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Tranche A shareholder loans are included in amounts due to parent and affiliates, and the Tranche B shareholder loans are included in net parent investment in the combined balance sheets. Tranche A of the shareholder loans are also reflected in financing activities in the combined statements of cash flows. Subsequently, during the year ended December 31, 2014, the related project entity repaid the Third Party Investor \$253 in Tranche A shareholder loan principal payments.

For a separate project company, the Company issued 8% non-cumulative redeemable preference shares and allotted to an affiliate on June 15, 2013. The shares will be redeemed by the project company after 15 years from the date of allotment. The preference shares carry a preferential right as to dividend over equity shareholders. Subject to the provision of the articles of association of the project company, the preference shareholders shall be entitled to transfer the whole or part of the shares held by them subject to any restrictions or approvals of the board of directors of the project company. These shares carry a dividend of 8% on a non-cumulative basis. In the event of liquidation, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares. The Company has classified the preference shares within non-current liabilities, based on the mandatorily redeemable nature of the shares.

10. Commitments and contingencies***Real property agreements***

Certain of the solar energy system assets are located on property that the Company leases under operating leases. Rental expense was \$247 and \$65 in 2014 and 2013, respectively. The total future commitments under operating leases as of December 31, 2014 were \$4,566, none of which is cancellable. Our operating lease obligations as of December 31, 2014 were as follows (in thousands):

	2015	2016	2017	2018	2019	Thereafter	Total
Operating leases	\$169	\$183	\$183	\$183	\$199	\$3,649	\$4,566

Minimum rent payments under operating leases are recognized as a rental expense on a straight-line basis over the term of the lease.

Additionally, certain of our operating leases contain clauses that provide additional contingent rent based on the related solar energy systems generating energy greater than certain specified target amounts. We recognize contingent rent expense when payment is considered probable. The contingent rent expense recognized during the year ended December 31, 2013 was \$9. There was no contingent rent expense for 2014.

Legal proceedings

From time to time, we are notified of possible claims or assessments arising in the normal course of business operations. Management continually evaluates such matters with legal counsel and believes that, although the ultimate outcome is not presently determinable, these matters will not result in a material adverse impact on our financial position or operations.

The Company is subject to litigation with the offtaker, Gujarat Urja Vikas Nigam Ltd (GUVNL), for certain projects in India, who is seeking a reduction of tariff set forth in the PPA. GUVNL also claims that there has been a violation of the PPA terms on account of a change in shareholders since execution of the PPA and as such GUVNL is entitled to terminate the PPA. The Company successfully defended each case at the initial hearing but GUVNL has appealed to the Supreme Court on both matters. The cases are currently pending in front of the Supreme Court of India. The Company plans to vigorously defend each case and believes that an unfavorable outcome is remote, as such a liability has not been recorded in relation to these contingencies.

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