
Table of Contents

- operation and maintenance contracts;
- joint venture accounting, including the consolidation of joint venture entities and the inclusion or exclusion of their assets and liabilities on our balance sheet;
- long-term vendor agreements; and
- foreign holding company tax treatment.

The seasonality of our operations may affect our liquidity.

We will need to maintain sufficient financial liquidity to absorb the impact of seasonal variations in energy production or other significant events. Following the completion of this offering, we expect that our principal source of liquidity will be cash generated from our operating activities, the cash retained by us for working capital purposes out of the gross proceeds of this offering and borrowing capacity under our Revolver. Our quarterly results of operations may fluctuate significantly for various reasons, mostly related to economic incentives and weather patterns.

The amount of electricity our solar power generation assets produce is dependent in part on the amount of sunlight, or irradiation, where the assets are located. Because shorter daylight hours in winter months results in less irradiation, the generation of particular assets will vary depending on the season. Additionally, to the extent more of our solar power generation assets are located in the northern or southern hemisphere, overall generation of our entire asset portfolio could be impacted by seasonality. Further, time-of-day pricing factors vary seasonally which contributes to variability of revenues.

The plant load factor of wind and hydro-electric energy generators and the amount of electricity generated by, and the profitability of, our wind and hydro-electric projects depend on meteorological conditions, particularly wind and water conditions, which can vary across seasons, from year-to-year and between locations and the altitude of our wind farms. Such wind conditions are also subject to general climatic changes and changing weather patterns which are variable and difficult to predict. The wind energy generators work only when wind speeds exceed certain thresholds and if wind speeds are insufficient, the electricity output from these wind farms will decrease or cease. Extreme wind or weather conditions may also affect the productivity of the wind power projects. The hydro-electric generators are dependent on water flows in order to generate electricity. These flows may vary from season-to-season and over multi-year cycles. These flows may be affected by factors such as rainfall, snowfall and snow melt.

In addition, in India, Thailand and Malaysia, the construction of energy systems may be impacted by the monsoon season, which generally lasts from May through September. As a result, we expect our initial portfolio of power generation assets to generate the lowest amount of electricity during the third quarter of each year. We therefore expect our revenue and cash available for distribution to be lower during the third quarter.

If we fail to adequately manage the fluctuations in the timing of our projects, our business, financial condition or results of operations could be materially affected. The seasonality of our energy production may create increased demands on our working capital reserves and borrowing capacity under our Revolver during periods where cash generated from operating activities is lower. In the event that our working capital reserves and borrowing capacity under our Revolver are insufficient to meet our financial requirements, or in the event that the restrictive covenants in our Revolver restrict our access to such facilities, we may require additional equity or debt financing to maintain our solvency. There can be no assurance that additional equity or debt financing will be available when required or available on commercially favorable terms or on terms that are otherwise satisfactory to us, in which event our financial condition may be materially adversely affected.