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Property and equipment consists of the following (in thousands):

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Land	\$ 2,771	\$ 2,739
Solar energy systems	313,524	306,203
Total property and equipment, at cost	316,295	308,942
Less accumulated depreciation	(18,360)	(15,604)
Total property and equipment in service, net	297,935	293,138
Construction in progress—solar energy systems	117,602	92,941
Total property and equipment, net	<u>\$ 415,537</u>	<u>\$ 386,079</u>

Depreciation expense was \$2,676 and \$1,675 for the three months ended March 31, 2015 and 2014, respectively.

**3. Asset retirement obligations and other liabilities**

Activity in asset retirement obligations is as follows (in thousands):

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Balance at the beginning of the period	\$ 5,049	\$ 2,553
Additional obligation	—	2,930
Accretion expense	59	243
Effect of exchange rate changes on asset retirement obligations	(49)	(677)
Balance at the end of the period	<u>\$ 5,059</u>	<u>\$ 5,049</u>

Other liabilities of \$35,253 and \$31,781 at March 31, 2015 and December 31, 2014, respectively, consists primarily of the non-current portion of a payable due to a contractor due December 2016 and bearing interest at 13%.

**4. Debt**

Debt consists of the following (in thousands):

	<b>As of March 31, 2015</b>			<b>As of December 31, 2014</b>		
	<b>Total principal</b>	<b>Current</b>	<b>Long-term</b>	<b>Total principal</b>	<b>Current</b>	<b>Long-term</b>
Term debt	\$ 407,757	\$38,457	\$ 369,300	\$ 374,111	\$30,042	\$ 344,069
Bridge Credit Facility	150,000	1,500	148,500	150,000	1,500	148,500
Total	<u>\$ 557,757</u>	<u>\$39,957</u>	<u>\$ 517,800</u>	<u>\$ 524,111</u>	<u>\$31,542</u>	<u>\$ 492,569</u>

The fair value of our outstanding debt obligations as of March 31, 2015 and December 31, 2014 approximates carrying value due to the variable rate nature of these obligations.

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