

Table of Contents**Transactions with third party investor**

On behalf of the Company, the Parent has entered into various transactions with an investor in certain Company projects whom is unrelated to the Parent ("Third Party Investor"). The Third Party Investor has purchased minority interests in various Company projects from the Parent in the form of preference share capital and a shareholder loan. As of March 31, 2015, the outstanding balance of the preference share capital is \$3,296 and the balance of the shareholder loan is \$3,135 million. As of December 31, 2014, the outstanding balance of the preference share capital is \$3,298 million and the balance of the shareholder loan is \$3,298 million.

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 \$62 and \$16 in the three months ending March 2015 and 2014, respectively. The total future commitments under operating leases as of March 31, 2015 were \$4,524, none of which is cancellable. Our operating lease obligations as of March 31, 2015 were as follows:

<u>In thousands</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Thereafter</u>	<u>Total</u>
Operating Leases	\$ 127	183	183	183	199	3,649	\$ 4,524

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. There was no contingent rent expense for the three months ending March 31, 2015 and 2014, respectively.

**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 off-taker, 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