
Table of Contents***Labor disputes and the labor laws could have a material adverse effect on the operation and financial performance of South African projects.***

Although there is a history of positive and constructive engagement with labor unions in South Africa in recent years, there have been periods during which the various stakeholders are unable to agree on dispute resolution processes resulting in significant labor disputes and disruptive labor activities. Although we expect to contract with third-parties for the operation and maintenance of our South African projects and not hire local employees for such projects, any such project will nonetheless be at risk of its operations being disrupted for indefinite periods due to labor strikes and other labor disputes related to the parties from whom we contract operating and maintenance services. Significant labor disruptions may have a material adverse effect on the operations and financial results and condition of our South African projects.

The operating results of our energy projects in China may be adversely affected by changes in governmental policies that currently subsidize renewable energy.

The Chinese government has enacted a series of financial incentives designed to promote the development of solar and wind projects. Most importantly, the feed-in tariff program currently provides that solar projects are eligible to receive increased tariffs in an amount in excess of the benchmark tariff received by local desulfurized coal-fired generating units. The amount of the tariff to be paid to the project is established by the government based on a number of factors that are designed to make the project economically viable. The operating results of a project would be adversely affected in the event the government reduced the tariff payable to one or more of our projects. There can be no assurance that the Chinese government will not elect to reduce or eliminate the ongoing tariff payments to our renewable energy projects in China.

Pursuant to the Chinese government's Renewable Energy Law, all electrical power generated from clean and renewable energy sources is required to be purchased by the grid company provided that on-grid technical standards have been complied with and required approvals have been obtained. Nevertheless, solar and wind projects have periodically experienced periods of curtailment by the grid company due to a lack of infrastructure and transmission capacity. Curtailment results in reduced tariff payments to the project as the project is only entitled to receive payment for energy delivered to the grid companies. Our projects in China may experience periodic reductions in revenue due to curtailments attributable to limitations on the electricity grids served by these projects.

Chinese solar and wind projects typically enter into a "framework" PPA with a power grid company with an initial term typically ranging from three to five years. These framework PPAs do not necessarily specify any volume or price obligations on the part of the offtake purchaser. The solar and wind project and the power grid company will further enter into short-term agreements under the framework PPA, which are subject to automatic annual renewals. The terms of these annual supplemental agreements are subject to change to the extent the government changes its tariff rate. As a result, our projects in China will likely not have any long-term contractual protection on the price at which they may sell the power they generate. Although China has indicated an intention to keep the subsidized tariff rates in effect for the foreseeable future, it is under no obligation to do so and therefore the profitability of solar and wind projects in China is subject to change with little or no advance notice.

Changes in foreign withholding taxes could adversely affect our results of operations.

We currently conduct our operations in China, Brazil, India, South Africa, Honduras, Costa Rica, Nicaragua, Peru, Uruguay, Malaysia and Thailand and expect in the future to expand our business into other foreign countries. Currently, distributions of earnings and other payments, including interest, to us from our projects may be subject to withholding taxes imposed by the jurisdiction in which the project entities are formed or operating.