

---

Table of Contents**Revenue**

The Company earns revenue from the sale of electricity under 20 year Power Purchase Agreements ("PPAs") with Eskom Holdings SOC Limited a South African state owned entity. The Company is required to sell all energy and related energy attributes generated by the facilities at specific rates as determined by the PPAs. The Company recognizes revenue from the sale of electricity and related energy attributes when the electricity is generated and delivered.

The Company recognizes revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery or performance has occurred; (iii) the sales price is fixed or determinable; and (iv) collectability is reasonably assured. The Company generates revenue through power purchase agreements. Revenue associated with power purchase agreements are included within revenue.

The Company's revenue-generating activity consists of long-term power purchase agreements with Eskom Holdings SOC Limited, under which the customer agrees to purchase all of the power generated by the wind and solar energy systems for the term of the contracts, which are 20 years. The agreement includes a fixed price per kilowatt hour with a fixed annual price escalation percentage (to address the impact of inflation and utility rate increases over the period of the contract). The Company has determined that power purchase agreements should be accounted for as operating leases after evaluating the lease classification criteria. As customer payments under a power purchase agreement are dependent on power generation, they are considered contingent rentals and are excluded from future minimum annual lease payments. Revenue from power purchase agreements is recognized based on the actual amount of power generated at rates specified under the contracts, assuming the other revenue recognition criteria discussed above are met.

**Concentrations of credit risk**

All of the Company's revenue and net income is derived from local sales.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company places its cash, consisting mostly of deposits, with high credit qualified financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial institutions. The credit risk in accounts receivable is substantially mitigated as all sales are made to Eskom Holdings SOC Limited a state owned entity. The Company does not obtain rights to collateral to reduce its credit risk.

**Foreign currency translation**

The reporting currency of the Company is the U.S. Dollar. The functional currency of the Company is the South African Rand. The functional currency of the Company is the South African Rand as it is the currency of the primary economic environment in which its operations are conducted. Transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the operations functional currency are translated at rates of exchange prevailing at the balance sheet date to the operation's functional currency. The Company translates its assets and liabilities into U.S. Dollars at the exchange rates in effect at the balance sheet dates, revenue and expense items are translated at the average exchange rates for the reporting period. The Company recorded a foreign currency translation net loss of \$3.1M and \$2.8M in the years ended 31 December 2014 and 2013 respectively presented as a component of accumulated other comprehensive loss in the accompanying combined Statement of Income and Comprehensive loss.

F-240