774**	**327,400**

Trade payables (current)	73,813	104,556
Total current payables with related parties	**73,813**	**104,556**
Trade payables (non- current)	-	21,685
Credit payables (non-current)	126,860	56,276
Total non-current payables with related parties	**126,860**	**77,961**

Receivables with related parties primarily corresponded to the preferred equity investment in ACBH and its corresponding dividend as of December 31, 2014, for $327, 400 thousand as non-current and $18,400 thousand as current. The instrument was impaired and its fair value amounts to $52,565 thousand as of December 31, 2015, classified as non-current.

Credit payables (non-current) primarily relate to payables of projects companies with partners accounted for as non-controlling interests in these consolidated financial statements.

The transactions carried out by entities included in these consolidated financial statements with Abengoa and with subsidiaries of Abengoa not included in the consolidated group during the twelve-month periods ended December 31, 2015 and 2014 have been as follows:

	For the twelve-month period ended December 31,	
	2015	**2014**
Sales	44,260	25,673
Construction costs	-	(38,565)
Services rendered	523	2,343
Services received	(106,737)	(41,961)
Financial income	1,466	4,415
Financial expenses	(1,968)	(9,544)

Services received include operation and maintenance services received by some plants, the fee incurred by some plants under the services agreement with Abengoa, and general and administrative services as explained above. Sales relate to sale of energy by Spanish Solar plants, which were sometimes made through an Abengoa´s company acting as an agent for the plant. This service provided by Abengoa was canceled in December 2015. Financial expenses during the twelve-month periods ended December 2014 primarily relate to interest expenses on debt with related parties that were capitalized prior to the IPO.

Construction costs include construction work subcontracted to Abengoa for the construction of the assets, which is recorded in these consolidated financial statements due to the fact that contracted concessional assets are included in the consolidated financial statements during the construction phase, according to IFRIC 12.

In addition, the Company entered into a Financial Support Agreement under which Abengoa agreed to facilitate a new $50,000 thousand revolving credit line and maintain any guarantees and letters of credit that have been provided by it on behalf of or for the benefit of Atlantica Yield and its affiliates for a period of five years. As of December 31, 2015, the total amount of the credit line has remained undrawn since the IPO.

Aggregate directors' remuneration

The total amounts for directors' remuneration in accordance with Schedule 5 of the Accounting Regulations were as follows:

	2015	2014
Salaries, fees, bonuses and benefits in kind	2,133	442
	2,133	**442**

The directors received no other benefits in respect of their services to the company, including any share option or pension schemes. Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration Report on pages 28 to 38.

28. Contingent liabilities

Contingent liabilities are possible obligations, existing obligations with low probability of a future outflow of economic resources and existing obligations where the future outflow cannot be reliably estimated. The Company had no contingent liabilities as of 31 December 2015.

29. Guarantees and commitments

Third-party guarantees

At the close of 2014 the overall sum of Bank Bond and Surety Insurance directly deposited by the Company as a guarantee to third parties (clients, financial entities and other third parties) amounted to $27,638 thousand attributed to operations of technical nature ($17,573 thousand as of December 31, 2014).

Contractual obligations

The following table shows the breakdown of the third-party commitments and contractual obligations as of December 31, 2015 and 2014:

2015	Total	2016	2017 and 2018	2019 and 2020	Subsequent
Corporate debt	664,494	3,153	409,665	251,677	—
Loans with credit institutions (project debt)*	4,634,505	170,213	356,328	430,153	3,677,812
Notes and bonds (project debt)	836,164	25,514	44,314	47,699	718,638
Purchase commitments	4,158,576	169,951	320,287	344,338	3,323,999
Accrued interest estimate during the useful life of loans*	3,761,305	338,543	667,427	594,263	2,161,072

* According to contracted maturities.

2014	Total	2015	2016 and 2017	2018 and 2019	Subsequent
Corporate debt	378,415	2,255	—	376,160	—
Loans with credit institutions (project debt)	3,294,234	323,250	209,039	244,986	2,516,959
Notes and bonds (project debt)	528,832	7,939	9,263	13,585	498,045
Purchase commitments	1,813,080	79,509	148,357	152,256	1,432,958
Accrued interest estimate during the useful life of loans	2,233,750	180,756	350,553	308,430	1,394,011

30. Earnings per share

Basic earnings per share for the year 2015 has been calculated by dividing the Loss attributable to equity holders of the company by the number of shares outstanding. Diluted earnings per share equals basic earnings per share for the period presented. Basic earnings per share is only presented for periods subsequent to the initial public offering.

Item	For the twelve-month period ended December 31, 2015	Period from July 1, 2014, to December 31, 2014
Loss from continuing operations attributable to Abengoa Yield Plc.	(209,005)	(3,379)
Profit/(loss) from discontinuing operations attributable to Abengoa Yield Plc.	-	-
Average number of ordinary shares outstanding (thousands) - basic and diluted	**92,795**	**80,000**
Earnings per share from continuing operations (US dollar per share) - basic and diluted	(2.25)	(0.04)
Earnings per share from discontinuing operations (US dollar per share) - basic and diluted	-	-
Earnings per share from profit for the period (US dollar per share) - basic and diluted	**(2.25)**	**(0.04)**

31. Service concessional arrangements

Below is a description of the concessional arrangements of the Atlantica Yield group.

Solana

Solana is a 250 MW net (280 MW gross) solar electric generation facility located in Maricopa County, Arizona, approximately 70 miles southwest of Phoenix. Arizona Solar One LLC, or Arizona Solar, owns the Solana project. Solana includes a 22-mile 230kV transmission line and a molten salt thermal energy storage system. The construction of Solana commenced in December 2010 and Solana reached COD on 9 October, 2013.

Solana has a 30-year, PPA with Arizona Public Service, or APS, approved by the Arizona Corporation Commission (ACC). The PPA provides for the sale of electricity at a fixed price per MWh with annual increases of 1.84% per year. The PPA includes limitations on the amount and condition of the energy that is received by APS with minimum and maximum thresholds for delivery capacity that must not be breached.

Mojave

Mojave is a 250 MW net (280 MW gross) solar electric generation facility located in San Bernardino County, California, approximately 100 miles northeast of Los Angeles. Abengoa commenced construction of Mojave in September 2011 and Mojave reached COD on 1 December 2014.

Mojave has a 25-year, PPA with Pacific Gas & Electric Company, or PG&E, approved by the California Public Utilities Commission (CPUC). The PPA will begin on COD. The PPA provides for the sale of electricity at a fixed base price per MWh without any indexation mechanism, including limitations on the amount and condition of the energy that is received by PG&E with minimum and maximum thresholds for delivery capacity that must not be breached.

Palmatir

Palmatir is an on-shore wind farm facility in Uruguay with nominal installed capacity of 50 MW. Palmatir has 25 wind turbines and each turbine has a nominal capacity of 2 MW. UTE (Administracion Nacional de Usinas y Transmisiones Electricas), Uruguay's state-owned electricity company, has agreed to purchase all energy produced by Palmatir pursuant to a 20-year PPA.

Palmatir reached COD in May 2014. The wind farm is located in Tacuarembo, 170 miles north of the city of Montevideo.

Palmatir signed a PPA with UTE on 14 September, 2011 for 100% of the electricity produced, approved by URSEA (Unidad Reguladora de Servicos de Energia y Agua). UTE will pay a fixed-price tariff per MWh under the PPA, which is denominated in U.S. dollars and will be partially adjusted in January of each year according to a formula based on inflation.

Cadonal

Cadonal is an on-shore wind farm facility in Uruguay with nominal installed capacity of 50 MW. Cadonal has 25 wind turbines and each turbine has a nominal capacity of 2 MW each. UTE (Administraction Nacional de Usinas y Trasmisiones Electricas), Uruguay´s state-owned electricity company, has agreed to purchase all energy produced by Cadonal pursuant to a 20-year PPA.

Cadonal reached COD in December 2014. The wind farm is located in Flores, 105 miles north of the city of Montevideo.

Cadonal signed a PPA with UTE on 28 December 2012 for 100% of the electricity produced, approved by URSEA (Unidad Reguladora de Servicios de Energia y Agua). UTE will pay a fixed tariff under the PPA per MWh under the PPA, which is denominated in U.S. dollars and will be adjusted every January considering both US and Uruguay´s inflation indexes and the exchange rate between Uruguayan pesos and U.S. dollars.

Solaben 2 & 3

Solaben 2 and 3 are two 50 MW solar power facilities located in Spain. Solaben 2 reached COD in June 2012 and Solaben 3 reached COD in October 2012. Solaben Electricidad Dos, S.A., or SE2, owns Solaben 2 and Solaben Electricidad Tres, S.A., or SE3, owns Solaben 3.

Renewable energy plants in Spain, like Solaben 2 and Solaben 3, are regulated through a series of laws which guarantee the owners of the plants a reasonable remuneration for their investments. Solaben 2 and 3 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Solacor 1 & 2

The Solacor 1 and Solacor 2 are two 100 MW Concentrating Solar Power facilities and are part of Abengoa’s El Carpio Solar Complex, located in the municipality of El Carpio, Spain. The Carpio Solar Complex consists in a conventional parabolic trough Concentrating Solar Power system to generate electricity. Abengoa commenced construction of Solacor 1 and Solacor 2 in September 2010. The COD was reached in two phases, the first one, Solacor 1, was reached in January 2012 and the second one, Solacor 2, was reached in March 2012. JGC Corporation holds 26% of Solacor 1 & Solacor 2, a Japanese engineering company.

Renewable energy plants in Spain, like Solacor 1 and Solacor 2, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solacor 1 and Solacor 2 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

ACT

The ACT plant is a gas-fired cogeneration facility with a rated capacity of approximately 300 MW and between 550 and 800 metric tons per hour of steam. The plant includes a substation and an approximately 52 mile and 115-kilowatt transmission line.

On 18 September 2009, Abengoa Cogeneracion Tabasco entered into the Pemex Conversion Services Agreement, or the Pemex CSA, with Petroleos Mexicanos, or Pemex. Pemex is a state-owned oil and gas company supervised by the Comision Reguladora de Energía (CRE), the Mexican state agency that regulates the energy industry. The Pemex CSA has a term of 20 years from the in-service date and will expire on 31 March 2033.

According to the Pemex CSA, ACT must provide, in exchange for a fixed price with escalation adjustments, services including the supply and transformation of natural gas and water into thermal energy and electricity. Part of the electricity is to be supplied directly to a Pemex facility nearby, allowing the Comision Federal de Electricidad (CFE) to supply less electricity to that facility. Approximately 90% of the electricity must be injected into the Mexican electricity network to be used by retail and industrial end customers of CFE in the region. Pemex is then entitled to receive an equivalent amount of energy in more than 1,000 of their facilities in other parts of the country from CFE, following an adjustment mechanism under the supervision of CFE.

The Pemex CSA is denominated in U.S. dollars. The price is a fixed tariff and will be adjusted annually, part of it according to inflation and part according to a mechanism agreed in the contract that on average over the life of the contract reflects expected inflation. The components of the price structure and yearly adjustment mechanisms were prepared by Pemex and provided to bidders as part of the request for proposal documents.

ATN

ATN, or the ATN Project, in Peru is part of the SGT (Sistema Garantizado de Transmision), which includes all transmission line concessions allocated by a bidding process by the government and is comprised of the following facilities:

(i) the approximately 356 mile, 220kV line from Carhuamayo-Paragsha-Conococha-Kiman-Ayllu-Cajamarca Norte;

(ii) the 4.3 mile, 138kV link between the existing Huallanca substation and Kiman Ayllu substations;

(iii) the 1.9 mile, 138kV link between the 138kV Carhuamayo substation and the 220kV Carhuamayo substation;

(iv) the new Conococha and Kiman Ayllu substations; and

(v) the expansion of the Cajamarca Norte, 220kV Carhuamayo, 138kV Carhuamayo and 220kV Paragsha substations.

Pursuant to the initial concession agreement, the Ministry of Energy, on behalf of the Peruvian Government, granted ATN a concession to construct, develop, own, operate and maintain the ATN Project. The initial concession agreement became effective on 22 May 2008 and will expire 30 years after COD of the first tranche of the line, which took place in January 2011. ATN is obliged to provide the service of transmission of electric energy through the operation and maintenance of the electric transmission line, according to the terms of the contract and the applicable law.

The laws and regulations of Peru establish the key parameters of the concession contract, the price indexation mechanism, the rights and obligations of the operator and the procedures that have to be followed in order to fix the applicable tariff, which occurs through a regulated bidding process. Once the bidding process is complete and the operator is granted the concession, the pricing of the power transmission service is established in the concession agreement. ATN has a 30-year concession agreement with a fixed-price tariff base denominated in U.S. dollars that is adjusted annually after COD of each line, in accordance with the U.S. Finished Goods Less Food and Energy Index published by the U.S. Department of Labor.

ATS

The Abengoa Transmision Sur, or ATS Project, in Peru is part of the Guaranteed Transmission System, or (Sistema Garantizado de Transmisión) which includes all transmission line concessions allocated by a bidding process by the government, and is comprised of:

(i) one 500kV electric transmission line and two short 220kV electric transmission lines, which are linked to existing substations;

(ii) three new 500kV substations; and

(iii) three existing substations (two existing 220kV substations and one existing 550/220kV substation), through the development of new transformers, line reactors, series reactive compensation and shunt reactions in some substations.

Pursuant to the initial concession agreement, the Ministry of Energy, on behalf of the Peruvian Government, granted ATS a concession to construct, develop, own, operate and maintain the ATS Project. The initial concession agreement became effective on 22 July 2010 and will expire 30 years after COD, which took place in January 2014. ATS is obliged to provide the service of transmission of electric energy through the operation and maintenance of the electric transmission line, according to the terms of the contract and the applicable law.

The laws and regulations of Peru establish the key parameters of the concession contract, the price indexation mechanism, the rights and obligations of the operator and the procedure that has to be followed in order to fix the applicable tariff, which occurs through a regulated bidding process. Once the bidding process is complete and the operator is granted the concession, the pricing of the power transmission service is established in the concession agreement. ATS has a 30-year concession agreement with fixed-price tariff base denominated in U.S. dollars that is adjusted annually after COD of each line, in accordance

with the U.S. Finished Goods Less Food and Energy Index published by the U.S. Department of Labor.

Quadra 1 & Quadra 2

Transmisora Mejillones, or Quadra 1, is a 49-mile transmission line project and Tranmisora Baquedano, or Quadra 2, is a 32-mile transmission line project, each connected to the Sierra Gorda substations.

Both projects have concession agreements with Sierra Gorda SCM. The agreements are denominated in U.S. dollars and are indexed mainly to CPI. The concession agreements each have a 21-year term that began on COD, which took place in April 2014 and March 2014 for Quadra 1 and Quadra 2, respectively.

Quadra 1 and Quadra 2 belong to the Northern Interconnected System (SING), one of the two interconnected systems into which the Chilean electricity market is divided and structured for both technical and regulatory purposes.

As part of the SING, Quadra 1 and Quadra 2 and the service they provide are regulated by several regulatory bodies, in particular: the Superintendent's office of Electricity and Fuels (Superintendencia de Electricidad y Combustibles, SEC), the Economic Local Dispatch Center (Centro de Despacho Economico de Cargas, CDEC), the National Board of Energy (Comision Nacional de Energia, CNE) and the National Environmental Board (Comision Nacional de Medio Ambiente, CONAMA) and other environmental regulatory bodies.

In all these concession arrangements, the operator has all the rights necessary to manage, operate and maintain the assets and the obligation to provide the services defined above, which are clearly defined in each concession contract and in the applicable regulations in each country.

Helioenergy 1&2

The Helioenergy 1/2 project is located in Ecija, Spain. Abengoa started the construction of Helioenergy in 2010, and reached COD in 2012. Since COD, the projects have obtained good generation results achieving systematically year after year results aligned or above the target productions defined.

Helioenergy relies on a Conventional parabolic trough Concentrating Solar Power system to generate electricity. Helioenergy evacuates its electricity through an aerial underground line 220 kV from the substation of the plant to a 220 kV line that ends in SET Villanueva del Rey (owned by Red Eléctrica de España), where the connection point of the plant is located.

Renewable energy plants in Spain, like Helionergy 1 and Helionergy 2, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Helionergy 1 and Helionergy 2 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Helios 1&2

The Helios 1/2 project is a 100 MW Concentrating Solar Power facility known as Plataforma Solar Castilla la Mancha, located in the municipality of Arenas de San Juan, Puerto Lápice and Villarta de San Juan, Spain. Helios 1 COD was reached in 2Q 2012, Helios 2 COD was reached in 3Q 2012. Since COD, the projects have obtained good generation results aligned or above the production targets.

Helios 1/2 relies on a Conventional parabolic trough Concentrating Solar Power system to generate electricity. The technology is identical to the one used at Solaben 2/3 and Solacor 1/2.

Renewable energy plants in Spain, like Helios 1 and Helios 2, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Helios 1 and Helios 2 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Solnova 1, 3&4

The Solnova 1/3/4 project is a 150 MW Concentrating Solar Power facility, part of the Sanlucar Solar Platform, located in the municipality of Sanlucar la Mayor, Spain. Solnova 1 COD was reached in 2Q 2010, Solnova 3 COD was reached in 2Q 2010 and Solnova 4 COD was reached in 3Q 2010. Since COD, the projects have obtained good generation results achieving results aligned with the target production numbers.

Solnova 1/3/4 relies on a Conventional parabolic trough Concentrating Solar Power system to generate electricity. The technology is identical to the one used at Solaben 2/3 and Solacor 1/2, projects already owned by us.

Solnova 1/3/4 evacuates its electricity through an aerial-underground line 66 kV from the substation of the plant to a 220 kV line that ends in SET Casaquemada, where the connection point of the plant is located.

Renewable energy plants in Spain, like Solnova 1, Solnova 3 and Solnova 4, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solnova 1, Solnova 3 and Solnova 4 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator

Honaine

The Honaine project is a water desalination plant located in Taffsout, Algeria, near three important cities: Oran, to the northeast, and Sidi Bel Abbés and Tlemcen, to the southeast. Myah Bahr Honaine Spa, or MBH, is the vehicle incorporated in Algeria for the purposes of owning the Honaine project. Algerian Energy Company, SPA, or AEC, owns 49% and

Sociedad Anonima Depuracion y Tratamientos, or Sadyt, a subsidiary of Sacyr, S.A., owns the remaining 25.5% of the Honaine project.

AEC is the Algerian agency in charge of delivering Algeria's large-scale desalination program. It is a joint venture set up in 2001 between the national oil and gas company, Sonatrach, and the national gas and electricity company, Sonelgaz. Each of Sonatrach and Sonelgaz owns 50% of AEC.

The technology selected for the Honaine plant is currently the most commonly used in this kind of project. It consists of desalination using membranes by reverse osmosis. Honaine has a capacity of seven M ft3 per day of desalinated water and it is under operation since July 2012. The project represents approximately 9.0% of Algeria's total desalination capacity and serves a population of 1.0 million.

The water purchase agreement is a U.S. dollar indexed 30-year take-or-pay contract with Sonatrach / Algérienne des Eaux, or ADE. The tariff structure is based upon plant capacity and water production, covering variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency.

Skikda

The Skikda project is a water desalination plant located in Skikda, Algeria. Skikda is located 510 km east of Alger. Aguas de Skikda, or ADS, is the vehicle incorporated in Algeria for the purposes of owning the Skikda project. AEC owns 49% and Sadyt owns the remaining 16.83% of the Skikda project.

AEC is the Algerian agency in charge of delivering Algeria's large-scale desalination program. It is a joint venture set up in 2001 between the national oil and gas company, Sonatrach, and the national gas and electricity company, Sonelgaz. Each of Sonatrach and Sonelgaz owns 50% of AEC.

The technology selected for the Skikda plant is currently the most commonly used in this kind of project. It consists of the use of membranes to obtain desalinated water by reverse osmosis. Skikda has a capacity of 3.5 M ft3 per day of desalinated water and is in operation since February 2009. The project represents approximately 4.5% of Algeria's total desalination capacity and serves a population of 0.5 million.

The water purchase agreement is a U.S. dollar indexed 30-year take-or-pay contract with Sonatrach / ADE. The tariff structure is based upon plant capacity and water production, covering variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency.

ATN 2

ATN 2, in Peru, is part of the Complementary Transmission System, or Sistema Complementario de Transmision, SCT, and is comprised of the following facilities:

(i) The approximately 130km, 220kV line from SE Cotaruse to Las Bambas;

(ii) The connection to the gate of Las Bambas Substation

(iii) The expansion of the Cotaruse 220kV substation (works assigned to Consorcio Transmantaro)

The Client is Las Bambas Mining Company, a company owned by a partnership conformed by a subsidiary of China Minmetals Corporation (62.5%), a wholly owned subsidiary of Guoxin International Investment Co. Ltd (22.5%) and CITIC Metal Co. Ltd (15.0%). China Minmetals Corporation is the fifth largest metals company included in the Fortune Global 500 list.

Abengoa started the permitting phase of ATN2 Project on May 2011; construction is already completed and completed formalities for COD during July 2015.

The ATN2 Project has a 18-year contract period, after that, ATN2 assets will remain as property of the SPV and therefore it is likely a new contract could be negotiated. The ATN2 Project has a fixed-price tariff base denominated in U.S. dollars, partially adjusted annually in accordance with the U.S. Finished Goods Less Food and Energy Index as published by the U.S. Department of Labor. Our receipt of the tariff base is independent from the effective utilization of the transmission lines and substations related to the ATN2 Project. The tariff base is intended to provide the ATN2 Project with consistent and predictable monthly revenues sufficient to cover the ATN2 Project's operating costs and debt service and to earn an equity return. Peruvian law requires the existence of a definitive concession agreement to perform electricity transmission activities where the transmission facilities cross public land or land owned by third parties. On May 31, 2014, the Ministry of Energy granted the project a definitive concession agreement to the transmission lines of the ATN2 Project.

Kaxu

Kaxu Solar One, or Kaxu, is a 100MW solar Conventional Parabolic Trough Project located in Paulpatus in the Nothern Cape Province of South Africa, approximately 30 km north east of the small town of Pofadder. Atlantica Yield, though Abengoa Solar South Africa (Pty) Ltd., owns 51% of the Kaxu Project. The Project Company, named Kaxu Solar One (Pty) Ltd., is owned by a consortium composed by Abengoa Solar South Africa (51%), Industrial Development Corporation of South Africa (29%) & Kaxu Community Trust (20%).

The project reached COD in February 2015.

Kaxu has a 20-year PPA with Eskom SOC Ltd., or Eskom, under a take or pay contract for the purchase of electricity up to the contracted capacity from the facility. Eskom purchases all the output of the Kaxu Plant under a fixed price formula in local currency subject to indexation to local inflation with protects us from potential devaluation over the long term. Being the project COD February 2015, the PPA expires on February 2035.

Solaben 1&6

The Solaben is a 100MW Concetrated Solar Power facility part of the Extremadura Solar Platform, located in the municipality of Logrosán, Spain. Solaben 1/6 COD was reached in 3Q 2013. Since COD, the projects have obtained good generation aligned with the target production figures.

Solaben 1&6 relies on a Conventional Parabolic through Concentrating Solar Power system to generate electricity. The technology is identical to the one used at Solaben 2/3 and Solacor 1/2 projects.

Renewable energy plants in Spain, like Solaben 1 and Solaben 6, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solaben 1 and Solaben 6 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Company balance sheet
31 December 2015

Amounts in thousands of U.S. dollars

	Notes (1)	2015	(*) Restated 2014
Fixed assets			
Tangible assets		135	-
Investments in subsidiaries	4	2,014,487	1,392,481
Amounts owed by group undertakings	5	822,263	735,302
Deferred tax asset		-	209
		2,836,885	**2,127,992**
Current assets			
Trade and other receivables		296	1,250
Amounts owed by group undertakings	5	173	25,485
Short-term financial investments		5,000	-
Cash and bank balances		45,487	155,367
		50,956	**182,102**
Total assets		**2,887,841**	**2,310,094**
Creditors: Amounts falling due within one year			
Trade and other payables	7	17,328	19,558
Amounts owed to group undertakings	5	9,214	172
Borrowings	6	3,152	2,255
Derivative liabilities		95	-
		29,789	**21,985**
Net current assets		**21,167**	**160,117**
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year			
Borrowings	6	661,341	376,159
Deferred revenue	7	-	64,400
Amounts owed to group undertakings	5	26,917	-
Derivative liabilities		11,773	-
		700,031	**440,559**
Total liabilities		**729,820**	**462,544**
Net assets		**2,158,021**	**1,847,550**

(1) Notes 1 to 8 are an integral part of the financial statements

(*) See Note 2 for further details

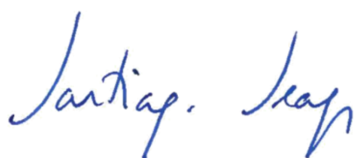
Company balance sheet
31 December 2015

		2015	(*) Restated 2014
Capital and Reserves			
Share capital		10,022	8,000
Share premium account		1,981,881	1,313,903
Distributable reserves		331,974	476,233
Other Reserves		4,345	-
Retained earnings	8	(170,201)	49,414
Shareholders' funds		**2,158,021**	**1,847,550**

(1) Notes 1 to 8 are an integral part of the financial statements

(*) See Note 2 for further details

The financial statements of Abengoa Yield plc, company registration no. 08818211, were approved by the board of directors and authorised for issue on 25th February 2016. They were signed on its behalf by:



Managing Director

Santiago Seage

15th March, 2016

Company balance sheet
31 December 2015

Company Statement of changes in equity

Amounts in thousands of U.S. dollars

	Share Capital	Share Premium Account	Distributable Reserves	Retained earnings	Other Reserves	Total Shareholder´s funds
Balance at 1 January 2014	-	-	-	-	-	-
Profit for the year	-	-	-	8,414	-	8,414
Issue of share capital and share premium	8,000	1,813,903	-	-	-	1,821,903
IPO transaction costs	-	-	(71)	-	-	(71)
Reduction of share premium	-	(500,000)	500,000	-	-	-
Dividends	-	-	(23,696)	-	-	(23,696)
Balance at 31 December 2014	8,000	1,313,903	476,233	8,414	-	1,806,550
Adjustment to the 2014 accounts (*)	-	-	-	41,000	-	41,000
Restated Balance at 31 December 2014 (*)	8,000	1,313,903	476,233	49,414	-	1,847,55
Loss for the year	-	-	-	(219,615)	-	(219,615)
Issue of share capital and share premium	2,022	667,978	(6,264)	-	-	663,736
Dividends	-	-	(137,995)	-	-	(137,995)
Change in fair value of cash flow hedges (net of deferred taxation)	-	-	-	-	4,345	4,345
Balance at 31 December 2015	**10,022**	**1,981,881**	**331,974**	**(170,201)**	**4,345**	**2,158,021**

(*) See Note 2 for further details.

Notes to the Company financial statements

1. Significant accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has decided to adopt FRS 101 and undergone transition from reporting under IFRSs EU to FRS 101 as issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the re measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries and impairment

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined

had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Critical accounting policies and estimates

The most critical accounting policies, which reflect significant management estimates and judgement to determine amounts in the Company's financial statements, are as follows:

- Impairment of investments; and
- Derivative financial instruments and fair value estimates

2. Restatement of prior year accounts

On December 31, 2014 Abengoa Solar Holdings USA Inc. declared a US$ 41,000 thousand dividend to Abengoa Yield Plc.

This transaction was erroneously not considered in the 2014 financial statements of Abengoa Yield Plc., and therefore comparatives figures of these 2015 financial statements have been restated.

Financial Statement line items which have been restated are as follows:

Financial Statements line item	2014	Adjustment	Restated 2014
Non-current Amounts owed by group undertakings	694,302	41,000	735,302
Retained earnings	8,414	41,000	49,414

3. Profit for the year

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year. The company reported a loss for the financial year ended 31 December 2015 of $219,615k (Restated 2014: profit of $49,414k).

The auditor's remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

4. Investments in subsidiaries

Details of the Company’s subsidiaries at 31 December 2015 are as follows:

Name	Place of incoporation and principal place of business	Proportion of ownership interest %	Proportion of voting power held %
Palmucho, S.A.	Chile	100.00%	100.00%
ABY Servicios Corporativos, S.L.	Spain	99.99%	99.99%
Transmisora Baquedano, S.A.	Chile	100.00%	100.00%
Transmisora Mejillones, S.A.	Chile	100.00%	100.00%
Abengoa Solar US Holdings Inc.	USA	100.00%	100.00%
ACT Holdings, S.A. de C.V.	Mexico	99.99%	99.99%
ABY Concessions Perú, S.A.	Peru	99.99%	99.99%
ABY Concessions Infrastructure, S.L.U.	Spain	99.99%	99.99%
Abengoa Solar Holdings USA Inc	USA	100.00%	100.00%
ABY South Africa (Pty) Ltd	South Africa	100.00%	100.00%
ATN 2, S.A.	Peru	100.00%	100.00%
Mojave Solar Holdings, Llc (USA)	USA	100.00%	100.00%
Mojave Solar, Llc (USA)	USA	100.00%	100.00%
ASO Holdings Company, LLC	USA	100.00%	100.00%
Arizona Solar One, LLC (USA)	USA	100.00%	100.00%
ATN, S.A.	Peru	99.98%	99.98%
Abengoa Transmisión Sur, S.A.	Peru	99.99%	99.99%
ACT Energy Mexico, S.A. de C.V.	Mexico	99.98%	99.98%
Kaxu Solar One (Pty) Ltd	South Africa	51.00%	51.00%
Sanlucar Solar, S.A.	Spain	100.00%	100.00%
Solar Processes, S.A.	Spain	100.00%	100.00%
Palmatir, S.A	Uruguay	100.00%	100.00%
Cadonal, S.A.	Uruguay	100.00%	100.00%
Holding Eólica, S.A.	Uruguay	100.00%	100.00%
Ecija Solar Inversiones, S.A.	Spain	100.00%	100.00%
Helioenergy Electricidad Uno, S.A.	Spain	100.00%	100.00%
Helioenergy Electricidad, Dos, S.A.	Spain	100.00%	100.00%
Carpio Solar Inversiones, S.A.	Spain	100.00%	100.00%
Solacor Electricidad Uno, S.A.	Spain	74.00%	74.00%
Solacor Electricidad Dos, S.A.	Spain	74.00%	74.00%
Logrosán Solar Inversiones, S.A.	Spain	100.00%	100.00%
Solaben Electricidad Dos, S.A.	Spain	70.00%	70.00%

Solaben Electricidad Tres, S.A.	Spain	70.00%	70.00%
Hypesol Energy Holding, S.L.	Spain	100.00%	100.00%
Helios I Hyperion Energy Investments, S.L.	Spain	100.00%	100.00%
Helios II Hyperion Energy Investments, S.L.	Spain	100.00%	100.00%
Solnova Solar Inversiones, S.A.	Spain	100.00%	100.00%
Solnova Electricidad Uno, S.A.	Spain	100.00%	100.00%
Solnova Electricidad Tres, S.A.	Spain	100.00%	100.00%
Solnova Electricidad Cuatro, S.A.	Spain	100.00%	100.00%
Logrosan Solar Inversiones Dos, S.L.	Spain	100.00%	100.00%
Solaben Luxemburg S.A.	Luxembourg	100.00%	100.00%
Logrosan Equity Investment S.a.r.l.	Luxembourg	100.00%	100.00%
Extremadura Equity Investment S.a.r.l.	Luxembourg	100.00%	100.00%
Solaben Electricidad Uno, S.A.	Spain	100.00%	100.00%
Solaben Electricidad Seis, S.A.	Spain	100.00%	100.00%
Geida Tlemcen, S.L.	Spain	50.00%	50.00%
Myah Bahr Honaine, S.P.A.	Algeria	25.50%	25.50%
Geida Skikda, S.L.	Spain	67.00%	67.00%
Aguas de Skikda, S.P.A.	Algeria	34.17%	34.17%

The investments in subsidiaries are all stated at cost. Information on the investments acquired in the year is disclosed in Note 5 in the consolidated financial statements. As of 31 December 2015, the carrying value of the direct investments was as follows:

	2015	2014
Palmucho, S.A.	-	-
ABY Servicios Corporativos, S.L.	5,483	73
Transmisora Baquedano, S.A.	-	-
Transmisora Mejillones, S.A.	-	-
Abengoa Solar US Holdings Inc.	317,950	317,950
ACT Holdings, S.A. de C.V.	98,543	72,095
ABY Concessions Perú, S.A.	261,920	258,795
ABY Concessions Infrastructure, S.L.U.	868,281	363,375
Abengoa Solar Holdings USA Inc	380,193	380,193
ATN, S.A. (*)	1,044	-
Abengoa Transmisión Sur, S.A. (*)	18,727	-
ABY South Africa (Pty) Ltd	46,449	-
ATN 2, S.A.	15,897	-
Total investments in subsidiaries	**2,014,487**	**1,392,481**

(*) Interest free loans accounted for at amortized cost (classified as amounts owed by group undertakings, see note 5) and initial difference with nominal value of the loans accounted for as capital contribution in accordance with IAS 39.

Movements in the carrying value of investments during the years 2015 and 2014 were as follows:

	US$ ´000
As at 1st January 2014	-
Acquisitions	1,392,481
As at 1st January 2015	1,392,481
Acquisitions	647,074
Capital reduction	(25,068)
As at 31st December 2015	**2,014,487**

The capital reduction in 2015 primarily relates to a capital reduction carried out in ACT Holding, S.A. de C.V. in April 2015 for $22 Million and in May 2015 for $3 Million.

The date and method of the acquisition of each subsidiary during the period were as follows:

	Acquisition date	Acquisition method
Palmucho, S.A.	13/06/2014	(*) Contribution through issue of shares
ABY Servicios Corporativos, S.L..	23/12/2014	Purchase
Transmisora Baquedano, S.A.	14/04/2014	Purchase
Transmisora Mejillones, S.A.	14/04/2014	Purchase
Abengoa Solar US Holdings Inc.	13/06/2014	(*) Contribution through issue of shares
ACT Holdings, S.A. de C.V.	13/06/2014	(*) Contribution through issue of shares
ABY Concessions Perú, S.A.	13/06/2014	(*) Contribution through issue of shares
ABY Concessions Infrastructure, S.L.U.	13/06/2014	(*) Contribution through issue of shares
Abengoa Solar Holdings USA Inc	13/06/2014	(*) Contribution through issue of shares
ATN 2, S.A	25/06/2015	Purchase
ABY South Africa (Pty) Ltd	30/07/2015	Purchase

(*) Prior to the initial public offering of Abengoa Yield Plc., Abengoa contributed, through a series of transactions, which we refer to collectively as the “Asset Transfer,” a series of concessional assets described in the Strategic Report on pages 3 to 6, certain holding companies and the preferred equity investment in ACBH.

On June 25, 2015, the Company completed the acquisition of ATN2 an 81 miles transmission line in Peru from Abengoa and Sigma, a third-party financial investor in the project and on July 30, 2015, the Company completed the acquisition of Kaxu a 100 MW solar plant in South Africa.

5. Amounts owed by/to group undertakings

	2015	Restated 2014
Non-current receivables from group companies	769,698	472,302
Preferred equity investment in ACBH	52,565	263,000
Non-current amounts owed by group undertakings	**822,263**	**735,302**
Current amounts owed by group undertakings	173	25,485
Total amounts owed by group undertakings	**822,436**	**760,787**

The preferred equity investment in ACBH is an available for sale financial asset that gives the following rights:

- During the five-year period commencing on July 1, 2014, Atlantica Yield has the right to receive, in four quarterly installments, a preferred dividend of $18,400 thousand per year. Until December 31, 2015, the Company received the dividend corresponding to 1.5 years and the portion corresponding to 3.5 years is pending to be received;
- Following the initial five-year period, Atlantica Yield has the option to (i) remain as preferred equity holder receiving the first $18,400 thousand in dividends per year that ACBH is able to distribute or (ii) exchange the preferred equity for ordinary shares of specific project companies owned by ACBH.

Given that Atlantica Yield has a right to receive a quarterly dividend from July 2014 and for the following five years, the Company initially recorded an account receivable corresponding to the present value of the dividend receivable in the first five years, with a credit to deferred income. Income was recorded progressively from July 2014, as dividend was collected. The long-term portion of the account receivable was included in non-current receivables from group companies s set out below.

On January 29, 2016, Abengoa informed the Company that several indirect subsidiaries of Abengoa in Brazil, including ACBH, have initiated an insolvency procedure under Brazilian law ("recuperaçao judiciaria"). The Company is currently assessing the potential impact of this event together with external advisors. Given that this process will likely negatively affect the value of the preferred equity investment and considering the high degree of uncertainty on its final outcome, the Company has recorded an impairment of this preferred equity investment for a total amount of $210 million.

In addition, the Company de-recognised the account receivable corresponding to the dividend receivable in the remaining 3.5 years, amounting to $64.4 million, with a corresponding debit to the deferred income.

As at 31 December 2015, the detail of the amounts owed by group undertakings was as follows:

	2015	Restated 2014
ATN, S.A..	6,641	21,932
ABY Concessions Infrastructure, S.L.U.	315,443	43,035
Abengoa Concessões Brasil Holding, S.A.	-	64,400
Carpio Solar Inversiones, S.A.	73,688	116,472
Abengoa Transmisión Sur, S.A.	54,033	84,764
Logrosán Solar Inversiones, S.A.	21,821	42,807
ACT Holdings, S.A. de C.V.	4,861	51,448
Ecija Solar Inversiones, S.A.	75,381	-
Solnova Solar Inversiones, S.A.	51,773	-
Hypesol Energy Holding, S.L.	22,503	-
ABY South Africa (Pty) Ltd.	59,562	-
ATN 2, S.A.	34,430	-
Abengoa Solar US Holdings Inc.	43,419	41,000
Other	6,143	6,444
Amounts owed by group undertakings	**769,698**	**472,302**

The principal features of the main loans to subsidiary undertakings are as follows:

	Interest Rate	Maturity
ATN, S.A..	0%	Not applicable
ABY Concessions Infrastructure, S.L.	7%	Not applicable
Carpio Solar Inversiones, S.A.	2.5% to Euribor 12 months	31 July 2031
Abengoa Transmisión Sur, S.A.	0%	Not applicable
Logrosán Solar Inversiones, S.A	2.5% to Euribor 12 months	15 December 2030
Ecija Solar Inversiones, S.A.	4.25% to Euribor 12 months	Not applicable
Solnova Solar Inversiones, S.A.	4.25% to Euribor 12 months	Not applicable
Hypesol Energy Holding, S.L.	4.5% to Euribor 12 months	Not applicable
ATN 2, S.A.	8.96%	Not applicable
ABY South Africa (Pty) Ltd.	-	Not applicable
Abengoa Solar US Holdings Inc.	5.9%	31 December 2017

As at 31 December 2015, the amounts owed to group undertakings primarily relate to ACT Energy Mexico, S.A. de C.V. for $24 million.

6. Borrowings

As at 31 December 2015, the details of the amounts owed to group undertakings was as follow:

	2015	2014
Secured borrowing at amortised cost		
Bonds	410,288	254,912
Borrowings	254,205	123,502
Total borrowings	664,493	378,414
Amount due for settlement within 12 months	**3,152**	**2,255**
Amount due for settlement after 12 months	**661,341**	**376,159**

The principal features of the borrowings and bonds are as follows:

On November 17, 2014, the Company issued the Senior Notes due 2019 in an aggregate principal amount of $255,000 thousand (the “2019 Notes”). The 2019 Notes accrue annual interest of 7.00% payable semi-annually beginning on May 15, 2015 until their maturity date of November 15, 2019.

On December 3, 2014, the Company entered into a credit facility of up to $125,000 thousand with Banco Santander, S.A., Bank of America, N.A., Citigroup Global Markets Limited, HSBC Bank plc and RBC Capital Markets, as joint lead arrangers and joint bookrunners (the "Credit Facility"). On December 22, 2014, the Company drew down $125,000 thousand under the Credit Facility. Loans under the Credit Facility accrue interest at a rate per annum equal to: (A) for Eurodollar rate loans, LIBOR plus 2.75% and (B) for base rate loans, the highest of (i) the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day plus 1/2 of 1.00%, (ii) the U.S. prime rate and (iii) LIBOR plus 1.00%, in any case, plus 1.75%. Loans under the Credit Facility will mature on the fourth anniversary of the closing date of the Credit Facility. Loans prepaid by the Company under the Credit Facility may be reborrowed. The Credit Facility is secured by pledges of the shares of the guarantors which the Company owns.

On June 26, 2015, the Company increased its existing $125 million Credit Facility with a revolver tranche B for an amount of $290,000 thousand (the "Credit Facility Tranche B). On September 9, 2015, Credit Facility Tranche B was fully drawn down and the proceeds were used for the acquisition of Solaben 1/6. Loans under the Tranche B Facility accrue interest at a rate per annum equal to: (A) for Eurodollar rate loans, LIBOR plus 2.50% and (B) for base rate loans, 1.50%. Loans under the Credit Facility Tranche B will mature in December 2017. Tranche B of the Credit Facility was signed for a total amount of $290 million with Bank of America, N.A., as global coordinator and documentation agent and Barclays Bank plc and UBS AG, London Branch as joint lead arrangers and joint bookrunners.

7. Trade and other payables

	2015	2014
Deferred income (current)	-	18,400
Other payables (current)	17,328	1,158
Total current payables excluding borrowings	17,328	19,558
Deferred income (non – current)	-	64,400
Total non-current payables excluding borrowings	**-**	**64,400**

Deferred income current and non-current fully related to the preferred dividend of $18,400 thousand per year that the Company has the right to receive for the upcoming five years commencing on 1 July 2014 from Abengoa Concessões Brasil Holding, S.A. (see Note 5).

Company balance sheet
31 December 2015

8. Retained earnings

	Retained earnings
Balance at 1 January 2014	-
Net profit for the year	8,414
Balance at 31 December 2014	8,414
Adjustment to the 2014 accounts	41,000
Restated Balance at 31 December 2014	49,414
Net loss for the year	(219,615)
Balance at 31 December 2015	(170,201)