

8point3 Energy Partners LP
Form 10-K
January 26, 2017
i

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended November 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission File Number 001-37447

8point3 Energy Partners LP

(Exact name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	47-3298142 (I.R.S. Employer Identification No.)
77 Rio Robles	

San Jose, California (Address of principal executive offices)	95134 (Zip Code)
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Registrant's telephone number, including area code: (408) 240-5500

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Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Class A Shares representing limited partner interests	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a small reporting company) Small reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's Class A Shares held by non-affiliates on May 31, 2016, the last business day of the Registrant's most recently completed second fiscal quarter (based on the closing sale price of \$15.42 of the Registrant's Class A shares, as reported by the NASDAQ Global Select Market on such date) was approximately \$307.9 million.

The number of shares of Registrant's Class A Shares outstanding as of January 23, 2017 was 28,072,680.

Documents incorporated by reference:

None.

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GLOSSARY

Unless the context provides otherwise, references herein to “we,” “us,” “our” and “the Partnership” or like terms, when used for time periods prior to June 24, 2015, refer to the projects that our Sponsors contributed to us in connection with the IPO. When used for time periods on or subsequent to June 24, 2015, such terms refer to 8point3 Energy Partners LP together with its consolidated subsidiaries, including OpCo.

References in this Annual Report on Form 10-K to:

“(ac)” refers to alternating current.

“AMAs” refers to asset management agreements.

“AROs” refers to asset retirement obligations.

“Blackwell Project” refers to the solar energy project located in Kern County, California, that is held by the Blackwell Project Entity and has a nameplate capacity of 12 MW.

“Blackwell Project Entity” refers to Blackwell Solar, LLC.

“BLM” refers to the U.S. Bureau of Land Management.

“C&I Holdings” refers to SunPower Commercial Holding Company I, LLC, an indirect subsidiary of OpCo and the holder of the Macy’s California Project Entities and the UC Davis Project Entity.

“C&I Project Entities” refers to, collectively, the Kern Project Entity, the Macy’s California Project Entities, the Macy’s Maryland Project Entity and the UC Davis Project Entity.

“CAISO” refers to the California Independent System Operator.

“COD” refers to the commercial operation date.

“DG Solar” refers to distributed solar generation. DG Solar systems are deployed at the site of end-use, such as businesses and homes.

“EPC” refers to engineering, procurement and construction.

“Exchange Act” refers to the Securities Exchange Act of 1934, as amended.

“FASB” refers to the Financial Accounting Standards Board.

“FERC” refers to the U.S. Federal Energy Regulatory Commission.

“First Solar” refers to First Solar, Inc., a corporation formed under the laws of the State of Delaware, in its individual capacity or to First Solar, Inc. and its subsidiaries, as the context requires. Unless otherwise specifically noted, references to First Solar and its subsidiaries exclude us, the General Partner, Holdings and our subsidiaries, including OpCo.

“First Solar MSA” refers to the Management Services Agreement, dated as of June 24, 2015, as amended, among the Partnership, OpCo, the General Partner and First Solar 8point3 Management Services, LLC.

“First Solar Project Entities” refers to, collectively, the IPO First Solar Project Entities and the Kingbird Project Entities.

“First Solar ROFO Agreement” refers to the Right of First Offer Agreement, dated as of June 24, 2015, as amended, by and between OpCo and First Solar.

“First Solar ROFO Projects” refers to, collectively, the projects set forth in the chart in Part I, Item 1, under the heading “Business—Our Portfolio—ROFO Projects” with First Solar listed as the “Developing Sponsor” and as to which we have a right of first offer under the First Solar ROFO Agreement should First Solar decide to sell them (but excluding the Stateline Project, which we

acquired on December 1, 2016, as further described in Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 17—Subsequent Events”).

“FPA” refers to the U.S. Federal Power Act.

“FSEC” refers to First Solar Electric (California), Inc., a Delaware corporation and an affiliate of First Solar.

“General Partner” or “our general partner” refers to 8point3 General Partner, LLC, our general partner, a limited liability company formed under the laws of the State of Delaware and a wholly-owned subsidiary of Holdings.

“GW” refers to a gigawatt, or 1,000,000,000 watts. As used in this Annual Report on Form 10-K, all references to watts (e.g., MW or GW) refer to measurements of alternating current, except where otherwise noted.

“Henrietta Holdings” refers to Parrey Holding Company, LLC.

“Henrietta Project” refers to the solar energy project that is located in Kings County, California and is held by the Henrietta Project Entity.

“Henrietta Project Entity” refers to Parrey, LLC.

“Holdings” refers to 8point3 Holding Company, LLC, a limited liability company formed under the laws of the State of Delaware, which is jointly owned by First Solar and SunPower and is the parent of the General Partner.

“Hooper Class B Partnership” refers to SSCO III Class B Holdings, LLC.

“Hooper Project” refers to the solar energy project located in Alamosa County, Colorado, that is held by the Hooper Project Entity and has a nameplate capacity of 50 MW.

“Hooper Project Entity” refers to Solar Star Colorado III, LLC.

“IPO” refers to the Partnership’s initial public offering of its Class A shares, which was completed on June 24, 2015.

“IPO First Solar Project Entities” refers to the Lost Hills Project Entity, the Blackwell Project Entity, the Maryland Solar Project Entity, the North Star Project Entity and the Solar Gen 2 Project Entity and, with respect to certain of the foregoing, one or more of its direct or indirect holding companies.

“IPO Project Entities” refers to, collectively, the IPO First Solar Project Entities and the IPO SunPower Project Entities.

“IPO SunPower Project Entities” refers to the Macy’s California Project Entities, the Quinto Project Entity, the RPU Project Entity, the UC Davis Project Entity and the Residential Portfolio Project Entity and, with respect to certain of the foregoing, one or more of its direct or indirect holding companies.

“IRS” refers to the Internal Revenue Service.

“ITCs” refers to investment tax credits.

“Kern Class B Partnership” refers to SunPower Commercial II Class B, LLC.

“Kern Phase 1(a) Assets” refers to the assets comprising the first phase of the Kern Project, with a nameplate capacity of approximately 3 MW.

“Kern Phase 1(b) Assets” refers to the assets comprising the second phase of the Kern Project, with a nameplate capacity of approximately 5 MW.

“Kern Phase 2(a) Assets” refers to the assets comprising the third phase of the Kern Project, with a nameplate capacity of approximately 5 MW.

“Kern Phase 2(b) Assets” refers to the assets comprising the fourth phase of the Kern Project, with a nameplate capacity of up to approximately 8 MW.

“Kern Project” refers to the solar energy project located in Kern County, California, that is held by the Kern Project Entity and has an aggregate nameplate capacity of up to approximately 21 MW. OpCo’s acquisition of the Kern Project is being effectuated in four phases, with the closing for the Kern Phase 1(a) Assets having occurred on January 26, 2016 (the “Kern Phase 1(a) Acquisition”), the closing for the Kern Phase 1(b) Assets having occurred on September 9, 2016 (the “Kern Phase 1(b) Acquisition”), the closing for the Kern Phase 2(a) Assets having occurred on November 30, 2016 (the “Kern Phase 2(a) Acquisition”), and the closing for the Kern Phase 2(b) Assets to occur in the future.

“Kern Project Entity” refers to Kern High School District Solar (2), LLC.

“Kingbird Project” refers to the solar energy project located in Kern County, California, that is held by the Kingbird Project Entities and has an aggregate nameplate capacity of 40 MW.

“Kingbird Project Entities” refers to, collectively, Kingbird Solar A, LLC and Kingbird Solar B, LLC.

“LMP” refers to “Locational Marginal Pricing,” as further defined in the CAISO open access transmission tariff.

“Lost Hills Blackwell Holdings” refers to Lost Hills Blackwell Holdings, LLC.

“Lost Hills Blackwell Project” refers to the solar energy project held collectively by the Lost Hills Project Entity and the Blackwell Project Entity that is comprised of the Lost Hills Project and the Blackwell Project and has a nameplate capacity of 32 MW.

“Lost Hills Project” refers to the solar energy project located in Kern County, California, that is held by the Lost Hills Project Entity and has a nameplate capacity of 20 MW.

“Lost Hills Project Entity” refers to Lost Hills Solar, LLC.

“Macy’s California Project” refers to the solar energy project consisting of seven sites in Northern California that is held by the Macy’s California Project Entities and has an aggregate nameplate capacity of 3 MW.

“Macy’s California Project Entities” refers to, collectively, Solar Star California XXX, LLC and Solar Star California XXX (2), LLC.

“Macy’s Maryland Class B Partnership” refers to SunPower Commercial III Class B, LLC.

“Macy’s Maryland Project” refers to the solar energy project which holds roof-mounted solar photovoltaic systems with an aggregate system size of approximately 5 MW, which is being installed at certain Macy’s department stores in Maryland and is held by the Macy’s Maryland Project Entity.

“Macy’s Maryland Project Entity” refers to Northstar Macys Maryland 2015, LLC.

“Maryland Solar Project” refers to the solar energy project located in Washington County, Maryland, that is held by the Maryland Solar Project Entity and has a nameplate capacity of 20 MW.

“Maryland Solar Project Entity” refers to Maryland Solar LLC.

“MSAs” refers, collectively, to the First Solar MSA and the SunPower MSA.

“MW” refers to a megawatt, or 1,000,000 watts. As used in this Annual Report on Form 10-K, all references to watts (e.g., MW or GW) refer to measurements of alternating current, except where otherwise noted.

“NASDAQ” refers to the NASDAQ Global Select Market.

“NERC” refers to the North American Electric Reliability Corporation.

“NOLs” refers to net operating losses.

“North Star Holdings” refers to NS Solar Holdings, LLC.

“North Star Project” refers to the solar energy project located in Fresno County, California, that is held by the North Star Project Entity and has a nameplate capacity of 60 MW.

“North Star Project Entity” refers to North Star Solar, LLC.

“NPV” refers to net present value.

“O&M” refers to operations and maintenance services.

“offtake agreements” refers to PPAs, leases and other offtake agreements.

“offtake counterparties” refers to the customer under a PPA lease or other offtake agreement.

“Omnibus Agreement” refers to the Amended and Restated Omnibus Agreement, dated as of April 6, 2016, among the Partnership, OpCo, the General Partner, Holdings, First Solar and SunPower. Please read Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 14—Related Parties” for further details.

“OpCo” refers to 8point3 Operating Company, LLC and its subsidiaries.

“OSHA” refers to Occupational Safety and Health Act.

“P50 production level” is the amount of annual energy production that a particular asset or group of assets is expected to meet or exceed 50% of the time.

“Partnership Agreement” refers to our partnership agreement.

“PBI Rebates” refers to performance based incentives.

“PG&E” refers to Pacific Gas and Electric Company.

“Portfolio” refers to, collectively, our portfolio of solar energy projects as of November 30, 2016, which consists of the Henrietta Project, the Hooper Project, the Kern Phase 1(a) Assets, the Kern Phase 1(b) Assets, the Kern Phase 2(a) Assets, the Kingbird Project, the Lost Hills Blackwell Project, the Macy’s California Project, the Macy’s Maryland Project, the Maryland Solar Project, the North Star Project, the Quinto Project, the Solar Gen 2 Project, the RPU Project, the UC Davis Project and the Residential Portfolio. Interests in the Stateline Project were acquired by us on December 1, 2016.

“PPA” refers to a power purchase agreement.

“Predecessor” refers to the operation of the IPO SunPower Project Entities prior to the completion of the IPO.

“Project Entities” refers to, collectively, the IPO First Solar Project Entities, the IPO SunPower Project Entities, the Henrietta Project Entity, the Hooper Project Entity, the Kern Project Entity, the Kingbird Project Entities and the Macy’s Maryland Project Entity.

“PUHCA 2005” refers to the U.S. Public Utility Holding Company Act of 2005.

“Quinto Holdings” refers to SSCA XIII Holding Company, LLC, an indirect subsidiary of OpCo and the indirect holder of the Quinto Project Entity.

“Quinto Project” refers to the solar energy project located in Merced County, California, that is held by the Quinto Project Entity and has a nameplate capacity of 108 MW.

“Quinto Project Entity” refers to Solar Star California XIII, LLC.

“RECs” refers to renewable energy certificates.

“Residential Portfolio” refers to the approximately 5,900 solar installations located at homes in Arizona, California, Colorado, Hawaii, Massachusetts, New Jersey, New York, Pennsylvania and Vermont, that is held by the Residential Portfolio Project Entity and has an aggregate nameplate capacity of 39 MW.

“Residential Portfolio Project Entity” refers to SunPower Residential I, LLC.

“ROFO Agreements” refers, collectively, to the First Solar ROFO Agreement and the SunPower ROFO Agreement.

“ROFO Portfolio” refers to, collectively, our portfolio of ROFO Projects.

“ROFO Projects” refers to, collectively, the First Solar ROFO Projects and the SunPower ROFO Projects.

“RPS” refers to renewable portfolio standards mandated by state law that require a regulated retail electric utility to procure a specified percentage of its total electricity delivered to retail customers in the state from eligible renewable energy resources, such as solar energy projects, by a specified date.

“RPU Holdings” refers to SSCA XXXI Holding Company, LLC, an indirect subsidiary of OpCo and the holder of the RPU Project Entity.

“RPU Project” refers to the solar energy project located in Riverside, California, that is held by the RPU Project Entity and has a nameplate capacity of 7 MW.

“RPU Project Entity” refers to Solar Star California XXXI, LLC.

“SDG&E” refers to San Diego Gas & Electric Company.

“SEC” refers to the U.S. Securities and Exchange Commission.

“Securities Act” refers to the Securities Act of 1933, as amended.

“SG&A” refers to selling, general and administrative services.

“SG2 Holdings” refers to SG2 Holdings, LLC.

“Solar Gen 2 Project” refers to the solar energy project located in Imperial County, California, that is held by the Solar Gen 2 Project Entity and has a nameplate capacity of 150 MW.

“Solar Gen 2 Project Entity” refers to SG2 Imperial Valley, LLC.

“Sponsors” refers, collectively, to First Solar and SunPower.

“Stateline Project” refers to the solar energy project located in San Bernardino, California that is held by the Stateline Project Entity and has a nameplate capacity of 300 MW.

“Stateline Project Entity” refers to Desert Stateline, LLC.

“Stateline Promissory Note” means the Promissory Note in the principal amount of \$50.0 million issued by OpCo in favor of First Solar Asset Management, LLC, a wholly-owned subsidiary of First Solar, in connection with our acquisition of interests in the Stateline Project.

“SunPower” refers to SunPower Corporation, a corporation formed under the laws of the State of Delaware, in its individual capacity or to SunPower Corporation and its subsidiaries, as the context requires. Unless otherwise specifically noted, references to SunPower and its subsidiaries exclude us, the General Partner, Holdings and our subsidiaries, including OpCo.

“SunPower Capital” refers to SunPower Capital Services, LLC, a wholly owned subsidiary of SunPower.

“SunPower MSA” refers to the Management Services Agreement, dated as of June 24, 2015, as amended, among the Partnership, OpCo, the General Partner and SunPower Capital.

“SunPower Project Entities” refers to, collectively, the IPO SunPower Project Entities, the Henrietta Project Entity, the Hooper Project Entity, the Kern Project Entity and the Macy’s Maryland Project Entity.

“SunPower ROFO Agreement” refers to the Right of First Offer Agreement, dated as of June 24, 2015, as amended, by and between OpCo and SunPower.

“SunPower ROFO Projects” refers to, collectively, the projects set forth in the chart in Part I, Item 1, under the heading “Business—Our Portfolio—ROFO Projects” with SunPower listed as the Developing Sponsor and as to which we have a right of first offer under the SunPower ROFO Agreement should SunPower decide to sell them.

“SunPower Systems” refers to SunPower Corporation, Systems, a wholly owned subsidiary of SunPower.

“UC Davis Project” refers to the solar energy project located in Solano County, California, that is held by the UC Davis Project Entity and has a nameplate capacity of 13 MW.

“UC Davis Project Entity” refers to Solar Star California XXXII, LLC.

“U.S. GAAP” refers to U.S. generally accepted accounting principles.

“Utility Project Entities” refers to the Henrietta Project Entity, the Hooper Project Entity, the Kingbird Project Entities, the Lost Hills Project Entity, the Blackwell Project Entity, the Maryland Solar Project Entity, the North Star Project Entity, the Quinto Project Entity, the RPU Project Entity and the Solar Gen 2 Project Entity.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition or forecasts of future events. Words such as “could,” “will,” “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe,” “project,” “budget,” “continue” and similar expressions are used to identify forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this Annual Report on Form 10-K include our expectations of plans, strategies, objectives, growth and anticipated financial and operational performance. Forward-looking statements can be affected by assumptions used or by known or unknown risks or uncertainties.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement, including industry data referenced elsewhere in this Annual Report on Form 10-K. We have chosen these assumptions or bases in good faith and believe that they are reasonable. However, when considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Annual Report on Form 10-K. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- changes in the capital markets or interest rate environment, including changes in market sentiment toward growth vehicles similar to us in general, which could impair our ability to raise capital, on terms that are economically acceptable to us, to fund future project acquisitions;
- a failure to locate and acquire interests in additional attractive projects at favorable prices, or the inability to obtain adequate financing for such projects;
- risks inherent in newly constructed solar energy projects, including underperformance relative to our expectations, system failures and outages;
- an inability or decreased ability to acquire interests in projects until we pay in full the principal of and interest on the Stateline Promissory Note;
 - changes in U.S. federal, state, provincial and local laws, regulations, policies and incentives, including those related to taxation and environmental regulation;
- the failure of our projects, including our Portfolio, or any project we may acquire, including any SunPower ROFO Project or any First Solar ROFO Project, to perform as we expect or, in the case of the ROFO Projects, to reach its commercial operation date;
- the risk that our limited number of offtake counterparties will be unwilling or unable to fulfill their contractual obligations to us or that they otherwise terminate their agreements with us;
- risks inherent in the operation and maintenance of solar energy projects;
- the impairment or loss of any one or more of the projects in our Portfolio, such as the Henrietta Project, the Quinto Project, the Solar Gen 2 Project, the Stateline Project (interests in which we acquired on December 1, 2016), or any other projects in our Portfolio or that we may otherwise acquire;
- the failure of a supplier to fulfill its warranty or other contractual obligations;
- the failure of our Sponsors to fulfill their respective indemnification obligations under the Omnibus Agreement;
- the inability of our projects to operate or deliver energy for any reason, including if interconnection or transmission facilities on which we rely become unavailable;
- a natural disaster or other severe weather or meteorological conditions or other event of force majeure;
- risks to our Sponsors and third party development companies relating to pricing under offtake agreements, project siting, financing, construction, permitting, the environment, governmental approvals and the negotiation of project development agreements, reducing opportunities available to us;

risks associated with our ownership or acquisition of projects that remain under construction;
terrorist or other attacks and responses to such acts;

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- the occurrence of a significant incident for which we do not have adequate insurance coverage;
- liabilities and operating restrictions arising from environmental, health and safety laws and regulations;
- risks associated with litigation and administrative proceedings;
 - a failure to comply with anti-corruption laws and regulations in the United States and elsewhere;
- our inability to renew or replace expiring or terminated agreements, such as our offtake agreements, at favorable rates or on a long-term basis;
- energy production by our projects or availability of our projects that does not satisfy the minimum obligations under our offtake agreements;
- limits on OpCo's ability to grow and make acquisitions because of its obligations under its limited liability company agreement to distribute available cash;
- lower prices for fuel sources used to produce energy from other technologies, which could reduce the demand for solar energy;
- risks inherent in the acquisition of existing solar energy projects;
- substantial competition from utilities, independent power producers and other industry participants;
- conflicts arising from our general partner's or our Sponsors' relationship with us;
- increases in our tax liability; and
- certain factors discussed elsewhere in this Annual Report on Form 10-K.

Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to publicly update or revise any forward-looking statements except as required by law.

PART I

Item 1. Business.

Overview

8point3 Energy Partners LP is a Delaware limited partnership formed on March 3, 2015, by our general partner, 8point3 General Partner, LLC, a wholly-owned subsidiary of 8point3 Holding Company, LLC (“Holdings”), a joint venture between First Solar, Inc. (“First Solar”) and SunPower Corporation (“SunPower” and collectively with First Solar, our “Sponsors”). We are a growth-oriented limited partnership formed to own, operate and acquire solar energy generation projects. On June 24, 2015, we completed our initial public offering (the “IPO”) of 20,000,000 Class A shares. Our Class A shares representing limited partner interests in 8point3 Energy Partners LP are traded on the NASDAQ Global Select Market (“NASDAQ”) under the symbol “CAFD.” As of November 30, 2016, we owned a 35.5% limited liability interest in 8point3 Operating Company, LLC (“OpCo”), as well as a controlling non-economic managing member interest in OpCo. As of November 30, 2016, our Sponsors collectively own 51,000,000 Class B shares in the Partnership, with SunPower and First Solar owning 28,883,075 and 22,116,925 Class B shares, respectively, and together owning a noncontrolling 64.5% limited liability company interest in OpCo.

As of November 30, 2016, our Portfolio consisted of interests in 642 MW of solar energy projects. As of November 30, 2016, we owned interests in nine utility-scale solar energy projects, all of which are operational. As of November 30, 2016, we owned interests in four commercial and industrial (“C&I”) solar energy projects, two of which were operational and two of which were in late-stage construction, and a portfolio of residential DG Solar assets. Each utility-scale and C&I project in our Portfolio sells its energy output under long-term, fixed-price offtake agreements and our residential portfolios are comprised of solar installations which are leased to homeowners under a fixed monthly rate. Our operations comprise one reportable segment containing our Portfolio of solar energy projects. Please read Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 16—Segment Information.”

Since November 30, 2015, we completed six acquisitions from our Sponsors, four from SunPower and two from First Solar. On January 26, 2016, we entered into an agreement with SunPower to acquire a controlling interest in a solar energy project located in Kern County, California that has an aggregate nameplate capacity of up to 21 MW (the “Kern Project”) that is being effectuated in four phases, of which three phases occurred on or before November 30, 2016. On March 31, 2016, we acquired from First Solar a controlling interest in a 40 MW photovoltaic solar energy project also located in Kern County, California (the “Kingbird Project”). On April 1, 2016, we acquired from SunPower a controlling interest in a 50 MW photovoltaic solar energy project located in Alamosa County, Colorado (the “Hooper Project”). On July 1, 2016, we acquired from SunPower a controlling interest in a solar energy project which holds roof-mounted solar photovoltaic systems with an aggregate system size of approximately 5 MW, which are being installed at certain Macy’s department stores in Maryland (the “Macy’s Maryland Project”). On September 29, 2016, we acquired from SunPower a 49.0% interest in a 102 MW photovoltaic solar generating facility located in Kings County, California (the “Henrietta Project”). On December 1, 2016, we acquired from First Solar a 34.0% interest in a 300 MW photovoltaic solar generating facility located in San Bernardino, California (the “Stateline Project”).

The following diagram depicts our simplified organizational and ownership structure as of November 30, 2016.

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Our Business Strategies

Our primary objective is to generate predictable cash distributions that grow at a sustainable rate. We intend to achieve this objective through the following strategies:

Own and operate long-term contracted solar generation assets

We believe that contracted solar energy projects generate predictable cash flows. Solar power is generally sold under long-term offtake agreements that require the purchaser to acquire the power that is produced by the solar energy project. The principal factor affecting the amount of power produced is the level of sunlight reaching the project, which is largely predictable over the long term. Solar energy systems generate most of their electricity during the time of peak demand, when energy from the sun is strongest. In addition, solar energy projects contain limited operational and technology risks given their modular nature and minimum number of moving parts, which results in relatively low, stable and predictable operations and maintenance (“O&M”) expenses. We intend to continue to own and operate long-term contracted solar energy systems as we grow our business and project portfolio over time.

Acquire assets in our target markets

We intend to pursue strategic opportunities to grow our company through acquisitions, primarily from our Sponsors, of long-term contracted solar energy projects that have commenced, or are close to commencing, commercial operations and that have characteristics similar to our Portfolio, including reliable technology with relatively stable cash flows. Under the ROFO Agreements with our Sponsors, our Sponsors are required until June 24, 2020 to offer us the opportunity to purchase their interests in certain solar energy projects should they seek to sell such interests to a third party. Approximately three-fourths of our ROFO Portfolio consists of utility-scale solar energy projects located in the United States, and our current focus is on acquiring domestic assets. As of November 30, 2016, the weighted average remaining life of the offtake agreements for the currently contracted projects in our ROFO Portfolio is over 20 years. In addition, we have in the past, and we intend in the future, to work with our Sponsors to make adjustments to our ROFO Portfolio to better align it with our targeted long-term growth plan. We believe that by making strategic adjustments to our ROFO Portfolio, we can maintain both a conservative capital structure and our long term distribution growth targets. In addition to making acquisitions from the ROFO Portfolio, we seek to acquire solar assets with similar long-term contracted cash flow profiles primarily from our Sponsors and in some cases from other third-party developers and owners of solar energy systems. Please read Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 3—Business Combinations.”

Capitalize on our Sponsors’ leading solar O&M services

We benefit from our Sponsors’ vertically integrated business models across the solar value chain. We believe these business models enable our Sponsors to more effectively operate and maintain solar energy projects. Through various O&M agreements, each Sponsor, subject to oversight by the board of directors of our general partner, will continue to provide certain services to all but one of the contributed projects in our Portfolio, providing continuity and quality assurance of the O&M services.

Maintain a sound capital structure and financial flexibility

We and our subsidiaries have various financing structures in place, including through tax equity financing arrangements, term loans, revolving credit facilities and a promissory note. We believe that our cash flow profile and the long-term nature of our contracts provide flexibility for optimizing our capital structure to increase distributions. We intend to continually evaluate opportunities to finance future acquisitions or refinance our existing debt, including through limited recourse project-level financings, and seek to limit recourse, optimize leverage, extend maturities and

increase cash distributions to Class A shareholders over the long term.

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Our Portfolio

The following table provides an overview of the assets that comprise our portfolio (the “Portfolio”) as of November 30, 2016:

Project	Location	Commercial Operation Date(1)	MW(ac) (2)	Counterparty	Counterparty Credit Rating / Avg. FICO Score	Remaining Term of Offtake Agreement (in years)(3)
Utility				FirstEnergy		
Maryland Solar	Maryland	February 2014	20	Solutions	CCC+	16.3
Solar Gen 2	California	November 2014	150	San Diego Gas & Electric City of	A	23.0
Lost Hills Blackwell	California	April 2015	32	Roseville/Pacific Gas and Electric Pacific Gas and	AA+ / BBB	27.1(4)
North Star	California	June 2015	60	Electric	BBB	18.6
RPU	California	September 2015	7	City of Riverside Southern California	A-	23.8
Quinto	California	November 2015	108	Edison Public Service	BBB+	19.0
Hooper	Colorado	December 2015	50	Company of Colorado Southern California Public Power	A-	19.1
Kingbird	California	April 2016	40	Authority (5) Pacific Gas and	AA-	19.4
Henrietta	California	October 2016	102	Electric	BBB	19.8
Commercial & Industrial						

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				University of		
UC Davis	California	September 2015	13	California	AA	18.8
				Macy's Corporate		
Macy's California	California	October 2015	3	Services	BBB+	18.9
				Macy's Corporate		
Macy's Maryland	Maryland	December 2016	5	Services	BBB+	20.0
				Kern High School		
Kern(6)	California	June 2017	13	District	AA	19.9
				Approx. 5,900	765 Average /	
	U.S. –					
Residential Portfolio	Various	June 2014	39	homeowners(7)	680 Minimum(8)	15.8(9)
Total			642(10)			

- (1) For the Macy's California Project, the Macy's Maryland Project, and the Kern Project (as defined below), commercial operation date ("COD") represents the first date on which all of the solar generation systems within each of the Macy's California Project, the Macy's Maryland Project and the Kern Project, respectively, have achieved or are expected to achieve COD. Please read Part II, Item 8. "Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 3—Business Combinations—2016 Acquisitions" for further details on the Kern Project and the Macy's Maryland Project. For the Residential Portfolio, COD represents the first date on which all of the residential systems within the Residential Portfolio have achieved COD.
- (2) The megawatts ("MW") for the projects in which the Partnership owns less than a 100% interest or in which the Partnership is the lessor under any sale-leaseback financing are shown on a gross basis.
- (3) Remaining term of offtake agreement is measured from the later of November 30, 2016 or the expected COD of the applicable project.

- (4) Remaining term comprised of 2.1 years on a power purchase agreement (“PPA”) with the City of Roseville, California, followed by a 25-year PPA with Pacific Gas and Electric Company (“PG&E”) starting in 2019.
- (5) The Kingbird Project is subject to two separate PPAs with member cities of the Southern California Public Power Authority.
- (6) OpCo’s acquisition of the Kern Project is being effectuated in four phases, with the closing of the first phase, reflecting a nameplate capacity of 3 MW, having occurred on January 26, 2016, the closing of the second phase, reflecting a nameplate capacity of 5 MW, having occurred on September 9, 2016, and the closing of the third phase, reflecting a nameplate capacity of 5 MW, having occurred on November 30, 2016.
- (7) Comprised of the approximately 5,900 solar installations located at homes in Arizona, California, Colorado, Hawaii, Massachusetts, New Jersey, New York, Pennsylvania and Vermont, that are held by SunPower Residential I, LLC (the “Residential Portfolio Project Entity”) and have an aggregate nameplate capacity of 39 MW.
- (8) Measured at the time of initial contract.
- (9) Remaining term is the weighted average duration of all of the residential leases, in each case measured from November 30, 2016.
- (10) The Stateline Project was acquired by the Partnership on December 1, 2016 and increased the size of our Portfolio to 942 MW. Please read “—ROFO Projects” and Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 17—Subsequent Events” for further details.

Tax Equity Financing

Most of our projects are financed using partnership structures with investors, known as tax equity investors, who can more efficiently monetize the value of the tax benefits, primarily Investment Tax Credits (“ITCs”) and accelerated depreciation that support solar energy projects in the United States. These partnership structures usually allocate tax and cash items disproportionately to the share of the project capital contributed by the tax equity investor and OpCo. These partnership structures are designed to effectively allocate project attributes (e.g., tax benefits, cash flows and residual value) to the party best suited to monetize the attributes. Often these partnerships are structured with allocations that change over time or as the tax equity investor realizes its projected return on investment and are known as “flip partnerships.” Partnership allocations vary by project based on specific project characteristics and investor preferences.

For each of the Solar Gen 2 Project, the Lost Hills Blackwell Project, the North Star Project and the Henrietta Project, a modified flip partnership structure was utilized that distributes available cash on the basis of 51% to the tax equity investor and 49% to OpCo.

The flip partnership structures employed on the Kern Project, the Kingbird Project, the Hooper Project, the Macy’s California Project, the Macy’s Maryland Project, the Quinto Project, the RPU Project and the UC Davis Project allocate a certain share of project cash flow to OpCo pursuant to the project-specific distribution waterfall applicable to the project. Pursuant to each of these distribution waterfalls, the tax equity investor is entitled to a monthly or quarterly amount of project cash flow until a specified “flip” point is achieved. After the “flip” point, the cash allocations to OpCo are expected to generally increase. In addition, upon reaching the flip point, OpCo has a right to purchase the tax equity investor’s interests in the project for an amount that is not less than its fair market value.

The Maryland Solar Project Entity has leased the Maryland Solar Project to an affiliate of First Solar, with the lease term expiring on December 31, 2019 (unless terminated earlier pursuant to its terms). Under the arrangement, First Solar’s affiliate is obligated to pay a fixed amount of rent that is set based on the expected operations of the plant. Upon expiration of this lease, we will directly benefit from the operating results of the Maryland Solar Project. Please read Part I, Item 1A. “Risk Factors—Risks Related to Our Project Agreements—We rely on a limited number of offtake counterparties and we are exposed to the risk that they are unwilling or unable to fulfill their contractual obligations to us or that they otherwise terminate their offtake agreements with us.”

Under these tax equity financing structures, a tax equity investor may be entitled to indemnification or to a diversion to it of distributable cash from a project in order to compensate the tax equity investor (i) for a breach of representation, warranty or covenant made to it in connection with its tax equity investment, (ii) for a reduction in or change in allocation of ITCs, tax basis, fair market value or other tax-related matters on which its investment was based or (iii) with respect to tax equity arrangements where the determination of the flip date is based on the tax equity investor achieving a target after-tax internal rate of return, for a delay in achieving the target return due to a change in federal tax law that results in a reduction in the applicable corporate tax rate (which could reduce the value of depreciation deductions), a reduction in available ITCs or a change to available depreciations deductions . Except for indemnification or diversion caused by OpCo or diversions resulting from corporate tax rate reductions, OpCo is entitled to indemnification under the Omnibus Agreement for payments made to a tax equity investor in respect of indemnification or diversion obligations that arise under clauses (i) or (ii) above.

ROFO Projects

Our Sponsors have granted us rights of first offer on certain of their solar energy projects that are currently contracted or are expected to be contracted prior to being sold, should our Sponsors decide to sell such projects before June 24, 2020. Our ROFO Agreements include assets similar to the projects in our Portfolio and represent interests in 1,200 MW capacity as of November 30, 2016. In the year ended November 30, 2016, we and our Sponsors agreed to make several adjustments to our ROFO Portfolio to better align it with our targeted long-term growth plan. We intend in the future to work with our Sponsors to continue to make adjustments to our ROFO Portfolio, including to remove projects that we do not intend to acquire at the time our Sponsors plan to offer them, as necessary to meet our objectives.

The following table provides a brief description of the ROFO Projects as of November 30, 2016:

Project	Location	COD(1)	MW(ac)(2)	Sponsor	Counterparty	Credit Rating / Avg. FICO Score	Remaining Term of Offtake Agreement (years)(3)
Utility ROFO Projects							
Contracted							
Boulder Solar 1	Nevada	December 2016	100	SunPower	Nevada Power Company d/b/a NV Energy	BBB+	20.0
Stateline(4)	California	August 2016	300	First Solar	Southern California Edison	BBB+	19.8
Switch Station(5)	Nevada	September 2017	179	First Solar	NV Power/ Sierra Pacific Power	A/A	20.0
El Pelicano(5)	Chile	November 2017	100	SunPower	Metro de Santiago	A+	15.0
Cuyama	California	December 2017	40	First Solar	Pacific Gas and Electric Apple Energy LLC/	BBB	25.0(6)
CA Flats	California	December 2018	280	First Solar	Pacific Gas and Electric	AA+/ BBB	20.0
C&I ROFO Projects							
Contracted							

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Commercial Portfolio 1	U.S. – Various	December 2013	45	SunPower	Various		14.3(7)
Commercial Portfolio 2	U.S. – Various	August 2016	49	SunPower	Various(8)		14.5(9)
Commercial Portfolio 3	U.S. – Various	March 2018	42	SunPower	Various		24.0(10)
CU Boulder	Colorado	March 2016	1	SunPower	The Regents of The University of Colorado	AA	25.0
Rancho California Water District	California	April 2016	4	SunPower	Rancho California Water District	AA+	25.0
Macy's Connecticut	Connecticut	June 2016	1	SunPower	Macy's Corporate Services	BBB+	20.0
Napa Sanitation District	California	December 2015	1	SunPower	Napa Sanitation District	AA-	25.0
Macy's SDG&E	California	September 2016	2	SunPower	Macy's Corporate Services	BBB+	20.0
Macy's Massachusetts	Massachusetts	October 2016	1	SunPower	Macy's Corporate Services	BBB+	20.0
Riverside Public Utility District - Water Division	California	December 2016	6	SunPower	Riverside Public Utility District - Water Division	AA-	25.0
UC Santa Barbara Awarded(11)	California	December 2016	5	SunPower	The Regents of The University of California	AA	20.0
California 1 (12)	California	June 2016	2	SunPower			
Alabama	Alabama	September 2016	8	SunPower			
Residential ROFO Portfolio	U.S. – Various	October 2014	34	SunPower	766 Average / Approx. 5,000 homeowners	700 Minimum(13)	17.2(14)
Total			1,200(4)				

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- (1) For each utility project that has yet to reach its COD, COD is the expected COD. For C&I projects that have yet to reach COD, COD represents the first date on which all of the solar generation systems within such project are expected to achieve COD. For C&I Projects that have attained COD and for our Residential ROFO Portfolio, COD represents the first date on which all of the solar generation systems or residential systems within such project or portfolio, as applicable, have achieved COD.
- (2) The MW for the projects in which our Sponsors own less than a 100% interest are shown on a gross basis. At or prior to COD of the projects subject to our ROFO Agreements, our Sponsors may enter into arrangements, often referred to as tax equity financing, with investors seeking to utilize the tax attributes of their projects which may result in a reduction of our expected economic ownership of such ROFO Project. These arrangements have multiple potential structures which have differing impacts on our economic ownership. Please read Part I, Item 1. “Business—Tax Equity Financing”. With respect to certain utility-scale projects, these arrangements may result in our expected economic ownership percentage of such project being not less than 45% at the time of purchase, unless approved by the Partnership. Our Sponsors are also permitted to sell a partial economic interest in any ROFO Project as part of a tax equity investment in such ROFO Project. In addition, the Sponsors may sell a portion of the equity in non-U.S. projects to development partners.
- (3) Remaining term of offtake agreement is measured from the later of November 30, 2016 or the expected COD of the applicable project.
- (4) Only 34% of the ownership of the Stateline Project was subject to the First Solar ROFO Agreement as of November 30, 2016. The Partnership acquired this 34% interest on December 1, 2016, which reduced the size of our ROFO Portfolio to 900 MW. Please read Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 17—Subsequent Events” for further details.
- (5) SunPower has requested to remove the El Pelicano project from our ROFO Portfolio and First Solar has requested a waiver of the negotiation obligations with respect to a third-party sale of the Switch Station project. Such removal and waiver are subject to the approval of the board of directors of our General Partner and/or the conflicts committee.
- (6) Remaining term does not include one year of uncontracted merchant power prior to a 25-year PPA with PG&E starting in January 2019.
- (7) Remaining term is the weighted average duration of all of the commercial PPAs. The shortest remaining term is 12.2 years and the longest remaining term is 16.4 years.
- (8) This portfolio is partially contracted with a utility offtaker to assist such offtaker with its capacity requirements.
- (9) Remaining term is the weighted average duration of all of the commercial PPAs. The shortest remaining term is 12.5 years and the longest remaining term is 16.8 years.
- (10) Remaining term is the weighted average duration of all of the commercial PPAs. The shortest remaining term is 24.0 years and the longest remaining term is 25.0 years.
- (11) Awarded projects are projects that have been awarded by the offtake counterparty to the developing Sponsor and are expected to be contracted.
- (12) The California 1 Project has been cancelled.
- (13) Measured at the time of initial contract.
- (14) Remaining term is the weighted average duration of all of the residential leases. The shortest remaining term is 15.9 years and the longest remaining term is 17.9 years.

Utility Projects

Typical Project Agreements

Our Utility Project Entities have entered into agreements that are customary for utility-scale solar energy projects. These include agreements for energy sales, interconnection, construction, equipment supply, O&M services, asset management services and real estate rights, among others. Our Utility Project Entities have also secured necessary and

customary project permits.

Power Purchase Agreements. Our Utility Project Entities have entered into offtake agreements under which each Utility Project Entity generally receives a fixed price over the term of the offtake agreement with respect to 100% of its output, subject in some cases to annual escalations and/or time of delivery adjustments. Such offtake agreements are designed to provide a stable and predictable revenue stream.

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Under our Utility Project Entities' offtake agreements, each party typically has the right to terminate upon written notice ranging from ten to 60 days following the occurrence of an event of default that has not been cured within the applicable cure period, if any. In addition, following an uncured event of default under an offtake agreement by the applicable offtake counterparty, the applicable Utility Project Entity may withhold amounts due to such offtake counterparty, suspend performance, receive payment for damages and, in most cases, receive termination payments from the applicable offtake counterparty or pursue other remedies available at law or in equity. Events of default under these offtake agreements typically include:

- failure to pay amounts due;
- bankruptcy proceedings;
- failure to provide certain credit support;
- failure to hold necessary licenses or permits; and
- breach of material obligations.

Our Utility Project Entities' offtake agreements have certain availability or production requirements, and if such requirements are not met, then in some cases the applicable Utility Project Entity is required to pay the offtake counterparty a specified damages amount. In addition, such failure, in certain cases, may give the offtake counterparty a right to terminate the offtake agreement or reduce the contract quantity. Certain obligations (other than payment obligations) under our offtake agreements may be excused by force majeure events, and in some cases, the offtake agreement may be terminated if any such force majeure event continues for a continuous period of between 12 and 36 months (depending on the offtake agreement).

Interconnection Agreements. We depend on interconnection and transmission facilities owned and operated by third parties to deliver the energy from our utility projects. As such, our Utility Project Entities or their affiliates have entered into interconnection agreements with large regional utility companies, local distribution companies or independent system operators, which allow our projects to connect to the energy transmission system or, in some cases, to a distribution system. The interconnection agreements define the cost allocation and schedule for interconnection, as well as any upgrades required to connect the project to the transmission system or distribution system, as applicable.

Construction and Equipment Supply Agreements. Our Utility Project Entities have entered into construction agreements with qualified contractors and equipment supply agreements with industry leading suppliers, including our Sponsors. In addition to setting forth the terms and conditions of construction or equipment delivery, as applicable, our Utility Project Entities receive system-wide warranties and product warranties for the major equipment pursuant to these construction and equipment supply agreements (which vary in coverage and length by project).

O&M Agreements and Asset Management Agreements (“AMAs”). Our Utility Project Entities and certain other subsidiaries have entered into O&M agreements and AMAs with First Solar or SunPower affiliates, as applicable (except where such persons are otherwise subject to O&M agreements or AMAs with unaffiliated third parties). Under the terms of the O&M agreements and AMAs, such affiliates have agreed to provide a variety of operation, maintenance and asset management services, and certain performance warranties or availability guarantees, to our Utility Project Entities in exchange for fixed annual fees, which are subject to certain adjustments. For a detailed description of the terms of the O&M agreements and AMAs applicable to our projects, please read Part III, Item 13. “Certain Relationships and Related Transactions, and Director Independence.”

Real Estate Rights. Our Utility Project Entities and certain other subsidiaries have secured real property interests and access rights that we believe will allow our utility projects in our Portfolio to operate without material real estate claims until the expiration of the initial terms of applicable offtake agreements.

Our Utility Projects

Henrietta

The Henrietta Project Entity owns the 102 MW Henrietta Project. The Henrietta Project achieved commercial operation on October 1, 2016. Effective September 29, 2016, we indirectly control 100% of the class B membership interests in Parrey Holding Company, LLC (“Henrietta Holdings”), the indirect owner of 100% of the limited liability company membership interests of the Henrietta Project Entity. Such class B membership interests in Henrietta Holdings entitle us to a 49% economic interest and initially 1% of the tax allocations and the net income or loss of the Henrietta Project Entity. A subsidiary of Southern Company acts as the class A member of Henrietta Holdings. The class A member owns a 51% economic interest and initially 99% of the tax allocations and the net income or loss of the Henrietta Project Entity. After the Henrietta Project has been operational for approximately fifteen years, the allocation of tax-related items between the class A and class B members of Henrietta Holdings will shift to match the

economic interests. An affiliate of the class A member has managerial responsibilities, subject to the class A members' and the class B members' approval rights with respect to certain decisions, including expenditures in excess of budgeted amounts, certain sales of assets, execution, termination or amendment of certain contracts and the incurrence of debt. The Henrietta Project is located on leased property pursuant to a ground lease and ancillary beneficial easements executed on August 7, 2015, which provide the Henrietta Project Entity with an initial 31 years of site control and the ability to extend the lease term up to two additional five-year terms.

Hooper Project

The Hooper Project owns a 50 MW photovoltaic solar generating project located on an approximately 320 acre site owned by the Hooper Project Entity in Alamosa County, Colorado. The Hooper Project commenced operations in December 2015. Effective April 1, 2016, we indirectly control 100% of the class B membership interests in SSCO III Holding Company, LLC ("Hooper Holdings"), the indirect owner of 100% of the limited liability company membership interests of the Hooper Project Entity. The class A membership interests in Hooper Holdings are held by an affiliate of Wells Fargo & Company, who is a tax motivated project equity investor, and the class C membership interests in Hooper Holdings are held by an affiliate of SunPower. Distributions of cash flows from the Hooper Project are subject to a waterfall. Until the date (the "Hooper Flip Point"), which is the later of the date that the class A member's effective after-tax internal rate of return equals 7.0% per annum and December 29, 2020, the class A member, the class B member and the class C member are entitled to approximately 15.78%, 84.14% and 0.08%, respectively, of any distributions in excess of a monthly preferred distribution payable to the tax equity investor. The preferred distribution is currently estimated to be approximately \$1,973,500 per year. After the Hooper Flip Point, the preferred distribution will terminate and the class A member, the class B member and the class C member will be entitled to approximately 5.48%, 94.425% and 0.095%, respectively, of all distributions. Notwithstanding the foregoing, the terms of the operating agreement of Hooper Holdings provide that, in the event that the class A member has not achieved an effective after-tax internal rate of return of at least 7.0% per annum as of the date that is eight years after the closing of the transaction contemplated by the purchase and sale agreement, the priority distribution plus 25% of net cash flow in excess thereof shall be distributed to the class A member until the class A member achieves such after-tax internal rate of return.

SunPower Capital Services, LLC, a wholly owned subsidiary of SunPower ("SunPower Capital"), is the managing member of Hooper Holdings, and holds the class C membership interests in Hooper Holdings. The class A member and the class B member are not involved in the day-to-day management of Hooper Holdings or the Hooper Project; however, the managing member of Hooper Holdings is required to obtain the other members' consent for certain customary major decisions concerning the Hooper Holdings and the Hooper Project as set forth in the Hooper Holdings operating agreement. Such major decisions subject to the approval of the class A member and/or the class B member include, for example, incurring indebtedness other than permitted indebtedness, encumbering project assets other than permitted encumbrances, selling project assets other than permitted sales, terminating material project documents under certain conditions, certain changes in method of accounting, merging and consolidating the projects and other such major actions. The class B member has the right to remove the managing member for convenience, and, with the approval of the class A member, install a new managing member.

Kingbird Project

The Kingbird Project Entities own a solar energy project with an aggregate nameplate capacity of 40 MW, which is located on two adjoining sites in Kern County, California. We indirectly own 100% of the class B membership interests in Kingbird Solar, LLC ("Kingbird Holdings"), the direct owner of 100% of the limited liability company membership interests of the Kingbird Project Entities. The class A membership interests in Kingbird Holdings are held by an affiliate of State Street Bank, who is a tax motivated project equity investor. Distributions of cash flows from the Kingbird Project are subject to a waterfall. Until the date (the "Kingbird Flip Point"), which is the later of the

date that the class A member's effective after-tax internal rate of return equals 6.5% per annum and April 30, 2021, the class A member and the class B member are entitled to 30% and 70%, respectively, of any distributions. After the Kingbird Flip Point, the class A member and the class B member will be entitled to 6.42% and 93.58%, respectively, of all distributions. Notwithstanding the foregoing, the terms of the operating agreement of Kingbird Holdings provide that, in the event that the class A member has not achieved an effective after-tax internal rate of return of at least 6.5% per annum as of the date that is ten years after the closing of the transaction contemplated by the purchase and sale agreement, 40% of cash flow shall be distributed to the class A member until the earlier of the class A member achieving such after-tax internal rate of return or the eleventh anniversary. If the class A member did not achieve an effective after-tax internal rate of return of at least 6.5% per annum by the eleventh anniversary, 50% of cash flow shall be distributed to the class A member until the earlier of the class A member achieving such after-tax internal rate of return or the twelfth anniversary. If the class A member did not achieve an effective after-tax internal rate of return of at least 6.5% per annum by the twelfth anniversary, 100% of cash flows shall be distributed to the class A member until the class A member achieves such after-tax internal rate of return.

FSAM Kingbird Solar Holdings, LLC is also the managing member of Kingbird Holdings. The class A member is not involved in the day-to-day management of Kingbird Holdings or the Kingbird Project; however, the managing member of Kingbird Holdings is

required to obtain the class A member's consent for certain customary major decisions concerning the Kingbird Holdings and the Kingbird Project as set forth in the Kingbird Holdings operating agreement. Such major decisions subject to the approval of the class A member include, for example, incurring indebtedness other than permitted indebtedness, encumbering project assets other than permitted encumbrances, selling project assets other than permitted sales, terminating material project documents under certain conditions, certain changes in method of accounting, merging and consolidating the projects and other such major actions.

The Kingbird Project is situated on an approximately 324 acre site and consists of a leasehold interest governed by two lease agreements that runs for an initial term of 30 years from February 2, 2015, with an option to extend the lease term for up to two additional ten-year renewal periods at the discretion of the Kingbird Project Entities.

Lost Hills Blackwell

The Lost Hills Project Entity and the Blackwell Project Entity own the 20 MW Lost Hills Project and the 12 MW Blackwell Project, respectively, which are located on adjoining sites in Kern County, California. Commercial operation of the Lost Hills Blackwell Project occurred in April 2015. We indirectly own 100% of the class B membership interests in Lost Hills Blackwell Holdings, LLC ("Lost Hills Blackwell Holdings"), the indirect owner of 100% of the limited liability company membership interests of the Lost Hills Project Entity and the Blackwell Project Entity. Such class B membership interests entitle us to a 49% economic interest and currently 1% of the tax allocations and net income or loss of both the Lost Hills Project Entity and the Blackwell Project Entity. A subsidiary of Southern Company acts as the class A member. The class A member owns a 51% economic interest and currently 99% of the tax allocations and net income or loss of the Lost Hills Project Entity and the Blackwell Project Entity. After the Lost Hills Blackwell Project has been operational for approximately eleven years, the allocation of tax-related items between the class A and class B members of Lost Hills Blackwell Holdings is expected to shift to match the economic interests. An affiliate of Southern Company has managerial responsibilities for Lost Hills Blackwell Holdings and the project entities subject to the class A members' and the class B members' approval rights with respect to certain decisions, including expenditures in excess of budgeted amounts, certain sales of assets, execution, termination or amendment of certain contracts and the incurrence of debt. Each of the Lost Hills Project and the Blackwell Project consists of a leasehold interest governed by separate lease agreements, which include commonly leased areas for shared uses. The initial term of both leases commenced on July 17, 2014, and each lease runs for a term of 30 years with an option to renew for an additional 10 years at the discretion of the Lost Hills Project Entity and the Blackwell Project Entity.

Maryland Solar

The Maryland Solar Project Entity owns the 20 MW Maryland Solar Project. The Maryland Solar Project has been operational since February 2014. The Maryland Solar Project is subject to a lease between the Maryland Solar Project Entity and Maryland Solar Holdings, Inc., an affiliate of First Solar, that runs until December 31, 2019 (unless terminated earlier pursuant to its terms). The lease requires fixed rent payments and does not feature any purchase option exercisable by the lessee. The Maryland Solar Project consists of a leasehold interest governed by a single ground lease, which expires on December 31, 2032, with the option to renew for five additional years at the discretion of the Maryland Solar Project Entity and an additional right to renew for a subsequent term of another five years upon the mutual agreement of the Maryland Solar Project Entity and the land owner and approval by the Maryland Board of Public Works. Please read Part I, Item 1A. "Risk Factors—Risks Related to Our Project Agreements—We rely on a limited number of offtake counterparties and we are exposed to the risk that they are unwilling or unable to fulfill their contractual obligations to us or that they otherwise terminate their offtake agreements with us" and Part III, Item 13. "Certain Relationships and Related Transactions, and Director Independence—Maryland Solar Lease Agreement."

North Star

The North Star Project Entity owns the 60 MW North Star Project, which achieved commercial operation in June 2015. We indirectly own 100% of the class B membership interests in NS Solar Holdings, LLC (“North Star Holdings”), the direct owner of 100% of the limited liability company membership interests of the North Star Project Entity. Such class B membership interests entitle us to a 49% economic interest and initially 1% of the tax allocations and the net income or loss of the North Star Project Entity. A subsidiary of Southern Company acts as the class A member. The class A member owns a 51% economic interest and initially 99% of the tax allocations and the net income or loss of the North Star Project Entity. After the North Star Project has been operational for approximately eleven years, the allocation of tax-related items between the class A and class B members of North Star Holdings will shift to match the economic interests. An affiliate of the class A member has managerial responsibilities, subject to the class A members’ and the class B members’ approval rights with respect to certain decisions, including expenditures in excess of budgeted amounts, certain sales of assets, execution, termination or amendment of certain contracts and the incurrence of debt. The North Star Project consists of a leasehold interest governed by a lease that runs for an initial term of 30 years from July 17, 2014 to July 16, 2044, with an option to renew the lease term for an additional 10 years at the discretion of the North Star Project Entity.

Quinto Project

The Quinto Project is comprised of a 108 MW solar generation facility located in Merced County, California, which commenced operations in November 2015. The Quinto Project is situated on an approximately 949-acre site leased by the Quinto Project Entity pursuant to a ground lease and ancillary beneficial easements, which provide the Quinto Project Entity with an initial 27 years of site control and the ability to extend the lease term for an additional seven years and ten months. We indirectly own 100% of the class B membership interests in SSCA XIII Holding Company, LLC (“Quinto Holdings”), the indirect owner of 100% of the limited liability company membership interests of the Quinto Project Entity. The class A membership interests in Quinto Holdings are held by affiliates of US Bancorp Community Development Corporation, who are tax motivated project equity investors, and the class C membership interests in Quinto Holdings are held by an affiliate of SunPower. Distributions of cash flows from the Quinto Project are subject to a waterfall. Until October 27, 2020 (the “Quinto Flip Point”), and assuming a P50 production level, the class B member would be entitled to all cash flows after the payment, on a quarterly basis, of an annual preferred distribution of approximately \$3,278,000. If the production from the Quinto Project exceeds a P50 production level, the class A member will be entitled to the preferred distribution and 4.95% of all distributions received from production in excess of the P50 production level until the Quinto Flip Point, at which point the preferred distribution will terminate and the class A member will be entitled to 5% of all distributions. In addition, the class C member is entitled to a distribution equal to 0.01% of the tax profit of Quinto Holdings in years when Quinto Holdings has a tax profit, and such distribution is allocated entirely from the distributions that would be otherwise payable to the class B member. In addition, upon reaching the Quinto Flip Point, the class B member has a right to purchase the class A members’ interests in the Quinto Project for an amount that is not less than its fair market value. Quinto Holdings and the Quinto Project are managed by SunPower Capital, which holds the class C membership interests in Quinto Holdings and was appointed by the members at the execution of the operating agreement of Quinto Holdings. The manager may be replaced in the class B member’s discretion at any time (such removal to be effective upon the appointment of a replacement manager). If the class B member removes the manager, the class B member’s selection of a replacement manager is subject to the reasonable consent of the class A members and certain credit and experience thresholds.

Solar Gen 2

The Solar Gen 2 Project Entity owns the 150 MW Solar Gen 2 Project, which achieved commercial operation in November 2014. We indirectly own 100% of the class B interests in SG2 Holdings, LLC (“SG2 Holdings”), the direct owner of 100% of the limited liability company membership interests in the Solar Gen 2 Project Entity. Such class B membership interests entitle us to a 49% economic interest and currently 1% of the tax allocations and net income or net loss of the Solar Gen 2 Project Entity. A subsidiary of Southern Company acts as the class A member. The class A member owns a 51% economic interest and currently 99% of the tax allocations and the net income or net loss of the Solar Gen 2 Project Entity. After the Solar Gen 2 Project has been operational for approximately eleven years, the allocation of tax-related items between the class A and class B member will shift to match the economic interests. An affiliate of the class A member has managerial responsibilities for SG2 Holdings and the Solar Gen 2 Project Entity, subject to the class A members’ approval and the class B members’ approval rights with respect to certain decisions, including expenditures in excess of budgeted amounts, certain sales of assets, execution, termination or amendment of certain contracts and the incurrence of debt.

The Solar Gen 2 Project Entity sells 100% of the output from the Solar Gen 2 Project to San Diego Gas & Electric Company (“SDG&E”), under a 25-year power purchase agreement (the “Solar Gen 2 PPA”). The Solar Gen 2 PPA is structured as a “contract for differences.” As such, the Solar Gen 2 Project receives revenue directly from CAISO, based on the day-ahead Locational Marginal Price (“LMP”), for energy at the Imperial Valley Substation. In turn, pursuant to the Solar Gen 2 PPA, SDG&E pays the Solar Gen 2 Project Entity the positive difference (if any) between the applicable Solar Gen 2 PPA price and the applicable day-ahead LMP. In circumstances where the day-ahead LMP

exceeds the Solar Gen 2 PPA price, the Solar Gen 2 Project Entity may be required to pay SDG&E for the price difference. The Solar Gen 2 PPA has a stated price that escalates each year of the 25-year term and is subject to time of delivery adjustments.

The Solar Gen 2 Project consists of a leasehold interest governed by a ground lease that runs for an initial term of 30 years from August 29, 2013, with an option to renew the lease term for an additional 10 years at the discretion of the Solar Gen 2 Entity.

RPU Project

The RPU Project is comprised of an approximately 7 MW solar generation facility located in Riverside County, California, which commenced operations in September 2015. The RPU Project is situated on a portion of a 120-acre site licensed by the City of Riverside to the RPU Project Entity, which such license allows for the access, construction, maintenance and operation of the RPU Project.

Through SSCA XXXI Managing Member, LLC, we own 100% of the class B membership interests in SSCA XXXI Holding Company, LLC (“RPU Holdings”), the owner of 100% of the limited liability company membership interests of the RPU Project Entity. The class A membership interests in RPU Holdings are held by affiliates of US Bancorp Community Development Corporation, who are tax motivated project equity investors, and the class C membership interests in RPU Holdings are held by an affiliate of SunPower. Distributions of cash flows from the RPU Project are subject to a waterfall. Until October 31, 2020 (the “RPU Flip Point”), and assuming a P50 production level, the class B member would be entitled to all cash flows after the payment, on a quarterly basis, of an annual preferred distribution of approximately \$271,000. If the production from the RPU Project exceeds a P50 production level, the class A member will be entitled to the preferred distribution and 4.95% of all distributions received from production in excess of the P50 production level until the RPU Flip Point, at which point the preferred distribution will terminate and the class A member will be entitled to 5% of all distributions. In addition, the class C member is entitled to a distribution equal to 0.01% of the tax profit of RPU Holdings in years when RPU Holdings has a tax profit, and such distribution is allocated entirely from the distributions that would be otherwise payable to the class B member. In addition, upon reaching the RPU Flip Point, the class B member has a right to purchase the class A members’ interests in the RPU Project for an amount that is not less than its fair market value.

RPU Holdings and the RPU Project are managed by SunPower Capital, which holds the class C membership interests in RPU Holdings and was appointed by the members at the execution of the operating agreement of RPU Holdings. The manager may be replaced in the class B member’s discretion at any time (such removal to be effective upon the appointment of a replacement manager). If the class B member removes the manager, the class B member’s selection of a replacement manager is subject to the reasonable consent of the class A members and certain credit and experience thresholds.

C&I Projects

Typical Project Agreements

Our C&I Project Entities have entered into agreements that are customary for C&I solar energy projects. These include agreements for energy sales, construction, equipment supply, O&M services, asset management services, and real estate rights. Our C&I Project Entities have also secured necessary and customary construction and operating permits.

Power Purchase Agreements. Our C&I Project Entities have entered into offtake agreements under which each C&I Project Entity generally receives a fixed price over the term of the offtake agreement with respect to 100% of its output (except as otherwise set forth in the project descriptions below). Such offtake agreements are designed to provide a stable and predictable revenue stream.

Under our C&I Project Entities’ offtake agreements, each party typically has the right to terminate upon written notice ranging from ten to 30 days following the occurrence of an event of default that has not been cured within the applicable cure period, if any. In addition, following an uncured event of default under an offtake agreement by the applicable offtake counterparty, the applicable C&I Project Entities may in most cases, receive termination payments from the applicable offtake counterparty or pursue other remedies available at law or in equity. Events of default under these offtake agreements typically include:

- failure to pay amounts due;
- bankruptcy proceedings;
- failure to provide certain credit support; and
- breach of material obligations.

Certain of our C&I Project Entities' offtake agreements have availability or production requirements, and if such requirements are not met, the offtake counterparty has the right to terminate the offtake agreement. Additionally, the obligations (other than payment obligations) of each party under our offtake agreements may be excused by force majeure events, and in some cases, the agreement may be terminated if the force majeure events continue for a continuous period of 12 months.

Interconnection Agreements. Our C&I Project Entities' projects interconnect with the applicable offtake customer's facilities. In certain cases, the counterparties under our offtake agreements or their affiliates have entered into interconnection agreements with large regional utility companies or local distribution companies allowing our applicable project to operate in parallel with their distribution system.

Construction and Equipment Supply Agreements. Our C&I Project Entities have entered into engineering, procurement and construction ("EPC") agreements with a SunPower affiliate. In addition to setting forth the terms and conditions of construction or equipment delivery, as applicable, our C&I Project Entities receive a 25-year power and product warranty on the modules and a 2- to 10-year warranty on the system.

O&M and Asset Management. Our C&I Project Entities and certain other subsidiaries have entered into O&M agreements and AMAs with SunPower affiliates. Under the terms of the O&M agreements and AMAs, such affiliates agreed to provide a variety of operation, maintenance and asset management services and certain performance warranties to our C&I Project Entities in exchange for a fixed annual fee, subject to certain adjustments. For a detailed description of the terms of the O&M agreements and AMAs applicable to our projects, please read Part III, Item 13. “Certain Relationships and Related Transactions, and Director Independence.”

Real Estate Rights. Our C&I Project Entities and certain other subsidiaries have secured real property interests and access rights that allow our C&I projects in our Portfolio to operate without material real estate claims until the expiration of the initial terms of applicable offtake agreements, which in some cases are extendable in connection with an extension of the applicable offtake agreements.

Our C&I Projects

Kern Project

Overview. The Kern Project is a solar energy project consisting of systems attached to fixed-tilt carports located at 27 school sites in the Kern High School District located in Kern County, California, and having an aggregate nameplate capacity of up to 21 MW. The Kern Project Entity entered into site lease agreements with Kern High School District for each project site, which are coterminous with the 20-year power purchase agreements for the Kern Project and permit the Kern Project Entity to access, construct and operate the project.

Our acquisition of the Kern Project is being effectuated in four phases summarized below:

- (i) Phase 1(a): On January 26, 2016, we acquired 100% of the class B limited liability company interests of SunPower Commercial II Class B, LLC (the “Kern Class B Partnership”) from SunPower. Prior to January 26, 2016, the Kern Project Entity, an indirect subsidiary of the Kern Class B Partnership, acquired the assets included in Phase 1(a) (the “Kern Phase 1(a) Assets”) totaling 3 MW.
- (ii) Phase 1(b): On September 9, 2016, the Kern Project Entity acquired the assets included in Kern Phase 1(b) (the “Kern Phase 1(b) Assets”) totaling 5 MW from SunPower.
- (iii) Phase 2(a): On November 30, 2016, the Kern Project Entity acquired the assets included in Kern Phase 2(a) (the “Kern Phase 2(a) Assets”) totaling 5 MW from SunPower.
- (iv) Phase 2(b): At a future closing date, the Kern Project Entity will acquire the Kern Phase 2(b) assets totaling up to 8 MW from SunPower.

The Kern Class B Partnership owns 100% of the class B membership interests in SunPower Commercial Holding Company II, LLC (“Kern Holdings”), the direct owner of 100% of the limited liability company membership interests of the Kern Project Entity. The class A membership interests in Kern Holdings are held by an affiliate of Wells Fargo & Company, who is a tax motivated project equity investor, and the class C membership interests in Kern Holdings are held by an affiliate of SunPower. Distributions of cash flows from the Kern Phase 1(a) Assets, Kern Phase 1(b) Assets and Kern Phase 2(a) Assets are subject to a waterfall. Until the date (the “Kern Flip Point”) which is the later of the date that the class A member’s effective after-tax internal rate of return equals 7.62% per annum and the fifth anniversary of the date the last project owned by Kern Holdings is placed in service for U.S. federal income tax purposes], the class A member, the class B member and the class C member are entitled to approximately 5.381%, 94.524% and 0.095%, respectively, of any distributions in excess of a monthly preferred distribution payable to the tax equity investor. The preferred distribution associated with the Kern Project is currently estimated to be \$535,000 per year. After the Kern Flip Point, the preferred distribution will terminate and the class A member, the class B member and the class C member will be entitled to approximately 5.38%, 94.53% and 0.09%, respectively, of all distributions. Notwithstanding the foregoing, the terms of the operating agreement of Kern Holdings provide that, in the event that the class A member has not achieved an effective after-tax internal rate of return of at least 7.62% per annum as of

July 22, 2024, the priority distribution plus 25% of net cash flow in excess thereof shall be distributed to the class A member until the class A member achieves such after-tax internal rate of return.

SunPower Capital is the managing member of Kern Holdings, and holds the class C membership interests in Kern Holdings. The class A member and the class B member are not involved in the day-to-day management of Kern Holdings or the Kern Project; however, the managing member of Kern Holdings is required to obtain the other members' consent for certain customary major decisions concerning the Kern Holdings and the Kern Project as set forth in the Kern Holdings operating agreement. Such major decisions subject to the approval of the class A member and/or the class B member include, for example, incurring indebtedness other than permitted indebtedness, encumbering project assets other than permitted encumbrances, selling project assets other than permitted sales, terminating material project documents under certain conditions, certain changes in method of accounting, merging

and consolidating the projects and other such major actions. The class B member has the right to remove the managing member for convenience, and, with the approval of the class A member, install a new managing member.

Macy's California Project

Overview. The Macy's California Project is comprised of seven solar generation facilities with a total of approximately 3 MW located in Sacramento, Santa Clara, Santa Cruz, Alameda, and San Francisco counties in California. The Macy's California Project commenced operations in October 2015. The Macy's California Project is comprised of seven sites located on rooftops of six stores and one distribution center of Macy's Corporate Services, Inc. ("Macy's"), all of which are owned by an affiliate of Macy's and leased to the Macy's California Project Entities. The Macy's California Project Entities have entered into site lease agreements with Macy's for each project rooftop site, which are coterminous with the 20-year power purchase agreements for the Macy's California Project and permit the Macy's California Project Entities to access, construct and operate the project. Please read Part I, Item 1A. "Risk Factors—Risks Related to Our Project Agreements—We rely on a limited number of offtake counterparties and we are exposed to the risk that they are unwilling or unable to fulfill their contractual obligations to us or that they otherwise terminate their offtake agreements with us."

We indirectly own 100% of the class B membership interests in SunPower Commercial Holding Company I, LLC ("C&I Holdings"), the owner of 100% of the limited liability company membership interests of the Macy's California Project Entities. The class A membership interests in C&I Holdings are held by an affiliate of Wells Fargo & Company, who is a tax motivated project equity investor, and the class C membership interests in C&I Holdings are held by an affiliate of SunPower. Distributions of cash flows from the Macy's California Project are subject to a waterfall. Until the date (the "C&I Flip Point") which is the later of the date that the class A member's effective after-tax internal rate of return equals 7.5% per annum and October 31, 2020, the class A member, the class B member and the class C member are entitled to approximately 2.85%, 96.18% and 0.97%, respectively, of any distributions in excess of a monthly preferred distribution payable to the tax equity investor. The preferred distribution is currently estimated to be \$375,000 a year. After the C&I Flip Point, the preferred distribution will terminate and the class A member, the class B member and the class C member will be entitled to approximately 10.55%, 88.55% and 0.90%, respectively, of all distributions. Notwithstanding the foregoing, the terms of the operating agreement of C&I Holdings provide that, in the event that the class A member has not achieved an effective after-tax internal rate of return of at least 7.5% per annum as of June 8, 2023, the priority distribution plus 25% of net cash flow in excess thereof shall be distributed to the class A member until the class A member achieves such after-tax internal rate of return.

SunPower Capital is the managing member of C&I Holdings, and holds the class C membership interests in C&I Holdings. The class A member and the class B member are not involved in the day-to-day management of C&I Holdings or the Macy's California Project; however, the managing member of C&I Holdings is required to obtain the other members' consent for certain customary major decisions concerning the C&I Holdings and the Macy's California Project as set forth in the C&I Holdings operating agreement. Such major decisions subject to the approval of the class A member and/or the class B member include, for example, incurring indebtedness other than permitted indebtedness, encumbering project assets other than permitted encumbrances, selling project assets other than permitted sales, terminating material project documents under certain conditions, certain changes in method of accounting, merging and consolidating the projects and other such major actions. The class B member has the right to remove the managing member for convenience, and, with the approval of the class A member, install a new managing member.

Macy's Maryland Project

The Macy's Maryland Project is comprised of a 5 MW roof-mounted solar photovoltaic project installed at seven Macy's department stores located in Maryland, which commenced operations in December 2016. The Macy's Maryland Project Entity has entered into site lease agreements with Macy's for each project rooftop site, which are coterminous

with the 20-year power purchase agreements for the Macy's Maryland Project and permit the Macy's Maryland Project Entities to access, construct and operate the project. Please read Part I, Item 1A. "Risk Factors—Risks Related to Our Project Agreements—We rely on a limited number of offtake counterparties and we are exposed to the risk that they are unwilling or unable to fulfill their contractual obligations to us or that they otherwise terminate their offtake agreements with us."

Effective July 1, 2016, we indirectly control 100% of the class B membership interests in SunPower Commercial Holding Company III, LLC ("Macy's Maryland Holdings"), the direct owner of 100% of the limited liability company membership interests of the Macy's Maryland Project Entity. The class A membership interests in Macy's Maryland Holdings are held by an affiliate of the PNC Financial Services Group, Inc., who is a tax motivated project equity investor, and the class C membership interests in Macy's Maryland Holdings are held by an affiliate of SunPower. Distributions of cash flows from the Macy's Maryland Project are subject to a waterfall. Until the date (the "Macy's Maryland Flip Point") which is the later of the date that the class A member's effective after-tax internal rate of return equals 7.5% per annum and December 31, 2021, or December 31, 2022 if earlier, the class A member, the

class B member and the class C member are entitled to approximately 12.0%, 87.9% and 0.1%, respectively, of all distributions. After the Macy's Maryland Flip Point, the class A member, the class B member and the class C member will be entitled to approximately 9.0%, 90.9% and 0.1%, respectively, of all distributions through June 30, 2030, and 23.0%, 76.9% and 0.1%, respectively, of all distributions after June 30, 2030. Notwithstanding the foregoing, the terms of the operating agreement of Macy's Maryland Holdings provide that, in the event that the class A member has not achieved an effective after-tax internal rate of return of at least 7.5% per annum as of December 31, 2022, 36.5% of cash flow shall be distributed to the class A member until the class A member achieves such after-tax internal rate of return.

SunPower Capital is the managing member of Macy's Maryland Holdings, and holds the class C membership interests in Macy's Maryland Holdings. The class A member and the class B member are not involved in the day-to-day management of Macy's Maryland Holdings or the Macy's Maryland Project; however, the managing member of Macy's Maryland Holdings is required to obtain the other members' consent for certain customary major decisions concerning the Macy's Maryland Holdings and the Macy's Maryland Project as set forth in the Macy's Maryland Holdings operating agreement. Such major decisions subject to the approval of the class A member and/or the class B member include, for example, incurring indebtedness other than permitted indebtedness, encumbering project assets other than permitted encumbrances, selling project assets other than permitted sales, terminating material project documents under certain conditions, certain changes in method of accounting, merging and consolidating the projects and other such major actions. The class B member has the right to remove the managing member for convenience, and, with the approval of the class A member, install a new managing member.

Green attributes retained by the Macy's Maryland Project Entity pursuant to the 20-year power purchase agreement for the Macy's Maryland Project are sold to Noble Americas Gas & Power Corporation through December 31, 2020 at a stated contract price, which remains fixed throughout the term, pursuant to a five-year purchase agreement.

UC Davis Project

The UC Davis Project is comprised of a 13 MW solar generation facility located in Solano County, California, which commenced operations in September 2015. The UC Davis Project is situated on a 62-acre site leased by the Regents of the University of California (the "University") pursuant to a ground lease agreement that is coterminous with the 20-year power purchase agreement for the UC Davis Project. C&I Holdings is the owner of 100% of the limited liability company membership interests of the UC Davis Project Entity. As such, distributions of cash flows and management of the UC Davis Project are the same that those of the Macy's California Project, which are set forth above.

Residential Portfolio

Overview. Our Residential Portfolio is comprised of residential solar energy systems with an aggregate of 39 MW of capacity and an average solar energy system capacity of approximately 7.95 kW. Our Residential Portfolio is comprised of approximately 5,900 solar installations located in Arizona, California, Colorado, Hawaii, Massachusetts, New Jersey, New York, Pennsylvania and Vermont. We own 100% of the membership interest in the Residential Portfolio Project Entity that owns these residential solar systems. These residential solar energy systems are leased to our customers under long-term lease agreements.

Lease Agreements. A typical lease term is for 20 years and homeowners are obligated to make lease payments to us on a monthly basis. The customer's monthly payment is fixed based on a calculation that takes into account expected solar energy generation, and certain of our current customer contracts contain price escalators with an average increase of 1% annually. The lease includes a performance warranty under which we agree to make a payment to the customer if the leased system does not meet the guaranteed performance level. Over the term of the lease, we operate

and maintain the system. Customers are eligible to purchase their leased solar systems to facilitate the sale or transfer of their homes. The leases also include an early buy-out option, at no less than fair market value, exercisable in the seventh year that allows customers to purchase the solar system.

Operations & Maintenance. SunPower Corporation, Systems, a wholly owned subsidiary of SunPower (“SunPower Systems”) maintains the Residential Portfolio, including performing system monitoring and preventative and corrective maintenance. The O&M term is concurrent with each customer lease in the Residential Portfolio.

Our Sponsors

First Solar (NASDAQ: FSLR) is a leading global provider of comprehensive photovoltaic solar systems, which use its advanced module and system technology. First Solar develops, finances, engineers, constructs and operates solar power generation assets, with over 13.5 gigawatts (“GW”) sold worldwide. First Solar’s integrated power plant solutions deliver an economically attractive alternative to fossil-fuel electricity generation. From raw material sourcing through end-of-life module recycling, First Solar renewable energy systems protect and enhance the environment. As of September 30, 2016, First Solar had total assets of \$8.1 billion.

SunPower (NASDAQ: SPWR) designs, manufactures and delivers the highest efficiency, highest reliability solar panels and systems available today. Residential, business, government and utility customers rely on the company's 30 years of experience. Headquartered in San Jose, California, SunPower has offices in North and South America, Europe, Australia, Africa and Asia. As of October 2, 2016, SunPower had total assets of \$5.1 billion. SunPower is majority owned by Total S.A., the fifth largest publicly-listed energy company in the world.

Seasonality

The amount of electricity our solar energy systems 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.

Our power generation is expected to be at its lowest during the winter season of each year. Similarly, our first quarter revenue generation is expected to be lower than other quarters. We reserve a portion of our cash available for distribution and maintain a revolving credit facility in order to, among other things, facilitate the payment of distributions to our Class A shareholders. As a result, we do not expect seasonality to have a material effect on the amount of our quarterly distributions.

Competition

We operate in a capital-intensive industry that is currently highly fragmented and diverse, with numerous industry participants. We compete on the basis of contract price and terms, as well as the location of our projects. There is a wide variation in terms of the capabilities, resources, scale and scope of the companies with which we compete. We have numerous competitors with a varied mix of characteristics including our Sponsors and growth vehicles similar to us that seek to acquire energy projects from our Sponsors or third parties, as well as other renewable and conventional power generation companies. In addition, competitive conditions may be substantially affected by energy legislation and regulation considered from time to time by federal, state and local legislatures and administrative agencies. Such laws and regulations may substantially increase the costs of acquiring, constructing and operating solar energy projects, and some of our competitors may be better able to adapt to and operate under such laws and regulations.

Environmental Matters

We are required to comply with various environmental, health and safety laws and regulations in each of the jurisdictions in which we operate. These existing and future laws and regulations may impact existing and new solar energy projects, require us to obtain and maintain permits and approvals, comply with all environmental laws and regulations applicable within each jurisdiction and implement environmental, health and safety programs and procedures to monitor and control risks associated with the construction, operation and decommissioning of regulated or permitted solar energy systems, all of which involve a significant investment of time and resources.

We also incur costs in the ordinary course of business to comply with these laws, regulations and permit requirements. Environmental, health and safety laws and regulations frequently change, and often become more stringent or subject to more stringent interpretation or enforcement. Such changes in environmental, health and safety laws and regulations, or the interpretation or enforcement thereof, could require us to incur materially higher costs, or cause a costly interruption of operations due to delays in obtaining new or amended permits.

The failure of our operations to comply with environmental, health and safety laws, regulations and permit requirements may result in administrative, civil and criminal penalties, imposition of investigatory, cleanup and site restoration costs and liens, denial or revocation of permits or other authorizations and issuance of injunctions to limit, suspend or cease operations.

In addition, claims by third parties for damages to persons or property, or for injunctive relief, have been brought in the past, and may be brought in the future as a result of alleged environmental, and health and safety impacts associated with our activities.

To operate our projects, we are required to obtain from federal, state and local governmental authorities a range of environmental permits and other approvals, including those described below. In addition to being subject to these regulatory requirements, we have experienced significant opposition from private third parties during the permit application process or in subsequent permit appeal proceedings.

Clean Water Act. Our projects may be covered under federal Clean Water Act regulations to prevent or contain expected discharges of pollutants or dredged and fill materials into state waters as well as waters of the United States, including adjacent wetlands. On June 29, 2015, the U.S. Environmental Protection Agency (the “EPA”) published a final rule that made changes to the EPA’s definition of “waters of the United States.” Various states have filed lawsuits challenging the rule and, in October 2015, the

U.S. Court of Appeals for the Sixth Circuit issued an order that temporarily stays implementation of the rule nationwide pending the outcome of the various legal challenges. We are currently assessing the potential impact of the EPA's final rule on our operations, as any expansion to Clean Water Act jurisdiction could impose additional obligations on our operations.

BLM Right-of-Way Grants. Some of our projects are located, or partially located, and projects that we acquire in the future may be located, on lands administered by the U.S. Bureau of Land Management (the "BLM"). Therefore, we may be required to obtain and maintain BLM right-of-way grants for access to, or operations on, such lands. Obtaining and maintaining a grant requires that the project conduct environmental reviews (discussed below) and implement a plan of development and demonstrate compliance with the plan to protect the environment, including potentially expensive measures to protect biological, archeological and cultural resources encountered on the grant.

Environmental Reviews. Solar energy projects may be subject to federal, state, or local environmental reviews, where a broad array of the solar energy project's potential environmental impacts is assessed. Compliance with the environmental review process can be time-consuming and expensive, and generally requires public comment periods, which may open a proposed project up to adverse comments, protests or appeals. Furthermore, an agency may decide to deny a permit based on such an environmental review, or an agency may require environmental mitigation measures to offset any identified impacts. Although we do not expect any delays in implementing our growth strategy because of such environmental reviews, they may extend the time and/or increase the costs for obtaining necessary governmental approvals.

Endangered and Protected Species. Federal agencies considering the permit applications for our projects are required to consult with the U.S. Fish and Wildlife Service (the "USFWS") to consider the impact on potentially affected endangered and threatened species and their habitats under the U.S. Endangered Species Act (the "ESA"). Our projects are also required to comply with the Migratory Bird Treaty Act (the "MBTA") and the Bald and Golden Eagle Protection Act (the "BGEPA"). Because the operation of solar energy projects could result in harm to endangered species or their habitats, or could result in injury or fatalities to protected birds, federal and state agencies may require ongoing monitoring, mitigation activities, or financial compensation as a condition to issuing a permit for a project. Violations of the ESA, MBTA, BGEPA and similar state laws may result in fines, penalties, criminal sanctions or injunctions, including the possibility of curtailment or shutdown.

Historic Preservation. State and federal agencies may, under the National Historic Preservation Act or similar law, require our projects to protect historic, archaeological, or religious or cultural resources located or discovered near or on our project sites. Ongoing monitoring, mitigation activities, or financial compensation may be required as a condition of conducting project operations.

Clean Air Act/Climate Change. In the past few years, the EPA has taken various actions to regulate greenhouse gas emissions under the Clean Air Act. For example, on August 3, 2015, the EPA finalized its Clean Power Plan, which establishes standards to limit carbon dioxide emissions from existing power generation facilities by 30% from 2005 levels by 2030. On February 9, 2016, the Supreme Court stayed implementation of the Clean Power Plan until the United States Court of Appeals for the District of Columbia Circuit ruled in the lawsuit brought against the plan. The case remains pending before the D.C. Circuit court. If, in implementing the Clean Power Plan or any new or revised regulatory program aimed at reducing greenhouse gas emissions from the power sector, federal, state or local governments repealed or altered the incentives currently provided for renewable energy generation, it could adversely affect the attractiveness of renewable energy investments and therefore adversely impact, perhaps materially, our business, growth strategy, financial condition, results of operations and cash flows; however, to the extent that renewable energy is competing with higher greenhouse gas emitting energy sources, renewable energy would become more desirable.

Hazardous Waste. We own and lease real property and may be subject to requirements regarding the management, disposal and remediation of prior contamination associated with the release of petroleum products and/or toxic or hazardous substances. These regulations include the federal Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act and analogous state laws. If our owned or leased properties are contaminated, whether during or prior to our ownership or operation, we could be responsible for the costs of investigation and cleanup and for any related liabilities, including claims for damage to property, persons or natural resources. That responsibility may arise even if we were not at fault and did not cause or were not aware of the contamination. In addition, waste we generate is at times sent to third party disposal facilities. If those facilities become contaminated, we and any other persons who arranged for the disposal or treatment of hazardous substances at those sites may be jointly and severally responsible for the costs of investigation and remediation, as well as for any claims for damage to third parties, their property or natural resources. We may incur significant costs in the future if we become responsible for the investigation or remediation of hazardous substances at our owned or leased properties or at third party disposal facilities.

Local Regulations. Our operations are subject to local environmental and land use requirements, including county and municipal land use, zoning, building, water use, and transportation requirements. Permitting at the local municipal or county level often consists of obtaining a special use or conditional use permit under a land use ordinance or code, or, in some cases, rezoning in

connection with the solar energy project. Obtaining or maintaining a permit often requires us to demonstrate that the solar energy project will conform to development standards specified under the ordinance so that the solar energy project is compatible with existing land uses and protects natural and human environments. Local or state regulatory agencies may require modeling, testing, and, where applicable, ongoing mitigation of radar and other microwave interference in connection with the permitting and approval process. Local or state agencies also may require decommissioning plans and the establishment of financial assurance mechanisms for carrying out the decommissioning plan.

Safety and Maintenance

We are subject to the requirements of the Occupational Safety and Health Act (“OSHA”), and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and citizens. We believe that our operations are in substantial compliance with OSHA requirements, including general industry standards, record keeping requirements, and monitoring of occupational exposure to regulated substances.

We perform preventive and normal maintenance on all of our projects and make repairs and replacements when necessary or appropriate. We also conduct routine and required inspections of those projects in accordance with applicable regulation.

Regulatory Matters

As owners of contracted solar energy projects and participants in wholesale energy markets, our Project Entities are subject to regulation by various federal and state government agencies. These include the U.S. Federal Energy Regulatory Commission (“FERC”) and public utility commissions in states where our generating projects are located. In addition, some of our Project Entities are subject to the market rules, procedures and protocols of the various regional transmission organization and independent system operator markets in which they participate.

Federal Power Act

Section 205 of the U.S. Federal Power Act (the “FPA”) requires public utilities to obtain FERC’s approval of their rates for the wholesale sale of energy. Some of our Project Entities are public utilities, and each such entity has been granted authority by FERC to sell electricity at market-based rates, rather than on a traditional cost-of-service basis.

The FPA also gives FERC jurisdiction to review certain other activities of our Project Entities. In particular:

Section 203 of the FPA requires FERC’s prior approval for any direct or indirect change of control over a public utility or its jurisdictional assets, unless otherwise granted authorization by FERC. In January 2016, FERC issued a declaratory order disclaiming jurisdiction under FPA Section 203 with respect to sales and purchases of our shares and determining that our shares are passive, non-voting securities that will not allow any shareholders to exercise control over our public utility subsidiaries.

Section 204 of the FPA gives FERC jurisdiction over a public utility’s issuance of securities or its assumption of liabilities, subject to certain exceptions. However, FERC typically grants blanket approval for security issuances and the assumption of liabilities to public utilities having market-based rate authority. All of our Project Entities that are public utilities have received such blanket approval.

In accordance with Section 215 of the FPA, FERC has approved the North American Electric Reliability Corporation (“NERC”) as the national Electric Reliability Organization (“ERO”) for North America. As the ERO, NERC is responsible for the development and enforcement of mandatory reliability standards for the wholesale electric power

system directly and through regional reliability organizations. Each of our Project Entities is required under the FPA to comply with NERC requirements and the requirements of the regional reliability entity for the region in which it is located.

Public Utility Holding Company Act of 2005

The Public Utility Holding Company Act of 2005 (“PUHCA 2005”) provides FERC with certain authority over and access to books and records of public utility holding companies and their subsidiaries that are not otherwise exempt from such requirements. We are a public utility holding company, but because all of our Utility Project Entities are either “Exempt Wholesale Generators” or “Qualifying Facilities,” as defined for purposes of PUHCA 2005, we are exempt from all of the FERC accounting, record retention

and reporting requirements of the PUHCA 2005. We and our Project Entities are subject to state utility commission access to books and records under PUHCA 2005 in certain limited circumstances.

Government Incentives

U.S. federal, state and local governments have supported incentives to enhance industry growth and development of cost-competitive, self-sustaining renewable energy generation. These include tax incentives, regulatory programs, and net metering policies. Federal tax incentives have historically been financed through tax equity transactions in which owners of renewable energy facilities utilize tax credits through partnerships with third-party investors.

Federal income tax incentives for equipment which uses solar energy to generate electricity include:

The Investment Tax Credit: ITC is a tax credit equal to a percentage of the basis of the eligible solar equipment at the commencement of construction (but subject to being placed into service by January 1, 2024) for tax purposes: 30% for eligible solar facilities that commence construction prior to January 1, 2020; 26% for eligible solar facilities that commence construction during 2020; 22% for eligible solar facilities that commence construction during 2021; and 10% for solar facilities that commence construction in 2022 or thereafter.

Modified Accelerated Cost-Recovery System Depreciation: Under MACRS depreciation, owners of the eligible solar equipment claim all of their depreciation deductions for tax purposes with respect to the equipment over five years, even though the useful economic life of such equipment is greater than five years.

Bonus Depreciation: Under the “Protecting Americans From Tax Hikes Act of 2015,” which was signed into law December 18, 2015, owners of eligible solar equipment can claim bonus depreciation for qualified property acquired and placed in service during 2015 through 2019. The bonus depreciation percentage is 50% of the tax depreciable basis for property placed in service during 2015, 2016 and 2017 and phases down, with 40% in 2018, and 30% in 2019.

Key state and local programs and incentives include:

State Renewable Portfolio Standards: Renewable Portfolio Standards (“RPS”) programs are state regulatory programs created by state legislatures to support growth in renewable energy by mandating that electric power providers produce or purchase certain levels of power from renewable sources. 29 states and the District of Columbia currently have an RPS program in place and nine other states have non-binding goals supporting renewable energy. Most states with mandatory RPS programs typically set a target between 10% and 30% of total energy capacity by a specific date, while other states set a MW target to achieve their RPS goals. RPS programs are expected to continue serving as drivers of U.S. renewable energy growth.

- **Net Metering:** Net metering is a policy adopted by various states and utilities that provides customers who own grid-connected distributed generation solar (“DG Solar”) assets with the ability to pay the utility only for electricity net of electricity generated by the customer’s solar system. Typically, customers receive a credit for any excess production on their regular utility bills.
- **Renewable Energy Certificates:** Renewable energy certificates (“RECs”) supplement RPS programs by allowing electric power providers to purchase levels of renewable energy generation that can be used to fulfill state mandates relating to renewable energy. RECs are purchased and traded separately from the underlying electricity generation in states that have authorized them.

Employees

We do not employ any of the individuals who manage our operations. The personnel that carry out these activities are typically employees of our Sponsors or their affiliates, and their services are provided to us or for our benefit under the MSAs, AMAs and O&M agreements of OpCo’s subsidiaries, except to the extent a project is operated, maintained or managed pursuant to an agreement with an unaffiliated third party (as in the case, for example, of the O&M agreement for the Maryland Solar Project). For a discussion of the individuals from our Sponsors’ management team

that are involved in our business, please read Part III, Item 10. “Directors, Executive Officers and Corporate Governance—Management.”

Available Information

We maintain a website at <http://www.8point3energypartners.com>. We make available free of charge on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as soon as

reasonably practicable after we electronically file these materials with, or furnish them to, the U.S. Securities and Exchange Commission (the “SEC”). We also post our beneficial ownership reports filed by officers, directors, and principal security holders under Section 16(a) of the Exchange Act, our corporate governance principles and guidelines, the charters of our audit committee, conflicts committee and project operations committee, and our code of business conduct and ethics on our website. In addition, we use our website as one means of disclosing material non-public information and for complying with our disclosure obligations under the SEC’s Regulation FD. Such disclosures will typically be included within the Investors section of our website (<http://ir.8point3energypartners.com>). Accordingly, investors should monitor such portions of our website in addition to following our press releases, SEC filings, and public conference calls and webcasts. The information contained in or connected to our website is not incorporated by reference into this report.

The public may also read and copy any materials that we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports and other information regarding issuers, such as 8point3 Energy Partners, that file electronically with the SEC. The SEC’s Internet website is located at <http://www.sec.gov>.

Item 1A. Risk Factors.

Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. If any of the following risks actually occur, they may materially harm our business and our financial condition and results of operations. In this event, we might not be able to pay distributions on our Class A Shares, and the trading price of our Class A Shares could decline.

Risks Related to Our Business

Our ability to make distributions to our Class A shareholders depends on the ability of OpCo to make cash distributions to its unitholders.

OpCo may not have sufficient available cash each quarter to pay the minimum quarterly distribution or any amount to its unitholders and therefore we may not have sufficient available cash to pay any amount to our Class A shareholders.

The amount of cash that OpCo can distribute to its unitholders, including us, each quarter principally depends upon the amount of cash its subsidiaries generate from their operations, which will fluctuate from quarter to quarter based on, among other things:

- the amount of revenue generated from the projects in which OpCo’s subsidiaries have an interest;
 - the level of OpCo’s and its subsidiaries’ O&M and selling, general and administrative services (“SG&A”) costs;
- the level of interest and principal amortization payments on any project-level indebtedness incurred by OpCo’s subsidiaries;
- the ability of OpCo to acquire additional projects;
- if OpCo acquires a project prior to its COD, timely completion of the project and the achievement of COD at expected capacity of the project; and
- except to the extent covered by a Sponsor pursuant to the Omnibus Agreement, indemnification obligations or diversions to tax equity investors of distributable cash from a project in order to compensate for breaches of representations, warranties or covenants; changes in allocation of ITCs, tax basis, fair market value or other tax-related matters; or delays in a distribution flip date beyond a specified date caused by a reduction of the corporate

tax rate.

In addition, the amount of cash that OpCo will have available for distribution will depend on other factors, some of which are beyond its control, including:

- availability of borrowings under our revolving credit facility to pay distributions;
- debt service requirements and other liabilities, including state or local taxes we may be required to pay;
- the costs of acquisitions, if any;
- fluctuations in its working capital needs;
- timing and collectability of receivables;
- restrictions on distributions contained in existing or future debt agreements;

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- prevailing economic conditions;
- access to credit or capital markets; and
- the amount of cash reserves established by the General Partner for the proper conduct of OpCo's business.

Please read the other risks set forth in “—Risks Related to Our Business” for a discussion of risks affecting OpCo's ability to generate cash available for distribution.

The amount of cash we have available for distribution to holders of our Class A shares depends primarily on our cash flow and not solely on profitability, which may prevent us from making cash distributions during periods when we record net income.

The amount of cash that OpCo has available for distribution depends primarily upon its cash flow, including cash flow from financial reserves and working capital borrowings, and is not solely a function of profitability, which is affected by non-cash items. As a result, even when OpCo records net losses in a period, it may be able to make cash distributions and may not be able to make cash distributions during periods when it records net income.

We have a limited operating history and our projects may not perform as we expect.

The majority of projects in our Portfolio are relatively new. As of November 30, 2016, we owned interests in nine utility-scale solar energy projects, all of which became operational between 2014 and 2016. As of November 30, 2016, we owned interests in four C&I solar energy projects, two of which became operational in 2015 and two of which were in late-stage construction. In addition, approximately 85% of our Residential Portfolio attained COD within the last three years and all of our Residential Portfolio attained COD within the last five years. We expect that many of the projects that we may acquire, including the First Solar ROFO Projects and SunPower ROFO Projects, will either not have commenced operations, have recently commenced operations or otherwise have a limited operating history at the time of acquisition. As a result, our assumptions and estimates regarding the performance of these projects are and will be made without the benefit of a meaningful operating history, which may impair our ability to accurately estimate our results of operations, financial condition and liquidity. The ability of our projects to perform as we expect will also be subject to risks inherent in newly constructed solar energy projects, including equipment and system performance below our expectations or equipment and system failures and outages. The failure of some or all of our projects to perform according to our expectations could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Energy projects involve significant risks that could result in a business interruption or partial or complete shutdown for which we may not be adequately insured.

There are risks associated with the ownership and operation of our projects. These risks include:

- breakdown or failure of solar modules, inverters, transformers and other equipment that are not covered by warranty or insurance;
- catastrophic events, such as fires, earthquakes, severe weather, tornadoes, ice or hail storms or other meteorological conditions, landslides and other similar events beyond our control, which could severely damage or destroy a project, reduce its energy output or result in personal injury, loss of life or property damage;
- technical performance below expected levels, including the failure of solar modules and other equipment to produce energy as expected due to incorrect measures of performance provided by equipment suppliers;
- increases in the cost of operating the projects, including costs relating to labor, equipment, insurance, permit compliance and taxes;
- operator, contractor or equipment provider error or failure to perform;
- serial design or manufacturing defects, which may not be covered by warranty or insurance;
-

certain unremediated events under project contracts that may give rise to a termination right of the contract counterparty;

• failure to comply with permits and the inability to renew or replace permits that have expired or terminated;

• the inability to operate within limitations that may be imposed by current or future governmental permits or project contracts;

• replacements for failed equipment, which may need to meet new interconnection standards or require system impact studies and compliance that may be difficult or expensive to achieve;

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- land use, environmental or other regulatory requirements;
- disputes with owners of land on which our projects are located or adjacent landowners;
- changes in law, including changes in governmental permit requirements;
- terrorist attacks, cyber-attacks, theft, vandalism and other intentionally harmful acts;
- government or utility exercise of eminent domain power or similar events; and
- existence of superior interests, liens, encumbrances and other imperfections in title affecting ownership and use of real estate interests.

Any of the risks described above could significantly decrease or eliminate the revenues of a project, significantly increase its operating costs, cause OpCo or its subsidiaries to default under OpCo's credit facility or other financing agreements or give rise to damages or penalties owed by us to a contractual counterparty, a governmental authority or other third parties or cause defaults under related contracts or permits. Any of these events could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

We depend on certain projects for a substantial portion of our anticipated cash flows.

We depend on certain projects for a substantial portion of our anticipated cash flows. We may not be able to successfully execute our acquisition strategy in order to further diversify our sources of cash flow and reduce our portfolio concentration. Consequently, the impairment or loss of any one or more of our large utility-scale projects, such as the Henrietta Project, the Quinto Project, the Solar Gen 2 Project or the Stateline Project, would materially and disproportionately reduce our total energy generation and cash flows and, as a result, have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Our business is concentrated in certain markets, putting us at risk of region specific disruptions.

Of the 942 MW in our Portfolio as of January 23, 2017, approximately 850 MW is located in California, including approximately 92% of the MW of our utility projects and 70% of the MW of our DG Solar projects, and we expect much of our near-term future growth to occur in California, further concentrating our customer base and operational infrastructure. Accordingly, our business and results of operations are particularly susceptible to adverse economic, regulatory, political, weather and other conditions in this market and in other markets where we become similarly concentrated. Any of these conditions could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders. In addition, all our assets are located in the United States, which makes us particularly susceptible to adverse changes in U.S. tax and environmental laws. Please read “—Risks Related to Our Acquisition Strategy and Future Growth—Government regulations providing incentives and subsidies for solar energy could change at any time, including as a result of the 2016 presidential election, and such changes may negatively impact our growth strategy” and “—Risks Related to Taxation—Our future tax liability may be greater than expected if we do not generate NOLs sufficient to offset taxable income or if tax authorities challenge certain of our tax positions.”

We are exposed to the credit risk of our Sponsors, and any deterioration of our Sponsors' creditworthiness could adversely affect our business, our credit ratings and our overall risk profile.

We are subject to the credit risk of our Sponsors, and any downgrades or any material deterioration of our Sponsors' creditworthiness could have significant negative consequences to our business or financial condition. For example:

- either or both of our Sponsors may be unable or unwilling to develop the ROFO Projects or additional solar energy projects due to increased borrowing costs or an inability to raise capital, which could limit our ability to pursue acquisitions from them;

as a result of our relationship with our Sponsors, investors may lose confidence in our financial condition and our ability to make distributions to our Class A shareholders, and the trading price of our Class A shares may decline; either or both of our Sponsors may be unable or unwilling to fulfill their indemnity, reimbursement and other payment obligations under the Omnibus Agreement; and either or both of our Sponsors may be unable or unwilling to perform the services for which we have contracted with them under various O&M agreements, AMAs, warranties, guarantees and EPC agreements, and we may be unable to secure adequate replacement arrangements.

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In the event that either or both of our Sponsors file for bankruptcy, cease operations or otherwise become unable or unwilling to fulfill their contractual obligations, including as described in the third and fourth subbullets above, we may not be adequately protected by such make-whole, indemnification and other such arrangements.

In addition, the credit and business risk profiles of our general partner and our Sponsors may be considered in credit evaluations of us because our general partner, which is owned by our Sponsors, controls our business activities, including our and OpCo's cash distribution policy and growth strategy. Any adverse change in the financial condition of First Solar or SunPower, including the degree of its financial leverage and its dependence on cash flows from us to service its indebtedness, may adversely affect our credit ratings and risk profile. If we were to seek a credit rating, our credit rating may be adversely affected by the leverage of our general partner, First Solar or SunPower, as credit rating agencies such as Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings, Inc. may consider the leverage and credit profile of First Solar or SunPower because of their ownership interests in and control of us. Any adverse effect on our credit rating would increase our cost of borrowing or hinder our ability to raise financing in the capital markets, which could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Warranties provided by the suppliers of equipment for our assets and maintenance obligations of the operators of our assets may be limited by the ability of a supplier and/or operator to satisfy its warranty or performance obligations or by the expiration of applicable time or liability limits, which could reduce or void the warranty protections or maintenance obligations, or may be limited in scope or magnitude of liabilities, and thus the warranties and maintenance obligations may be inadequate to protect us.

Our Sponsors are a significant source of our warranty and maintenance coverage under a number of related party agreements, including EPC agreements, O&M agreements and warranty agreements, including product quality and performance warranties. Certain of these warranties are also provided by other sources, including the suppliers of equipment for our assets, among others. In the event that such warranty providers or operators, including our Sponsors, file for bankruptcy, cease operations or otherwise become unable or unwilling to fulfill their warranty obligations, we may not be adequately protected by such warranties. Even if such warranty providers or operators fulfill their obligations, the warranty or maintenance obligations may not be sufficient to protect us against losses. In addition, these warranties have a term of at least one year, in the case of certain system warranties provided by EPC providers, to 25 years, in the case of manufacturer module warranties, after the date each equipment item is delivered or commissioned. These warranties are subject to liability and other limits. If we seek warranty protection and a warranty provider is unable or unwilling to perform its warranty obligations, or if an operator is unable or unwilling to perform its maintenance obligations, whether as a result of its financial condition or otherwise, or if the term of the warranty or maintenance obligation has expired or a liability limit has been reached, there may be a reduction or loss of protection for the affected assets, which could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our Class A shareholders.

A subsidiary of Southern Company controls certain of the entities that own our largest projects, and we may acquire projects in the future that neither we nor our Sponsors control.

A subsidiary of Southern Company owns a 51% economic interest in, and we own a 49% economic interest in, each of the Henrietta Project Entity, the Lost Hills Blackwell Project Entity, the North Star Project Entity and the Solar Gen 2 Project Entity. In addition, on December 1, 2016 we acquired the Stateline Project and a subsidiary of Southern Company owns a 66% economic interest in, and we own a 34% economic interest in, the Stateline Project Entity. Collectively, these five project entities in which we own minority interests constitute over 68% of the MW of the projects in our portfolio of solar assets as of January 23, 2017.

We do not control the governing boards of these project entities and, as the minority interest holder, we have limited approval rights with respect to such project entities. As a result, we have limited influence over these project entities and limited flexibility to control the operation of or cash distributions received from these entities. Specifically,

- we may have limited ability to control decisions with respect to the operations of these entities and their subsidiaries, including decisions with respect to incurrence of expenses and distributions to us and to project contract compliance and enforcement of counterparty obligations under such project contracts;
- these entities may establish reserves for working capital, capital projects, environmental matters and legal proceedings which would otherwise reduce cash available for distribution to us;
- these entities may incur additional indebtedness, and principal and interest made on such indebtedness may reduce cash otherwise available for distribution to us;
- the terms of indebtedness of these entities may limit their ability to distribute cash to us; and
- these entities may require us to make additional capital contributions to fund working capital and capital expenditures, our funding of which could reduce the amount of cash otherwise available for distribution.

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In addition to the other risks inherent in these projects, we are subject to the credit risk of Southern Company. If Southern Company were to fail to perform its obligations adequately, it could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

In the case of the Henrietta Project Entity, the Lost Hills Blackwell Project Entity, the North Star Project Entity, the Solar Gen 2 Project Entity and the Stateline Project Entity, cash distributions are made on a quarterly basis to the extent cash is available after payment of third-party expenses, member loans, indemnification obligations and reserves. Reserves are based on the amount of reserves in the annual approved budget, permitted agreements approved after the approval of the annual budget, reserves required by any indebtedness of the entity and working capital reserves not to exceed the amount of permitted budget variances. Subject to certain exceptions, the cash distribution amount is allocated (i) 51% to a subsidiary of Southern Company and 49% to OpCo with respect to the Henrietta Project Entity, the Lost Hills Blackwell Project Entity, the North Star Project Entity and the Solar Gen 2 Project Entity and (ii) 66% to a subsidiary of Southern Company and 34% to OpCo with respect to the Stateline Project Entity.

Further, additional solar energy projects we may acquire may be subject to a similar structure where we do not own a majority of the project entity and we may invest in joint ventures in which we share control or in which we are a minority investor. In these instances, the majority investor or controlling investor may not have the level of experience, technical expertise, human resources management and other attributes necessary to operate these assets optimally.

Any of these items could significantly and adversely impact our ability to distribute cash to our Class A shareholders. For a more complete description of the agreements governing the management and operation of the entities in our Portfolio in which we own an interest, please read Part III, Item 13. "Certain Relationships and Related Transactions, and Director Independence."

We rely on interconnection and transmission facilities of third parties to deliver energy from our utility projects. If these facilities become unavailable, our projects may not be able to operate or deliver energy.

We depend on interconnection and transmission facilities owned and operated by third parties to deliver the energy from our utility projects. Many of the interconnection and transmission arrangements for the utility projects in our Portfolio are governed by separate agreements with the owners of the transmission or distribution system. Congestion, emergencies, maintenance, outages, overloads, requests by other parties for transmission service and other events beyond our control could partially or completely curtail deliveries of energy by our utility projects and increase project costs. In addition, any termination of a utility project's interconnection or transmission arrangements or non-compliance by an interconnection provider or another third party with its obligations under an interconnection or transmission arrangement may delay or prevent our projects from delivering energy to our contractual counterparties. If the interconnection or transmission arrangement for a utility project is terminated, we may not be able to replace it on similar terms to the existing arrangement, or at all, or we may experience significant delays or costs in connection with such replacement. Moreover, if we acquire any utility projects that are under construction or development, a failure or delay in the construction or development of interconnection or transmission facilities could delay the completion of the project. The unavailability of interconnection or transmission could adversely affect the operation of our utility projects and the revenues received, which could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Our business is subject to liabilities and operating restrictions arising from environmental, health and safety laws and regulations.

Our projects are subject to numerous environmental, health and safety laws, regulations, guidelines, policies, directives, government approvals, permit requirements and other requirements governing or relating to, among other things:

- the protection of wildlife;
- the presence or discovery of archaeological, religious or cultural resources at or near our operations; and
 - the protection of workers' health and safety.

If our projects do not comply with such laws, regulations or requirements, we may be required to pay penalties or fines, or curtail or cease operations of the affected projects. Violations of environmental and other laws, regulations and permit requirements, including certain violations of laws protecting wetlands and threatened or endangered species, may also result in criminal sanctions or injunctions. In addition, our projects require various government approvals and permits. In some cases, these approvals and permits require periodic renewal and a subsequently-issued approval or permit may not be consistent with the approval or permit initially issued. We cannot predict whether all approvals or permits required for a given asset will be granted or whether the conditions associated with the approvals or permits will be achievable. The denial or loss of an approval or permit essential to an asset or the imposition of impractical conditions upon renewal could impair our ability to construct and/or operate an asset.

Our utility-scale projects also carry inherent environmental, health and safety risks, including the potential for related civil litigation, regulatory compliance, remediation orders, fines and other penalties. For instance, our projects could malfunction or experience other unplanned events resulting in personal injury, fines or property damage. Our projects may be constructed and operated on properties that have preexisting releases of hazardous substances or other preexisting environmental conditions that carry health and safety risks, including the potential for related civil litigation, regulatory compliance, remediation orders, fines and other penalties, regardless of whether we knew of or exacerbated the preexisting release or preexisting condition.

Additionally, we may be held liable for related investigatory costs, which are typically not limited by law or regulation, for any property where there has been a release or potential release of a hazardous substance, regardless of whether we knew of or caused the release or potential release. We could also be liable for other costs, including fines, personal injury or property damage or damage to natural resources. In addition, some environmental laws place a lien on a contaminated site in favor of the government as security for damages and costs it may incur for contamination and cleanup. Contained or uncontained hazardous substances on, under or near our projects, regardless of whether we own or lease the sited property, or the inability to remove or otherwise remediate such substances may restrict or eliminate our ability to operate our projects.

Our utility-scale projects are designed specifically for the landscape of each project site and cover a large area. As such, archaeological discoveries could occur at such projects at any time. Such discoveries could result in the restriction or elimination of our ability to operate our business at such project. Utility-scale projects and operations may cause impacts to certain landscape views, trails, or traditional cultural activities. Such impacts may trigger claims from citizens that our projects are infringing upon their legal rights or other claims, resulting in the restriction or elimination of our ability to operate our business at any project.

Environmental, health and safety laws and regulations have generally become more stringent over time, and we expect this trend to continue. Significant capital and operating costs may be incurred at any time to keep our projects in compliance with environmental, health and safety laws and regulations. If it is not economical to make those expenditures, or if we violate any of these laws and regulations, it may be necessary to retire projects or restrict or modify our operations, which could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

We are not able to insure against all potential risks and we may become subject to higher insurance premiums.

We are exposed to numerous risks inherent in the operation of solar energy projects, including equipment or system failure, manufacturing defects, natural disasters, terrorist attacks, sabotage, vandalism and environmental risks. The occurrence of any one of these events may result in substantial liability to us, including being named as a defendant in lawsuits asserting claims for environmental cleanup costs, personal injury, property damage, fines and penalties.

We currently maintain general liability insurance coverage for ourselves and our affiliates, which covers legal and contractual liabilities arising out of bodily injury, personal injury or property damage, including resulting loss of use, to third parties. Where we maintain majority ownership in a solar energy project, we also maintain coverage for ourselves and our affiliates for physical damage to assets and resulting business interruption. However, such policies do not cover all potential losses and coverage is not always available in the insurance market on commercially reasonable terms. In addition, the insurance proceeds received for any loss of, or any damage to, any of our assets may be immediately claimed by lenders under our financing arrangements or otherwise may not be sufficient to restore the loss or damage without a negative impact on our results of operations and our ability to make cash distributions to our Class A shareholders. To the extent we experience covered losses under our insurance policies, the limit of our coverage for potential losses may be decreased. Furthermore, the losses that are insured through commercial insurance are subject to the credit risk of those insurance companies. While we believe our commercial insurance providers are

currently creditworthy, we cannot assure you that such insurance companies will remain so in the future.

We may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. The insurance coverage we do obtain may contain large deductibles or fail to cover certain risks or all potential losses. In addition, our insurance policies are subject to annual review by our insurers and may not be renewed on similar or favorable terms, including coverage, deductibles or premiums, or at all. If a significant accident or event occurs for which we are not fully insured or we suffer losses due to one or more of our insurance carriers defaulting on their obligations or contesting their coverage obligations, it could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

We are subject to risks associated with litigation or administrative proceedings that could materially impact our operations, including future proceedings related to projects we subsequently acquire.

We are subject to risks and costs, including potential negative publicity, associated with lawsuits or claims contesting the operation of our projects. The result and costs of defending any such lawsuit, regardless of the merits and eventual outcome, may be

material. For example, individuals and interest groups may sue to challenge the issuance of a permit for a project or seek to enjoin a project's operations. Any such legal proceedings or disputes could materially delay our ability to complete construction of a project in a timely manner or at all or materially increase the costs associated with commencing or continuing a project's commercial operation. Settlement of claims and unfavorable outcomes or developments relating to these proceedings or disputes, such as judgments for monetary damages, injunctions or denial or revocation of permits, could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

We do not own any of the land on which the projects in our Portfolio are located and our use and enjoyment of the property may be adversely affected to the extent that there are any interest owners, lienholders or leaseholders that have rights that are superior to our rights.

We do not own any of the land on which the projects in our Portfolio are located and they generally are, and our future projects may be, located on land occupied under long-term easements, leases, licenses and rights of way. The fee ownership interests in the land subject to these easements, leases, licenses and rights of way may be subject to mortgages securing loans or other liens and other easements, lease rights, licenses and rights of way of third parties that were created prior to, or which are otherwise superior to, our projects' easements, leases and rights of way. As a result, some of our projects' rights under such easements, leases, licenses or rights of way may be subject to the rights of these third parties. While we generally perform title searches and obtain title insurance (except for the Kern Project, the Macy's California Project and the Macy's Maryland Project or where title insurance is commercially unobtainable), record our interests in the real property records of the projects' localities and enter into non-disturbance agreements (when appropriate) to protect ourselves against such risks, such measures may be inadequate to protect against all risk that our rights to use the land on which our projects are or will be located and our projects' rights to such easements, leases, licenses and rights of way could be lost, interrupted or curtailed. Any such loss, interruption or curtailment of our rights to use the land on which our projects are or will be located could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Terrorist or similar attacks could impact our utility projects or surrounding areas and adversely affect our business.

Terrorists have attacked energy assets such as substations and related infrastructure in the past and may attack them in the future. Any attacks on our utility projects or the facilities of third parties on which our utility projects rely could severely damage such projects, disrupt business operations, result in loss of service to customers and require significant time and expense to repair. Additionally, energy-related facilities, such as substations and related infrastructure, are protected by limited security measures, in most cases only perimeter fencing. Cyber-attacks, including those targeting information systems or electronic control systems used to operate our utility projects and the facilities of third parties on which our utility projects rely could severely disrupt business operations, result in loss of service to customers and significant expense to repair security breaches or system damage. Our Portfolio, as well as projects we may acquire and the facilities of third parties on which our projects rely, may be targets of terrorist acts and affected by responses to terrorist acts, each of which could fully or partially disrupt our projects' ability to produce, transmit, transport and distribute energy. A terrorist act or similar attack could significantly decrease revenues or result in significant reconstruction or remediation costs, any of which could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Information technology system failures, or network disruptions and security breaches, including cybersecurity breaches, could damage our business operations, financial conditions, or reputation.

The secure maintenance of information and information technology systems is critical to our business operations. We may be subject to information technology system failures and network disruptions. These may be caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses,

physical or electronic break-ins, or similar events or disruptions. System redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. System failures and disruptions could impede transactions processing and financial reporting.

In addition, our infrastructure may be increasingly vulnerable to attacks by hackers or terrorists as a result of the rise in the sophistication and volume of cyberattacks. Any such cyberattack or breach could: (i) compromise our projects thereby adversely affecting generation and transmission to the grid; (ii) adversely affect our business operations; (iii) corrupt data; or (iv) result in unauthorized access to the information stored on our networks, including, company proprietary information and employee data causing the information to be publicly disclosed, lost or stolen or result in incidents that could result in harmful effects on the environment and human health, including loss of life. Any such attack, breach, access, disclosure or other loss of information could result in lost revenue, the inability to conduct critical business functions, legal claims or proceedings, regulatory penalties, increased regulation, increased protection costs for enhanced cyber security systems or personnel, damage to our reputation and the rendering of our disclosure controls and procedures ineffective, all of which could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Risks Related to Our Financial Activities

Our level of indebtedness or restrictions in OpCo's credit facility, or any future indebtedness of OpCo's subsidiaries, could adversely affect our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

On June 5, 2015, OpCo entered into a \$525.0 million senior secured credit facility, consisting of a \$300.0 million term loan facility, a \$25.0 million delayed draw term loan facility and a \$200.0 million revolving credit facility. On September 30, 2016, OpCo exercised an accordion feature under OpCo's credit facility and obtained a new \$250.0 million incremental term loan facility, increasing the maximum borrowing capacity under the credit facility to \$775.0 million. As of January 23, 2017, we had outstanding borrowings of \$300.0 million under the term loan facility, \$250.0 million under the incremental term loan facility, \$25.0 million under the delayed draw term loan facility and \$83.0 million under the revolving credit facility, as well as approximately \$54.9 million of letters of credit outstanding under the revolving credit facility. The remaining portion of the revolving credit facility, or approximately \$62.1 million, was undrawn as of January 23, 2017. In the future, we may significantly increase our debt to fund our operations or future acquisitions. We may also enter into project-level financing arrangements for our existing projects or in connection with future acquisitions.

OpCo's credit facility matures in June 2020. We do not have available cash or short-term liquid investments sufficient to repay all of this medium-term debt and we have not obtained commitments for refinancing this debt. Therefore, we may not be able to extend the maturity of this debt or to otherwise successfully refinance current maturities if the corporate finance markets deteriorate substantially. Refinancing such indebtedness may force us to accept then-prevailing market terms that are less favorable than our existing debt, which could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders. In addition, in the future, we may significantly increase our debt to fund our operations or future acquisitions. We may also enter into project-level financing arrangements for our existing projects or in connection with future acquisitions.

OpCo's credit facility contains various covenants and restrictive provisions that limit OpCo's ability to, among other things:

- incur or guarantee additional debt;
- make distributions on or redeem or repurchase OpCo common units;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
 - merge or consolidate with another company; and
- transfer, sell or otherwise dispose of projects.

Any future project-level financing arrangements may contain similar covenants and restrictive provisions.

In addition, OpCo's debt and any future project level debt could have important negative consequences on our financial condition, including:

- restricting the ability of OpCo's subsidiaries to make certain distributions to OpCo, OpCo's ability to make certain distributions to us and our ability to make certain distributions with respect to our Class A shares in light of restricted payment and other financial covenants in OpCo's credit facility;
- increasing our vulnerability to general economic and industry conditions;
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requiring a substantial portion of OpCo's cash flow from operations to be dedicated to the payment of principal and interest on its indebtedness, therefore reducing its ability to pay distributions to us and our ability to pay distributions to our Class A shareholders or to use OpCo's cash flow to fund operations, capital expenditures and future business opportunities;

• limiting our ability to enter into long-term offtake agreements because such offtake agreements require credit support which may not be permitted under our financing arrangements;

• limiting our ability to enter into power interconnection agreements, which typically require credit support, which may not be permitted under our financing arrangements, for the construction of interconnection facilities and network upgrades to the transmission grid;

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- limiting our ability to fund operations or future acquisitions;
- exposing us to the risk of increased interest rates because certain of OpCo's borrowings are at variable rates of interest;
- limiting our ability to obtain additional financing for working capital, including collateral postings, capital expenditures, debt service requirements, acquisitions and general or other purposes; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who have less debt.

OpCo's credit facility also contains covenants requiring OpCo to maintain certain financial ratios, including as a condition to making cash distributions to us and its other unitholders. OpCo's ability to meet those financial ratios and tests can be affected by events beyond our control, and it may be unable to meet those ratios and tests and therefore may be unable to make cash distributions to its unitholders including us. As a result, we may be unable to make distributions to our Class A shareholders. In addition, the credit facility contains events of default customary for transactions of this nature, including the occurrence of a change of control.

The provisions of the credit facility may affect our ability to pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. A failure to comply with the provisions of the credit facility could result in an event of default, which could enable the lenders to declare, subject to the terms and conditions of the applicable credit facility, any outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable and entitle lenders to enforce their security interest. If the payment of the debt is accelerated, the revenue from the projects may be insufficient to repay such debt in full, lenders could enforce their security interest and our Class A shareholders could experience a partial or total loss of their investment.

In addition, a high level of indebtedness increases the risk that we may default on our debt obligations. Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future performance. General economic conditions, commodity prices and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. We may not be able to generate sufficient cash flows to pay the interest on our debt and future working capital, borrowings or equity financing may not be available to pay or refinance such debt. Factors that will affect our ability to raise cash through an offering of our Class A shares or a refinancing of our debt include financial market conditions, the value of our assets and our performance at the time we need capital.

OpCo is not permitted to acquire interests in projects until we pay in full the principal of and interest on the Stateline Promissory Note.

On December 1, 2016, in connection with the acquisition of the Stateline Project, OpCo issued a promissory note of OpCo to a subsidiary of First Solar in the principal amount of \$50.0 million (the "Stateline Promissory Note"). The Stateline Promissory Note is unsecured and matures on the date that is six months after the maturity date under OpCo's credit facility. Interest will accrue at a rate of four percent (4%) per annum, except it will accrue at a rate of six percent (6%) per annum (i) upon the occurrence and during the continuation of a specified event of default and (ii) in respect of amounts accrued as payments-in-kind pursuant to the terms of the Note.

Until OpCo has paid in full the principal and interest on the Stateline Promissory Note, OpCo is restricted in its ability to:

- acquire interests in additional projects (other than the acquisition of the Kern Phase 2(b) Assets);
- use the net proceeds of equity issuances except as prescribed in the Stateline Promissory Note;
- incur additional indebtedness to which the Stateline Promissory Note would be subordinate; and
- extend the maturity date under OpCo's credit facility.

Any of the above restrictions could substantially affect our ability to grow our business, which could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Risks Related to Our Acquisition Strategy and Future Growth

We may not be successful in implementing our growth strategy of making acquisitions of additional solar energy projects that are accretive or of the best economic interest to us.

Our ability to expand our business operations and increase our quarterly cash distributions depends on pursuing opportunities to acquire contracted solar energy projects from our Sponsors and others consistent with our business strategy. Various factors, described

in more detail in succeeding risk factors, could affect the availability, ability to acquire or performance of such solar energy projects we seek to acquire to grow our business, including the following factors, which are described in more detail in the additional risk factors below:

- our inability to consummate an acquisition of a ROFO Project or other solar energy project due to an inability to agree on terms with our Sponsors or a third-party developer or our inability to arrange the required or desired financing for such acquisitions;
- our Sponsors' failure to complete the development of the First Solar ROFO Projects and the SunPower ROFO Projects or our Sponsors' or other third parties' failure to develop other solar energy projects;
 - our Sponsors' decisions not to sell the ROFO Projects or other projects that they develop;
- our inability to acquire interests in projects (other than the acquisition of the Kern Phase 2(b) Assets) until we pay in full the principal of and interest on the Stateline Promissory Note; or
- performance of the acquired assets at a level below expectations.

The occurrence of any of these events could substantially affect our ability to grow our business which would correspondingly have a material adverse effect on our ability to grow our cash distributions to our Class A shareholders.

Our inability to acquire additional solar energy projects due to our Sponsors' decision to keep projects that they develop, competing bids for a solar energy project, our inability to agree on terms with the developer of a solar energy project, including our Sponsors, or our inability to arrange the required or desired financing for such acquisitions could have a significant effect on our ability to grow.

Our acquisition strategy is based on our expectation of ongoing divestitures of solar energy projects by project developers, including our Sponsors. Though our ROFO Agreements with our Sponsors provide us with a right of first offer until June 24, 2020 with respect to certain projects that our Sponsors are developing should they choose to sell such projects, there is no guarantee that the Sponsors will make available to us any projects before our right of first offer expires or at all. In addition, Sponsors have developed, and may continue to develop in the future, many solar energy projects that are not subject to our Right of First Offer Agreements with them. Our Sponsors may freely sell such projects to third parties without any obligation to us. Furthermore, even if we have the opportunity to make a first offer on projects that our Sponsors seek to sell or to acquire projects from a third party, we may choose not to pursue such opportunity, be unable to negotiate acceptable purchase contracts with them for such projects, be unable to obtain financing for these acquisitions on economically acceptable terms, be outbid by competitors including our Sponsors or growth vehicles similar to us or be unable to obtain necessary governmental or third-party consent. We are also restricted, under the terms of the Stateline Promissory Note, from acquiring interests in projects (other than the acquisition of the Kern Phase 2(b) Assets) until we pay in full the principal of and interest on the Stateline Promissory Note. Additionally, our Sponsors are under no obligation to accept any offer made by us with respect to such opportunities and upon a failure to agree to such offer are subject to few restrictions when selling to a third party. Third party purchasers may have lower costs of capital than us, and our Sponsors may be able to sell projects to such third parties on more favorable terms than we would be able or willing to accept. Furthermore, for a variety of reasons, we may decide not to exercise these rights when they become available, and our decision will not be subject to shareholder approval. As such, there is no guarantee that we will be able to make any such offer or consummate any acquisition of solar energy projects from our Sponsors or others.

At or prior to COD of the projects subject to our ROFO Agreements, our Sponsors may enter into arrangements, often referred to as tax equity financing, with investors seeking to utilize the tax attributes of their projects which may result in a reduction of our expected economic ownership of such ROFO Project. These arrangements have multiple potential structures which have differing impacts on our economic ownership and may be on terms less favorable than those currently in place at certain of our existing projects. In addition, the Sponsors may sell a portion of the equity in

non-U.S. projects to development partners.

Our ability to effectively consummate future acquisitions will also depend on our ability to arrange the required or desired financing for acquisitions.

We expect that OpCo will distribute a substantial amount of its available cash to its unitholders, including us, and will rely primarily upon its cash reserves and external financing sources, including borrowings under our revolving credit facility and the issuance of debt and equity securities, including by us, as well as tax equity financing to fund future acquisitions.

OpCo may not have sufficient availability under its credit facilities or have access to project-level financing on commercially reasonable terms when acquisition opportunities arise. In addition, our and its ability to access the capital markets is dependent on, among other factors, the overall state of the capital markets and investor appetite for investment in clean energy projects or growth

vehicles similar to us in general, and our Class A shares in particular and may be limited by our and its financial condition at such time as well as the covenants in our debt agreements, general economic conditions and contingencies or other uncertainties that are beyond our control. An inability to obtain the required or desired financing, or any terms of such financing that makes an acquisition economically undesirable, could significantly limit our ability to consummate future acquisitions and effectuate our growth strategy. If financing is available, it may be available only on terms that could significantly increase our interest expense, impose additional or more restrictive covenants and reduce cash available for distribution. Furthermore, under the terms of the Stateline Promissory Note, we are generally required to use the proceeds of sales of our Class A shares to pre-pay amounts outstanding under the Stateline Promissory Note until it is paid in full. As a result, the proceeds from such a sale will not be used to consummate future acquisitions until the Stateline Promissory Note is paid in full.

To the extent we are unable to finance growth with external sources of capital, the requirement in OpCo's limited liability company agreement to distribute all of its available cash and our current cash distribution policy will significantly impair our ability to grow. In addition, because we will distribute all of our available cash, our growth may not be as fast as businesses that reinvest all of their available cash to expand ongoing operations.

To the extent we issue additional shares, the payment of distributions on those additional shares may increase the risk that we will be unable to maintain or increase our cash distributions per share. There are no limitations in our Partnership Agreement on our ability to issue additional shares, including shares ranking senior to our Class A shares, and our shareholders (other than our Sponsors and their affiliates) will have no preemptive or other rights (solely as a result of their status as shareholders) to purchase any such additional shares. If we incur additional debt (under our revolving credit facility or otherwise) to finance our growth strategy, we will have increased interest expense, which in turn will reduce the available cash that we have to distribute to our Class A shareholders.

Our Sponsors' failure to complete the development of the First Solar ROFO Projects and the SunPower ROFO Projects or project developers', including our Sponsors', failure to develop other solar energy projects, including those opportunities that are part of our Sponsors' development pipeline, could have a significant effect on our ability to grow.

Our Sponsors could decide not to develop or to discontinue development of the First Solar ROFO Projects and the SunPower ROFO Projects and project developers, including our Sponsors, could decide not to develop additional solar energy projects, including those opportunities included in our Sponsors' development pipeline, for a variety of reasons, including, among other things, the following:

- issues related to pricing and terms under offtake agreements;
- issues related to project siting, including permits, environmental regulations and governmental approvals, and the negotiation of project development agreements;
- difficulty accessing the capital markets to secure construction financing;
- sustained pressure on pricing for the solar modules sold by our Sponsors, which may adversely affect our Sponsors' cash flows and ability to develop solar energy projects;
- issues with solar energy technology being unsuitable for widespread adoption at economically attractive rates of return;
- demand for solar energy systems failing to develop sufficiently or taking longer than expected to develop, including as a result of the extension of the ITC;
- a reduction in government incentives or adverse changes in policy and laws for the development or use of solar energy;
- competition from other alternative energy technologies or conventional energy companies;
- high development or capital costs; and
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a material reduction in the retail or wholesale price and availability of traditional utility generated electricity or electricity from other sources.

In addition, we and our Sponsors have agreed in the past to make several adjustments to our ROFO Portfolio. We intend in the future to work with our Sponsors to continue to make adjustments to our ROFO Portfolio, including to remove projects that we do not intend to acquire at the time our Sponsors plan to offer them. SunPower has requested to remove the El Pelicano project from our ROFO Portfolio and First Solar has requested a waiver of the negotiation obligations with respect to a third-party sale of the Switch Station project. Such removal and waiver are subject to the approval of the board of directors of our General Partner and/or the conflicts committee. The removal of any projects from the ROFO Portfolio or the waiver of the negotiation obligations with respect to any projects, including with respect to the El Pelicano project or the Switch Station project, would reduce the likelihood that we would acquire such projects.

Both of our Sponsors also announced significant work force reductions in the second half of 2016. If the challenges of developing solar energy projects increase for project developers, including our Sponsors, our pool of available opportunities may be limited, which could have a material adverse effect on our ability to grow our business and make cash distributions to our Class A shareholders.

If solar energy technology is not suitable for widespread adoption at economically attractive rates of return, or if sufficient additional demand for solar energy systems does not develop or takes longer to develop than we anticipate, our ability to acquire accretive projects may decrease.

The solar energy market is at a relatively early stage of development, in comparison to fossil fuel-based electricity generation. If solar energy technology proves unsuitable for widespread adoption at economically attractive rates of return or if additional demand for solar energy systems fails to develop sufficiently or takes longer to develop than we anticipate, we may be unable to acquire additional accretive projects to grow our business. In addition, demand for solar energy systems in our targeted markets may develop to a lesser extent than we anticipate. Many factors may affect the viability of widespread adoption of solar energy technology and demand for solar energy systems, including the following:

- availability, substance and magnitude of support programs including government targets, subsidies, incentives, renewable portfolio standards and residential net ownership rules to accelerate the development of the solar energy industry;
- fluctuations in economic and market conditions that affect the price of, and demand for, conventional and non-solar renewable energy sources, such as increases or decreases in the price of natural gas, coal, oil and other fossil fuels and the cost-effectiveness of the electricity generated by solar energy systems compared to such sources and other non-solar renewable energy sources, such as wind;
- performance, reliability and availability of energy generated by solar energy systems compared to conventional and other non-solar renewable energy sources and products;
- competitiveness of other renewable energy generation technologies, such as hydroelectric, tidal, wind, geothermal, solar thermal, concentrated solar and biomass; and
- fluctuations in capital expenditures by end-users of solar energy systems which tend to decrease when the economy slows and when interest rates increase.

Solar energy failing to achieve or being significantly delayed in achieving widespread adoption could have a material adverse effect on our ability to grow our business and make cash distributions to our Class A shareholders.

The development of utility-scale solar energy projects by our Sponsors and third parties face risks related to project siting, financing, construction, permitting, the environment, governmental approvals and the negotiation of project development agreements.

Utility-scale project development is a capital intensive business that relies heavily on the availability of debt and equity financing sources (including tax equity investments) to fund projected construction and other development-related capital expenditures. As a result, in order to successfully develop a utility-scale solar energy project, development companies, including our Sponsors, often require sufficient financing to complete the development phase of their projects. Any significant disruption in the credit and capital markets, the credit profile or financial condition of project development companies, including our Sponsors, or a significant increase in interest rates could make it difficult for development companies, including our Sponsors, to raise or access funds when needed to secure construction financing, which would limit a project developer's ability to obtain financing to complete the construction of a utility-scale solar energy project we may seek to acquire.

Utility-scale project development also requires the successful negotiation and execution of a variety of project contracts, including contracts related to offtake, transmission (in the case of utility-scale solar projects), siting, land

use and other arrangements with a variety of third parties. Failure to execute project contracts, or the lack of available economically attractive offtake agreements, would limit the ability of a project developer to complete development of a project, which would limit the projects available to us to acquire.

Project developers, including our Sponsors, develop, construct, manage, own and operate utility-scale solar energy generation and transmission facilities. A key component of their businesses is their ability to construct and operate generation and transmission facilities to meet customer needs. As part of these activities, project developers and EPC providers must periodically apply for licenses and permits from various regulatory authorities and abide by their respective conditions and requirements. If project developers and EPC providers, including our Sponsors, are unsuccessful in obtaining necessary licenses or permits on acceptable terms or encounter delays in obtaining or renewing such licenses or permits, or if regulatory authorities initiate any associated investigations or

enforcement actions or impose penalties or reject projects, the potential number of solar energy projects that may be available for us to acquire may be reduced or potential transaction opportunities may be delayed.

Our Residential Portfolio and certain of our C&I Projects rely on net metering and other policies to offer competitive pricing to our customers in some of our key markets and to facilitate interconnection of new customers.

More than 40 U.S. states, along with Washington, D.C. and Puerto Rico, have a regulatory policy known as net energy metering, or net metering. Most of the states where we currently serve customers have adopted a net metering policy. Net metering allows our customers who own grid-connected DG Solar assets to pay the utility only for electricity used net of electricity generated by their solar system. At the end of the billing period, the customer simply pays for the net energy used or receives a credit at the retail rate if more energy is produced than consumed. Utilities operating in states without a net metering policy typically compensate customers for solar electricity that is exported to the grid at a price lower than the retail price, usually a fixed rate or an “avoided cost” rate that is a proxy for the wholesale price of electricity.

Our Residential Portfolio and certain of our C&I Projects may be adversely impacted by the elimination of net metering where it is currently in place, the failure to adopt a net metering policy where it currently is not in place, the failure to expand existing caps on the amount of net metering in states that have implemented it, or reductions in the amount or value of credit that customers receive through net metering.

In addition, our Residential Portfolio and certain of our C&I Projects may be adversely impacted by the unavailability of expedited or simplified interconnection for grid-tied solar energy systems, delays in interconnection or any limitation on the number of customer interconnections or amount of solar energy that utilities are required to allow in their service territory or some part of the grid.

Utilities in some states, including (but not limited to) Arizona, California and Hawaii, have also adopted or proposed new rates or charges that only or disproportionately impact customers that install distributed generation systems or utilize net metering. For example, utilities in some states have proposed imposing additional monthly charges on customers who interconnect solar energy systems installed on their homes. If such rates or charges are imposed, the cost savings associated with solar energy for current and prospective customers may be significantly reduced and our ability to expand our Residential Portfolio and compete with traditional utility providers could be impacted.

Limits on net metering, interconnection of solar energy systems and other operational policies in key markets could limit the number of solar energy systems installed in those markets. If caps on net metering are reached, if the amount or value of credit that customers receive for net metering is significantly reduced, or if the utility imposes new rates or changes impacting customers who install distributed generation systems or utilize net metering, current or future customers will be unable to recognize the current cost savings associated with solar energy and net metering. Net metering is used to establish competitive pricing for prospective customers and the absence of net metering and other favorable policies for new customers would impair our ability to compete with utilities and other electricity providers and greatly limit demand for residential solar energy systems.

Government regulations providing incentives and subsidies for solar energy could change at any time, including pursuant to the proposed environmental and tax policies of the current administration, and such changes may negatively impact our growth strategy.

Our strategy to grow our business through the acquisition of solar energy projects partly depends on current government policies that promote and support solar energy and enhance the economic viability of owning solar energy projects. Solar energy projects currently benefit from various U.S. federal, state and local governmental incentives, such as ITCs, loan guarantees, RPS programs or the Modified Accelerated Cost-Recovery System for depreciation and

other incentives. These policies have had a significant impact on the development of solar energy and they could change at any time, especially in the event that the current administration were to embark on a significant change in federal energy policy. These incentives make the development of solar energy projects more competitive by providing tax credits and accelerated depreciation for a portion of the development costs, decreasing the costs associated with developing such projects or creating demand for renewable energy assets through RPS programs. A loss or reduction in such incentives or the value of such incentives or a reduction in the capacity of potential investors to benefit from such incentives could decrease the attractiveness of solar energy projects to project developers, including our Sponsors, and the attractiveness of solar energy systems to utilities and DG Solar customers, which could reduce our acquisition opportunities. Such a loss or reduction could also reduce our willingness to pursue solar energy projects due to higher operating costs or lower revenues from offtake agreements.

The current administration's proposed environmental and tax policies may create regulatory uncertainty in the clean energy sector, including the solar energy sector, and may lead to a reduction or removal of various clean energy programs and initiatives designed to curtail climate change. Such a reduction or removal of incentives may diminish the market for future solar energy offtake

agreements and reduce the ability for solar developers to compete for future solar energy offtake agreements, which may reduce incentives for project developers, including our Sponsors, to develop such projects. The ITC is a U.S. federal incentive that provides an income tax credit to the owner of the project after the project commences construction of up to 30% of eligible basis. A solar energy project must commence construction prior to January 1, 2020 and be placed in service prior to January 1, 2024, to qualify for the 30% ITC. A solar project that commences construction during 2020 and is placed in service prior to January 1, 2024, may qualify for an ITC equal to 26% of eligible basis. Under the Modified Accelerated Cost-Recovery System, owners of equipment used in a solar project generally claim all of their depreciation deductions with respect to such equipment over five years, even though the useful life of such equipment is generally greater than five years. To the extent that these policies are changed in a manner that reduces the incentives or the value of such incentives or reduces the capacity of potential investors to benefit from such incentives that benefit our projects, they could generate reduced revenues and reduced economic returns, experience increased financing costs and encounter difficulty obtaining financing. The current administration has made public statements regarding reducing the corporate tax rate. A reduction in the corporate tax rate could diminish the capacity of potential investors to benefit from incentives and reduce the value of accelerated depreciation deductions. The current administration also made public statements regarding overturning or modifying policies of or regulations enacted by the prior administration that placed limitations on coal and gas electric generation, mining and/or exploration. Any effort to overturn federal and state laws, regulations or policies that are supportive of solar energy generation or that remove costs or other limitations on other types of generation that compete with solar energy projects could materially and adversely affect our business.

Additionally, some U.S. states with RPS targets have met, or in the near future will meet, their renewable energy targets. For example, California, which has among the most aggressive RPS laws in the United States, is poised to meet its current mandate of 33% renewable energy by 2020 with already-proposed new renewable energy projects, though significant additional investments will be required to meet the higher 50% renewable energy mandate that was adopted in 2015. If, as a result of achieving these targets, these and other U.S. states do not increase their targets in the near future, demand for additional renewable energy could decrease. Any of the foregoing could have a material adverse effect on our ability to grow our business and make cash distributions to our Class A shareholders.

The seasonality of our operations may affect our liquidity.

The amount of electricity our solar energy systems produce is dependent in part on the amount of sunlight, or irradiation, where the assets are located. Because shorter daylight hours in winter months result in less irradiation, the generation of particular assets will vary depending on the season. We expect our Portfolio's power generation to be at its lowest during the winter season of each year. Similarly, we expect our first quarter revenue generation to be lower than other quarters during our fiscal year.

We will need to maintain sufficient financial liquidity to absorb the impact of seasonal variations in energy production. We may need to reserve cash in other quarters or borrow under our revolving credit facility in order to pay distributions in quarters with shorter daylight hours.

A material drop in the price and or increase in the availability of other energy sources would harm our ability to acquire accretive utility projects.

A utility's decision to buy renewable energy may be affected by the cost of other energy sources, including nuclear, coal, natural gas and oil, as well as other sources of renewable energy. For example, low natural gas prices have led, in some instances, to increased natural gas consumption in lieu of other energy sources. To the extent renewable energy, particularly solar energy, becomes less cost-competitive due to reduced government targets and incentives that favor renewable energy, cheaper alternatives or otherwise, demand for solar energy and other forms of renewable energy could decrease. Slow growth or a long-term reduction in the energy demand could cause a reduction in the

development of utility-scale projects.

The price of electricity from utilities could also decrease as a result of:

- the construction of additional electric transmission and distribution lines;
 - a reduction in the price of natural gas as a result of new drilling techniques, oversupply of natural gas or a relaxation of associated regulatory standards;
- the energy conservation technologies and public initiatives to reduce electricity consumption; and
- development of new renewable energy technologies that provide less expensive energy.

Decreases in the prices of electricity from the utilities could affect our ability to acquire accretive assets, as our Sponsors and other renewable energy developers may not be able to compete with providers of other energy sources at such lower utility wholesale

prices. Our inability to acquire accretive assets could have a material adverse effect on our ability to grow our business and make cash distributions to our Class A shareholders.

A material drop in the price of retail electricity from utilities would harm our ability to acquire accretive C&I and residential assets.

A reduction in utility electricity prices would make the purchase of solar energy systems or the purchase of energy under offtake agreements less economically attractive to residential and C&I customers. In addition, a shift in the timing of peak rates for utility-generated electricity to a time of day when solar energy generation is less efficient could make solar energy system offerings less competitive and reduce demand for such solar energy systems. If the price of energy available from utilities were to decrease due to any of these reasons, or otherwise, we would be unable to acquire accretive DG Solar assets, which could have a material adverse effect on our ability to grow our business and make distributions to our Class A shareholders.

The C&I market for energy is particularly sensitive to price changes. Typically, C&I customers pay less for energy from utilities than residential customers. Because the price we are able to charge C&I customers is only slightly lower than their current retail rate, any decline in the retail rate of energy for C&I entities could have a significant impact on the development of the C&I market due to the inability to attract additional C&I customers.

If the price of energy available from utilities were to decrease due to any of these reasons, or others, we would be unable to acquire accretive residential and C&I assets, which could have a material adverse effect on our ability to grow our business and make distributions to our Class A shareholders.

Until we can effectively utilize tax benefits, we expect to be dependent on the availability of third-party tax equity financing arrangements, which may not be available in the future.

A goal of developers and owners of renewable energy assets, including our Sponsors, is to utilize the tax benefits produced by these projects. However, we cannot effectively utilize those benefits currently and may not be able to utilize them in the future. As such, we may acquire projects in the future that include third-party tax equity financing to utilize tax benefits available to certain renewable energy assets. However, no assurance can be given that tax equity investors will be available or willing to invest on acceptable terms at the time of any such acquisition or that the tax incentives and benefits that are needed to make tax equity financing available will remain in place. Tax equity investors have invested in and provided a significant amount of the permanent capital needed for the U.S. assets in our Portfolio and we expect to have similar arrangements for assets we acquire in the future, including the ROFO Projects. In a typical tax equity financing, a tax equity investor makes a capital investment in a class of equity interests of the entity that directly or indirectly owns the physical asset or assets. However, the availability of tax equity financing depends on federal tax incentives that encourage renewable energy development. These attributes primarily include (i) ITCs, which are federal income tax credits equal to (a) 30% multiplied by the cost of eligible assets that commence construction prior to January 1, 2020; (b) 26% multiplied by the cost of eligible assets that commence construction during 2020; (c) 22% multiplied by the cost of eligible assets that commence construction during 2021; and (d) 10% multiplied by the cost of eligible assets that commence construction in 2022 or thereafter or are placed in service on or after January 1, 2024 and (ii) accelerated depreciation of renewable energy assets as calculated under the current tax depreciation system, the modified accelerated cost recovery system of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). No assurance can be given that the federal government will maintain these incentive programs. The reduction or loss of these tax benefits, whether as a result of comprehensive U.S. tax reform or otherwise, could cause a material adverse effect on the willingness of investors to provide tax equity financing for a portion of the acquisition price of U.S. renewable energy assets, which in turn could impact our ability to make future acquisitions. The availability of tax equity financing with respect to any future acquisitions by us may also be affected by other aspects of any comprehensive U.S. federal tax reform, such as a reduction of federal tax rates, potentially

reducing the federal tax benefits of an investment in renewable energy assets to tax equity investors. Such a reduction of these tax benefits could cause a material adverse effect on the willingness of investors to provide tax equity financing.

Certain of our tax equity financing agreements provide, and tax equity financing arrangements of our future acquisitions may provide, our tax equity investors with a number of minority investor protection rights with respect to the applicable asset or assets that have been financed with tax equity, including restricting the ability of the entity that owns such asset or assets to incur debt. To the extent we want to incur project-level debt at a project in which we co-invest with a tax equity investor, we may be required to obtain the tax equity investor's consent prior to such incurrence. In addition, the amount of debt that could be incurred by an entity in which we have a tax equity co-investor may be further constrained because even if the tax equity investor consents to the incurrence of the debt at the entity or project level, the tax equity investor may not agree to pledge its interest in the project which could reduce the amount that can be borrowed by the entity.

Further, there are a limited number of potential tax equity investors. Such investors have limited funds and renewable energy developers, operators and investors compete against one another and with others for tax equity financing for their capital. Our business strategy depends on the acquisition of additional assets to be able to meet our expected distribution rate. The inability of developers of renewable energy assets to enter into tax equity financing agreements with attractive pricing terms, or at all, could limit our ability to acquire additional assets and have a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, as the renewable energy industry expands, the cost of tax equity financing may increase and there may not be sufficient tax equity financing available to meet the total demand in any year.

Even if we consummate acquisitions that we believe will be accretive to cash available for distribution per Class A share, those acquisitions may decrease the cash available for distribution per Class A share as a result of incorrect assumptions in our evaluation of such acquisitions, unforeseen consequences or other external events beyond our control.

The acquisition of existing solar energy projects involves the risk of overpaying for such projects (or not making acquisitions on an accretive basis) and failing to retain the customers of such projects. In addition, upon consummation of an acquisition, such acquisition will be subject to many of the risks set forth above in “—Risks Related to Our Business.” While we will perform due diligence on prospective acquisitions, we may not discover all potential risks, operational issues or other issues in such solar energy projects. In addition, in determining to acquire attractively priced operating solar energy systems, the General Partner may be influenced by factors that could result in a misalignment or conflict of interest. Further, the integration and consolidation of acquisitions require substantial human, financial and other resources and, ultimately, our acquisitions may divert our management’s attention from our existing business concerns, disrupt our ongoing business or not be successfully integrated. Future acquisitions might not perform as expected or the returns from such acquisitions might not support the financing utilized to acquire them or maintain them. A failure to achieve the financial returns we expect when we acquire solar energy projects could have a material adverse effect on our ability to grow our business and make cash distributions to our Class A shareholders. Any failure of our acquired solar energy projects to be accretive or difficulty in integrating such acquisition into our business could have a material adverse effect on our ability to grow our business and make cash distributions to our Class A shareholders.

If we choose to acquire solar energy projects before COD in the future, we will be subject to risks associated with the acquisition of solar energy projects that remain under construction, which could result in our inability to complete construction projects on time or at all, and make solar energy projects too expensive to complete or cause the return on an investment to be less than expected.

As part of our acquisition strategy or if we need to qualify for tax incentives, we may choose to acquire other solar energy projects that have not yet commenced operations and remain under construction. There may be delays or unexpected developments in completing any future construction projects, which could cause the construction costs of these projects to exceed our expectations, result in substantial delays or prevent the project from commencing commercial operation. Various factors could contribute to construction-cost overruns, construction halts or delays or failure to commence commercial operation, including:

- delays in obtaining, or the inability to obtain, necessary permits and licenses;
- delays and increased costs related to the interconnection of new projects to the transmission system;
- the inability to acquire or maintain land use and access rights;
- the failure to receive contracted third-party services;
- interruptions to dispatch at our projects;
- supply interruptions;
- work stoppages;

labor disputes;
weather interferences;
force majeure events;
changes in laws;
unforeseen engineering, environmental and geological problems, including discoveries of contamination, protected plant or animal species or habitat, archaeological or cultural resources or other environment-related factors;
unanticipated cost overruns in excess of budgeted contingencies; and
failure of contracting parties to perform under contracts, including the EPC provider.

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In addition, where we have a relationship with a third party to complete construction of any construction project, we are subject to the viability and performance of the third party. Our inability to find a replacement contracting party, where the original contracting party has failed to perform, could result in the abandonment of the construction of such project, while we could remain obligated under other agreements associated with the project, including offtake agreements, which may result in a default or termination of such offtake agreement.

Any of these risks could cause our financial returns on these investments to be lower than expected or otherwise delay or prevent the completion of such projects or distribution of cash to us, or could cause us to operate below expected capacity or availability levels, which could have a material adverse effect on our ability to grow our business and make cash distributions to our Class A shareholders.

While we currently own only solar energy projects, we may acquire other sources of clean energy and other assets. Any future acquisition of non-renewable energy projects may present unforeseen challenges and result in a competitive disadvantage relative to our more-established competitors.

While we currently only own solar assets and our current growth strategy is only focused on acquiring solar assets, we may in the future choose to acquire other sources of clean energy and other assets, including contracted wind and natural gas, and other types of projects, including land and transmission projects. We may also choose to leverage advancements in technology such as energy storage and increasingly efficient modules to compete against existing renewable generation technologies. We may be unable to identify attractive acquisition opportunities or acquire such projects or technology at a price and on terms that are attractive. In addition, expanding beyond our current expertise may result in our Sponsors not having the level of experience, technical expertise, human resources management and other attributes necessary to operate such assets optimally, which could expose us to increased operating costs, unforeseen liabilities or risks including regulatory and environmental issues associated with entering new sectors of the energy industry, including requiring a disproportionate amount of our management's attention and resources, which could have an adverse impact on our business and place us at a competitive disadvantage relative to more established market participants. A failure to successfully integrate such acquisitions with our then-existing projects as a result of unforeseen operational difficulties or otherwise, could have a material adverse effect on our ability to grow our business and make cash distributions to our Class A shareholders.

Risks Related to Regulations

Our projects may be adversely affected by legislative changes or a failure to comply with applicable energy regulations.

Certain of our Project Entities and offtake counterparties are subject to regulation by U.S. federal, state and local authorities. The wholesale sale of electric energy in the continental United States, other than certain areas in Texas, is subject to the jurisdiction of the FERC, and the ability of a Project Entity to charge the negotiated rates contained in its offtake agreement is subject to that project company's maintenance of its general authorization from FERC to sell electricity at market-based rates or maintaining an exemption from such requirement. FERC may revoke a Project Entity's market-based rate authorization if it determines that the Project Entity can exercise market power in transmission or generation, create barriers to entry or has engaged in abusive affiliate transactions. The negotiated rates entered into under the Project Entities' offtake agreements could be changed by FERC if it determined such change is in the public interest. While this threshold public interest determination would require extraordinary circumstances under FERC precedent, if FERC decreases the prices paid to us for energy delivered under any of our offtake agreements, our revenues could be below our projections and our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders could be materially adversely affected.

Our Project Entities, with the exception of our DG Solar projects, are subject to the mandatory reliability standards of the NERC. The NERC reliability standards are a series of requirements that relate to maintaining the reliability of the North American bulk electric system and cover a wide variety of topics including physical and cybersecurity of critical assets, information protocols, frequency and voltage standards, testing, documentation and outage management. If we fail to comply with these standards, we could be subject to sanctions, including substantial monetary penalties. Although our Utility Project Entities are not subject to state utility rate regulation because they sell energy exclusively on a wholesale basis, we are subject to other state regulations that may affect our projects' sale of energy and operations. Changes in state regulatory treatment are unpredictable and could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

With few material federal regulatory policies driving the growth of renewable energy, each U.S. state has its own renewable energy regulations and policies. Renewable energy developers must anticipate the future policy direction in each state and province and secure viable projects before they can bid to procure an offtake agreement or other contract through often highly competitive auctions. A failure to anticipate accurately the future policy direction in a jurisdiction or to secure viable projects could have a material adverse effect on our ability to grow our business and make cash distributions to our Class A shareholders.

The structure of the industry and regulation in the United States is currently, and may continue to be, subject to challenges and restructuring proposals. Additional regulatory approvals may be required due to changes in law or for other reasons. We expect the laws and regulation applicable to our business and the energy industry generally to be in a state of transition for the foreseeable future. Changes in such laws and regulations could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Our DG Solar business depends in part on the regulatory treatment of third-party owned solar energy systems.

Although we own the underlying solar energy systems of our DG Solar projects, because we lease such systems to our residential DG Solar customers, their DG Solar offtake agreements are considered third-party ownership arrangements. Therefore, DG Solar customers are considered non-owner third parties. Sales of electricity by third parties face regulatory challenges in some U.S. states and jurisdictions. Other challenges pertain to whether third-party owned solar energy systems qualify for the same levels of rebates, tax exemptions or other non-tax incentives available for customer-owned solar energy systems and whether third-party owned solar energy systems are eligible at all for these incentives. Reductions in, eliminations of, or rebates or incentives for these third-party ownership arrangements could reduce demand for our solar energy systems, adversely impact our access to capital and could cause us to increase the price we charge our customers for energy.

A failure to comply with laws and regulations relating to our interactions with current or prospective residential customers could result in negative publicity, claims, investigations, and litigation, and adversely affect our financial performance.

A segment of our business focuses on transactions with residential customers. We must comply with numerous federal, state and local laws and regulations that govern matters relating to our interactions with residential consumers, including those pertaining to privacy and data security, consumer financial and credit transactions, home improvement contracts, warranties and door-to-door solicitation. These laws and regulations are dynamic and subject to potentially differing interpretations, and various federal, state and local legislative and regulatory bodies may expand current laws or regulations, or enact new laws and regulations, regarding these matters. Changes in these laws or regulations or their interpretation could dramatically affect how we do business, acquire customers, and manage and use information we collect from and about current and prospective customers and the costs associated therewith. We strive to comply with all applicable laws and regulations relating to our interactions with residential customers. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Our non-compliance with any such law or regulations could also expose the company to claims, proceedings, litigation and investigations by private parties and regulatory authorities, as well as substantial fines and negative publicity, each of which may materially and adversely affect our business. We have incurred, and will continue to incur, significant expenses to comply with such laws and regulations, and increased regulation of matters relating to our interactions with residential consumers could require us to modify our operations and incur significant additional expenses, which could have an adverse effect on our business, financial condition and results of operations.

In addition, we are subject to federal, state and international laws relating to the collection, use, retention, security and transfer of personal information of our customers. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between one company and its subsidiaries, and among the subsidiaries and other parties with which we have commercial relations. Several jurisdictions have passed new laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing requirements may cause us to incur costs or require us to change our business practices. A failure by us, our suppliers or other parties with whom we do business to comply with a posted privacy policies or with other federal, state or international privacy-related or data protection

laws and regulations could result in proceedings against us by governmental entities or others, which could have a detrimental effect on our business, results of operations and financial condition.

We could be adversely affected by any violations of the U.S. Foreign Corrupt Practices Act and foreign anti-bribery laws.

The U.S. Foreign Corrupt Practices Act generally prohibits companies and their intermediaries from making improper payments to non-U.S. government officials for the purpose of obtaining or retaining business. We have implemented policies mandating compliance with these anti-bribery laws. We currently only operate in the United States. However, we may acquire businesses outside of the United States and operate in parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. In addition, due to the level of regulation in our industry, our entry into new jurisdictions through internal growth or acquisitions requires substantial government contact where norms can differ from U.S. standards. While we have implemented policies and procedures and conduct training designed to facilitate compliance with these anti-bribery laws, thereby mitigating the risk of violations of such laws, the employees of our Sponsors, subcontractors and agents may take actions in violation of our policies and anti-bribery laws. Any such violation, even if prohibited by our policies, could subject us to criminal or civil penalties or other sanctions, which could have a material adverse effect on our business, financial condition, cash flows and reputation.

Risks Related to Our Project Agreements

We rely on a limited number of offtake counterparties and we are exposed to the risk that they are unwilling or unable to fulfill their contractual obligations to us or that they otherwise terminate their offtake agreements with us.

In most instances, we sell the energy generated by each of our utility and C&I scale projects to a single counterparty under a long-term offtake agreement. These offtake agreements are the primary source of cash flows for these projects. Thus, the actions of even one offtake counterparty may cause material variability of our overall revenue, profitability and cash flows that are difficult to predict. Our counterparties may face liquidity and credit issues that could impair their ability to meet their payment obligations under such offtake agreements or cause them to renegotiate such offtake agreements at lower rates or for shorter terms. These conditions may lead some of our customers, particularly customers that are facing financial difficulties, to seek to renegotiate such offtake agreements on terms that are less attractive to us.

For example, FirstEnergy Solutions Corp. (“FirstEnergy”), our offtake counterparty with respect to the Maryland Solar Project, had its credit rating downgraded multiple times in 2016. As of January 23, 2017, the credit rating of FirstEnergy was Caa1 and CCC+ by Moody’s Investors Service and Standard & Poor’s Ratings Services, respectively, both of which are significantly below investment grade. In addition, Standard & Poor’s Ratings Services placed FirstEnergy on CreditWatch with negative implications, based on a \$1.51 billion pretax impairment charge that the company’s competitive business will incur from the deactivation of several coal units. In November 2016, FirstEnergy Corp., the parent of FirstEnergy, announced a strategic review of its competitive business, pursuant to which the company would seek to move away from competitive markets. In addition, Standard & Poor’s Ratings Services also placed another of our offtake counterparties, Macy’s, on CreditWatch in January 2016 and on CreditWatch negative on January 5, 2017.

As further described Part III, Item 13. “Certain Relationships and Related Transactions, and Director Independence—Agreements with our Sponsors—Maryland Solar Lease Arrangement,” the Maryland Solar Project Entity has leased the Maryland Solar Project to an affiliate of First Solar, with the lease term expiring on December 31, 2019. Under the arrangement, First Solar’s affiliate is obligated to pay a fixed amount of rent that is set based on the expected operations of the plant. Such lease agreement will terminate upon any termination of the PPA for the Maryland Solar Project or the site ground lease. Pursuant to the PPA for the Maryland Solar Project, a FirstEnergy bankruptcy would be an event of default under the PPA, permitting (subject to applicable law) the termination of the PPA. Upon any such early termination of the lease agreement, First Solar’s affiliate is obligated to return the facility in its then-current condition and location to us, without any warranties, and no rent shall thereafter be payable by such First Solar affiliate. In the event that the PPA was terminated and First Solar were to subsequently terminate the Maryland Solar Lease Agreement, the Maryland Solar Project would have no agreement through which to sell the energy that it produces, which equates to approximately \$8.0 million in annual revenue. We would attempt to replace the PPA with a similar offtake agreement with similar terms; however, we may not be able to find a replacement offtake agreement in a timely manner or at all and the terms of any replacement agreement may be less favorable to us than the terminated PPA.

While as of January 23, 2017, both FirstEnergy and Macy’s are current with respect to payments due under the PPAs for the Maryland Solar Project, the Macy’s California Project and the Macy’s Maryland Project, as applicable, a failure by such offtake counterparties to fulfill their obligations under their respective PPAs, or any restructuring of their obligations pursuant to bankruptcy or similar proceedings, could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Similarly, significant portions of our credit risk may be concentrated among a limited number of offtake counterparties and the failure of even one of these key offtake counterparties to pay its obligations to us could

significantly impact our business and financial results. Our largest offtake counterparties are Southern California Edison and SDG&E. Our customers in our residential projects lease solar energy systems from us under long-term lease agreements. The lease terms are typically for 20 years, and require the customer to make monthly payments to us. Accordingly, we are subject to the credit risk of our customers. The average FICO score of our customers was approximately 765 at the time of initial contract. The risk of customer defaults may increase as we grow our portfolio of residential projects. Any or all of our offtake counterparties may fail to fulfill their obligations under their offtake agreements with us, whether as a result of the occurrence of any of the following factors or otherwise:

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specified events beyond our control or the control of an offtake counterparty may temporarily or permanently excuse the offtake counterparty from its obligation to accept and pay for delivery of energy generated by a utility project. These events could include a system emergency, transmission failure or curtailment, adverse weather conditions or labor disputes;

the ability of our offtake counterparties to fulfill their contractual obligations to us depends on their creditworthiness. We are exposed to the credit risk of our offtake counterparties over an extended period of time due to the long-term nature of our offtake agreements with them. These customers could become subject to insolvency or liquidation proceedings or otherwise suffer a deterioration of their creditworthiness when they have not yet paid for energy delivered, any of which could result in underpayment or nonpayment under such agreements; and

a default or failure by us to satisfy minimum energy delivery requirements or in mechanical availability levels under our offtake agreements could result in damage payments to the offtake counterparty or termination of the applicable offtake agreement.

If our offtake counterparties are unwilling or unable to fulfill their contractual obligations to us, or if they otherwise terminate such offtake agreements prior to their expiration, we may not be able to recover contractual payments and commitments due to us. Since the number of utility and C&I customers is limited, we may be unable to find a new energy purchaser on similar or favorable terms or at all. In some cases, there currently is no economical alternative counterparty to the original offtake counterparty. The loss of or a reduction in sales to any of our offtake counterparties could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

We may not be able to extend, renew or replace expiring or terminated offtake agreements at favorable rates or on a long-term basis.

As of November 30, 2016, the weighted average remaining life of offtake agreements across our Portfolio was 20.3 years. Our ability to extend, renew or replace our existing offtake agreements depends on a number of factors beyond our control, including:

whether the offtake counterparty has a continued need for energy at the time of expiration, which could be affected by, among other things, the presence or absence of governmental incentives or mandates, prevailing market prices, and the availability of other energy sources;

the satisfactory performance of our delivery obligations under such offtake agreements;

the regulatory environment applicable to our offtake counterparties at the time;

- macroeconomic factors present at the time, such as population, business trends and related energy demand; and

the effects of regulation on the contracting practices of our offtake counterparties.

If we are not able to extend, renew or replace on acceptable terms existing utility offtake agreements before contract expiration, or if such agreements are otherwise terminated in accordance with their terms prior to their expiration, we may be forced to sell the energy on an uncontracted basis at prevailing market prices, which could be materially lower than we received under the offtake agreement. Alternatively, if there is no market for a project's uncontracted energy or we lose access to or the right to occupy and use the land on which a project sits, we may be required to decommission the project before the end of its useful life. Additionally, if we are not able to extend or renew our DG Solar offtake agreements before contract expiration, or if such agreements are otherwise terminated in accordance with their terms prior to expiration, we will lose all revenue with respect to such projects. Any failure to extend or replace a significant portion of our existing offtake agreements, or extending, renewing or replacing them at lower prices or with other unfavorable terms could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Certain of the offtake agreements in our Portfolio and offtake agreements that we may enter into in the future contain or may contain provisions that allow the offtake counterparty to terminate the agreement or buyout all or a portion of

the asset upon the occurrence of certain events. If these provisions are exercised and we are unable to enter into an offtake agreement on similar terms, in the case of a termination, or find suitable replacement assets to invest in, in the case of a buyout, our cash available for distribution could materially decline.

Certain of the offtake agreements in our Portfolio and offtake agreements that we may enter into in the future allow or may allow the offtake counterparty to purchase all or a portion of the applicable asset from us. For example, pursuant to the offtake agreements for several of our solar assets, the offtake counterparty has the option to either (i) purchase the applicable solar energy system, no earlier than year 6 after COD of the system, and for a purchase price equal to the greater of a value specified in the contract or the fair market value of the asset determined at the time of exercise of the purchase option or (ii) pay an early termination fee as

specified in the contract, terminate the contract and require the project company owned by us to remove the applicable solar energy system from the site. If the offtake counterparty of the asset exercises its right to purchase the asset or terminate the offtake agreement, we would need to reinvest the proceeds from the sale or termination payment in one or more assets with similar economic attributes to maintain our cash available for distribution. If we were unable to locate and acquire suitable replacement assets in a timely manner, it could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our Class A shareholders.

In addition, some of the offtake agreements in our Portfolio and offtake agreements we may enter into in the future allow or may allow the offtake counterparty to terminate the offtake agreement in the event certain operating thresholds or performance measures are not achieved within specified time periods. In the event an offtake agreement for one or more of our assets is terminated under such provisions, it could materially and adversely affect our results of operations and cash available for distribution until we are able to replace the offtake agreement on similar terms. We cannot provide any assurance that offtake agreements containing such provisions will not be terminated or, in the event of termination, we will be able to enter into a replacement offtake agreement. Furthermore, any replacement offtake agreement may be on terms less favorable to us than the offtake agreement that was terminated.

Risks Related to Our Relationship with Our Sponsors

Since the economic and management rights of First Solar and SunPower are impacted by the performance of our business in different ways, First Solar and SunPower may fail to agree on our management, which could adversely affect our ability to execute our business plan.

Until November 30, 2019, our Sponsors each own (i) 50% of the economic interests of Holdings, which represent the incentive distribution rights, and (ii) 50% of the management interests of Holdings, which represent the right to govern Holdings and the General Partner. In addition, each of our Sponsors has certain rights to appoint the directors of the General Partner and to nominate the officers of the General Partner for approval by the board of the General Partner. Beginning after November 30, 2019, the economic interests of our Sponsors are subject to adjustment annually based on the relative performance of each Sponsor's contributed Project Entities and any additional assets contributed to OpCo by such Sponsor against the performance of all Project Entities held by OpCo. If, after the adjustment to a Sponsor's economic interests, such Sponsor has held at least 70% of the economic interests for at least two consecutive fiscal years, then such Sponsor shall have the option to require the other Sponsor to transfer part of its management interest to such Sponsor, thereby effectively giving such Sponsor management control. In addition, after November 30, 2019, payments on the economic interests of Holdings to our Sponsors are subject to an annual reallocation among the Sponsors based on the relative performance of the assets contributed by each Sponsor compared to the projected performance of such assets at the time of contribution. Each Sponsor can also lose its right to appoint directors and officers of the General Partner in the event such Sponsor (i) holds less than 40% of the economic interests for the three previous fiscal years or (ii) if, in each of such three fiscal years, the cash generated and distributed, subject to certain exclusions, by one Sponsor's contributed Project Entities and any additional assets contributed by such Sponsor to OpCo prior to the end of the most recent fiscal year is less than 40% of the cash generated and distributed, subject to certain exclusions, by both Sponsors' contributed Project Entities and any additional assets contributed by both Sponsors to OpCo prior to the end of the most recent fiscal year. In addition, in the event our Sponsors cannot agree on a management decision after a required negotiation period, either Sponsor can initiate a process that will result in the purchase by one Sponsor of the other Sponsor's interests in Holdings or a sale to a third party. A shift in control to one of our Sponsors could result in significant changes to our business plan, results of operations, financial condition and growth prospects.

While these provisions are intended to incentivize our Sponsors to contribute high-performing assets to us, they also cause our Sponsors to have differently aligned interests in us, which could cause them to disagree on certain management decisions, including the timing, selection, cost and financing of acquisitions. While our Sponsors are

under no obligation to provide us additional acquisition opportunities, we expect our Sponsors will be our primary source for the acquisition of additional solar energy projects in the future. If our Sponsors do not agree on their management of us, one or both of them may choose not to offer us additional future solar energy projects which could have a material adverse effect on our ability to grow our business and make distributions to our Class A shareholders.

The General Partner and its affiliates, including our Sponsors, have conflicts of interest with us and limited duties to us and our Class A shareholders, and they may favor their own interests to the detriment of us and our Class A shareholders.

Our Sponsors indirectly own and control the General Partner and appoint all of the General Partner's officers and directors. All of the General Partner's executive officers and a majority of the General Partner's directors also are employees of our Sponsors. Conflicts of interest exist and may arise as a result of the relationships between the General Partner and its affiliates, including our Sponsors, on the one hand, and us and our shareholders, on the other hand. Although the General Partner has a duty to manage us in a manner beneficial to us and our shareholders, the General Partner's directors and officers have fiduciary duties to manage the General Partner in a manner beneficial to its owner, Holdings, which is owned by our Sponsors. In addition, under the MSAs, First Solar and

SunPower each provide certain services or arrange for certain services to be provided to us, including with respect to carrying out our day-to-day management and providing individuals to act as the General Partner's executive officers. These same executive officers may help the General Partner's board of directors evaluate potential acquisition opportunities presented by First Solar under the First Solar ROFO Agreement and SunPower under the SunPower ROFO Agreement.

In resolving such conflicts of interest, the General Partner may favor its own interests and the interests of its affiliates, including our Sponsors, over the interests of our shareholders. These conflicts include the following situations, among others:

- none of our Partnership Agreement, the MSAs or any other agreement requires First Solar, SunPower or their affiliates to pursue a business strategy that favors us or dictates what markets to pursue or grow. First Solar's and SunPower's directors and officers have a fiduciary duty to make these decisions in the best interests of First Solar and SunPower, respectively, which may be contrary to our interests;
- contracts between us, on the one hand, and the General Partner and its affiliates, on the other, are not and may not be the result of arm's-length negotiations;
- the General Partner's affiliates are not limited in their ability to compete with us and neither the General Partner nor its affiliates have any obligation to present business opportunities to us except for the First Solar ROFO Projects and the SunPower ROFO Projects if they decide to sell the projects under the related ROFO Agreements during the term of such agreements;
- the General Partner is allowed to take into account the interests of parties other than us, such as First Solar and SunPower, in resolving conflicts of interest;
- we do not have any officers or employees and rely solely on officers and employees of the General Partner and its affiliates, including First Solar and SunPower. The officers of the General Partner will also devote significant time to the business of First Solar and SunPower and will be compensated by First Solar and SunPower accordingly, as applicable;
- our Partnership Agreement replaces the fiduciary duties that would otherwise be owed by the General Partner with contractual standards governing its duties and limits the General Partner's liabilities and the remedies available to our shareholders for actions that, without these limitations, might constitute breaches of fiduciary duty under applicable Delaware law;
- except in limited circumstances, the General Partner has the power and authority to conduct our business without shareholder approval;
- actions taken by the General Partner may affect the amount of cash available to pay distributions to our Class A shareholders;
- the General Partner determines which costs incurred by it are reimbursable by us;
- we reimburse the General Partner and its affiliates for expenses;
- the General Partner intends to limit its liability regarding our contractual and other obligations;
- our Class A shares are subject to the General Partner's limited call right;
- the General Partner controls the enforcement of the obligations that it and its affiliates owe to us, including First Solar's obligations under the First Solar ROFO Agreement and SunPower's obligations under the SunPower ROFO Agreement and our Sponsors' other commercial agreements with us; and
- we may choose not to retain counsel, independent accountants or other advisors separate from those retained by the General Partner to perform services for us or for the holders of our Class A shares.

A decision by the General Partner to favor its own interests and the interests of our Sponsors over our interests and the interests of our shareholders could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Our Sponsors and other affiliates of the General Partner are not restricted in their ability to compete with us.

Our Partnership Agreement provides that the General Partner is restricted from engaging in any business activities other than acting as the General Partner and those activities incidental to its ownership of interests in us. Affiliates of the General Partner, including our Sponsors, and their subsidiaries, are not prohibited, including under the MSAs, from owning solar energy projects or engaging in businesses that compete directly or indirectly with us. Our Sponsors currently hold interests in, and may make investments in and purchases of, entities that acquire, own and operate other power generators. Our Sponsors will be under no

obligation to make any acquisition opportunities available to OpCo, other than under the First Solar ROFO Agreement and the SunPower ROFO Agreement.

Under the terms of our Partnership Agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to the General Partner or any of its affiliates, including its executive officers and directors and our Sponsors. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of the General Partner and result in less than favorable treatment of us and holders of our Class A shares.

If our Sponsors terminate their respective services agreements or other arrangements with us or our subsidiaries, or either of them defaults in the performance of its obligations thereunder, we may be unable to contract with a substitute service provider on similar terms, or at all, and may not get the expected benefit of such other arrangements.

We rely on our Sponsors to provide us with administrative and management services under the MSAs and do not have independent executive or senior management personnel. Under these agreements, certain of our Sponsors' employees provide services to us. These services are not the primary responsibility of these employees, nor are these employees required to act for us alone. The MSAs do not require our Sponsors to engage any specific individuals for purposes of providing services to us and our Sponsors have the discretion to determine which of their respective employees will perform the services required to be provided to us. Each of the MSAs provides that First Solar and SunPower, respectively, may terminate the applicable agreement (i) upon 30 days' prior written notice of termination to us if we default in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to First Solar, SunPower or any of their respective affiliates (other than our subsidiaries and us), and the default continues unremedied for a period of 60 days after written notice of the breach is given to us, (ii) upon the happening of certain events relating to the bankruptcy or insolvency of Holdings, the General Partner, OpCo, us or certain OpCo's subsidiaries, or (iii) if First Solar and SunPower and their respective affiliates (other than our subsidiaries and us) cease to control us. If either First Solar or SunPower terminates its MSA or if either of them defaults in the performance of its obligations thereunder, we may be unable to contract with a substitute service provider on similar terms or at all, and the costs of substituting service providers may be substantial. In addition, our Sponsors are familiar with our projects and, as a result, our Sponsors have certain synergies with us. Substitute service providers would lack such synergies and may not be able to provide the same level of service to us. If we cannot locate a service provider that is able to provide us with substantially similar services as our Sponsors provide under the MSAs on similar terms, it would likely have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

In addition, we depend on our Sponsors to provide a substantial portion of the services required for the operation and maintenance and the administration and management of our projects. Our Sponsors may not perform their services as, when and where required. Additionally, in the event that our Sponsors have a dispute, they have agreed to a resolution provision that could ultimately eliminate the ownership of one or both of our Sponsors, allowing such Sponsor(s) to terminate any agreements under which they provide operation and maintenance or administration and management services to us. To the extent that First Solar or SunPower do not fulfill their obligations to manage operations of our projects, are not effective in doing so or terminate the agreements governing such services, we may not be able to enter into replacement agreements on favorable terms, or at all. If we are unable to enter into long-term replacement agreements to provide for operation and maintenance and the administration and management of our projects and other required services, we would seek to purchase the related services under short-term agreements, exposing us to market price volatility. In addition, if our Sponsors fail to comply with their indemnification obligations related to tax

equity financing arrangements for our current or future projects, we may be required to make payments thereunder, and such payments may be substantial. The failure of First Solar or SunPower to fulfill its obligations could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our Class A shareholders.

Our arrangements with our Sponsors limit their liability, and we have agreed to indemnify our Sponsors against claims that they may face in connection with such arrangements, which may lead our Sponsors to assume greater risks when making decisions relating to us than they otherwise would if acting solely for their own account.

Under the MSAs, our Sponsors and their affiliates have not assumed any responsibility other than to provide or arrange for the provision of the services described in the applicable MSA in good faith. Additionally, under the MSAs, the liability of our Sponsors and their affiliates is limited to the fullest extent permitted by law to conduct involving bad faith, fraud or willful misconduct or, in the case of a criminal matter, to action that was known to have been unlawful. We have agreed to indemnify our Sponsors and their affiliates to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses incurred by an indemnified person or threatened in connection with our operations, investments and activities or in respect of or arising from the

MSAs or the services provided by our Sponsors and their affiliates, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the conduct in respect of which such persons have liability as described above. Additionally, the maximum amount of the aggregate liability of our Sponsors or any of their affiliates in providing services under the MSAs or of any director, officer, employee, agent or other representative of our Sponsors or any of their affiliates, is equal to the aggregate amount of the management fee received by the applicable Sponsor in the most recent calendar year. These protections may result in our Sponsors and their affiliates tolerating greater risks when making decisions than otherwise would be the case, including when determining whether to use leverage in connection with acquisitions. The indemnification arrangements to which our Sponsors and their affiliates are a party may also give rise to legal claims for indemnification, which could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our Class A shareholders.

Risks Related to Ownership of Our Class A Shares

Holders of our Class A shares have limited voting rights and are not entitled to elect the General Partner or its directors.

Unlike the holders of common stock in a corporation, our shareholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Our shareholders have no right on an annual or ongoing basis to elect the General Partner or its board of directors. Rather, the board of directors of the General Partner is appointed by our Sponsors, indirectly through their ownership of Holdings. Furthermore, if our shareholders are dissatisfied with the performance of the General Partner, they have little ability to remove the General Partner. As a result of these limitations, the price at which the Class A shares trade could be diminished because of the absence or reduction of a takeover premium in the trading price. Our Partnership Agreement also contains provisions limiting the ability of shareholders to call meetings or to acquire information about our operations, as well as other provisions limiting the shareholders' ability to influence the manner or direction of management.

Our Partnership Agreement restricts the remedies available to holders of our Class A shares for actions taken by the General Partner that might otherwise constitute breaches of fiduciary duties.

Our Partnership Agreement contains provisions that restrict the remedies available to shareholders for actions taken by the General Partner that might otherwise constitute breaches of fiduciary duties under state fiduciary duty law. For example, our Partnership Agreement provides that:

- whenever the General Partner, the board of directors of the General Partner or any committee thereof (including the conflicts committee) makes a determination or takes, or declines to take, any other action in their respective capacities, or an affiliate of the general partner causes the general partner to do so, the General Partner, the board of directors of the General Partner and any committee thereof (including the conflicts committee), as applicable, is required to make such determination, or take or decline to take such other action, in good faith, meaning that it subjectively believed that the decision was in, or not adverse to, the best interests of our partnership, and, except as specifically provided by our Partnership Agreement, will not be subject to any other or different standard imposed by our Partnership Agreement, Delaware law, or any other law, rule or regulation, or at equity;
- the General Partner will not have any liability to us or our shareholders for decisions made in its capacity as a general partner so long as such decisions are made in good faith;
- the General Partner and its officers and directors will not be liable for monetary damages to us or our shareholders resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that the General Partner or its officers and directors, as the case may be, acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the

conduct was unlawful; and

the General Partner will not be in breach of its obligations under our Partnership Agreement (including any duties to us or our shareholders) if a transaction with an affiliate or the resolution of a conflict of interest is:

approved by the conflicts committee of the General Partner's board of directors, although the General Partner is not obligated to seek such approval;

approved by the vote of a majority of the outstanding shares, excluding any shares owned by the General Partner and its affiliates, although the General Partner is not obligated to seek such approval;

determined by the board of directors of the General Partner to be on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or

determined by the board of directors of the General Partner to be fair and reasonable to us, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us.

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In connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by the General Partner, the board of directors of the General Partner or any committee thereof (including the conflicts committee) must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our shareholders or the conflicts committee and the board of directors of the General Partner determines that the resolution or course of action taken with respect to the affiliate transaction or conflict of interest satisfies either of the standards set forth in the third and fourth subbullets above, then it will be presumed that, in making its decision, the board of directors of the General Partner acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Our Partnership Agreement restricts the voting rights of shareholders owning 20% or more of any class of shares then outstanding.

Shareholders' voting rights are further restricted by a provision of our Partnership Agreement providing that any shares held by a person or related group that owns 20% or more of any class of shares then outstanding, other than the General Partner, its affiliates, their transferees and persons who acquired such shares with the prior approval of the board of directors of the General Partner, cannot vote on any matter.

Our Partnership Agreement replaces the General Partner's fiduciary duties to holders of our Class A shares with contractual standards governing its duties.

Our Partnership Agreement contains provisions that eliminate the fiduciary standards to which the General Partner would otherwise be held by state fiduciary duty law and replace those standards with several different contractual standards. For example, our Partnership Agreement permits the General Partner to make a number of decisions in its individual capacity, as opposed to in its capacity as the General Partner, free of any duties to us and our shareholders. This provision entitles the General Partner and its affiliates to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our shareholders. Examples of decisions that the General Partner and its affiliates may make in their individual capacities include:

- how to allocate corporate opportunities among us and its affiliates;
- whether to exercise its limited call right, preemptive rights or registration rights;
- whether to seek approval of the resolution of a conflict of interest by the conflicts committee of the board of directors of the General Partner;
- how to exercise its voting rights with respect to the units it or its affiliates own in OpCo and us;
- whether to exchange its OpCo common units for our Class A shares; and
- whether to consent to any merger, consolidation or conversion of us or OpCo or to an amendment to our Partnership Agreement or the OpCo limited liability company agreement.

These decisions may be made by the owner of the General Partner. Holdings, which is owned by our Sponsors, is the owner of the General Partner.

By purchasing a Class A share, a Class A shareholder becomes bound by the provisions in our Partnership Agreement, including the provisions discussed above.

The General Partner interest or the control of the General Partner may be transferred to a third party without shareholder consent.

Our Partnership Agreement does not restrict the ability of Holdings to transfer all or a portion of its ownership interest in the General Partner to a third party. The new owner of the General Partner would then be in a position to replace the

board of directors and officers of the General Partner with its own designees and thereby exert significant control over the decisions made by the board of directors and officers.

The incentive distribution rights of our Sponsors, through Holdings, may be transferred to a third party without shareholder consent.

Our Sponsors may cause Holdings to transfer its incentive distribution rights to a third party at any time without the consent of our shareholders. If our Sponsors transfer their incentive distribution rights to a third party, they will have less incentive to support the growth of our partnership and an increase in our distributions. A transfer of incentive distribution rights by our Sponsors could reduce the

likelihood of First Solar or SunPower selling or contributing additional solar energy projects to us, which in turn would impact our ability to grow our portfolio.

Our Sponsors, through Holdings, or any transferee holding a majority of the incentive distribution rights, may elect to cause OpCo to issue common units to Holdings in connection with a resetting of the target distribution levels related to the incentive distribution rights, without the approval of the conflicts committee of the General Partner or our shareholders. This election may result in lower distributions to our Class A shareholders in certain situations.

The holder or holders of a majority of the incentive distribution rights, which is currently our Sponsors through Holdings, have the right, at any time when there are no OpCo subordinated units outstanding and the holders have received incentive distributions at the highest level to which they are entitled (200%) for each of the prior four consecutive fiscal quarters (and the aggregate amounts distributed in respect of such four-quarter period did not exceed adjusted operating surplus for such four-quarter period), to reset the minimum quarterly distribution and the initial target distribution levels at higher levels based on our cash distribution at the time of the exercise of the reset election. Following a reset election, the minimum quarterly distribution will be reset to an amount equal to the average cash distribution per unit for the two fiscal quarters immediately preceding the reset election (such amount is referred to as the “reset minimum quarterly distribution”), and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution. Our Sponsors have the right to transfer the incentive distribution rights at any time, in whole or in part, and any transferee holding a majority of the incentive distribution rights shall have the same rights as our Sponsors with respect to resetting target distributions.

In the event of a reset of the minimum quarterly distribution and the target distribution levels, the holders of the incentive distribution rights will be entitled to receive, in the aggregate, the number of OpCo’s common units equal to that number of OpCo common units which would have entitled the holders to an average aggregate quarterly cash distribution in the prior two quarters equal to the average of the distributions on the incentive distribution rights in the prior two quarters. We anticipate that the General Partner would exercise this reset right in order to facilitate acquisitions or internal expansion projects that would not otherwise be sufficiently accretive to cash distributions per OpCo common unit. It is possible, however, that our Sponsors or a transferee could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its incentive distribution rights and may therefore desire to be issued OpCo common units rather than retain the right to receive incentive distribution payments based on target distribution levels that are less certain to be achieved in the then-current business environment. This risk could be elevated if our incentive distribution rights have been transferred to a third party. As a result, a reset election may cause our Class A shareholders to experience reduction in the amount of cash distributions that they would have otherwise received had we not issued Class A shares to the General Partner in connection with resetting the target distribution levels.

Even if holders of our Class A shares are dissatisfied, they cannot initially remove the General Partner without its consent.

Shareholders will be unable initially to remove the General Partner or OpCo’s managing member without its consent because the General Partner and its affiliates own sufficient shares to be able to prevent its removal. The vote of the holders of at least 66 2/3% of all outstanding shares (including shares owned by the General Partner and its affiliates, including our Sponsors) is required to remove the General Partner. As of November 30, 2016, the General Partner and its affiliates, including our Sponsors, owned 64.5% of our outstanding shares through their ownership of Class B shares. In addition, any vote to remove the General Partner during the subordination period must provide for the election of a successor general partner by the holders of a majority of the Class A shares and a majority of the Class B shares, voting as separate classes. This provides Holdings the ability to prevent the removal of the General Partner.

Furthermore, shareholders' voting rights are further restricted by our Partnership Agreement provision providing that any shares held by a person that owns 20% or more of any class of shares then outstanding, other than the General Partner, its affiliates, their transferees and persons who acquired such shares with the prior approval of the board of directors of the General Partner, cannot vote on any matter.

Our Partnership Agreement also contains provisions limiting the ability of shareholders to call meetings or to acquire information about our operations, as well as other provisions limiting the shareholders' ability to influence the manner or direction of management.

We may issue additional Class A shares or other partnership interests without shareholder approval, which would dilute shareholder interests.

At any time, we may issue an unlimited number of limited partner interests of any type without the approval of our shareholders, and our shareholders (other than our Sponsors and their affiliates) have no preemptive or other rights (solely as a result of their status as shareholders) to purchase any such limited partner interests. Further, there are no limitations in our Partnership Agreement on our

ability to issue equity securities that rank equal or senior to our Class A shares as to distributions or in liquidation or that have special voting rights and other rights. The issuance by us of additional Class A shares or other equity securities of equal or senior rank will have the following effects:

- our existing shareholders' proportionate ownership interest in us will decrease;
- the amount of cash we have available to distribute on each Class A share may decrease;
- because a lower percentage of total outstanding OpCo units will be OpCo subordinated units, the risk that a shortfall in payment of the minimum quarterly distribution will be borne by OpCo's common unitholders, including the Partnership, will increase;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding share may be diminished; and
- the market price of our Class A shares may decline.

The General Partner has a limited call right that may require you to sell your Class A shares at an undesirable time or price.

If at any time the General Partner and its affiliates, including our Sponsors, own more than 80% of the aggregate of the number of Class A shares then outstanding and the number of Class B shares equal to the number of OpCo common units owned by the Sponsors and their affiliates, the General Partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the Class A shares held by unaffiliated persons at a price not less than their then-current market price, as calculated pursuant to the terms of our Partnership Agreement. As a result, you may be required to sell your Class A shares at an undesirable time or price and may not receive any return on your investment. You may also incur a tax liability upon a sale of your shares. At November 30, 2016, the General Partner and its affiliates own approximately 64.5% of our outstanding shares through their ownership of Class B shares. At the end of the subordination period, assuming no additional issuances of Class A shares by us, the General Partner and its affiliates will own OpCo common units convertible into approximately 64.5% of our outstanding Class A shares and therefore would not be able to exercise the call right at that time.

Reimbursements and fees owed to the General Partner and its affiliates for services provided to us or on our behalf will reduce cash available for distribution. The amount and timing of such reimbursements and fees will be determined by the General Partner and there are no limits on the amount that OpCo may be required to pay.

Under the OpCo limited liability company agreement, prior to making any distributions on OpCo's common units, OpCo will reimburse the General Partner and its affiliates, including the Partnership, for out-of-pocket expenses they incur and payments they make on our behalf. OpCo will also pay certain fees and reimbursements under the MSAs prior to making any distributions on OpCo's common units. The reimbursement of expenses and certain payments made under credit support arrangements and payment of fees, if any, to the General Partner and its affiliates will reduce the amount of available cash OpCo has to pay cash distributions to us and the amount that we have available to pay distributions to our Class A shareholders. Under the OpCo limited liability company agreement, there is no limit on the fees and expense reimbursements OpCo may be required to pay.

The General Partner's discretion in establishing cash reserves may reduce the amount of available cash.

The OpCo limited liability company agreement requires OpCo's managing member to deduct from operating surplus cash reserves that it determines are necessary to fund future operating expenditures. In addition, our Partnership Agreement and the OpCo limited liability company agreement permit the General Partner to reduce available cash by establishing cash reserves for the proper conduct of business, to comply with applicable law or agreements to which we or our subsidiaries are a party or to provide funds for future distributions to OpCo's members and our partners. These cash reserves will affect the amount of cash distributed by OpCo and the amount of cash available for

distribution to our Class A shareholders.

We and OpCo can borrow money to pay distributions, which would reduce the amount of credit available to operate our business.

The OpCo limited liability company agreement allows us to make working capital borrowings to pay distributions to our Class A shareholders or OpCo's unitholders. Accordingly, if we or OpCo have available borrowing capacity, we or OpCo can make distributions on our Class A shares or OpCo's common and subordinated units, as applicable, even though cash generated by our operations may not be sufficient to pay such distributions. Any working capital borrowings by us or OpCo to make distributions will reduce the amount of working capital borrowings we or OpCo can make for operations.

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Increases in interest rates could adversely impact the price of our Class A shares, our ability to issue equity or incur debt for acquisitions or other purposes and our ability to make cash distributions at our intended levels.

Interest rates on future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. As with other yield-oriented securities, our share price is impacted by our level of our cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our shares, and a rising interest rate environment could have an adverse impact on the price of our Class A shares, our ability to issue equity or incur debt for acquisitions or other purposes and our ability to make cash distributions at our intended levels.

Except in limited circumstances, the General Partner has the power and authority to conduct our business without shareholder approval.

Under our Partnership Agreement, the General Partner has full power and authority to do all things, other than those items that require shareholder approval or with respect to which the General Partner has sought conflicts committee approval, on such terms as it determines to be necessary or appropriate to conduct our business. In addition, since we are the managing member of OpCo, determinations made by us under the OpCo limited liability company agreement will be made at the direction of the General Partner. Decisions that may be made by the General Partner in accordance with our Partnership Agreement or the OpCo limited liability company agreement include:

- making any expenditures, lending or borrowing money, assuming, guaranteeing or contracting for indebtedness and other liabilities, issuing evidences of indebtedness, including indebtedness that is convertible into our securities, and incurring any other obligations;
- purchasing, selling, acquiring or disposing of our securities, or issuing additional options, rights, warrants and appreciation rights relating to our securities;
- acquiring, disposing, mortgaging, pledging, encumbering, hypothecating or exchanging any or all of our assets;
- negotiating, executing and performing any contracts, conveyances or other instruments;
- making cash distributions;
- selecting and dismissing employees and agents, outside attorneys, accountants, consultants and contractors and determining their compensation and other terms of employment or hiring;
- maintaining insurance for our or OpCo's benefit and the benefit of our respective partners;
- forming, acquiring an interest in, contributing property to and making loans to any limited or general partnership, joint venture, corporation, limited liability company or other entity;
- controlling any matters affecting our rights and obligations, including bringing and defending of actions at law or in equity, otherwise engaging in the conduct of litigation, arbitration or mediation, incurring legal expenses and settling claims and litigation;
- indemnifying any person against liabilities and contingencies to the extent permitted by law;
- making tax, regulatory and other filings or rendering periodic or other reports to governmental or other agencies having jurisdiction over our business or assets; and
- entering into and terminating agreements with any of its affiliates to render services to us or to itself in the discharge of its duties as the General Partner.

Our Partnership Agreement provides that the General Partner must act in good faith when making decisions on our behalf, and our Partnership Agreement further provides that in order for a determination to be made in good faith, the General Partner must subjectively believe that the determination is in, or not adverse to, the best interests of our partnership.

Contracts between us, on the one hand, and the General Partner and its affiliates, on the other hand, may not be the result of arm's-length negotiations.

Our Partnership Agreement allows the General Partner to determine, in good faith, any amounts to pay itself or its affiliates for any services rendered to us. The General Partner may also enter into additional contractual arrangements with any of its affiliates on our behalf. The General Partner will determine in good faith the terms of any arrangement or transaction entered into by the

Partnership. Similarly, agreements, contracts or arrangements between us and the General Partner and its affiliates that are entered into by the Partnership will not be required to be negotiated on an arm's-length basis, although, in some circumstances, the General Partner may determine that the conflicts committee may make a determination on our behalf with respect to such arrangements.

The General Partner and its affiliates have no obligation to permit us to use any assets or services of the General Partner and its affiliates, except as may be provided in contracts entered into specifically for such use. There is no obligation of the General Partner and its affiliates to enter into any contracts of this kind.

Class A shareholders have no right to enforce the obligations of the General Partner and its affiliates under agreements with us.

Any agreements between us, on the one hand, and the General Partner and its affiliates, on the other hand, do not, and in the future will not, grant to the shareholders, separate and apart from us, the right to enforce the obligations of the General Partner and its affiliates in our favor.

The General Partner decides whether to retain separate counsel, accountants or others to perform services for us.

The attorneys, independent accountants and others who perform services for us are retained by the General Partner. Attorneys, independent accountants and others who perform services for us are selected by the General Partner or our conflicts committee and may perform services for the General Partner and its affiliates. We may retain separate counsel for ourselves or the holders of shares in the event of a conflict of interest between the General Partner and its affiliates, on the one hand, and us or the holders of shares, on the other, depending on the nature of the conflict. We do not intend to do so in most cases.

For so long as we are an emerging growth company, we will not be required to comply with certain requirements that apply to other public companies.

For as long as we remain an "emerging growth company" under the Jumpstart Our Business Act (the "JOBS Act"), we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and reduced disclosure obligations regarding executive compensation in our periodic reports. We could remain an emerging growth company for up to five years, although we will lose that status sooner if we have more than \$1.0 billion of revenues in a fiscal year, have more than \$700 million in market value of our Class A common stock held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period.

To the extent that we rely on any of the exemptions available to emerging growth companies, our Class A shareholders will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our Class A shares to be less attractive as a result, the trading price of our Class A shares may decline.

Shareholders may have to repay distributions that were wrongfully distributed to them.

Under certain circumstances, shareholders may have to repay amounts wrongfully distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to our

shareholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

While we believe we currently have effective internal control over financial reporting, we may identify a material weakness in our internal controls over financial reporting that could cause investors to lose confidence in the reliability of our financial statements and result in a decrease in the value of our Class A shares.

Our management is responsible for maintaining internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

We need to continuously maintain our internal control processes and systems and adapt them as our business grows and changes. This process is expensive, time-consuming and requires significant management attention. We cannot be certain that our internal control measures will continue to provide adequate control over our financial processes and reporting and ensure compliance with Section 404 of the Sarbanes-Oxley Act. Furthermore, as we grow our business or acquire other businesses, our internal controls may become more complex and we may require significantly more resources to ensure they remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, either in our existing business or in businesses that we may acquire, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify material weaknesses in our internal controls, the disclosure of that fact, even if quickly remedied, may cause investors to lose confidence in our financial statements and the trading price of our Class A shares may decline.

Remediation of a material weakness could require us to incur significant expense and if we fail to remedy any material weakness, our financial statements may be inaccurate, our ability to report our financial results on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, the trading price of our Class A shares may decline, and we may be subject to sanctions or investigation by regulatory authorities, including the SEC or the NASDAQ. We may also be required to restate our financial statements from prior periods.

The NASDAQ does not require a publicly traded partnership like us to comply with certain of its corporate governance requirements.

Because we are a publicly traded limited partnership, the NASDAQ does not require us, and we do not have, a majority of independent directors on the General Partner's board of directors or a compensation committee or a nominating and corporate governance committee. Additionally, any future issuance of additional partnership interests, including to affiliates, will not be subject to the NASDAQ's shareholder approval rules that apply to a corporation. Accordingly, shareholders will not have the same protections afforded to certain corporations that are subject to all of the NASDAQ corporate governance requirements.

Risks Related to Taxation

Our future tax liability may be greater than expected if we do not generate NOLs sufficient to offset taxable income or if tax authorities challenge certain of our tax positions.

Even though we are organized as a limited partnership under state law, we are treated as a corporation for U.S. federal income tax purposes and thus are subject to U.S. federal income tax at regular corporate rates on our net taxable income. We expect to generate net operating losses ("NOLs") and NOL carryforwards that we can use to offset future taxable income. As a result, we do not expect to pay meaningful U.S. federal income tax for approximately ten years. This estimate is based upon assumptions we have made regarding, among other things, OpCo's income, capital expenditures and operating expenses and it ignores the effect of any possible acquisitions of additional assets, including the ROFO Projects. While we expect that our NOLs and NOL carryforwards will be available to us as a future benefit, in the event that they are not generated as expected, are successfully challenged by the Internal Revenue Service ("IRS") (in a tax audit or otherwise), or are subject to future limitations as described below, our ability to realize these benefits may be limited. Further, the IRS or other tax authorities could challenge one or more tax positions we or OpCo take, such as the classification of assets under the income tax depreciation rules, the characterization of expenses for income tax purposes, the extent to which sales, use or goods and services tax applies to operations in a particular state or the availability of property tax exemptions with respect to our projects, which could reduce the NOLs we generate. Further, any change in law, such as proposed changes to the U.S. federal tax treatment of foreign operations, the current tax depreciation system and the deductibility of interest expense, or any other change made in connection with any comprehensive U.S. federal tax reform, may affect our tax position,

including the size of our expected NOLs.

Our federal and state tax positions may be challenged by the relevant tax authority. The process and costs, including potential penalties for nonpayment of disputed amounts, of contesting such challenges, administratively or judicially, regardless of the merits, could be material. A reduction in our expected NOLs and NOL carryforwards, a limitation on our ability to use such losses, or other tax attributes, such as tax credits, and future tax audits or a challenge by tax authorities to our tax positions may result in a material increase in our estimated future income or other tax liabilities, which would negatively impact the amount of after-tax cash available for distribution to our Class A shareholders and our financial condition.

Our ability to use NOLs and NOL carryforwards to offset future income may be limited.

Our ability to use any NOLs generated by us could be substantially limited if we were to experience an “ownership change” as defined under Section 382 of the Code. In general, an “ownership change” would occur if our “5-percent shareholders,” as defined under Section 382 of the Code, including certain groups of persons treated as “5-percent shareholders,” collectively increased their ownership in us by more than 50 percentage points over a rolling three-year period. An ownership change can occur as a result of a

public offering of our Class A shares, as well as through secondary market purchases of our Class A shares and certain types of reorganization transactions. A corporation (including any entity that is treated as a corporation for U.S. federal income tax purposes) that experiences an ownership change will generally be subject to an annual limitation on the use of its pre-ownership change NOLs and NOL carryforwards (and certain other losses and/or credits) equal to the equity value of the corporation immediately before the ownership change, multiplied by the “long-term tax-exempt rate” (as determined by the IRS) for the month in which the ownership change occurs. Such a limitation could, for any given year, have the effect of increasing the amount of our U.S. federal income tax liability, which would negatively impact the amount of after-tax cash available for distribution to our Class A shareholders and our financial condition.

Our ability to use any NOLs generated by us could also be substantially limited by changes in U.S. federal tax law, including proposed changes that would limit the ability of taxpayers to offset more than 90% of their taxable income with NOLs.

Distributions to Class A shareholders may be taxable as dividends.

Even though we are organized as a limited partnership under state law, we are treated as a corporation for U.S. federal income tax purposes. Accordingly, if we make distributions from current or accumulated earnings and profits as computed for U.S. federal income tax purposes, such distributions will generally be taxable to Class A shareholders as ordinary dividend income for U.S. federal income tax purposes. Distributions paid to non-corporate U.S. shareholders will be subject to U.S. federal income tax at preferential rates, provided that certain holding period and other requirements are satisfied. We estimate that we will have limited earnings and profits for eight or more years. However, it is difficult to predict whether we will generate earnings and profits as computed for U.S. federal income tax purposes in any given tax year, and although we expect that a portion of our distributions to Class A shareholders will exceed our current and accumulated earnings and profits as computed for U.S. federal income tax purposes and therefore constitute a non-taxable return of capital distribution to the extent of a shareholder’s basis in its Class A shares, this may not occur. In addition, although return-of-capital distributions are generally non-taxable to the extent of a shareholder’s basis in its Class A shares, such distributions will reduce the shareholder’s adjusted tax basis in its Class A shares, which will result in an increase in the amount of gain (or a decrease in the amount of loss) that will be recognized by the shareholder on a future disposition of our Class A shares, and to the extent any return-of-capital distribution exceeds a shareholder’s basis, such distributions will be treated as gain on the sale or exchange of the Class A shares.

Changes in ownership outside our control may increase property tax exposure.

A subsidiary of Southern Company owns a 51% economic interest in, and we own a 49% economic interest in, each of the Henrietta Project Entity, the Lost Hills Blackwell Project Entity, the North Star Project Entity and the Solar Gen 2 Project Entity. In addition, on December 1, 2016 we acquired the Stateline Project and a subsidiary of Southern Company owns a 66% economic interest in, and we own a 34% economic interest in, the Stateline Project Entity. Collectively, these five project entities in which we own minority interests constitute over 68% of the MW of the projects in our portfolio of solar assets as of January 23, 2017.

The assets of each of these five joint venture projects are all located in California, which exempts active solar energy systems from state and local property taxes. However, California’s property tax exemption for these projects will terminate if there is a direct or indirect change in ownership of the systems. As a result of our minority interest, we cannot prevent a change in ownership in these project entities if Southern Company sells its controlling interest to a third party. Exposure to California state and local property taxes would negatively impact the amount of after-tax cash available for distribution to our Class A shareholders and our financial condition.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The information required by Item 2 is contained in Item 1. Business.

Item 3. Legal Proceedings.

Although we may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we are not a party to any material legal proceedings. In addition, we are not aware of any material legal or governmental proceedings against us, or contemplated to be brought against us.

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Item 4. Mine Safety Disclosures.

None.

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Quarterly Class A Share Prices and Cash Distributions Per Class A Share

The Partnership’s Class A shares representing limited partner interests began trading on the NASDAQ Global Select Market under the symbol “CAFD” on June 19, 2015. The Partnership’s Class B shares representing limited partner interests are not publicly traded.

As of January 23, 2017, there were 4 holders of record of the Partnership’s Class A shares representing limited partner interests, and two holders of record of the Partnership’s Class B shares representing limited partner interests. In determining the number of Class A shareholders, we consider clearing agencies and security position listings as one Class A shareholder for each agency or listing. A substantially greater number of holders of the Partnership’s Class A shares are in “street name” or beneficial holders, whose shares are held of record by banks, brokers, and other financial institutions.

The table below sets forth, for the periods indicated, the intraday high and low sale prices per Class A share and cash distributions declared to our Class A shares for each quarter beginning on June 19, 2015:

	Class A Share Price		Quarterly Cash Distribution per Class A Share (1)
	High	Low	
2016			
First Quarter	\$ 16.93	\$ 12.22	\$ 0.2246
Second Quarter	16.49	13.54	0.2325
Third Quarter	17.34	14.00	0.2406
Fourth Quarter	15.98	12.44	0.2490
2015			
Third Quarter			
(June 19, 2015 to August 31, 2015)	\$ 21.15	\$ 13.41	\$ 0.157
Fourth Quarter	15.45	10.26	0.217

(1) First Solar and SunPower began receiving distributions from OpCo on their OpCo common and subordinated units beginning in the third quarter of 2016 when the forbearance period was terminated. Please read “Distribution of Available Cash—Distributions of Available Cash by OpCo—Forbearance Period” below for further details. On January 13, 2017, we distributed \$19.7 million on our Class A shares and OpCo’s common and subordinated units, or \$0.2490 per share or unit for the period from September 1, 2016 to November 30, 2016. Although our Partnership

Agreement requires that we distribute our available cash each quarter, we do not have a legal obligation to distribute any particular amount per Class A share or per OpCo unit.

Distributions of Available Cash

Distributions of Our Available Cash

Our Partnership Agreement requires that, within 45 days after the end of each fiscal quarter, we distribute our available cash to Class A shareholders of record on the applicable record date.

Our Partnership Agreement requires us to distribute our available cash quarterly. Generally, our available cash is all cash on hand or received before the date of distribution in respect of such quarter, less the amount of cash reserves established by our general partner. We currently expect that cash reserves of the Partnership would be established solely to provide for the payment of income taxes payable by the Partnership, if any. Our cash flow is generated from distributions we receive from OpCo.

Shares Eligible for Distribution

As of November 30, 2016, we had 28,072,680 Class A shares outstanding and 51,000,000 Class B shares outstanding, with SunPower and First Solar owning 28,883,075 and 22,116,925 Class B shares, respectively. Each Class A share is entitled to receive distributions (including upon liquidation) on a pro rata basis. Our Class B shares are not entitled to receive any distributions. We may issue additional Class A shares to fund the redemption of OpCo common units and our Class B shares tendered by our Sponsors under the Exchange Agreement among us, our Sponsors, our general partner and OpCo. Please read Part III, Item 13. “Certain Relationships and Related Transactions, and Director Independence—Exchange Agreement.”

General Partner Interest

Our general partner owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions. However, our general partner may in the future own Class A shares or other equity securities in us and would be entitled to receive cash distributions on any such interests.

Distributions of Cash Upon Liquidation

If we dissolve in accordance with our Partnership Agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of our creditors and distribute any remaining proceeds pro rata to our Class A shareholders.

Intent to Distribute a Quarterly Distribution

We intend to make a quarterly distribution to the holders of our Class A shares of at least \$0.2097 per share, or \$0.8388 per share on an annualized basis, which is equal to OpCo's minimum quarterly distribution on the OpCo common units. However, our ability to pay any such quarterly distribution will depend on the amount of distributions we receive from OpCo, as a holder of OpCo common units.

Even if we receive sufficient cash from OpCo to pay any such quarterly distribution, our ability to pay such quarterly distribution will also depend on whether we have sufficient remaining cash after the establishment of cash reserves as determined by our general partner. Consequently, we may not be able to pay a quarterly distribution on our Class A shares in any quarter, even if the minimum quarterly distribution on the OpCo common units has been paid in full.

Distributions of Available Cash by OpCo

General

The OpCo limited liability company agreement requires that, within 45 days after the end of each quarter, OpCo will distribute its available cash to its unitholders of record on the applicable record date.

Units Eligible for Distribution

As of November 30, 2016, we owned 28,072,680 common units in OpCo, as well as a controlling non-economic managing member interest in OpCo, SunPower owned 8,778,190 common units and 20,104,885 subordinated units in OpCo, and First Solar owned 6,721,810 common units and 15,395,115 subordinated units in OpCo.

Definition of OpCo's Available Cash

Available cash generally means, for any quarter, the sum of all cash and cash equivalents on hand at the end of that quarter:

- less, the amount of cash reserves established by our general partner to:
- provide for the proper conduct of OpCo's business, including reserves for anticipated future debt service requirements, future capital expenditures and future acquisitions, subsequent to that quarter;
- comply with applicable law or any of OpCo's or its subsidiaries' debt instruments or other agreements; or
- provide funds for distributions to OpCo's unitholders for any one or more of the next four quarters, provided that we may not establish cash reserves for future distributions if the effect of the establishment of such reserves will prevent OpCo from making the minimum quarterly distribution on all OpCo common units and any cumulative arrearages on

such OpCo common units for the current quarter;

• plus, all cash on hand on the date of determination resulting from dividends or distributions received after the end of the quarter from equity interests in any person other than a subsidiary in respect of operations conducted by such person during the quarter;

• plus, if we so determine, all or any portion of the cash on hand on the date of determination of available cash resulting from working capital borrowings after the end of such quarter.

The purpose and effect of the last bullet point above is to allow us, if we so decide, to cause OpCo to use cash from working capital borrowings made after the end of the quarter but on or before the date of determination of available cash for that quarter to pay distributions to OpCo's unitholders. Under the OpCo limited liability company agreement, working capital borrowings are generally borrowings under a credit facility, commercial paper facility or similar financing arrangement, and in all cases are used solely for working capital purposes or to pay distributions to members, and with the intent of the borrower to repay such borrowings within 12 months with funds other than from additional working capital borrowings.

Intent to Distribute the Minimum Quarterly Distribution

We intend to cause OpCo to pay at least the minimum quarterly distribution to the holders of OpCo common units, including us, and OpCo’s subordinated units of \$0.2097 per unit, or \$0.8388 per unit on an annualized basis, to the extent OpCo has sufficient available cash after the establishment of cash reserves and the payment of costs and expenses, including (i) expenses of our general partner and its affiliates, (ii) our expenses, and (iii) payments to our Sponsors and their affiliates under the MSAs. However, OpCo may not be able to pay the minimum quarterly distribution or any other amount on its units in any quarter. Since we own all of the non-economic managing member interest of OpCo, determinations made by OpCo will ultimately be made by our general partner. Please read Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources of Liquidity— Term Loan, Delayed Draw Term Loan and Revolving Credit Facility” for a discussion of the restrictions in OpCo’s senior secured credit facility that may restrict its ability to make distributions.

Incentive Distribution Rights

Holdings currently holds incentive distribution rights that entitle it to receive increasing percentages, up to a maximum of 50%, of the cash OpCo distributes from operating surplus (as defined in the OpCo limited liability company agreement) in excess of \$0.31455 per common and subordinated unit per quarter. The maximum distribution of 50% does not include any distributions that Holdings or its affiliates may receive on OpCo common or subordinated units that they own.

Percentage Allocations of Available Cash From Operating Surplus

The following table sets forth the percentage allocations of available cash from operating surplus between Holdings (in respect of the incentive distribution rights) and OpCo’s unitholders (in respect of their common and subordinated units) based on the specified target quarterly distribution levels. The amounts set forth under “Marginal Percentage Interest in Available Cash” are the percentage interests of Holdings (in respect of the incentive distribution rights) and the OpCo unitholders (in respect of their common and subordinated units) in any available cash from operating surplus OpCo distributes up to and including the corresponding amount in the column “Total Quarterly Distribution per Unit Target Amount.” The percentage interests shown for OpCo’s unitholders and Holdings for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

	Total Quarterly Distribution per Unit Target Amount	Marginal Percentage Interest in Available Cash			
		Unitholders		Incentive Distribution Rights	
Minimum Quarterly Distribution	\$0.2097	100.0	%	0.0	%
First Target Distribution	above \$0.2097 up to \$0.31455	100.0	%	0.0	%
Second Target Distribution	above \$0.31455 up to \$0.366975	85.0	%	15.0	%
Third Target Distribution	above \$0.366975 up to \$0.4194	75.0	%	25.0	%
Thereafter	above \$0.4194	50.0	%	50.0	%

Subordination Period

The OpCo limited liability company agreement provides that, during the subordination period (which we define below), the OpCo common units will have the right to receive distributions of available cash from operating surplus each quarter in an amount equal to \$0.2097 per OpCo common unit, which amount is defined in the OpCo limited liability company agreement as the minimum quarterly distribution, plus any arrearages in the payment of the minimum quarterly distribution on the OpCo common units from prior quarters, before any distributions of available cash from operating surplus may be made on the OpCo subordinated units. These units are deemed “subordinated” because for a period of time, referred to as the subordination period, the OpCo subordinated units will not be entitled to receive any distributions from operating surplus until the OpCo common units have received the minimum quarterly distribution from operating surplus for such quarter plus any arrearages from prior quarters. Furthermore, no arrearages will accrue or be payable on the OpCo subordinated units. The practical effect of the OpCo subordinated units is to increase the likelihood that, during the subordination period, there will be available cash from operating surplus to be distributed on the OpCo common units and our Class A shares.

Except as described below, the subordination period began on June 24, 2015 and will expire on the first business day after the distribution to OpCo’s unitholders in respect of any quarter, beginning with the quarter ending August 31, 2018, if each of the following has occurred:

- for each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date, aggregate distributions from operating surplus equaled or exceeded the sum of the minimum quarterly distribution multiplied by the total number of OpCo common and subordinated units outstanding for each quarter of each period;
- for the same three consecutive, non-overlapping four-quarter periods, the “adjusted operating surplus” (as defined in the OpCo limited liability company agreement) generated during each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date equaled or exceeded the sum of the minimum quarterly distribution multiplied by the total number of OpCo common and subordinated units outstanding during each quarter on a fully diluted weighted average basis; and
- there are no arrearages in payment of the minimum quarterly distribution on the OpCo common units.

Early Termination of Subordination Period

Notwithstanding the foregoing, the subordination period will automatically terminate, and all of the OpCo subordinated units will convert into OpCo common units on a one-for-one basis, on the first business day after the distribution to unitholders in respect of any quarter beginning with the quarter ended August 31, 2016, if each of the following has occurred:

- for the four-quarter period immediately preceding that date, aggregate distributions from operating surplus exceeded the product of 150.0% of the minimum quarterly distribution multiplied by the total number of OpCo common and subordinated units outstanding in each quarter in the period;
- for the same four-quarter period, the “adjusted operating surplus” equaled or exceeded the product of 150.0% of the minimum quarterly distribution multiplied by the total number of OpCo common and subordinated units outstanding during each quarter on a fully diluted weighted average basis, plus the related distribution on the incentive distribution rights; and
- there are no arrearages in payment of the minimum quarterly distributions on the OpCo common units.

Expiration of the Subordination Period

When the subordination period ends, each outstanding OpCo subordinated unit will convert into one OpCo common unit and will thereafter participate pro rata with the other OpCo common units in distributions of available cash.

Forbearance Period

Our Sponsors agreed to forego any distributions declared on their common and subordinated units of OpCo during the forbearance period. The amount of distributions foregone by the Sponsors through May 31, 2016 was \$42.4 million.

On June 21, 2016, the board of directors of our general partner, with the concurrence of the conflicts committee, determined that OpCo had met the tests in OpCo’s limited liability company agreement to terminate OpCo’s distribution forbearance period. As a result, starting with the quarter ended August 31, 2016, the OpCo common and subordinated units held by First Solar and SunPower are entitled to distributions.

Securities Authorized for Issuance under Equity Compensation Plans

Please read Part III, Item 11. “Executive Compensation” and Part III, Item 12. “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” for information regarding our equity compensation plans as of November 30, 2016.

Issuer Purchases of Equity Securities

We did not repurchase any of our Class A Shares in the year ended November 30, 2016.

Item 6. Selected Financial Data.

The Partnership's historical selected financial data is presented in the following table. For all periods prior to the IPO, the amounts shown in the table below represent the Predecessor's financial data, and were prepared using SunPower's historical basis in assets and liabilities. For all periods subsequent to the IPO, the amounts shown in the table below represent the results of the Partnership. This historical data should be read in conjunction with Part II, Item 7.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and the related notes thereto in Part II, Item 8. "Financial Statements and Supplementary Data."

	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014	Year Ended December 29, 2013
Statement of Operations Data:				
Revenues:				
Operating revenues	\$ 61,198	\$ 10,660	\$ 9,231	\$24,489
Total revenues	61,198	10,660	9,231	24,489
Operating costs and expenses:				
Cost of operations	6,959	2,624	(3,195)	13,111
Cost of operations—SunPower, prior to IPO	—	468	937	928
Selling, general and administrative	7,003	10,702	4,818	4,272
Depreciation and accretion	22,792	4,291	2,339	3,224
Acquisition-related transaction costs	2,271	212	—	—
Total operating costs and expenses	39,025	18,297	4,899	21,535
Operating income (loss)	22,173	(7,637)	4,332	2,954
Other expense (income):				
Interest expense	12,081	1,860	5,525	6,751
Interest income	(1,203)	(1,470)	—	—
Other expense (income)	(1,518)	12,536	—	—
Total other expense, net	9,360	12,926	5,525	6,751
Income (loss) before income taxes	12,813	(20,563)	(1,193)	(3,797)
Income tax provision	(18,244)	(12,503)	(23)	(30)
Equity in earnings of unconsolidated investees	18,341	9,055	—	—
Net income (loss)	\$ 12,910	\$ (24,011)	\$ (1,216)	\$ (3,827)
Less: Predecessor loss prior to IPO on June 24, 2015	—	(20,095)		
Net income (loss) subsequent to IPO	12,910	(3,916)		
Less: Net loss attributable to noncontrolling interests and				
redeemable noncontrolling interests	(14,191)	(22,642)		
Net income attributable to 8point3 Energy Partners LP				
Class A shares	\$ 27,101	\$ 18,726		
Net income per Class A share:				
Basic	\$ 1.27	\$ 0.94		

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Diluted	\$ 1.27	\$ 0.94		
Distributions per Class A share:	\$ 0.91	\$ 0.16		
Weighted average number of Class A shares:				
Basic	21,420	20,002		
Diluted	36,920	35,034		
Cash Flow Data:				
Net cash provided by (used in):				
Operating activities	54,636	1,836	1,801	5,380
Investing activities	(272,001)	(219,016)	(55,231)	(8,082)
Financing activities	174,845	273,961	53,430	2,702
Balance Sheet Data:				
Cash and cash equivalents	14,261	56,781	—	—
Cash grants and rebates receivable	—	—	1,216	9,692
Accounts receivable and short-term financing receivables, net	5,401	4,289	2,910	2,850
Prepaid and other current assets	15,745	8,033	—	—
Property and equipment, net	720,132	486,942	158,208	100,010
Long-term financing receivables, net	80,014	83,376	85,635	87,864
Investments in unconsolidated affiliates	475,078	352,070	—	—
Total assets	1,335,063	1,017,633	247,969	200,565
Long-term debt and financing obligations	384,436	297,206	91,183	31,545
Total liabilities	455,530	325,500	120,459	60,632
Redeemable noncontrolling interests	17,624	89,747	—	—
Total equity	861,909	602,386	127,510	139,933

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements for and as of the year ended November 30, 2016, the eleven months ended November 30, 2015, and the year ended December 28, 2014, respectively and the notes thereto included elsewhere in this Annual Report on Form 10-K.

Overview

Description of Partnership

We are a growth-oriented limited partnership formed by First Solar and SunPower, our Sponsors, to own, operate and acquire solar energy generation projects.

Our Portfolio

As of November 30, 2016, our Portfolio consisted of interests in 642 MW of solar energy projects. As of November 30, 2016, we owned interests in nine utility-scale solar energy projects, all of which are operational. These assets represent 89% of the generating capacity of our Portfolio. As of November 30, 2016, we owned interests in four C&I solar energy projects, two of which were operational and two of which were in late-stage construction, and a portfolio of residential DG Solar assets, which represent 11% of the generating capacity of our Portfolio. Our Portfolio is located entirely in the United States and consists of utility-scale and C&I assets that sell substantially all of their output under long-term, fixed-price offtake agreements primarily with investment grade offtake counterparties and residential DG Solar assets that are leased under long-term fixed-price offtake agreements with high credit quality residential customers with FICO scores averaging 765 at the time of the initial contract. As of November 30, 2016, the weighted average remaining life of offtake agreements across our Portfolio was 20.3 years.

In addition, on November 11, 2016, OpCo entered into a purchase and sale agreement with an affiliate of First Solar, pursuant to which OpCo agreed to acquire a 34% interest in the 300 MW Stateline Project for \$329.5 million. We acquired the Stateline Project on December 1, 2016.

For an overview of the assets that comprise our Portfolio as of November 30, 2016, please read Part I. Item 1. "Business."

How We Generate Revenues

Under our Utility Project Entities' offtake agreements, each Utility Project Entity generally receives a fixed price over the term of the offtake agreement with respect to 100% of its output, subject to certain adjustments. Our Utility Project Entities' offtake agreements have certain availability or production requirements, and if such requirements are not met, then in some cases the applicable project is required to pay the offtake counterparty a specified damages amount, and in some cases the offtake counterparty has the right to terminate the offtake agreement or reduce the contract quantity. In addition, under our Utility Project Entities' offtake agreements, each party typically has the right to terminate upon written notice ranging from ten to 60 days following the occurrence of an event of default that has not been cured within the applicable cure period, if any.

Under the offtake agreements of our C&I Project Entities, each C&I Project Entity generally receives a fixed price over the term of the offtake agreement with respect to 100% of its output, subject to certain adjustments. Certain of our C&I Project Entities' offtake agreements have availability or production requirements, and if such requirements are not met, the offtake counterparty has the right to terminate the offtake agreement. Under our C&I Project Entities'

offtake agreements, each party typically has the right to terminate upon written notice ranging from ten to 30 days following the occurrence of an event of default that has not been cured within the applicable cure period, if any.

Under our Residential Portfolio Project Entity's offtake agreements, homeowners are obligated to make lease payments to the Residential Portfolio Project Entity on a monthly basis. The customer's monthly payment is fixed based on a calculation that takes into account expected solar energy generation, and certain of our current offtake agreements contain price escalators with an average of a 1% increase annually. Customers are eligible to purchase the leased solar power systems to facilitate the sale or transfer of their home. The agreements also include an early buy-out option at fair market value exercisable in the seventh year that allows customers to purchase the solar power system.

How We Evaluate Our Operations

Our management uses a variety of financial metrics to analyze our performance. The key financial metrics we evaluate are Adjusted EBITDA and cash available for distribution.

Adjusted EBITDA.

We define Adjusted EBITDA as net income (loss) plus interest expense, net of interest income, income tax provision, depreciation, amortization and accretion, including our proportionate share of net interest expense, income taxes and depreciation, amortization and accretion from our unconsolidated affiliates that are accounted for under the equity method, and share-based compensation and transaction costs incurred for our acquisitions of projects; and excluding the effect of certain other non-cash or non-recurring items that we do not consider to be indicative of our ongoing operating performance such as, but not limited to, mark to market adjustments to the fair value of derivatives related to our interest rate hedges. Adjusted EBITDA is a non-U.S. GAAP financial measure. This measurement is not recognized in accordance with U.S. GAAP and should not be viewed as an alternative to U.S. GAAP measures of performance. The U.S. GAAP measure most directly comparable to Adjusted EBITDA is net income (loss). The presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

We believe Adjusted EBITDA is useful to investors in evaluating our operating performance because securities analysts and other interested parties use such calculations as a measure of financial performance and borrowers' ability to service debt. In addition, Adjusted EBITDA is used by our management for internal planning purposes including certain aspects of our consolidated operating budget and capital expenditures. It is also used by investors to assess the ability of our assets to generate sufficient cash flows to make distributions to our Class A shareholders.

However, Adjusted EBITDA has limitations as an analytical tool because it does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments, does not reflect changes in, or cash requirements for, working capital, does not reflect significant interest expense or the cash requirements necessary to service interest or principal payments on our outstanding debt or cash distributions on tax equity, does not reflect payments made or future requirements for income taxes, and excludes the effect of certain other cash flow items, all of which could have a material effect on our financial condition and results of operations. Adjusted EBITDA is a non-U.S. GAAP measure and should not be considered an alternative to net income (loss) or any other performance measure determined in accordance with U.S. GAAP, nor is it indicative of funds available to fund our cash needs. In addition, our calculations of Adjusted EBITDA are not necessarily comparable to EBITDA as calculated by other companies. Investors should not rely on these measures as a substitute for any U.S. GAAP measure, including net income (loss).

Cash Available for Distribution.

We use cash available for distribution, which we define as Adjusted EBITDA less equity in earnings of unconsolidated affiliates, cash interest paid, cash income taxes paid, maintenance capital expenditures, cash distributions to noncontrolling interests and principal amortization of indebtedness plus cash distributions from unconsolidated affiliates, indemnity payments and working capital loans from Sponsors, test electricity generation, cash proceeds from sales-type residential leases, state and local rebates and cash proceeds for reimbursable network upgrade costs. Our cash flow is generated from distributions we receive from OpCo each quarter. OpCo's cash flow is generated primarily from distributions from the Project Entities. As a result, our ability to make distributions to our Class A shareholders depends primarily on the ability of the Project Entities to make cash distributions to OpCo and the ability of OpCo to make cash distributions to its unitholders.

We believe cash available for distribution is useful to investors in evaluating our operating performance because securities analysts and other interested parties use such calculations as a measure of our ability to make our distribution. In addition, cash available for distribution is used by our management team for determining future acquisitions and managing our growth. The U.S. GAAP measure most directly comparable to cash available for distribution is net income (loss).

However, cash available for distribution has limitations as an analytical tool because it does not capture the level of capital expenditures necessary to maintain the operating performance of our projects, does not include changes in operating assets and liabilities and excludes the effect of certain other cash flow items, all of which could have a material effect on our financial condition and results from operations. Cash available for distribution is a non-U.S. GAAP measure and should not be considered an alternative to net income (loss) or any other performance measure determined in accordance with U.S. GAAP, nor is it indicative of funds available to fund our cash needs. In addition, our calculations of cash available for distribution are not necessarily comparable to cash available for distribution as calculated by other companies. Investors should not rely on these measures as a substitute for any U.S. GAAP measure, including net income (loss).

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The following table presents a reconciliation of net income (loss) to Adjusted EBITDA and cash available for distribution for the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014:

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Net income (loss)	\$ 12,910	\$ (24,011	) \$ (1,216)
Add (Less):			
Interest expense, net of interest income	10,870	390	5,525
Income tax provision	18,244	12,503	23
Depreciation, amortization and accretion	22,880	4,291	2,339
Share-based compensation	224	112	—
Acquisition-related transaction costs (1)	2,271	212	—
Selling, general and administrative (2)	—	6,372	2,334
Loss on cash flow hedges related to Quinto interest rate swaps	—	5,448	—
Loss on termination of residential financing obligations	—	6,477	—
Unrealized loss (gain) on derivatives (3)	(1,508)	611	—
Add proportionate share from equity method investments (4)			
Interest expense, net of interest income	(524)	(165)	—
Depreciation, amortization and accretion	10,825	5,212	—
Adjusted EBITDA	\$ 76,192	\$ 17,452	\$ 9,005
Less:			
Equity in earnings of unconsolidated affiliates, net with			
(4) above (5)	(28,642)	(14,102)	—
Cash interest paid (6)	(12,176)	(4,502)	—
Cash income taxes paid	(2)	—	—
Maintenance capital expenditures	(50)	—	—
Cash distributions to non-controlling interests	(6,142)	—	—
Add:			
Cash distributions from unconsolidated affiliates (7)	30,129	10,902	—
Indemnity payment from Sponsors (8)	10,316	3,900	—
Short-term Note (9)	—	1,964	—
Test electricity generation (10)	421	5,576	—
Cash proceeds (usage) from sales-type residential leases,			
net (11)	2,550	2,730	2,746
State and local rebates (12)	299	—	—
Cash proceeds for reimbursable network upgrade costs (13)	222	—	—
Cash available for distribution	\$ 73,117	\$ 23,920	\$ 11,751

(1) Represents acquisition-related financial advisory, legal and accounting fees associated with ROFO Project interests purchased and expected to be purchased by us in the future.

(2) Represents the allocation of the Predecessor's corporate overhead in selling, general and administrative expenses.

- (3) Represents the changes in fair value of interest rate swaps that were not designated as cash flow hedges.
- (4) Represents our proportionate share of net interest expense, depreciation, amortization and accretion from our unconsolidated affiliates that are accounted for under the equity method.
- (5) Equity in earnings of unconsolidated affiliates represents the earnings from the Solar Gen 2 Project, the North Star Project, the Lost Hills Blackwell Project and the Henrietta Project and is included on our consolidated statements of operations.
- (6) Represents cash interest payments related to our term loan and revolving credit facilities post-IPO. The interest payments for the Quinto Credit Facility on the Predecessor's combined carve-out financial statements were excluded as they were funded by one of our Sponsors.
- (7) Cash distributions from unconsolidated affiliates represent the cash received by OpCo with respect to its 49% interest in the Solar Gen 2 Project, the North Star Project, the Lost Hills Blackwell Project and the Henrietta Project.

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- (8) Represents indemnity payments from the Sponsors owed to OpCo in accordance with the Omnibus Agreement. Please read Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 14—Related Parties.”
- (9) Represents a working capital loan from First Solar. Please read Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 14—Related Parties.”
- (10) Test electricity generation represents the sale of electricity that was generated prior to COD by the Kingbird Project for the year ended November 30, 2016 and by the Quinto Project, the RPU Project, the UC Davis Project and the Macy’s California Project for the eleven months ended November 30, 2015. Solar systems may begin generating electricity prior to COD as a result of the installation and interconnection of individual solar modules, which occurs over time during the construction and commission period. The sale of test electricity generation is accounted for as a reduction in the asset carrying value rather than operating revenue prior to COD, even though it generates cash for the related Project Entity.
- (11) Cash proceeds from sales-type residential leases, net, represent gross rental cash receipts for sales-type leases, less sales-type revenue and lease interest income that is already reflected in net income (loss) during the period. The corresponding revenue for such leases was recognized in the period in which such lease was placed in service, rather than in the period in which the rental payment was received, due to the characterization of these leases under U.S. GAAP.
- (12) State and local rebates represent cash received from state or local governments for owning certain solar power systems. The receipt of state and local rebates is accounted for as a reduction in the asset carrying value rather than operating revenue.
- (13) Cash proceeds from a utility company related to reimbursable network upgrade costs associated with the Kingbird Project.

Items Affecting the Comparability of Our Financial Results

Our future results of operations will not be comparable to our historical results of operations for the reasons described below.

Formation Transactions. At the closing of our IPO, we acquired the IPO First Solar Project Entities, which were not included in the results of the Predecessor. Our consolidated financial statements include the financial condition and results of operations of the IPO First Solar Project Entities since June 24, 2015, the date we completed our IPO. Results of operations of the Predecessor mainly relate to our Residential Portfolio, which represents less than 10% of the assets in our Portfolio. Prior to the IPO on June 24, 2015, none of the Predecessor’s Utility and C&I Projects had commenced operation and the IPO First Solar Projects were not included in the Predecessor’s results of operations.

Selling, General and Administrative Expense. The Predecessor’s historical combined carve-out financial statements included SG&A expenses that have historically included direct charges for certain overhead and shared services expenses allocated by SunPower. Allocations for SG&A services included such items as information technology, legal, human resources and other financial and administrative services. These expenses were charged or allocated to the Predecessor based on management’s estimate of proportional use. Under the MSAs, which were amended in August 2015, we pay annual fees of \$1.7 million to our Sponsors for general and administrative services. These annual management fees are subject to annual adjustment to reflect the cost to provide SG&A services to us. In addition, our SG&A expenses also include the fees we pay to our Sponsors pursuant to AMAs.

Accounting for Joint Ventures. The Predecessor’s historical combined carve-out financial statements do not include equity in earnings from any minority-owned joint ventures. As of November 30, 2016, OpCo owned a 49% interest in the Solar Gen 2 Project, the North Star Project, the Lost Hills Blackwell Project and the Henrietta Project; however, as the interests in the Solar Gen 2 Project, the North Star Project and the Lost Hills Blackwell Project were previously owned by First Solar, and as the Henrietta Project was acquired by OpCo on September 29, 2016, none of these projects were included in the Predecessor’s combined carve-out financial statements. The results of operations of joint

ventures in which OpCo owns a meaningful noncontrolling interest are not consolidated in our consolidated financial statements and instead are represented as earnings from equity investments.

Financing. The Predecessor's historical combined carve-out financial statements reflect indebtedness for the Quinto Project, which was paid off in connection with the closing of our IPO, and two residential financing agreements with third-party investors, both of which have been terminated. On June 5, 2015, OpCo entered into a \$525.0 million senior secured credit facility, consisting of a \$300.0 million term loan facility, a \$25.0 million delayed draw term loan facility and a \$200.0 million revolving credit facility. As of November 30, 2015, the full amount of the \$300.0 million term loan facility and approximately \$48.8 million of letters of credit under our revolving credit facility were outstanding. We used the proceeds of the \$300.0 million term loan facility to pay distributions to our Sponsors. On March 30, 2016, in connection with the acquisitions of the Kingbird Project and the Hooper Project, OpCo drew down \$40.0 million from its revolving credit facility and \$25.0 million from its delayed draw term loan facility. On September 29, 2016, in connection with the acquisition of the Henrietta Project, OpCo drew down \$23.0 million from its revolving credit facility. On September 30, 2016, OpCo entered into an amendment and joinder agreement (the "Joinder Agreement") under its existing senior

secured credit facility, pursuant to which OpCo obtained a new \$250.0 million incremental term loan facility, increasing the maximum borrowing capacity under the credit facility to \$775.0 million. As of November 30, 2016, we had outstanding borrowings of \$300.0 million under the term loan facility, \$25.0 million under the delayed draw term loan facility and \$63.0 million under the revolving credit facility, as well as approximately \$54.9 million of letters of credit outstanding under the revolving credit facility. The remaining portion of the term loan facility and the revolving credit facility was undrawn as of November 30, 2016.

Expiration of Section 1603 Cash Grant Program. The Predecessor's combined carve-out financial statements reflect the effect of the federal Section 1603 cash grant program. This program has expired and we no longer benefit from these cash grants.

Maryland Solar Lease Arrangement. The Maryland Solar Project Entity has leased the Maryland Solar Project to an affiliate of First Solar, with the lease term expiring on December 31, 2019 (unless terminated earlier pursuant to its terms). Under the arrangement, First Solar's affiliate is obligated to pay a fixed amount of rent that is set based on the expected operations of the plant. Please read Part III, Item 13. "Certain Relationships and Related Transactions, and Director Independence—Maryland Solar Lease Agreement."

Change in Fiscal Year. On June 24, 2015, in connection with the closing of the IPO, we amended our Partnership Agreement to include a change in the fiscal year to November 30. The Predecessor had a 52-to-53 week fiscal year that ended on the Sunday closest to December 31. The accompanying consolidated financial statements cover the period from December 1, 2015 through November 30, 2016, representing the entire twelve-month period of our 2016 fiscal year. The prior years' comparable periods cover the period from December 29, 2014 through November 30, 2015, representing the eleven-month period of our adopted 2015 fiscal year, and the period from December 30, 2013 through December 28, 2014, reported on the basis of the 2014 fiscal year end of our Predecessor, which was a 52-week fiscal year.

As a result of the change in our fiscal year end, the annual and quarterly periods of our newly adopted fiscal year do not coincide with the historical annual and quarterly periods previously reported by our Predecessor. Financial information for the year ended November 30, 2015 and November 30, 2014 have not been included in this Form 10-K for the following reasons: (i) the eleven months ended November 30, 2015 and the year ended December 28, 2014 provide as meaningful a comparison to the year ended November 30, 2016 as would the year ended November 30, 2015 and November 30, 2014; (ii) we believe that there are no significant factors, seasonal or other, that would impact the comparability of information if the results for the year ended November 30, 2015 and November 30, 2014 were presented in lieu of results for the eleven months ended November 30, 2015 and the year ended December 28, 2014; and (iii) it was not practicable or cost justified to prepare this information.

Significant Factors and Trends Affecting Our Business

We expect the following factors will affect our results of operations:

Power Purchase Agreements

Our revenues are a function of the volume of electricity generated and sold by our projects and rental payments under lease agreements. The assets in our Portfolio sell substantially all of their output or are leased under long-term, fixed price offtake agreements primarily with investment grade utility-scale and C&I offtakers, as well as high credit quality residential customers with an average FICO score of 765 at the time of initial contract. As of November 30, 2016, the weighted average remaining life of offtake agreements across our Portfolio was 20.3 years, with the offtake agreements of our Utility Project Entities having remaining terms ranging from 16.3 to 27.1 years and our C&I offtake agreements and residential offtake agreements having remaining terms ranging from 15.8 to 20.0 years. We believe

long-term agreements with creditworthy customers substantially mitigate volatility in our cash flows. As of November 30, 2016, two offtake counterparties were placed on CreditWatch by Standard & Poor's Ratings Services, increasing our credit risk associated with these customers. Please read Part I, Item 1A. "Risk Factors—Risks Related to Our Project Agreements—We rely on a limited number of offtake counterparties and we are exposed to the risk that they are unwilling or unable to fulfill their contractual obligations to us or that they otherwise terminate their offtake agreements with us."

Operation of Projects

Our revenues are a function of the volume of electricity generated by our projects. The volume of electricity generated by our projects during a particular period is impacted by the number of systems that have achieved commercial operations, as well as both scheduled and unexpected repair and maintenance required to keep our systems operational. Equipment performance represents the primary factor affecting our operating results because equipment downtime impacts the volume of the electricity that we are able to generate from our systems.

Future Acquisitions

Our ability to grow our business and increase our quarterly cash distributions could be impacted by a number of factors and trends that affect our industry generally, including the development of any ROFO Projects we may acquire in the future. Our ability to acquire ROFO Projects is dependent on our ability to agree on terms with our Sponsors, our ability to borrow additional funds and access capital markets, our Sponsors' ability to complete the development of the ROFO Projects and our Sponsors' decision to sell the ROFO Projects they develop.

Demand for Solar Energy

United States energy demand is increasing due to economic development and population growth. The U.S. Energy Information Administration projects fossil fuels' share of total energy in the United States to decline from 82% in 2015 to 77% in 2040, while renewable energy use is projected to grow from 9% in 2015 to 15% in 2040 in response to the Clean Power Plan, availability of federal tax credits for renewable electricity generation and capacity during the early years of the projection, and state renewable portfolio standard programs. With exposure to volatile fossil fuel costs, increasing concern about carbon emissions and a variety of other factors, customers are seeking alternatives to traditional sources of electricity generation. As a form of electricity generation that is not dependent on fossil fuels, does not produce greenhouse gas emissions and whose costs are falling, solar energy is well-positioned to continue to capture an increasing share of this new build capacity. We believe we are well-positioned to benefit from this increased demand for solar energy. However, the demand for solar energy could change at any time, especially as a result of a decline in commodity prices, including the price of natural gas, or a change in the federal, state, or local policies regulating natural gas, coal, oil and other fossil fuels, which could lower prices for fuel sources used to produce energy from other technologies and reduce the demand for solar energy. For more information about the risks associated with changing demand for solar energy, please read Part I, Item 1A. "Risk Factors—If solar energy technology is not suitable for widespread adoption at economically attractive rates of return, or if sufficient additional demand for solar energy systems does not develop or takes longer to develop than we anticipate, our ability to acquire accretive projects may decrease."

Government Incentives

Our Portfolio benefits from certain federal, state and local incentives designed to promote the development and use of solar energy. These incentives include accelerated tax depreciation, ITCs, Renewable Portfolio Standards ("RPS") programs and net metering policies. These incentives make the development of solar energy projects more competitive by providing tax credits and accelerated depreciation for a portion of the development and construction costs, decreasing the costs associated with developing and building such projects. In addition, these incentives create demand for renewable energy assets through RPS programs and the reduction or removal of these incentives may diminish the market for future solar energy offtake agreements and reduce the ability for solar developers to compete for future solar energy offtake agreements. A loss or reduction in such incentives could decrease the attractiveness of solar energy projects to developers, including our Sponsors, which could reduce our acquisition opportunities. For example, the ITC, a federal income tax credit for 30% of eligible basis, is scheduled to fall to 26% of eligible basis for solar projects that commence construction during 2020, 22% of eligible basis for solar projects that commence construction during 2021, and 10% of eligible basis for solar projects that commence construction during 2022 or thereafter or are placed into service on or after January 1, 2024.

The current administration's proposed environmental and tax policies may create regulatory uncertainty in the clean energy sector, including the solar energy sector, and may lead to a reduction or removal of various clean energy programs and initiatives designed to curtail climate change. For more information about the risks associated with these government incentives, please read Part I, Item 1A. "Risk Factors—Government regulations providing incentives and subsidies for solar energy could change at any time, including pursuant to the proposed environmental and tax

policies of the current administration, and such changes may negatively impact our growth strategy.”

The projects in our Portfolio are generally unaffected by the trends discussed above, given that all of the electricity to be generated by our projects are sold under fixed-price offtake agreements, which, as of November 30, 2016, have a weighted average remaining life of approximately 20.3 years. In addition, our near-term growth strategy is also largely insulated from the trends discussed above. We expect that most of our short-term growth will come from opportunities to acquire the ROFO Projects, all of which will have executed power sale agreements at the time of any acquisition by us.

Critical Accounting Policies & Estimates

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles, which requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses recorded in our financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be

reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. In addition to our most critical estimates discussed below, we also have other key accounting policies that are less subjective and, therefore, judgments involved in their application would not have a material impact on our reported results of operations. Please read Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 2—Summary of Significant Accounting Policies.”

Revenue Recognition

Operating revenues to date are comprised of revenues generated from power purchase agreements, solar energy systems leased to residential customers and lease revenue from the Maryland Solar Project. We are the lessor while the PPA offtaker, residential customers and an affiliate of First Solar are the lessees.

Operating leases: Under long-term PPAs, revenue is generated from the sale of energy to various non-affiliated parties. Amounts are recognized as revenue based on rates stipulated in the respective PPAs when energy and any related renewable energy attributes are delivered. All PPAs, except for those associated with the Macy’s Maryland Project, are accounted for as operating leases. In addition, we also recognize lease revenue for the Maryland Solar Project, which is subject to a solar lease agreement that expires on December 31, 2019, with an affiliate of First Solar as the lessee.

Certain residential leased solar energy systems are classified as operating leases; therefore, revenue associated with renting the solar energy system and executory costs is recognized on a straight-line basis over the 20-year lease term. State or local rebates defined in the minimum lease payments under the lease that are deemed fixed and determinable are recorded as deferred revenue in the consolidated balance sheets when the lease is placed in service and amortized to revenue on a straight-line basis over the 20-year lease term. Performance-based incentives (“PBI Rebates”) representing contingent revenue are recognized upon cash receipt.

Sales-type leases: Other residential systems are classified as sales-type leases because the net present value (“NPV”) of the minimum lease payments per the contract, excluding the portion of payments representing executory costs, equals or exceeds 90% of the excess of the fair value of the leased property to the lessor at lease inception. For such solar energy systems, the NPV of the minimum lease payments, net of executory costs, was recognized as revenue when the lease was placed in service. This NPV includes fixed and determinable state or local rebates defined in the minimum lease payments under the lease but excludes PBI Rebates because these rebates are not fixed and determinable as they relate to the generation of electricity from the leased solar energy system, and therefore represent contingent revenue recognized upon cash receipt. This NPV, as well as that of the residual value of the lease at termination, are recorded as financing receivables in the consolidated balance sheets. The difference between the initial net amounts and the gross amounts is amortized to revenue over the lease term using the effective interest method. Revenue representing executory costs to operate and maintain the leased solar energy system is recognized on a straight-line basis over the 20-year lease term. The residual values of solar energy systems are determined at the inception of the lease applying an estimated system fair value at the end of the lease term. As all the leases owned by the Predecessor were placed into service before fiscal 2015, all revenue related to the NPV of the minimum lease payments has been recognized as of December 28, 2014. Accordingly, other than interest revenue, there was no sales-type lease revenue recognized on the consolidated financial statements for the year ended November 30, 2016 and the eleven months ended November 30, 2015.

Accounts Receivable and Financing Receivable

Accounts receivable: Accounts receivable is reported on the consolidated balance sheets at the outstanding invoiced amounts, adjusted for any write-offs and estimated allowance for doubtful accounts. We maintain an allowance for doubtful accounts based on the expected collectability of all accounts receivable, which takes into consideration an analysis of historical bad debts, specific customer creditworthiness and current economic trends. Qualified customers under the residential lease program are required to have a minimum “fair” FICO credit score at the time of initial contract. We believe that our concentration of credit risk is limited because of our large number of residential customers, high credit quality of the residential customer base with high average FICO credit scores at the time of initial contract, small account balances for most of these residential customers, and customer geographic diversification. As of November 30, 2016 and November 30, 2015, less than \$0.1 million and zero, respectively, allowance for doubtful accounts related to operating leases had been recorded.

Financing receivables: Leases are classified as either operating or sales-type leases in accordance with the relevant accounting guidance. Financing receivables are generated by solar energy systems leased to residential customers under sales-type leases. Financing receivables represent gross minimum lease payments to be received from customers and the systems’ estimated residual value, net of executory costs, unearned income and allowance for estimated losses.

We recognize an allowance for losses on financing receivables in an amount equal to the probable losses, net of recoveries and base such reserves on several factors, including consideration of historical credit losses. As of November 30, 2016 and November 30, 2015, \$0.7 million and \$0.3 million, respectively, had been recorded as allowance for losses on financing receivables.

Valuation of Long-Lived Assets

We evaluate our long-lived assets, including property and equipment, construction-in-progress and projects for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. Factors considered important that could result in an impairment review of leased solar energy systems include lease asset depreciation expense greater than associated operating revenue, decrease in the estimated residual value of the leased solar energy system, and inability to collect lease payments due from lessees whether through aging receivables, lease contract amendments or terminations. The impairment evaluation of leased solar energy systems includes an analysis of estimated future undiscounted net cash flows expected to be generated by the assets over their remaining estimated useful lives. If the estimate of future undiscounted net cash flows is insufficient to recover the carrying value of the assets over the remaining estimated useful lives, we record an impairment loss in the amount by which the carrying value of the assets exceeds the fair value. Fair value is generally measured based on discounted cash flow analyses.

With respect to solar energy projects, we consider the project commercially viable if it is anticipated to be operated for a profit once it is fully operating. We examine a number of factors to determine if the project will be profitable, including the pricing of the offtake agreement and whether there are any environmental, ecological, permitting, or regulatory conditions that have changed for the project since the start of development. Such changes could cause the cost of the project to increase or the selling price of the electricity to decrease.

Fair Value of Financial Instruments

Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement (observable inputs are the preferred basis of valuation):

Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2—Measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1. Financial assets utilizing Level 2 inputs include our derivative financial instruments. The selection of a particular technique to value a derivative depends upon the contractual term of, and specific risks inherent with, the instrument as well as the availability of pricing information in the market. We generally use similar techniques to value similar instruments. Valuation techniques utilize a variety of inputs, including contractual terms, market prices, yield curves, credit curves and measures of volatility.

Level 3—Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable. We did not have any assets and liabilities measured at fair value on a recurring basis requiring Level 3 inputs.

Asset Retirement Obligations

In some cases we operate certain projects under power purchase and other agreements that include a requirement for the removal of the solar energy systems at the end of the term of the agreement. We account for such legal obligations or asset retirement obligations (“AROs”) in accordance with U.S. GAAP, which requires that a liability for the fair value of an ARO be recognized in the period in which it is incurred if it can be reasonably estimated with the offsetting,

associated asset retirement cost capitalized as part of the carrying amount of the property and equipment. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over the asset's estimated useful life. We have accrued AROs of \$13.4 million and \$10.0 million as of November 30, 2016 and November 30, 2015, respectively.

Noncontrolling Interests

Noncontrolling interests represent the portion of net assets in consolidated subsidiaries that are not attributable, directly or indirectly, to us. The largest portion of noncontrolling interest in us relates to the Sponsors' ownership in OpCo. In addition, we have entered into certain tax equity transactions with third-party investors under which the investors are determined to hold noncontrolling interests in entities fully consolidated by OpCo. The net assets of the shared entities are attributed to the controlling and noncontrolling interests based on the terms of the governing contractual arrangements. Therefore, for the tax equity transactions, we

further determined the hypothetical liquidation at book value method (the “HLBV Method”) to be the appropriate method for attributing net assets to the controlling and noncontrolling interests as this method most closely mirrors the economics of the governing contractual arrangements. Under the HLBV Method, we allocate recorded income (loss) to each investor based on the change, during the reporting period, of the amount of net assets each investor is entitled to under the governing contractual arrangements in a liquidation scenario. We account for the portion of net assets using the HLBV Method in the consolidated entities attributable to the investors as “Redeemable noncontrolling interests” and “Noncontrolling interests” in our consolidated financial statements. Noncontrolling interests in subsidiaries that are redeemable at the option of the noncontrolling interest holder are classified as “Redeemable noncontrolling interests in subsidiaries” between liabilities and equity on the consolidated balance sheets and the balance is the greater of the carrying value calculated under the HLBV Method or the redemption value.

Business Combinations

We record all acquired assets and liabilities at fair value. The judgments made in the context of the purchase price allocation can materially impact our future results of operations. Accordingly, for significant acquisitions, we obtain assistance from third-party valuation specialists. The valuations calculated from estimates are based on information available at the acquisition date. We charge acquisition related transaction costs that are not part of the consideration to operating costs and expenses as they are incurred. These costs typically include transaction and integration costs, such as legal, accounting, and other professional fees.

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Valuation allowances are provided against deferred tax assets when management cannot conclude that it is more likely than not that some portion or all deferred tax assets will be realized.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We have elected to be treated as a corporation for federal income tax purposes, and we recognize potential liabilities for anticipated tax audit issues in the United States based on our estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period in which we determine the liabilities are no longer necessary. If the estimate of tax liabilities proves to be less than the ultimate tax assessment, a further charge to expense would result. We accrue interest and penalties on tax contingencies, which are not considered material.

We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We record uncertain tax positions on the basis of a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax

benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Recent Accounting Pronouncements

Please read Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 2—Summary of Significant Accounting Policies” in this Annual Report on Form 10-K for a description of recently issued accounting pronouncements, including the expected dates of adoption and estimated effects on our results of operations, financial positions and cash flows.

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Results of Operations

	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Statement of Operations Data:			
Revenues:			
Operating revenues	\$ 61,198	\$ 10,660	\$ 9,231
Total revenues	61,198	10,660	9,231
Operating costs and expenses:			
Cost of operations	6,959	2,624	(3,195)
Cost of operations—SunPower, prior to IPO	—	468	937
Selling, general and administrative	7,003	10,702	4,818
Depreciation and accretion	22,792	4,291	2,339
Acquisition-related transaction costs	2,271	212	—
Total operating costs and expenses	39,025	18,297	4,899
Operating income (loss)	22,173	(7,637)	4,332
Other expense (income):			
Interest expense	12,081	1,860	5,525
Interest income	(1,203)	(1,470)	—
Other expense (income)	(1,518)	12,536	—
Total other expense, net	9,360	12,926	5,525
Income (loss) before income taxes	12,813	(20,563)	(1,193)
Income tax provision	(18,244)	(12,503)	(23)
Equity in earnings of unconsolidated investees	18,341	9,055	—
Net income (loss)	\$ 12,910	\$ (24,011)	\$ (1,216)
Less: Predecessor loss prior to IPO on June 24, 2015	—	(20,095)	
Net income (loss) subsequent to IPO	12,910	(3,916)	
Less: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(14,191)	(22,642)	
Net income attributable to 8point3 Energy Partners LP			
Class A shares	\$ 27,101	\$ 18,726	

Twelve Months Ended November 30, 2016 Compared to Eleven Months Ended November 30, 2015 and Twelve Months Ended December 28, 2014

Revenues

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Operating revenues	\$ 61,198	\$ 10,660	\$ 9,231

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Total revenues	\$ 61,198	\$ 10,660	\$ 9,231
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Over 90% of our operating revenues were comprised of lease revenue from our utility-scale assets, C&I assets and Residential Portfolio. The Partnership's only revenue streams not from the leasing of solar power systems are from the Macy's Maryland Project and PBI Rebates. All revenues for the periods presented were generated in the United States.

Residential systems are leased under lease agreements which are classified for accounting purposes either as sales-type leases or operating leases. As all the leases owned by the Predecessor were placed into service prior to fiscal 2015, all revenue related to the net present value of the minimum lease payments for sales-type leases has been recognized as of December 28, 2014. Accordingly, other than interest revenue, we had no sales-type lease revenue on our consolidated financial statements for the year ended November 30, 2016 and the eleven months ended November 30, 2015.

For those residential leases classified as sales-type leases, the net present value of the minimum lease payments, net of executory costs, is recognized as revenue when the leased asset is placed in service. Executory costs represent estimated lease operation and maintenance costs, including insurance, to be paid by the lessor, including any profit thereon. This net present value is

inclusive of certain fixed and determinable state or local rebates, described below, defined in the lease document as part of minimum lease payments. The difference between the net amount and the gross amount of a sales-type lease is amortized as revenue over the lease term using the interest method. Revenue from executory costs is recognized on a straight-line basis over the lease terms, almost all of which are 20 years.

For those residential leases classified as operating leases, revenue associated with renting the solar power system and related executory costs are recognized on a straight-line basis over the lease terms, almost all of which are 20 years. We do not record certain fixed and determinable state or local rebates. Previously, certain of these fixed and determinable state or local rebates, described below, defined in the lease document as part of minimum lease payments, were recorded as deferred revenue in the Predecessor's balance sheets when the lease was placed in service and amortized to revenue on a straight-line basis over the lease term.

State or local rebates that are fixed and determinable are recognized when the related solar power system is placed in service. PBI Rebates are not fixed and determinable, since they relate to the generation of electricity from the leased solar power system, and are recognized as revenue upon cash receipt for both sales-type leases and operating leases.

Total revenues increased by \$50.5 million, or 474.1%, for the year ended November 30, 2016 as compared to the eleven months ended November 30, 2015, due to the commencement of operations of the IPO Project Entities as of the fourth quarter of fiscal 2015 and revenues generated from the Kern Project, the Kingbird Project, the Hooper Project and the Macy's Maryland Project acquired in fiscal 2016. Total revenues increased by \$1.4 million, or 15.5%, during the eleven months ended November 30, 2015 as compared to the year ended December 28, 2014 due to the addition of a solar energy system contributed by one of our two Sponsors, First Solar, at the closing of the IPO as well as the commencement of operations of all of our solar system projects as of the fourth quarter of fiscal 2015.

Operating Costs and Expenses

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Cost of operations	\$ 6,959	\$ 2,624	\$ (3,195)
Cost of operations—SunPower, prior to IPO	—	468	937
Selling, general and administrative	7,003	10,702	4,818
Depreciation and accretion	22,792	4,291	2,339
Acquisition-related transaction costs	2,271	212	—
Total operating costs and expenses	\$ 39,025	\$ 18,297	\$ 4,899
Total operating costs and expenses as a percentage of revenues	63.8	% 171.6	% 53.1

Cost of Operations: Cost of operations primarily includes expenses related to O&M agreements and land lease expenses post IPO. The Predecessor's cost of operations includes costs incurred in connection with sales-type leases that are recognized when the leased solar energy system is placed in service, and also costs related to system output performance warranty and residential lease system repairs accrual and reserves for upfront rebate receivables. Costs recognized on sales-type leases include initial direct costs to complete a leased solar energy system, such as costs for constructing a solar energy system inclusive of dealer payments, freight charges and direct lease costs. The Predecessor received federal cash grants under the federal Section 1603 cash grant program on a portion of our Residential Portfolio, the benefit of which was recorded as a reduction of cost of operations on the combined

statements of operations when eligible leased solar energy systems were placed in service and all criteria necessary to be entitled to such grant income were met. We did not recognize any cash grants as a reduction of sales-type lease cost of operations for the year ended November 30, 2016 and for the eleven months ended November 30, 2015. For the year ended December 28, 2014, we recognized \$5.7 million of cash grants as a reduction of sales-type lease cost of operations.

The increase of \$4.3 million, or 165.2%, for the year ended November 30, 2016 as compared to the eleven months ended November 30, 2015 is primarily driven by: (i) \$5.4 million of increased expenses associated with operating the solar power systems due to the commencement of operations of the IPO Project Entities in the fourth quarter of fiscal 2015 and the Kern Project, the Kingbird Project, the Hooper Project and the Macy's Maryland Project acquired in fiscal 2016; and (ii) the reclassification of Quinto land lease expense of \$0.9 million from SG&A expense by the Predecessor prior to IPO to cost of operations post-IPO. These increases were partially offset by the Predecessor's expenses during the first quarter of 2015 that were not recorded in 2016, relating to: (i) a \$1.3 million reserve for aged rebates receivable; (ii) a \$0.5 million accrual for system output performance warranty and residential lease system repairs; and (iii) a \$0.2 million accrual for a performance guarantee settlement.

The increase of \$5.8 million, or 182.1%, for the eleven months ended November 30, 2015 as compared to the year ended December 28, 2014 was mainly driven by: (i) \$5.7 million lower cost in 2014 due to the recognition of certain cash grants related to sales-type leases placed in service in prior periods until all criteria necessary to be entitled to such grant income were met during the second quarter of fiscal 2014; and (ii) an increase of \$0.1 million in O&M fees associated with projects that commenced operations in fiscal 2015.

Cost of Operations—SunPower, prior to IPO: Cost of operations—SunPower, prior to IPO, represents executory costs that were allocated to the Predecessor by SunPower. Costs incurred for these services were zero, \$0.5 million and \$0.9 million for the year ended November 30, 2016, the eleven months ended November 30, 2015 and year ended December 28, 2014, respectively.

Selling, General and Administrative: SG&A expense includes (i) post-IPO operating expenses such as audit, legal, insurance, independent board of directors and fees under the AMAs and MSAs with our Sponsors; (ii) charges that were incurred by SunPower that were specifically identified as attributable to the Predecessor pre-IPO; and (iii) an allocation of SunPower operating expenses based on the proportional level of effort attributable to the operation of the Predecessor's portfolio of solar power systems leased to residential homeowners and solar energy projects under construction. The allocated SunPower operating expenses include asset management, legal, accounting, tax, treasury, information technology, insurance, employee benefit costs, human resources, procurement, and other corporate services and infrastructure costs.

The decrease of \$3.7 million, or 34.6%, for the year ended November 30, 2016 as compared to the eleven months ended November 30, 2015 was due to higher SG&A expenses in the eleven months ended November 30, 2015 primarily driven by: (i) \$4.8 million allocated SunPower operating expenses based on the proportional level of effort attributable to the Quinto Project, the RPU Project, the UC Davis Project and the Macy's California Project under construction; (ii) \$1.6 million of allocated costs incurred by SunPower related to our IPO; and (iii) \$0.9 million of Quinto land lease expenses; partially offset by \$3.6 million higher SG&A expenses in the year ended November 30, 2016 comprised of normal operating expenditures including fees associated with the MSAs and AMAs as well as audit, consulting, legal, insurance and independent board of director services.

The increase of \$5.9 million, or 122.1%, for the eleven months ended November 30, 2015 as compared to the year ended December 28, 2014 was primarily driven by: (i) a \$2.4 million higher allocation of SunPower operating expenses for the period before the IPO based on the proportional level of effort attributable to the Quinto Project, the RPU Project, the UC Davis Project and the Macy's Project under construction, all of which achieved commercial operation as of November 30, 2015; (ii) \$3.0 million of post-IPO operating expenses related to audit, legal, insurance, retaining the independent directors of our board of directors, MSA, AMA and other fees; (iii) the allocation of \$1.6 million of costs incurred by SunPower related to our IPO; and (iv) a \$0.4 million increase in bad debt expense and other costs related to residential lease customers; partially offset by an approximately \$1.2 million reduction in land lease costs of the Predecessor related to the Quinto Project and other non-capitalizable project-related expenses incurred during the project development period in the prior year.

Depreciation: Depreciation expense reflects costs associated with depreciation of our solar power system assets that have been placed in service. The Predecessor was entitled to receive federal cash grants for the construction of the residential leased solar energy systems; therefore, the benefit of the cash grants is recorded as a reduction to the carrying value of the operating lease assets when eligible leased solar energy systems are placed in service and all criteria necessary to be entitled to such grant income are met. After the cash grant contra-asset is recorded to reduce the carrying value of the operating lease assets, it is subsequently amortized as a reduction to depreciation expense.

The increase of \$18.5 million, or 431.2%, for the year ended November 30, 2016 as compared to the eleven months ended November 30, 2015 is a result of the commencement of operations of the IPO Project Entities in the fourth

quarter of fiscal 2015 and the Kern Project, the Kingbird Project, the Hooper Project and the Macy's Maryland Project in fiscal 2016.

The increase of \$2.0 million, or 83.5%, for the eleven months ended November 30, 2015 as compared to the year ended December 28, 2014 was primarily a result of a solar system contributed by one of our two Sponsors, First Solar, at the closing of the IPO and the commencement of operations of the IPO Project Entities in the fourth quarter of fiscal 2015.

Acquisition-Related Transaction Costs: Acquisition-related transactions costs represent legal and consulting fees incurred in connection with the acquisitions of the Kern Phase 1(a) Assets in January 2016, the Kingbird Project in March 2016, the Hooper Project in April 2016, the Macy's Maryland Project in July 2016, the Kern Phase 1(b) Assets in September 2016 and the Kern Phase 2(a) Assets in November 2016.

Other Expense, net

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Interest expense	\$ 12,081	\$ 1,860	\$ 5,525
Interest income	(1,203)	(1,470)	—
Other expense (income)	(1,518)	12,536	—
Total other expense, net	\$ 9,360	\$ 12,926	\$ 5,525
Total other expense, net as a percentage of revenues	15.3	% 121.3	% 59.9

Interest Expense: On June 5, 2015, we entered into a \$525.0 million senior secured credit facility, consisting of a \$300.0 million term loan facility, a \$25.0 million delayed draw term loan facility and a \$200.0 million revolving credit facility. We borrowed \$300.0 million under the term loan facility on June 5, 2015 to pay distributions to our Sponsors. On March 30, 2016, we drew down \$40.0 million from our revolving credit facility and \$25.0 million from our delayed draw term loan facility to pay for the acquisitions of the Kingbird Project and the Hooper Project. On September 29, 2016, in connection with the acquisition of the Henrietta Project, we drew down \$23.0 million from our revolving credit facility. On September 30, 2016, we entered into the Joinder Agreement under our existing senior secured credit facility, pursuant to which we obtained a new \$250.0 million incremental term loan facility, increasing the maximum borrowing capacity under the credit facility to \$775.0 million. Loans outstanding under the senior secured credit facility bear interest and the unused portion of the credit facility bear commitment fees which are cash interest expenses. Please read Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 8—Debt and Financing Obligations” for rates. The debt discount and incremental debt issuance costs associated with these borrowings are non-cash interest expenses. The interest incurred related to our projects that are under construction is not reflected as an expense in the consolidated statements of operations as it is capitalized to construction-in-progress until the solar power system is ready for its intended use.

Cash interest expense for the year ended November 30, 2016 relates to the term loan facility, delayed draw term loan facility, revolver fees and letter of credit fees. Cash interest expense in the eleven months ended November 30, 2015 relates to the term loan facility and letter of credit fees as well as financing fees due to two third-party investors for undrawn commitment of the financing arrangements described below. Cash interest expense for the year ended December 28, 2014 relates to letter of credit fees as well as financing fees due to two third-party investors for undrawn commitment of the financing arrangements described below.

Non-cash interest expense for the year ended November 30, 2016 relates to debt issuance costs associated with our term loan facility, delayed draw term loan facility and revolver. Non-cash interest expense in the eleven months ended November 30, 2015 relates to debt issuance costs associated with our term loan facility and two financing arrangements under which leased solar power systems were financed by two third-party investors. Non-cash interest expense in the year ended December 28, 2014 relates to the two financing arrangements under which leased solar energy systems were financed by two third-party investors.

The Predecessor terminated one residential lease financing obligation in January 2015 and the remaining obligation in May 2015. Under the terms of these financing arrangements, the investors provided upfront payments to the Predecessor, for which the Predecessor recognized as a financing obligation that was reduced over the specified term of the arrangement as customer receivables and federal cash grants were received by the third-party investors. Non-cash interest expense was recognized on the consolidated statement of operations using the effective interest rate

method calculated at a rate of approximately 14-15% during the first half of fiscal 2015.

Interest expense for the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014 included non-cash interest expense of \$0.6 million, \$1.3 million and \$4.8 million, respectively, and cash interest expense of \$11.5 million, \$0.5 million and \$0.7 million, respectively. Non-cash interest expense decreased \$0.7 million and \$3.5 million, or 53.8% and 72.9%, respectively, in the year ended November 30, 2016 compared to the eleven months ended November 30, 2015, and in the eleven months ended November 30, 2015 compared to the year ended December 28, 2014, respectively, due to the Predecessor terminating one residential lease financing obligation in January 2015 and the remaining obligation in May 2015. Cash interest expense increased \$11.0 million in the year ended November 30, 2016, compared to the eleven months ended November 30, 2015, due to additional borrowings under our senior secured credit facility to fund project acquisitions as well as the debt being outstanding for the full year in 2016 compared to half the year in 2015.

Interest Income: Interest income represents the accrued interest on reimbursable network upgrade costs related to the Quinto Project and the Kingbird Project. These costs plus accrued interest are reimbursable by the applicable utility company over five years when the projects achieve commercial operation. Interest income was \$1.2 million, \$1.5 million and zero for the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014, respectively.

Other Expense (Income): Other income for the year ended November 30, 2016 primarily relates to an unrealized gain on interest rate swaps of \$1.5 million associated with our term loan facility as further described below. Other expense for the eleven months ended November 30, 2015 included a loss on cash flow hedges of \$5.4 million associated with the Predecessor, a \$0.6 million unrealized loss on interest rate swaps associated with our term loan facility, and a loss on termination of the residential lease financial obligation of \$6.5 million as further described below.

Gain (loss) on interest rate swap associated with term loan facility: On July 17, 2015, we entered into interest rate swap agreements to economically hedge the cash flows on our term loan facility. The changes in fair value are recorded in other expense (income), net in the consolidated statement of operations as these hedges are not accounted for under hedge accounting. During the year ended November 30, 2016, we recorded an unrealized gain of \$1.5 million for the mark-to-market valuation adjustment of interest rate swap agreements, as compared to the unrealized loss of \$0.6 million recorded for the eleven months ended November 30, 2015.

Loss on cash flow hedges associated with Predecessor: The Predecessor entered into interest rate swap agreements, designated as cash flow hedges, in the fourth quarter of the year ended December 28, 2014 on the outstanding and forecasted future borrowings under the Quinto Credit Facility to reduce the impact of changes in interest rates. The Predecessor assessed the effectiveness of these cash flow hedges at inception and on a quarterly basis. If it was determined that a derivative instrument was not highly effective or the transaction was no longer deemed probable of occurring, the Predecessor discontinued hedge accounting and recognized the ineffective portion in current period earnings. The hedge became ineffective in the first half of fiscal 2015 and the ineffective portion was recognized in earnings at that time. The interest swap was terminated upon the IPO and the remaining ineffective portion was recognized in earnings. During the eleven months ended November 30, 2015, \$5.4 million was reclassified into loss on cash flow hedges within other expense, net in the consolidated statements of operations.

Loss on termination of financing obligation: On January 30, 2015, the Predecessor entered into an agreement with one of the residential lease financing third-party investors that terminated the financing obligation arrangement. In conjunction with the termination of the arrangement, the Predecessor paid \$10.8 million to terminate the \$10.1 million outstanding financing obligation. On May 4, 2015, the Predecessor entered into a termination agreement with the remaining third-party investor, paying \$29.0 million to terminate the \$21.1 million outstanding financing obligation and \$1.9 million accrued financing fee. During the eleven months ended November 30, 2015, \$6.5 million was recognized as a loss on termination within other expense, net in the consolidated statements of operations.

Income Tax Provision

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Income tax provision	\$ (18,244)	\$ (12,503)	\$ (23)
Income tax provision as a percentage of revenues	(29.8)%	(117.3)%	(0.2)%

Our tax rate is primarily affected by the tax impact of equity in earnings, the tax impact of noncontrolling interest, and state tax rates (net of federal benefit) in various jurisdictions, most significantly California. We included the income tax provision related to our equity in earnings of unconsolidated investees in the income tax provision line of the consolidated statements of operations.

Our income tax provision post IPO primarily represents deferred federal and state taxes on the net income of OpCo, a non-taxable partnership, that is allocated to the Partnership (exclusive of income tax but after noncontrolling interest). The decrease in income tax provision as a percentage of revenues for the year ended November 30, 2016 of 29.8% compared to 117.3% for the eleven months ended November 30, 2015 is the result of an increase in revenue of \$50.5 million, partially offset by income before income taxes for the year ended November 30, 2016 of \$12.8 million compared to losses before income taxes of \$20.6 million for the eleven months ended November 30, 2015. The change in income tax provision as a percentage of revenues for the eleven months ended November 30, 2015 of 117.3% compared to 0.2% for the year ended December 28, 2014 is primarily the result of the income generated by the IPO Project Entities following the IPO which was allocated to the Class A shares compared to the loss before income taxes of \$1.2 million for the year ended December 28, 2014. The Predecessor's income tax provision, which was calculated on a separate return basis for the carve-out period, was due to minimum state income taxes.

Equity in Earnings of Unconsolidated Investees

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Equity in earnings of unconsolidated investees	\$ 18,341	\$ 9,055	\$ —
Equity in earnings of unconsolidated investees as a percentage of revenues	30.0	% 84.9	% —%

Equity in earnings of unconsolidated investees represents our proportionate share of the earnings and losses from SG2 Holdings, North Star Holdings, Lost Hills Blackwell Holdings and Henrietta Holdings. As of November 30, 2016, we own a 49% ownership interest in each of SG2 Holdings, North Star Holdings, Lost Hills Blackwell Holdings and Henrietta Holdings, and an affiliate of Southern Company, which is not affiliated with us, owns the other 51% ownership interest. The minority membership interests are accounted for as equity method investments.

During the year ended November 30, 2016, we recognized equity in earnings of \$18.3 million, which represented the entire twelve month period in fiscal year 2016. During the eleven months ended November 30, 2015, we recognized equity in earnings of \$9.1 million, which represented the period from June 24, 2015 to November 30, 2015. We did not have any equity method investments during the year ended December 28, 2014.

Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Net loss attributable to noncontrolling interests and redeemable			
noncontrolling interests	\$ (14,191)	\$ (22,642)	\$ —
Net loss attributable to noncontrolling interests and redeemable			
noncontrolling interests as a percentage of net revenues	(23.2)%	(212.4)%	—%

We apply the HLBV method in allocating recorded net income (loss) to each tax equity investor based on the change during the reporting period of the amount of net assets of the entity to which each tax equity investor would be entitled to under the governing contractual arrangements in a liquidation scenario. If the redemption value of our redeemable noncontrolling interests exceeds their carrying value after attribution of income (loss) under the HLBV method in any period, we will make an additional attribution of income to our redeemable noncontrolling interests such that their carrying value will at least equal the redemption value.

Net loss attributable to noncontrolling interests and redeemable noncontrolling interests for the year ended November 30, 2016 included a net loss of \$126.4 million attributable to noncontrolling interests and redeemable noncontrolling

interests related to our tax equity financing facilities with third-party investors under which the parties invest in entities that hold the solar power systems, offset by net income of \$112.2 million attributable to our Sponsors as a result of their economic ownership in OpCo.

Net loss attributable to noncontrolling interests and redeemable noncontrolling interests for the eleven months ended November 30, 2015 included a net loss of \$102.2 million attributable to noncontrolling interests and redeemable noncontrolling interests related to our tax equity financing facilities with third-party investors under which the parties invest in entities that hold the solar power systems, partially offset by net income of \$79.6 million attributable to our Sponsors as a result of their economic ownership in our OpCo.

Liquidity and Capital Resources

Our liquidity as of November 30, 2016 was \$346.4 million, consisting of \$14.3 million cash on hand, \$82.1 million of available capacity under our five-year revolving credit facility, and \$250.0 million incremental term loan facility. On December 1, 2016, in connection with the Stateline Acquisition, we borrowed \$250.0 million under the incremental term loan facility and \$20.0 million under the revolving credit facility, reducing our available capacity under our credit facility by \$270.0 million.

Sources of Liquidity

We expect our ongoing sources of liquidity to include cash on hand, cash generated from operations (excluding cash distributions to minority investors), distributions and dividends from the operations of our equity investments, borrowings under new

and existing financing arrangements (the aggregate amount of which may be lower because of our reduced ownership in projects subject to tax equity financing) and the issuance of additional equity securities as appropriate given market conditions. We may also incur debt at the project level, which may be limited by the rights of our tax equity investors and current debt covenants. We expect that these sources of funds will be adequate to provide for our short-term and long-term liquidity needs. Our ability to meet our debt service obligations and other capital requirements, including capital expenditures, as well as make acquisitions, will depend on our future operating performance which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control.

We believe that we will have sufficient borrowings available under our revolving credit facility, liquid assets and cash flows from operations to meet our financial commitments, debt service obligations, contingencies and anticipated required capital expenditures for at least the next 12 months. Additionally, we have an active shelf registration statement filed with the Securities and Exchange Commission for the issuance of additional equity securities as appropriate given market conditions.

Term Loan, Delayed Draw Term Loan and Revolving Credit Facility

On June 5, 2015, OpCo entered into a \$525.0 million credit facility, consisting of a \$300.0 million term loan facility, a \$25.0 million delayed draw term loan facility and a \$200.0 million revolving credit facility. OpCo borrowed \$300.0 million under the term loan facility on June 5, 2015, which indebtedness will mature on June 5, 2020, at which point all amounts outstanding under the \$525.0 million credit facility will become due and payable. There will be no principal amortization over the term of the credit facility. The discount and incremental debt issuance costs associated with these borrowings were \$3.1 million, which included \$1.7 million of debt issuance costs paid with a portion of the proceeds and \$1.4 million related to a reclassification of capitalized issuance costs on the Predecessor's historical financial statements, and were reported as a direct deduction from the face amount of the note. We used the net proceeds of the term loan facility to pay distributions of \$129.4 million and \$168.9 million to First Solar and SunPower, respectively.

On March 30, 2016, in connection with the acquisitions of the Kingbird Project and the Hooper Project, OpCo drew down \$40.0 million from its revolving credit facility and \$25.0 million from its delayed draw term loan facility. On September 29, 2016, in connection with the acquisition of the Henrietta Project, OpCo drew down \$23.0 million from its revolving credit facility. On September 30, 2016, OpCo entered into a Joinder Agreement under the credit facility, pursuant to which OpCo exercised an accordion feature and obtained a new \$250.0 million incremental term loan facility, increasing the maximum borrowing capacity under the credit facility to \$775.0 million. On December 1, 2016, in connection with the Stateline Acquisition, OpCo drew down \$250.0 million under the incremental term loan facility and \$20.0 million under the revolving credit facility. Please Part II, Item 8. "Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 17—Subsequent Events" for further details.

As of November 30, 2016, we had outstanding borrowings of \$300.0 million under the term loan facility, \$25.0 million under the delayed draw term loan facility and \$63.0 million under the revolving credit facility, as well as approximately \$54.9 million of letters of credit outstanding under the revolving credit facility. As of November 30, 2015, we had borrowings of \$300.0 million under the term loan facility, as well as approximately \$48.8 million of letters of credit outstanding under the revolving credit facility. The remaining portion of the revolving credit facility was undrawn.

OpCo's credit facility is collateralized by a pledge over the equity of OpCo and certain of its subsidiaries. The Partnership and each of OpCo's subsidiaries, other than certain non-guarantor subsidiaries, have guaranteed the obligations of OpCo under the credit facility.

In general, the credit facility contains representations, warranties, covenants (including financial covenants) and defaults that are customary for this type of financing; provided, however, that OpCo is permitted to pay distributions to its unitholders and we are permitted to pay distributions to our shareholders out of available cash so long as no default or event of default under the credit facility has occurred or is continuing at the time of such distribution, or would result therefrom, and OpCo is otherwise in compliance, on a pro forma basis, with the facility's covenants requiring it to maintain its debt to cash flow ratio and debt service coverage ratio (as such financial ratios are described below). Among other things, events of defaults that could result in restrictions on our ability to make such distributions include certain failures to make payments when due under the credit facility, certain defaults under other agreements, breaches of certain covenants and representations under the credit facility, commencement of certain insolvency proceedings, the existence of certain judgments or attachments, certain orders of dissolution of loan parties, certain events relating to employee benefit plans, the occurrence of a change of control (as more fully described below), certain events relating to the effectiveness and validity of the guaranties and collateral documents in support of the credit facility (as described below) and other credit documents and, under certain circumstances, the termination of the Omnibus Agreement or the Quinto PPA. Loans outstanding under the credit facility bear interest at either (i) a base rate, which is the highest of (x) the federal funds rate plus 0.50%, (y) the administrative agent's prime rate and (z) one-month LIBOR, in each case, plus an applicable margin; or (ii) one-, two-, three- or six-month LIBOR plus an applicable margin. The unused portion of the revolving credit facility and delayed draw term loan facility is

subject to a commitment fee of 0.30% per annum. OpCo may prepay the borrowings under the term loan facility and the delayed draw term loan facility at any time. In the future, we may increase our debt to fund our operations or future acquisitions.

OpCo's credit facility also contains covenants requiring us to maintain the following financial ratios: (i) a debt to cash flow ratio (as more fully defined in the credit facility) of not more than (a) 6.00 to 1.00 for the fiscal quarters ending November 30, 2016 through November 30, 2017, and (b) 5.50 to 1.00 for each fiscal quarter ending thereafter; and (ii) a debt service coverage ratio (as more fully defined in the credit facility) of not less than 1.75 to 1.00. In addition, an event of default occurs under the credit facility upon a change of control. The credit facility defines a change of control as occurring when, among other things, (i) the Sponsors (or either of them) cease to direct the management, directly or indirectly, of us or OpCo, or (ii) the Sponsors collectively cease to own 35% of the economic interest in OpCo. In addition, the credit facility contains customary non-financial covenants and certain restrictions that will limit the Partnership's, OpCo's and certain of the Partnership's and its domestic subsidiaries' ability to, among other things, incur or guarantee additional debt and to make distributions on or redeem or repurchase OpCo common units. The Joinder Agreement amended OpCo's credit facility to permit OpCo to incur up to \$50.0 million in subordinated indebtedness from First Solar or its affiliate to pay a portion of the purchase price for the Stateline Project. As of November 30, 2016, the Partnership was in compliance with its debt covenants.

Public Offering

On September 28, 2016, the Partnership sold 8,050,000 Class A shares at a price to the public of \$14.65 per share, for aggregate gross proceeds of \$117.9 million, in an underwritten registered public offering (the "September 2016 Offering"). The underwriting discount of \$3.5 million paid to the underwriters and associated expenses of \$1.1 million, for a total of \$4.6 million, were deducted from the gross proceeds from the September 2016 Public Offering. The Partnership received net proceeds of \$113.3 million from the sale of the Class A shares after deducting underwriting fees and associated expenses. The Partnership used all of the net proceeds from the September 2016 Offering to purchase 8,050,000 OpCo common units from OpCo. OpCo used such net proceeds from the sale of common units to fund a portion of the purchase price for the 49% interest in the Henrietta Project.

Tax Equity

Our projects are, and our future acquisitions are expected to be, subject to two types of tax equity financing. In the first type of tax equity financing, the governing agreements provide, and the governing agreements of our future acquisitions may provide, our tax equity investors with a number of minority investor protection rights with respect to the applicable asset or assets that have been financed with tax equity, including restricting the ability of the entity that owns such asset or assets to incur debt. To the extent we want to incur project-level debt at a project in which we co-invest with a tax equity investor, we may be required to obtain the tax equity investor's consent prior to such incurrence. In addition, the amount of debt that could be incurred by an entity in which we have a tax equity co-investor may be further constrained because even if the tax equity investor consents to the incurrence of the debt at the entity or project level, the tax equity investor may not agree to pledge its interest in the project which could reduce the amount that can be borrowed and raise the cost of borrowing by the entity.

In the second type of tax equity financing, the governing agreements provide, and the governing agreements of our future acquisitions may provide, our tax equity investors with a majority interest in the project. In such agreements, we will only have a number of minority investor protection rights with respect to the applicable asset or assets that have been financed with tax equity, including restricting the ability of the entity that owns such asset or assets to incur debt. In most cases, since we are not the majority owner, we will not be able to direct the actions of the entity that owns such asset. As such, we may not be able to incur debt at the entity or project level, without the consent of the majority owner.

Uses of Liquidity

Our principal requirements for liquidity and capital resources, other than for operating our business, can generally be categorized into the following: (i) debt service obligations; (ii) funding acquisitions, if any; and (iii) cash distributions to shareholders. Generally, once COD is reached, solar energy generation assets do not require significant capital expenditures to maintain operating performance.

Cash Flows

A summary of the sources and uses of cash and cash equivalents is as follows:

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Net cash provided by operating activities	\$ 54,636	\$ 1,836	\$ 1,801
Net cash used in investing activities	(272,001)	(219,016)	(55,231)
Net cash provided by financing activities	174,845	273,961	53,430

Operating Activities

Net cash provided by operating activities for the year ended November 30, 2016 was \$54.6 million and was primarily the result of: (i) \$18.1 million in cash distributions received from equity method investees that were classified in operating activities as returns on the investments; (ii) net income of \$12.9 million; (iii) adjustments for non-cash charges of \$42.3 million, including \$22.9 million depreciation of operating lease assets and solar power systems, \$18.2 million deferred income taxes expense, \$0.2 million share-based compensation, \$0.6 million amortization of debt issuance costs, and \$0.4 million bad debt expense related to residential lease customers; (iv) \$1.2 million increase in accounts payable and other accrued liabilities; and (v) \$1.5 million decrease in accounts receivable and short-term financing receivables, net. These inflows were partially offset by: (i) adjustments for non-cash income of \$19.8 million, including \$18.3 million equity in earnings of unconsolidated investees and \$1.5 million mark-to-market gain on interest rate swaps; (ii) \$0.1 million decrease in deferred revenue from the Maryland Solar Project; and (iii) \$1.4 million increase in prepaid expenses and other current assets.

Net cash provided by operating activities for the eleven months ended November 30, 2015 was \$1.8 million and was primarily the result of: (i) \$6.8 million of cash distributions from unconsolidated investees; (ii) adjustments for non-cash charges of \$26.8 million, including a \$12.5 million charge for deferred income taxes, \$6.5 million loss upon termination of residential financing arrangement, \$4.3 million depreciation of operating lease assets and solar energy systems, \$1.3 million reserve for rebates receivable, \$1.2 million interest expense for the financing arrangement of residential leased solar energy systems prior to termination, \$0.6 million unrealized loss on interest rate swaps, \$0.1 million of share-based compensation expense, and \$0.3 million bad debt expense related to residential lease customers; (iii) a \$5.4 million increase in accounts payable and other accrued liabilities; (iv) a \$0.1 million decrease in accounts receivable and financing receivables, cash grants and rebates receivable; and (v) a \$0.2 million decrease in solar power systems to be leased. This was partially offset by: (i) a net loss of \$24.0 million; (ii) a \$9.1 million non-cash adjustment for equity in earnings of unconsolidated investees; (iii) a \$4.3 million increase in prepaid and other current assets, related to capitalized expenses incurred by the Predecessor for our initial public offering; and (iv) a \$0.1 million decrease in deferred revenue.

Net cash provided by operating activities for the year ended December 28, 2014 was \$1.8 million and was primarily the result of: (i) non-cash charges of \$7.2 million for depreciation of operating lease assets and non-cash interest expense for two financing arrangements of leased solar energy systems; (ii) a \$2.7 million decrease in rebates receivable and \$1.1 million decrease in cash grants receivable; and (iii) a \$0.5 million decrease in deferred costs related to leases placed in service during the year under sales-type leases. This was partially offset by: (i) a net loss of \$1.2 million; (ii) a \$3.5 million decrease in accounts payable and other accrued liabilities, related to recognition of deferred cash grant awards; (iii) an increase of \$4.1 million in accounts receivable and financing receivable for rent

due on sales-type and operating leases; and (iv) a \$0.8 million decrease in deferred revenue mainly due to additional rebates on systems under operating leases placed in service during the year.

Investing Activities

Net cash used in investing activities for the year ended November 30, 2016 was \$272.0 million and was primarily the result of \$284.8 million net cash paid for the acquisitions of the Kern Phase 1(a) Assets, the Kern Phase 1(b) Assets, the Kern Phase 2(a) Assets, the Kingbird Project, the Hooper Project, the Macy's Maryland Project and the Henrietta Project. These outflows were partially offset by \$11.6 million of cash distributions from unconsolidated investees classified in investing activities as returns of the investments, and \$1.2 million of net cash provided by purchases of property and equipment, which primarily consists of collections of test energy billings.

Net cash used in investing activities for the eleven months ended November 30, 2015 was \$219.0 million, and was the result of \$223.7 million related to cash payments for interest expenses on our \$300.0 million term loan facility as well as costs incurred by the Predecessor associated with solar energy projects under construction, net with cash proceeds from sale of electricity that is generated prior to COD by the Quinto Project, the RPU Project, the UC Davis Project and the Macy's Project, partially offset by \$4.7 million of cash distributions from unconsolidated investees.

Net cash used in investing activities for the year ended December 28, 2014 was \$55.2 million and relates to costs associated with solar energy projects under construction and completed residential leased solar energy systems that were classified as operating leases, net of cash grant received.

Financing Activities

Net cash provided by financing activities for the year ended November 30, 2016 was \$174.8 million and was primarily the result of: (i) \$113.3 million in proceeds from issuance of Class A shares, net of issuance costs; (ii) \$86.6 million in proceeds from issuance of bank loans, net of issuance costs, including \$63.0 million from the revolving credit facility and \$25.0 million from the delayed draw term loan facility; (iii) \$10.0 million in capital contributions from SunPower as an indemnity per the Omnibus Agreement for a short-fall associated with reimbursable costs for the Quinto Project network upgrade; and (iv) \$3.7 million of cash contributions from tax equity investors. These cash inflows were partially offset by: (i) \$20.2 million of cash distributions to our Class A shareholders; (ii) \$12.3 million of cash distributions to our Sponsors as OpCo's common and subordinated unitholders; and (iii) \$6.2 million of cash distributions to tax equity investors.

Net cash provided by financing activities for the eleven months ended November 30, 2015 was \$274.0 million due to: (i) \$393.8 million in proceeds from issuance of Class A shares, net of issuance costs; (ii) \$461.2 million in proceeds from issuance of bank loans, net of issuance costs from our term loan facility as well as a financing arrangement for the Quinto Solar Project; (iii) \$341.7 million in capital contributions from SunPower to fund the IPO SunPower Project Entities before the IPO; (iv) \$203.7 million in cash contributions from noncontrolling interests associated with our tax equity financing arrangements; and (v) \$2.0 million in proceeds received from the issuance of a promissory note to First Solar. These cash inflows were partially offset by: (i) \$371.5 million of cash distribution to SunPower as a Sponsor in connection with the IPO; (ii) \$283.7 million of cash distribution to First Solar as a Sponsor in connection with the IPO; (iii) \$264.1 million repayment of bank loans to terminate two residential lease financing arrangements prior to the IPO; (iv) \$3.2 million of capital distributions to SunPower; (v) \$202.7 million of cash distribution to SunPower for the remaining purchase price payments of initial projects; and (vi) \$3.1 million of cash distributions to shareholders.

Net cash provided by financing activities for the year ended December 28, 2014 was \$53.4 million due to \$61.5 million in debt proceeds from financing the Quinto Project and \$3.1 million of capital contributions from SunPower, partially offset by \$11.2 million of capital distributions to SunPower.

Contractual Obligations

The following table summarizes our contractual obligations as of November 30, 2016:

(in thousands)	Total	Payments Due by Period			
		2017	2018-2019	2020-2021	Beyond 2021
Land use commitments (1)	\$63,919	\$1,293	\$3,015	\$3,524	\$56,087
Term loan (2)	329,512	8,548	16,426	304,538	—
Delayed draw term loan facility (3)	27,354	660	1,321	25,373	—
Revolving credit facility (3)	68,932	1,664	3,329	63,939	—
Total contractual obligations	\$489,717	\$12,165	\$24,091	\$397,374	\$56,087

- (1) Land use commitments primarily relate to a non-cancellable operating lease for the Quinto Project and two operating leases for the Kingbird Project, and are equal to the minimum lease and easement payments to landowners for the right to use the land upon which solar power systems are located.
- (2) Includes \$300.0 million of borrowings outstanding under the term loan facility entered into by OpCo on June 5, 2015 (in connection with our IPO) which will mature on or about June 5, 2020, at which point all amounts outstanding under the term loan facility will become due. From August 31, 2016 to August 31, 2018, which is the term of the interest rate swap, the interest payments are estimated based on the fixed swap interest rate of 0.85% plus the 2% margin for the notional amount of \$250.0 million. The interest payments for the remaining \$50.0 million notional amount through the maturity date, and the full amount outstanding thereafter, are estimated based on the floating cash interest rate of approximately 2.61% per annum effective as of November 30, 2016.
- (3) Includes \$25.0 million of borrowings outstanding under the delayed draw term loan facility and \$63.0 million of borrowings outstanding under the revolving credit facility entered into by OpCo on June 5, 2015, which will mature on or about June 5, 2020, at which point all amounts outstanding under the delayed draw term loan facility and the revolving credit facility will become due. The interest payments for the \$88.0 million notional amount through the maturity date, and the full amount

outstanding thereafter, are estimated based on the floating cash interest rate of approximately 2.61% per annum effective as of November 30, 2016.

Off-Balance-Sheet Arrangements

As of November 30, 2016, we did not have any significant off-balance-sheet arrangements.

Inflation

Inflation did not have a material impact on our results of operations in 2016.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to several market risks in our normal business activities. Market risk is the potential loss that may result from market changes associated with our business or with an existing or forecasted financial or commodity transaction. The types of market risks to which we are exposed include credit risk and interest rate risk. Any market risk sensitive instruments that we have entered into are for hedging purposes, rather than for speculative trading.

Credit Risk

Credit risk relates to the risk of loss resulting from non-performance or non-payment by offtake counterparties under the terms of their contractual obligations, thereby impacting the amount and timing of expected cash flows. We monitor and manage credit risk through credit policies that include the use of credit mitigation measures such as having a diversified portfolio of offtake counterparties. However, there are a limited number of offtake counterparties under our offtake agreements, which offtake counterparties are entities engaged in the energy industry, and this concentration may impact the overall exposure to credit risk, either positively or negatively, in that the offtake counterparties may be similarly affected by changes in economic, industry or other conditions. If any of these offtake agreement customers' receivable balances in the future should be deemed uncollectible, it could have a material adverse effect on our forecasted cash flows. As of November 30, 2016, two offtake counterparties were placed on CreditWatch by Standard & Poor's Ratings Services, increasing our credit risk associated with these customers. Please read Part I, Item 1A. "Risk Factors—Risks Related to Our Project Agreements—We rely on a limited number of offtake counterparties and we are exposed to the risk that they are unwilling or unable to fulfill their contractual obligations to us or that they otherwise terminate their offtake agreements with us."

Credit risk under the residential lease program is limited because customers are required to have a minimum FICO credit score at the time of initial contract, the existing customer base is of high credit quality with an average FICO credit score of 765 at the time of initial contract, the program has a large number of customers with small account balances for each, and the customers are diversified geographically within the United States. As of November 30, 2016, we do not believe we had significant credit risk under the residential lease program.

Credit risk also relates to the risk of loss resulting from non-performance or non-payment by our Sponsors under the terms of their contractual obligations, including indemnity, reimbursement and other payment obligations under the Omnibus Agreement, thereby impacting the amount and timing of expected cash flows. Our ability to mitigate such risk with respect to the Sponsors is limited. Please read Part I, Item 1A. "Risk Factors—Risks Related to Our Business—We are exposed to the credit risk of our Sponsors, and any deterioration of our Sponsors' creditworthiness could adversely affect our business, our credit ratings and our overall risk profile."

Interest Rate Risk

We are exposed to interest rate risk because we depend on debt financing to purchase our projects. An increase in interest rates could make it difficult for us to obtain the financing necessary to purchase our projects on favorable terms, or at all, and thus reduce revenue and adversely impact our operating results. An increase in interest rates could lower our return on investment in a project and adversely impact our operating results. This risk is significant to our business because our growth is highly sensitive to interest rate fluctuations and the availability of credit, and would be adversely affected by increases in interest rates or liquidity constraints.

Our interest expense would increase to the extent interest rates rise in connection with our variable interest rate borrowings. As of November 30, 2016, the outstanding principal balance of our variable interest borrowings was \$388.0 million of which \$138.0 million is unhedged. An immediate 10% increase in interest rates would have an increase of approximately \$0.3 million of annualized interest expenses on our consolidated financial statements. This increase was mitigated by interest rate swaps that we entered into on August 31, 2016 in connection with our term loan facility, which covered \$250.0 million of the \$388.0 million outstanding principal balance

as of November 30, 2016. On January 5, 2017, we executed an interest rate swap in connection with our term loan facility to cover an additional \$40.0 million outstanding principal balance. As of November 30, 2016, our investment portfolio consisted of 100% in demand deposits.

In addition, increases in interest rates could adversely impact the price of our Class A shares, our ability to issue equity or incur debt for acquisitions or other purposes and our ability to make cash distributions at our intended levels. As with other yield-oriented securities, our share price is impacted by our level of cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our shares, and a rising interest rate environment could have an adverse impact on the price of our Class A shares, our ability to issue equity or incur debt for acquisitions or other purposes and our ability to make cash distributions at our intended levels.

Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the General Partner and Shareholders of 8point3 Energy Partners LP:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows present fairly, in all material respects, the financial position of 8point3 Energy Partners LP and its subsidiaries as of November 30, 2016 and November 30, 2015, and the results of their operations and their cash flows for the year ended November 30, 2016 and the eleven months ended November 30, 2015 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

San Jose, California

January 26, 2017

Report of Independent Registered Public Accounting Firm

To Management of SunPower Corporation:

We have audited the accompanying combined carve-out statements of operations and comprehensive loss, shareholder's equity and cash flows of Select Project Entities and Leases of SunPower Corporation (Predecessor) for the year ended December 28, 2014. These financial statements are the responsibility of the management of SunPower Corporation. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Predecessor's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statements referred to above present fairly, in all material respects, the combined results of the operations and the cash flows of Select Project Entities and Leases of SunPower Corporation for the year ended December 28, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

San Jose, CA

March 10, 2015

8point3 Energy Partners LP

Consolidated Balance Sheets

(In thousands, except share data)

	November 30, 2016	November 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,261	\$56,781
Accounts receivable and short-term financing receivables, net	5,401	4,289
Prepaid and other current assets ¹	15,745	8,033
Total current assets	35,407	69,103
Property and equipment, net	720,132	486,942
Long-term financing receivables, net	80,014	83,376
Investments in unconsolidated affiliates	475,078	352,070
Other long-term assets	24,432	26,142
Total assets	\$ 1,335,063	\$1,017,633
Liabilities and Equity		
Current liabilities:		
Accounts payable and other current liabilities ¹	\$ 23,771	\$2,612
Short-term debt and financing obligations	1,964	1,964
Deferred revenue, current portion	870	489
Total current liabilities	26,605	5,065
Long-term debt and financing obligations	384,436	297,206
Deferred revenue, net of current portion	308	746
Deferred tax liabilities	30,733	12,491
Asset retirement obligations	13,448	9,992
Total liabilities	455,530	325,500
Redeemable noncontrolling interests	17,624	89,747
Commitments and contingencies (Note 6)		
Equity:		
Class A shares, 28,072,680 and 20,007,281 issued and outstanding as of		
November 30, 2016 and November 30, 2015, respectively	249,138	392,748
Class B shares, 51,000,000 issued and outstanding as of November 30, 2016		
and November 30, 2015	—	—
Accumulated earnings	22,440	15,580
Total shareholders' equity attributable to 8point3 Energy Partners LP	271,578	408,328
Noncontrolling interests	590,331	194,058
Total equity	861,909	602,386
Total liabilities and equity	\$ 1,335,063	\$1,017,633

¹The Partnership has related-party balances for transactions made with the Sponsors and tax equity investors. Related-party balances recorded within “Prepaid and other current assets” in the consolidated balance sheets were \$0.9 million due from Sponsors as of both November 30, 2016 and November 30, 2015. Related-party balances recorded within “Accounts payable and other current liabilities” in the consolidated balance sheets were \$19.7 million and \$0.2 million due to Sponsors as of November 30, 2016 and November 30, 2015, respectively, and \$1.0 million and zero due to tax equity investors as of November 30, 2016 and November 30, 2015, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

8point3 Energy Partners LP

Consolidated Statements of Operations

(In thousands, except per share data)

	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Revenues:			
Operating revenues ¹	\$ 61,198	\$ 10,660	\$ 9,231
Total revenues	61,198	10,660	9,231
Operating costs and expenses¹:			
Cost of operations	6,959	2,624	(3,195)
Cost of operations—SunPower, prior to IPO	—	468	937
Selling, general and administrative	7,003	10,702	4,818
Depreciation and accretion	22,792	4,291	2,339
Acquisition-related transaction costs	2,271	212	—
Total operating costs and expenses	39,025	18,297	4,899
Operating income (loss)	22,173	(7,637)	4,332
Other expense (income):			
Interest expense	12,081	1,860	5,525
Interest income	(1,203)	(1,470)	—
Other expense (income)	(1,518)	12,536	—
Total other expense, net	9,360	12,926	5,525
Income (loss) before income taxes	12,813	(20,563)	(1,193)
Income tax provision	(18,244)	(12,503)	(23)
Equity in earnings of unconsolidated investees	18,341	9,055	—
Net income (loss)	12,910	(24,011)	(1,216)
Less: Predecessor loss prior to IPO on June 24, 2015	—	(20,095)	
Net income (loss) subsequent to IPO	12,910	(3,916)	
Less: Net loss attributable to noncontrolling interests and			
redeemable noncontrolling interests	(14,191)	(22,642)	
Net income attributable to 8point3 Energy Partners LP			
Class A shares	\$ 27,101	\$ 18,726	
Net income per Class A share:			
Basic	\$ 1.27	\$ 0.94	
Diluted	\$ 1.27	\$ 0.94	
Distributions per Class A share:			
	\$ 0.91	\$ 0.16	
Weighted average number of Class A shares:			
Basic	21,420	20,002	
Diluted	36,920	35,034	

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The Partnership has related-party activities for transactions made with the Sponsors. Related party transactions recorded within “Operating revenues” in the consolidated statement of operations were \$5.2 million for the year ended November 30, 2016, \$2.3 million for the eleven months ended November 30, 2015, and zero for the year ended December 28, 2014. Related party transactions recorded within “Operating costs and expenses” in the consolidated statement of operations were \$7.0 million for the year ended November 30, 2016, \$1.4 million for the eleven months ended November 30, 2015, and \$0.9 million for the year ended December 28, 2014.

The accompanying notes are an integral part of these consolidated financial statements.

8point3 Energy Partners LP

Consolidated Statements of Comprehensive Income (Loss)

(In thousands, except share data)

	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Net income (loss)	\$ 12,910	\$ (24,011)	\$ (1,216)
Other comprehensive income (loss):			
Realized gain (loss) on cash flow hedges ¹	—	3,156	(3,156)
Total comprehensive income (loss)	12,910	(20,855)	(4,372)
Less: Predecessor comprehensive loss prior to IPO on June 24, 2015	—	(16,939)	(4,372)
Comprehensive income (loss) subsequent to IPO	12,910	(3,916)	\$ —
Less: comprehensive loss attributable to noncontrolling interests and			
redeemable noncontrolling interests	(14,191)	(22,642)	
Comprehensive income attributable to 8point3 Energy Partners LP			
Class A shares	\$ 27,101	\$ 18,726	

¹The realized gain on cash flow hedge relates to the Predecessor's interest swap that was terminated upon closing of the IPO and the remaining ineffective portion was recognized in earnings during the eleven months ended November 30, 2015.

The accompanying notes are an integral part of these consolidated financial statements.

8point3 Energy Partners LP

Consolidated Statements of Shareholders' Equity

(In thousands, except share data)

	Redeemable Noncontrolling Interests	SunPower Investment prior to IPO	Class A Shares	Class B Shares	Accumulated Other Comprehensive Income	Accumulated Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Interests	Shares	Amount	Shares	Amount (Loss)	Earnings	Equity	Interests	Total Equity
Balance as of December 29, 2013	\$—	\$139,933	—	—	\$—	\$—	\$—	\$—	\$139,933
Successor prior to	—	(1,216)	—	—	—	—	—	—	(1,216)
Realized loss	—	—	—	—	(3,156)	—	—	—	(3,156)
Cash flow	—	—	—	—	—	—	—	—	—
Contributions in SunPower	—	3,147	—	—	—	—	—	—	3,147
Contributions to SunPower	—	(11,198)	—	—	—	—	—	—	(11,198)
Balance as of December 28, 2014	—	130,666	—	—	—	(3,156)	—	—	127,510
Successor prior to	—	(20,095)	—	—	—	—	—	—	(20,095)
Contributions in SunPower	—	337,794	—	—	—	—	—	—	337,794
Contributions to SunPower	—	(3,163)	—	—	—	—	—	—	(3,163)
Change in realized loss	—	—	—	—	3,156	—	—	—	3,156
Cash flow	—	—	—	—	—	—	—	—	—
Balance as of December 24, 2015	—	445,202	—	—	—	—	—	—	445,202
Balance by OpCo	—	(493,790)	—	—	—	—	—	493,790	—
Balance of OpCo common units,									

subordinated units and contingent interests											
rights ("Rights") for distribution of Power											
project entities successor's interests acquired by Power	—	48,588	—	—	—	—	—	—	—	—	48,588
advance by OpCo of common units,											
subordinated units and IDR's acquisition											
interests in Solar Project Entities	—	—	—	—	—	—	—	—	—	408,820	408,820
distributions to controlling interests - tax equity investors	178,079	—	—	—	—	—	—	—	—	25,638	25,638
contribution to investors	—	—	—	—	—	—	—	—	—	(857,904)	(857,904)
advance of Class A shares of OpCo, net of advance											
investments	—	—	20,000,000	392,636	—	—	—	—	392,636	—	392,636
advance of Class B shares of First Solar	—	—	—	—	22,116,925	—	—	—	—	—	—
advance of Class B shares of SunPower	—	—	—	—	28,883,075	—	—	—	—	—	—
share-based compensation	—	—	7,281	112	—	—	—	—	112	—	112
	—	—	—	—	—	—	—	—	—	58,026	58,026

Contributions to SunPower											
Contributions to Class A Shareholders (in millions)	—	—	—	—	—	—	(3,146)	(3,146)	—	(3,146)	
Amount due to SunPower as of December 31, 2015	(88,332)	—	—	—	—	—	18,726	18,726	65,688	84,414	
Number of shares of Class A common stock owned by controlling interests through acquisition and issued	89,747	—	20,007,281	392,748	51,000,000	—	15,580	408,328	194,058	602,313	
Contributions to controlling interests - tax equity investors (in millions)	(3,580)	—	—	—	—	—	—	—	(3,574)	(3,574)	
Amount of Class A shares, net of issuance costs	—	—	8,050,000	113,325	—	—	—	113,325	—	113,325	
Classification of controlling interests											
Amount due to SunPower as of December 31, 2015	—	—	—	(257,159)	—	—	—	(257,159)	257,159	—	
Amount of share-based compensation	—	—	15,399	224	—	—	—	224	—	224	
Contributions to SunPower	—	—	—	—	—	—	—	—	9,973	9,973	
Contributions to tax equity investors	—	—	—	—	—	—	—	—	50,507	50,507	
Contributions to Class A Shareholders	—	—	—	—	—	—	(20,241)	(20,241)	—	(20,241)	
Contributions to investors as of December 31, 2015	—	—	—	—	—	—	—	—	(12,271)	(12,271)	

to holders income)	(68,543)	—	—	—	—	—	—	27,101	27,101	54,351	81,45
nce as of ember 30, 5	\$17,624	\$—	28,072,680	\$249,138	51,000,000	\$—\$—	\$22,440	\$271,578	\$590,331	\$861,9	

The accompanying notes are an integral part of these consolidated financial statements.

8point3 Energy Partners LP

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Cash flows from operating activities:			
Net income (loss)	\$ 12,910	\$ (24,011)	\$ (1,216)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, amortization and accretion	22,880	4,291	2,339
Unrealized loss (gain) on interest rate swap	(1,508)	611	—
Interest expense on financing obligation	—	1,193	4,838
Loss on termination of financing obligation	—	6,477	—
Reserve for rebates receivable	—	1,338	—
Distributions from unconsolidated investees	18,075	6,766	—
Equity in earnings of unconsolidated investees	(18,341)	(9,055)	—
Deferred income taxes	18,242	12,491	—
Share-based compensation	224	112	—
Amortization of debt issuance costs	626	—	—
Changes in allowance for doubtful accounts	370	328	—
Changes in operating assets and liabilities:			
Accounts receivable and financing receivable, net	1,481	46	(4,118)
Cash grants receivable	—	146	1,099
Rebates receivable	—	(121)	2,685
Solar power systems to be leased under sales type leases	—	197	463
Prepaid and other current assets	(1,435)	(4,258)	—
Deferred revenue	(59)	(118)	(819)
Accounts payable and other current liabilities	1,171	5,403	(3,470)
Net cash provided by operating activities	54,636	1,836	1,801
Cash flows from investing activities:			
Cash provided by (used in) purchases of property and equipment	1,167	(223,688)	(58,457)
Cash paid for acquisitions	(284,797)	—	—
Receipts of cash grants related to solar energy systems under operating leases	—	—	3,226
Distributions from unconsolidated investees	11,629	4,672	—
Net cash used in investing activities	(272,001)	(219,016)	(55,231)
Cash flows from financing activities:			
Proceeds from issuance of Class A shares, net of issuance costs	113,325	393,750	—
Proceeds from issuance of bank loans, net of issuance costs	86,567	461,192	61,481
Proceeds from issuance of promissory note to First Solar	—	1,964	—
Repayment of bank loans	—	(264,143)	—
Capital contributions from SunPower	9,973	341,694	3,147
Capital distributions to SunPower	—	(3,163)	(11,198)

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Cash distribution to First Solar at IPO	—	(283,697)	—
Cash distribution to SunPower at IPO	—	(371,527)	—
Cash distribution to SunPower for the remaining purchase price payments of initial projects	—	(202,680)	—
Cash distribution to Class A shareholders	(20,241)	(3,146)	—
Cash distributions to Sponsors as OpCo unitholders	(12,271)	—	—
Cash contributions from noncontrolling interests and redeemable noncontrolling interests - tax equity investors	3,671	203,717	—
Cash distributions to noncontrolling interests and redeemable noncontrolling interests - tax equity investors	(6,179)	—	—
Net cash provided by financing activities	174,845	273,961	53,430
Net increase (decrease) in cash and cash equivalents	(42,520)	56,781	—
Cash and cash equivalents, beginning of period	56,781	—	—
Cash and cash equivalents, end of period	\$ 14,261	\$ 56,781	\$ —
Non-cash transactions:			
Assignment of financing receivables to a third-party financial institution	\$ —	\$ 1,279	\$ 7,815
Property and equipment acquisitions funded by liabilities	19,538	—	8,675
Property and equipment additions funded by SunPower post-IPO	—	50,683	—
Settlement of related party payable by capital contribution from tax equity investor	46,837	—	—
Predecessor liabilities assumed by SunPower	—	48,588	—
Accrued distributions to noncontrolling interests and redeemable noncontrolling interests - tax equity investors	975	—	—
Issuance by OpCo of OpCo common units, subordinated units and IDRs for acquisition of interests in First Solar Project Entities	—	408,820	—
Supplemental disclosures:			
Cash paid for interest, net of amounts capitalized	11,525	437	688

The accompanying notes are an integral part of these consolidated financial statements.

8point3 Energy Partners LP

Notes to Consolidated Financial Statements

Note 1. Description of Business

The Partnership

8point3 Energy Partners LP (together with its subsidiaries, the “Partnership”) is a limited partnership formed on March 3, 2015 under a master formation agreement by SunPower Corporation (“SunPower”) and First Solar, Inc. (“First Solar”) and, together with SunPower, the “Sponsors”) to own, operate and acquire solar energy generation systems. The Partnership’s initial public offering (the “IPO”) was completed on June 24, 2015. 8point3 General Partner, LLC (the “General Partner”), the Partnership’s general partner, is a wholly-owned subsidiary of 8point3 Holding Company, LLC, an entity owned by SunPower and First Solar (“Holdings”). As of November 30, 2016, 8point3 Energy Partners LP owned a controlling non-economic managing member interest in 8point3 Operating Company, LLC (“OpCo”) and a 35.5% limited liability company interest in OpCo and the Sponsors collectively owned a noncontrolling 64.5% limited liability company interest in OpCo.

The following table provides an overview of the assets that comprise the Partnership’s portfolio (the “Portfolio”) as of November 30, 2016:

Project	Location	Commercial Operation Date(1)	MW(ac) (2)	Counterparty	Remaining Term of Offtake Agreement (in years)(3)
Utility				FirstEnergy	
Maryland Solar	Maryland	February 2014	20	Solutions San Diego Gas &	16.3
Solar Gen 2	California	November 2014	150	Electric City of Roseville/Pacific	23.0
Lost Hills Blackwell	California	April 2015	32	Gas and Electric Pacific Gas and	27.1(4)
North Star	California	June 2015	60	Electric	18.6
RPU	California	September 2015	7	City of Riverside	23.8
Quinto	California	November 2015	108	Southern California	19.0

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				Edison Public Service	
Hooper	Colorado	December 2015	50	Company of Colorado Southern California	19.1
Kingbird	California	April 2016	40	Public Power Authority (5) Pacific Gas and	19.4
Henrietta	California	October 2016	102	Electric	19.8
Commercial & Industrial					
				University of	
UC Davis	California	September 2015	13	California Macy's Corporate	18.8
Macy's California	California	October 2015	3	Services Macy's Corporate	18.9
Macy's Maryland	Maryland	December 2016	5	Services	20.0
Kern(6)	California	June 2017	13	Kern High School District Approx. 5,900	19.9
Residential Portfolio	U.S. – Various	June 2014	39	homeowners(7)	15.8(8)
Total			642(9)		

8point3 Energy Partners LP

Notes to Consolidated Financial Statements— Continued

- (1) For the Macy’s California Project, the Macy’s Maryland Project, and the Kern Project (as defined below), commercial operation date (“COD”) represents the first date on which all of the solar generation systems within each of the Macy’s California Project, the Macy’s Maryland Project and the Kern Project, respectively, have achieved or are expected to achieve COD. Please read “Note 3—Business Combinations—2016 Acquisitions” for further details on the Kern Project and the Macy’s Maryland Project. For the Residential Portfolio, COD represents the first date on which all of the residential systems within the Residential Portfolio have achieved COD.
- (2) The megawatts (“MW”) for the projects in which the Partnership owns less than a 100% interest or in which the Partnership is the lessor under any sale-leaseback financing are shown on a gross basis.
- (3) Remaining term of offtake agreement is measured from the later of November 30, 2016 or the expected COD of the applicable project.
- (4) Remaining term comprised of 2.1 years on a power purchase agreement (“PPA”) with the City of Roseville, California, followed by a 25-year PPA with Pacific Gas and Electric Company (“PG&E”) starting in 2019.
- (5) The Kingbird Project is subject to two separate PPAs with member cities of the Southern California Public Power Authority.
- (6) OpCo’s acquisition of the Kern Project is being effectuated in four phases, with the closing of the first phase, reflecting a nameplate capacity of 3 MW, having occurred on January 26, 2016, the closing of the second phase, reflecting a nameplate capacity of 5 MW, having occurred on September 9, 2016, and the closing of the third phase, reflecting a nameplate capacity of 5 MW, having occurred on November 30, 2016.
- (7) Comprised of the approximately 5,900 solar installations located at homes in Arizona, California, Colorado, Hawaii, Massachusetts, New Jersey, New York, Pennsylvania and Vermont, that are held by SunPower Residential I, LLC (the “Residential Portfolio Project Entity”) and have an aggregate nameplate capacity of 39 MW.
- (8) Remaining term is the weighted average duration of all of the residential leases, in each case measured from November 30, 2016.
- (9) The Stateline Project was acquired by the Partnership on December 1, 2016 and increased the size of the Partnership’s Portfolio to 942 MW. Please read “Note 17—Subsequent Events” for further details.

Basis of Presentation and Preparation

The direct and indirect contributions of the IPO Project Entities (as defined below) by the Sponsors to OpCo in connection with the IPO resulted in a business combination for accounting purposes with the IPO SunPower Project Entities (as defined below) being considered the acquirer of the interests contributed by First Solar in the IPO First Solar Project Entities (as defined below). Therefore, the IPO SunPower Project Entities constitute the “Predecessor.” As used herein, the term “IPO Project Entities” refers to:

- the IPO SunPower Project Entities, including:

• Solar Star California XXX, LLC and Solar Star California XXX (2), LLC (collectively, the “Macy’s California Project Entities”), which hold the Macy’s California Project (as defined in the glossary in this Annual Report on Form 10-K (the “Glossary”));

• Solar Star California XIII, LLC (the “Quinto Project Entity”), which holds the Quinto Project (as defined in the Glossary);

• Solar Star California XXXI, LLC (the “RPU Project Entity”), which holds the RPU Project (as defined in the Glossary);

8point3 Energy Partners LP

Notes to Consolidated Financial Statements— Continued

Solar Star California XXXII, LLC (the “UC Davis Project Entity”), which holds the UC Davis Project (as defined in the Glossary); and
 SunPower Residential I, LLC (the “Residential Portfolio Project Entity”), which holds the Residential Portfolio Project (as defined in the Glossary); and
 the IPO First Solar Project Entities, including:
 Lost Hills Solar, LLC (the “Lost Hills Project Entity”), which holds the Lost Hills Project, and Blackwell Solar, LLC (the “Blackwell Project Entity”), which holds the Blackwell Project (the Lost Hills Project and the Blackwell Project, each defined in the Glossary, together constitute the “Lost Hills Blackwell Project”);
 Maryland Solar LLC (the “Maryland Solar Project Entity”), which holds the Maryland Solar Project (as defined in the Glossary);
 North Star Solar, LLC (the “North Star Project Entity”), which holds the North Star Project (as defined in the Glossary); and
 SG2 Imperial Valley, LLC (the “Solar Gen 2 Project Entity”), which holds the Solar Gen 2 Project (as defined in the Glossary).

In connection with the IPO, SunPower contributed a nearly 100% interest in each of the IPO SunPower Project Entities to OpCo, subject, in the case of the Quinto Project, the RPU Project, the UC Davis Project and the Macy’s California Project, to the tax equity investor’s right to a varying portion of the cash flows from the projects. In connection with the IPO, First Solar directly contributed to OpCo a 100% interest in the Maryland Solar Project Entity and indirectly contributed to OpCo a 49% economic interest in each of the Lost Hills Blackwell Project, the North Star Project and the Solar Gen 2 Project.

On January 26, 2016, OpCo entered into a Purchase, Sale and Contribution Agreement (the “Kern Purchase Agreement”) with SunPower pursuant to which OpCo agreed to purchase an interest in the Kern Project, as further described below in “Note 3—Business Combinations—2016 Acquisitions.” Effective January 26, 2016, a subsidiary of OpCo acquired from SunPower all of the class B limited liability company interests of SunPower Commercial II Class B, LLC (the “Kern Class B Partnership”). Kern High School District Solar (2), LLC (the “Kern Project Entity”) is an indirect subsidiary of the Kern Class B Partnership, and OpCo holds a controlling interest in the Kern Class B Partnership effective January 26, 2016. The Partnership has concluded that OpCo is the primary beneficiary of the Kern Class B Partnership as it has the power to direct the activities that most significantly impact its economic performance and absorbs the majority of losses and has the right to receive benefits over the life of the project. Therefore, OpCo consolidates this less-than-wholly-owned entity.

On March 31, 2016, OpCo entered into a Purchase and Sale Agreement (the “Kingbird Purchase Agreement”) with First Solar and First Solar Asset Management, LLC, a wholly-owned subsidiary of First Solar (“First Solar Asset Management”), to acquire an interest in the Kingbird Project, as further described below in “Note 3—Business Combinations—2016 Acquisitions.” Effective March 31, 2016, a subsidiary of OpCo acquired FSAM Kingbird Solar Holdings, LLC from First Solar. FSAM Kingbird Solar Holdings, LLC holds the class B limited liability company interests of Kingbird Solar, LLC. Kingbird Solar A, LLC and Kingbird Solar B, LLC (the “Kingbird Project Entities”) are direct subsidiaries of Kingbird Solar, LLC, and OpCo holds a controlling interest in the Kingbird Solar, LLC effective March 31, 2016. The Partnership has concluded that OpCo is the primary beneficiary of Kingbird Solar, LLC as it has the power to direct the activities that most significantly impact its economic performance and absorbs the majority of losses and has the right to receive benefits over the life of the project. Therefore, OpCo consolidates this less-than-wholly-owned entity.

On March 31, 2016, OpCo entered into a Contribution Agreement (the “Hooper Purchase Agreement”) with SunPower and SunPower AssetCo, LLC, a wholly-owned subsidiary of SunPower (“SunPower AssetCo”), to acquire an interest in the Hooper Project, as further described below in “Note 3—Business Combinations—2016 Acquisitions.” Effective April 1, 2016, a subsidiary of OpCo acquired from SunPower all of the class B limited liability company interests of SSCO III Class B Holdings, LLC (the “Hooper Class B Partnership”). Solar Star Colorado III, LLC (the “Hooper Project Entity”) is an indirect subsidiary of the Hooper Class B Partnership, and OpCo holds a controlling interest in the Hooper Class B Partnership effective April 1, 2016. The Partnership has concluded that OpCo is the primary beneficiary of the Hooper Class B Partnership as it has the power to direct the activities that most significantly impact its economic performance and absorbs the majority of losses and has the right to receive benefits over the life of the project. Therefore, OpCo consolidates this less-than-wholly-owned entity.

8point3 Energy Partners LP

Notes to Consolidated Financial Statements— Continued

On June 29, 2016, OpCo entered into a Contribution Agreement (the “Macy’s Maryland Purchase Agreement”) with SunPower and SunPower AssetCo to acquire an interest in the Macy’s Maryland Project, as further described below in “Note 3—Business Combinations—2016 Acquisitions.” Effective July 1, 2016, a subsidiary of OpCo acquired from SunPower all of the class B limited liability company interests of SunPower Commercial III Class B, LLC (the “Macy’s Maryland Class B Partnership”). Northstar Macys Maryland 2015, LLC (the “Macy’s Maryland Project Entity”) is an indirect subsidiary of the Macy’s Maryland Class B Partnership, and OpCo holds a controlling interest in the Macy’s Maryland Class B Partnership effective July 1, 2016. The Partnership has concluded that OpCo is the primary beneficiary of the Macy’s Maryland Class B Partnership as it has the power to direct the activities that most significantly impact its economic performance and absorbs the majority of losses and has the right to receive benefits over the life of the project. Therefore, OpCo consolidates this less-than-wholly-owned entity.

On September 20, 2016, OpCo entered into a Contribution Agreement (the “Henrietta Purchase Agreement”) with SunPower and SunPower AssetCo to acquire a 49% interest in the Henrietta Project, as further described below in “Note 4—Investment in Unconsolidated Affiliates.” Effective September 29, 2016, a subsidiary of OpCo acquired from SunPower all of the class B limited liability company interests of Parrey Class B Member, LLC (the “Henrietta Class B Partnership”). The Henrietta Class B Partnership owns all of the class B limited liability company interests of Parrey Holding Company, LLC (“Henrietta Holdings”), the indirect owner of 100% of the limited liability company membership interests in the Henrietta Project Entity. Such class B membership interests in Henrietta Holdings entitle OpCo to a 49% economic interest in the Henrietta Project Entity. An affiliate of Southern Company, which is not affiliated with the Partnership, owns the other 51% economic interest in the Henrietta Project Entity. The Partnership has concluded that OpCo’s minority membership interest in Henrietta Holdings will be accounted for as an equity method investment.

On November 11, 2016, OpCo entered into a Purchase and Sale Agreement (the “Stateline Purchase Agreement”) with First Solar and First Solar Asset Management to acquire a 34% interest in the Stateline Project, as further described below in “Note 17—Subsequent Events.”

Principles of Consolidation

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), and include the accounts of the Partnership, and all of its subsidiaries, as appropriate under consolidation accounting guidelines. Investments in unconsolidated affiliates in which the Partnership has less than a controlling interest are accounted for using the equity method of accounting. All significant inter-entity accounts and transactions have been eliminated in consolidation.

For all periods prior to the IPO, the accompanying consolidated financial statements and the notes thereto represent the results of the combined carve-out statements of the Predecessor and were prepared using SunPower’s historical basis in assets and liabilities. For all periods subsequent to the IPO, the accompanying consolidated financial statements and the notes thereto represent the results of 8point3 Energy Partners LP which consolidates OpCo through its controlling interest.

Throughout the periods presented in the Predecessor’s combined carve-out financial statements, the Predecessor did not exist as a separate, legally constituted entity. The Predecessor’s combined carve-out financial statements were

therefore derived from SunPower's consolidated financial statements to represent the financial position and performance of the Predecessor on a stand-alone basis during those periods in accordance with U.S. GAAP. The Predecessor's management made allocations to approximate operating activities and cash flows as well as allocations of certain corporate expenses and believes the assumptions and methodology underlying the allocations are reasonable.

Reclassifications

Certain prior period balances have been reclassified to conform to the current period presentation in the Partnership's consolidated financial statements and the accompanying notes. Such reclassifications had no effect on previously reported results of operations or accumulated earnings.

Fiscal Years

On June 24, 2015, in connection with the closing of the IPO, the Partnership amended its partnership agreement to include a change in the fiscal year to November 30. The Predecessor had a 52-to-53 week fiscal year that ended on the Sunday closest to December 31. The accompanying consolidated financial statements cover the period from December 1, 2015 through November 30, 2016, representing the entire twelve-month period of the Partnership's 2016 fiscal year. The prior year's comparable periods cover the period from December 29, 2014 through November 30, 2015, representing the eleven-month period of the Partnership's adopted 2015

8point3 Energy Partners LP

Notes to Consolidated Financial Statements— Continued

fiscal year, and the period from December 30, 2013 through December 28, 2014, reported on the basis of the 2014 fiscal year of the Partnership's Predecessor, which was a 52-week fiscal year.

As a result of the change in the Partnership's fiscal year end, the annual and quarterly periods of its newly adopted fiscal year do not coincide with the historical quarterly periods previously reported by its Predecessor. Financial information for the years ended November 30, 2015 and November 30, 2014 have not been included in this Form 10-K for the following reasons: (i) the eleven months ended November 30, 2015 and the year ended December 28, 2014 provide as meaningful a comparison to the year ended November 30, 2016 as would the years ended November 30, 2015 and November 30, 2014; (ii) the Partnership believes that there are no significant factors, seasonal or other, that would impact the comparability of information if the results for the years ended November 30, 2015 and November 30, 2014 were presented in lieu of results for the eleven months ended November 30, 2015 and the year ended December 28, 2014; and (iii) it was not practicable or cost justified to prepare this information.

Management Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates in these consolidated financial statements include the assumptions and methodology underlying the allocations of expenses incurred on the Predecessor's behalf that were recorded in the Predecessor's carve-out financial statements, as well as: allowances for doubtful accounts related to accounts receivable and financing receivables; estimates of future cash flows and economic useful lives of property and equipment; the fair value and residual value of leased solar power systems; fair value of financial instruments; fair value of acquired assets and liabilities; valuation of certain accrued liabilities such as accrued warranty and asset retirement obligations ("AROs"); and income taxes including the related valuation allowance. Actual results could materially differ from those estimates.

Costs Related to IPO

Direct costs related to the IPO that were incurred by the Predecessor were deferred and capitalized as part of prepaid expense and other assets on the consolidated balance sheets. These costs include legal and accounting fees as well as other costs directly related to the IPO. These deferred costs have subsequently been accounted for as a reduction in the proceeds of the IPO and a reduction in the balance under the Partnership's term loan entered into in connection with the IPO as capitalized financing costs. Other formation and offering related fees that were not directly related to the IPO were expensed as incurred in the Predecessor's financial statements. For the eleven months ended November 30, 2015, \$2.5 million has been deferred and capitalized, and \$1.6 million has been expensed as part of selling, general and administrative ("SG&A") expenses.

Note 2. Summary of Significant Accounting Policies

Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their respective fair values due to their short-term maturities. Derivative financial instruments are carried at fair value based on quoted market prices for financial instruments with similar characteristics. The Partnership has interest rate swap agreements that economically hedge the cash flows for the term loan facility, which are not designated as cash flow hedges. Therefore, the changes in fair value are recorded in other expense in the consolidated statement of operations as these hedges are not accounted for under hedge accounting. In addition, the Predecessor entered into interest rate swap agreements, designated as cash flow hedges, in the fourth quarter of the year ended December 28, 2014 on the outstanding and forecasted future borrowings under the Quinto Credit Facility (as defined below) to reduce the impact of changes in interest rates; unrealized gains and losses of the effective portion of derivative financial instruments were excluded from earnings and reported as a component of accumulated other comprehensive loss in the consolidated balance sheets. The ineffective portion of derivatives financial instruments were included in other expense (income), net in the consolidated statements of operations.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity during a period from non-owner sources. The Partnership's comprehensive income (loss) for each period presented is comprised of (i) its net income (loss); and (ii) changes in unrealized gains or losses for the effective portion of derivatives designated as cash flow hedges.

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Notes to Consolidated Financial Statements— Continued

Equity Method Investments

The Partnership uses the equity method of accounting for equity investments where it has the ability to significantly influence the operations or financial decisions of the investee but does not own a majority interest. It considers the participating and protective rights it has as well as the legal form of the investee when evaluating whether it has the ability to exercise significant influence. Equity method investments are included in “Investment in unconsolidated affiliates” in the accompanying consolidated balance sheets. The Partnership monitors investments in equity affiliates for impairment and records reductions in carrying values if the carrying amount of the investment exceeds its fair value. An impairment charge is recorded when an impairment is deemed to be other-than-temporary. Circumstances that indicate an other-than-temporary decline include factors such as decreases in quoted market prices or declines in operations. The evaluation of an investment for potential impairment requires management to exercise significant judgment and to make certain assumptions. The use of different judgments and assumptions could result in different conclusions. During the year ended November 30, 2016 and the eleven months ended November 30, 2015, no impairment losses were recorded related to the Partnership’s equity method investments.

On the consolidated statements of cash flows, the Partnership classifies distributions received from unconsolidated investees accounted for under the equity method using the cumulative earnings approach. Under the cumulative earnings approach, the Partnership compares cumulative distributions received, less distributions received in the prior year that were determined to be returns of investment, to its share of cumulative equity in earnings (as adjusted for basis differences) for each unconsolidated investee on an inception-to-date basis. If the Partnership’s inception-to-date distributions are greater than its inception-to-date equity in earnings for an unconsolidated investee, the distributions up to its inception-to-date equity in earnings are considered a return on investment and are therefore classified as cash flows from operating activities, while the distributions of that unconsolidated investee in excess of its inception-to-date equity in earnings are considered to be a return of investment and are classified as cash flows from investing activities. If the Partnership’s inception-to-date distributions are less than its inception-to-date equity in earnings for an unconsolidated investee, such distributions are considered to be a return on investment and are classified as cash flows from operating activities.

Cash and Cash Equivalents

The Partnership considers unrestricted cash on hand and demand deposits in banks to be cash and cash equivalents; such balances approximate fair value at November 30, 2016 and November 30, 2015. Highly liquid investments with original or remaining maturities of 90 days or less at the time of purchase are considered cash equivalents.

Accounts Receivable and Financing Receivable

Accounts receivable: Accounts receivable are reported on the consolidated balance sheets at the outstanding invoiced amounts, adjusted for any write-offs and estimated allowance for doubtful accounts. The Partnership maintains an allowance for doubtful accounts based on the expected collectability of all accounts receivable, which takes into consideration an analysis of historical bad debts, specific customer creditworthiness and current economic trends. Qualified customers under the residential lease program are required to have a minimum “fair” FICO credit score at the time of initial contract. The Partnership believes that its concentration of credit risk is limited because of its large number of residential customers, high credit quality of the residential customer base with high average FICO credit scores at the time of initial contract, small account balances for most of these residential customers, and customer geographic diversification. As of November 30, 2016 and November 30, 2015, less than \$0.1 million and

zero, respectively, allowance for doubtful accounts related to operating leases had been recorded.

Financing receivables: Leases are classified as either operating or sales-type leases in accordance with the relevant accounting guidance. Financing receivables are generated by solar energy systems leased to residential customers under sales-type leases. Financing receivables represent gross minimum lease payments to be received from customers and the systems' estimated residual value, net of executory costs, unearned income and allowance for estimated losses.

The Partnership recognizes an allowance for losses on financing receivables in an amount equal to the probable losses, net of recoveries and bases such reserves on several factors, including consideration of historical credit losses. As of November 30, 2016 and November 30, 2015, \$0.7 million and \$0.3 million, respectively, had been recorded as allowance for losses on financing receivables.

Property and Equipment

Property and equipment, including photovoltaic ("PV") solar power systems, are stated at cost, less accumulated depreciation. Any energy generated by PV solar power systems prior to being placed into service or investment tax credit to which a Sponsor is entitled reduces the carrying value of the asset by the related amount. Residential leased solar energy systems are depreciated to their

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estimated residual value using the straight-line method over the lease term of 20 years. Depreciation expense for PV solar power systems is computed using the straight-line method over the shorter of the term of the estimated useful life or the lease on the land. The estimated useful life of a system is reassessed whenever applicable facts and circumstances indicate a change in the estimated useful life of such system has occurred. The estimated useful life of all solar energy systems is 30 years and all systems are physically located in the United States. Depreciation expense for the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014 was \$22.8 million, \$4.3 million and \$2.3 million, respectively. Repairs and maintenance costs are expensed as incurred.

Construction-in-Progress

Projects comprised of solar energy systems yet to be leased to residential homeowners and project assets that are still under construction are construction-in-progress and are not depreciated until they are placed in service.

Long-Lived Assets

The Partnership evaluates its long-lived assets, including property and equipment, construction-in-progress and projects for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. Factors considered important that could result in an impairment review of leased solar energy systems include lease asset depreciation expense greater than associated operating revenue, decrease in the estimated residual value of the leased solar energy system, and inability to collect lease payments due from lessees whether through aging receivables, lease contract amendments or terminations. The impairment evaluation of leased solar energy systems includes an analysis of estimated future undiscounted net cash flows expected to be generated by the assets over their remaining estimated useful lives. If the estimate of future undiscounted net cash flows is insufficient to recover the carrying value of the assets over the remaining estimated useful lives, the Partnership records an impairment loss in the amount by which the carrying value of the assets exceeds the fair value. Fair value is generally measured based on discounted cash flow analyses.

With respect to solar energy projects, the Partnership considers the project commercially viable if it is anticipated to be operated for a profit once it is fully operating. The Partnership examines a number of factors to determine if the project will be profitable, including the pricing of the offtake agreement and whether there are any environmental, ecological, permitting, or regulatory conditions that have changed for the project since the start of development. Such changes could cause the cost of the project to increase.

Interest Capitalization

Interest incurred on funds borrowed to finance construction of projects is capitalized to construction-in-progress until the system is ready for its intended use. When no debt is specifically identified as being incurred in connection with a construction project, the Partnership capitalizes interest on amounts expended on the project at the Partnership's weighted average cost of borrowed money. The amount of interest capitalized for the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014 was \$0.7 million, \$6.5 million and \$2.8 million, respectively.

Asset Retirement Obligations

In some cases the Partnership operates certain projects under power purchase and other agreements that include a requirement for the removal of the solar energy systems at the end of the term of the agreement. The Partnership accounts for such legal obligations or AROs in accordance with U.S. GAAP, which requires that a liability for the fair value of an ARO be recognized in the period in which it is incurred if it can be reasonably estimated with the offsetting, associated asset retirement cost capitalized as part of the carrying amount of the property and equipment. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over the asset's estimated useful life. The Partnership has accrued AROs of \$13.4 million and \$10.0 million as of November 30, 2016 and November 30, 2015, respectively.

Contingencies

The Partnership is involved in conditions, situations or circumstances in the ordinary course of business with possible loss contingencies, such as system output performance warranty and residential lease system repairs, that will ultimately be resolved when one or more future events occur or fail to occur. In certain circumstances, the Partnership has hired service providers to mitigate the potential risk of loss. For example, the Partnership provides system output performance warranties under residential lease agreements with homeowners. The operations and maintenance ("O&M") provider, currently a subsidiary of SunPower, also provides system

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output performance warranties to the Partnership equivalent to those offered by the Partnership to homeowners. As a result, the Partnership records liabilities in connection with these items offset by a corresponding amount in other assets as due from the O&M provider on its consolidated financial statements. As of November 30, 2016 and November 30, 2015, the Partnership recorded \$0.5 million and \$0.9 million, respectively, in other current liabilities related to system output performance warranties and system repairs and a corresponding amount due from SunPower in other current assets.

If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other amount, however, the minimum amount in the range will be accrued. The Partnership continually evaluates uncertainties associated with loss contingencies and records a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and (ii) the loss or range of loss can be reasonably estimated.

Revenue Recognition

Operating revenues to date are comprised of revenues generated from PPAs, solar energy systems leased to residential customers and lease revenue from the Maryland Solar Project. The Partnership is the lessor while the PPA offtaker, residential customers and an affiliate of First Solar are the lessees.

Operating leases: Under long-term PPAs, revenue is generated from the sale of energy to various non-affiliated parties. Amounts are recognized as revenue based on rates stipulated in the respective PPAs when energy and any related renewable energy attributes are delivered. All PPAs, except for those associated with the Macy's Maryland Project, are accounted for as operating leases. In addition, the Partnership also recognizes lease revenue for the Maryland Solar Project, which is subject to a solar lease agreement that expires on December 31, 2019, with an affiliate of First Solar as the lessee.

Certain residential leased solar energy systems are classified as operating leases; therefore, revenue associated with renting the solar energy system and executory costs is recognized on a straight-line basis over the 20-year lease term. State or local rebates defined in the minimum lease payments under the lease that are deemed fixed and determinable are recorded as deferred revenue in the consolidated balance sheets when the lease is placed in service and amortized to revenue on a straight-line basis over the 20-year lease term. Performance-based incentives ("PBI Rebates") representing contingent revenue are recognized upon cash receipt.

Sales-type leases: Other residential systems are classified as sales-type leases because the net present value ("NPV") of the minimum lease payments per the contract, excluding the portion of payments representing executory costs, equals or exceeds 90% of the excess of the fair value of the leased property to the lessor at lease inception. For such solar energy systems, the NPV of the minimum lease payments, net of executory costs, is recognized as revenue when the lease is placed in service. This NPV includes fixed and determinable state or local rebates defined in the minimum lease payments under the lease but excludes PBI Rebates because these rebates are not fixed and determinable as they relate to the generation of electricity from the leased solar energy system, and therefore represent contingent revenue recognized upon cash receipt. This NPV, as well as that of the residual value of the lease at termination, are recorded as financing receivables in the consolidated balance sheets. The difference between the initial net amounts and the gross amounts is amortized to revenue over the lease term using the effective interest method. Revenue representing

executory costs to operate and maintain the leased solar energy system is recognized on a straight-line basis over the 20-year lease term. The residual values of solar energy systems are determined at the inception of the lease applying an estimated system fair value at the end of the lease term. As all the leases owned by the Predecessor have been placed into service before fiscal 2015, all revenue related to the NPV of the minimum lease payments has been recognized as of December 28, 2014. Accordingly, other than interest revenue, there was no sales-type lease revenue recognized on the consolidated financial statements for the year ended November 30, 2016 and the eleven months ended November 30, 2015.

Noncontrolling Interests

Noncontrolling interests represent the portion of net assets in consolidated subsidiaries that are not attributable, directly or indirectly, to the Partnership. The largest portion of noncontrolling interest in the Partnership relates to the Sponsors' ownership in OpCo. In addition, the Partnership has entered into certain tax equity transactions with third-party investors under which the investors are determined to hold noncontrolling interests in entities fully consolidated by OpCo. The net assets of the shared entities are attributed to the controlling and noncontrolling interests based on the terms of the governing contractual arrangements. Therefore, for the tax equity transactions, the Partnership further determined the hypothetical liquidation at book value method (the "HLBV Method") to be the appropriate method for attributing net assets to the controlling and noncontrolling interests as this method most closely mirrors the economics of the governing contractual arrangements. Under the HLBV Method, the Partnership allocates

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recorded income (loss) to each investor based on the change, during the reporting period, of the amount of net assets each investor is entitled to under the governing contractual arrangements in a liquidation scenario. The Partnership accounts for the portion of net assets using the HLBV Method in the consolidated entities attributable to the investors as “Redeemable noncontrolling interests” and “Noncontrolling interests” in its consolidated financial statements. Noncontrolling interests in subsidiaries that are redeemable at the option of the noncontrolling interest holder are classified as “Redeemable noncontrolling interests in subsidiaries” between liabilities and equity on the consolidated balance sheets and the balance is the greater of the carrying value calculated under the HLBV Method or the redemption value.

Cost of Operations

Cost of operations includes O&M costs related to the operating projects as well as cost recognized on sales-type leases and is recognized when the leased solar energy system is placed in service or sold. Cost recognized on sales-type leases includes initial direct costs to complete a leased solar energy system, such as costs for constructing a solar energy system inclusive of dealer payments, freight charges and direct lease costs.

Income Taxes

The Partnership accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Valuation allowances are provided against deferred tax assets when management cannot conclude that it is more likely than not that some portion or all deferred tax assets will be realized.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Partnership, which has elected to be treated as a corporation for federal income tax purposes, recognizes potential liabilities for anticipated tax audit issues in the United States based on its estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period in which the Partnership determines the liabilities are no longer necessary. If the estimate of tax liabilities proves to be less than the ultimate tax assessment, a further charge to expense would result. The Partnership accrues interest and penalties on tax contingencies, which are not considered material.

The Partnership recognizes deferred tax assets to the extent that it believes these assets are more likely than not to be realized. In making such a determination, the Partnership considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Partnership determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, it would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Partnership records uncertain tax positions on the basis of a two-step process whereby (1) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and

(2) for those tax positions that meet the more-likely-than-not recognition threshold, the Partnership recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Business Combinations

The Partnership records all assets and liabilities acquired in a business combination at fair value. The judgments made in the context of the purchase price allocation can materially impact the Partnership's future results of operations. Accordingly, for significant acquisitions, the Partnership obtains assistance from third-party valuation specialists. The valuations calculated from estimates are based on information available at the acquisition date. The Partnership charges acquisition related transaction costs that are not part of the consideration to operating costs and expenses as they are incurred. These costs typically include transaction and integration costs, such as legal, accounting, and other professional fees.

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Share-Based Compensation Expense

The Partnership measures compensation expense for all share-based payment awards based on estimated grant-date fair values of Class A shares, and accounts for share-based compensation expense by amortizing the fair value on a straight-line basis over the requisite vesting period, less estimated forfeitures. Share-based compensation expense for the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014 was \$0.2 million, \$0.1 million and zero, respectively, and was included in SG&A expense.

Recent Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board (the “FASB”) issued an update to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. This new guidance becomes effective for the Partnership in the first quarter of fiscal 2019 and is applied prospectively. The Partnership is evaluating the impact of this standard on its consolidated financial statements and disclosures.

In October 2016, the FASB issued an update which amends the guidance on related parties that are under common control. Specifically, this update requires that a single decision maker consider indirect interests held by related parties under common control on a proportionate basis in a manner consistent with its evaluation of indirect interests held through other related parties. That is, the single decision maker does not consider indirect interests held through related parties as equivalent to direct interests in determining whether it meets the economics criterion to be a primary beneficiary. This new guidance becomes effective for the Partnership in the first quarter of fiscal 2018. Early adoption is permitted, including adoption in an interim period. The Partnership is evaluating the impact of this standard on its consolidated financial statements and disclosures.

In October 2016, the FASB issued an update which eliminates a prior exception and now requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory, such as property and equipment, when such transfer occurs. This new guidance becomes effective for the Partnership in the first quarter of fiscal 2020 and shall be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Early adoption is permitted. The Partnership is evaluating the impact of this standard on its consolidated financial statements and disclosures.

In August 2016, the FASB issued an update to the statement of cash flows guidance, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. One identified cash flow issue relates to distributions received from equity method investees whereby the reporting entity should make an accounting policy election to classify distributions received from equity method investees using either the cumulative earnings approach or the nature of the distribution approach. This new guidance becomes effective for the Partnership in the first quarter of fiscal 2018 and is applied retrospectively. Early adoption is permitted, including adoption in an interim period. The Partnership is evaluating the change in accounting policy from the cumulative earnings approach to the nature of the distribution approach and the impact on its consolidated statements of cash flows and disclosures.

In March 2016, the FASB issued an update to the equity method investments guidance, which eliminates the requirement that an entity retroactively adopt the equity method of accounting if an investment qualifies for use of the equity method as a result of an increase in the level of ownership or degree of influence. The update requires that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the

investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. This new guidance will be effective for the Partnership beginning on December 1, 2017 using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. The Partnership is evaluating the impact of this standard on its consolidated financial statements and disclosures.

In February 2016, the FASB issued an update to the lease accounting guidance, which requires entities to begin recording assets and liabilities arising from substantially all leases on the balance sheet. The new guidance will also require significant additional disclosures about the amount, timing and uncertainty of cash flows from leases. This new guidance will be effective for the Partnership beginning on December 1, 2019 using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. The Partnership is evaluating the impact of this standard on its consolidated financial statements and disclosures.

In November 2015, the FASB issued an update which requires entities that present a classified balance sheet to classify all deferred taxes as noncurrent assets or noncurrent liabilities. The Partnership adopted the new guidance retrospectively beginning on

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June 1, 2016. Since the Partnership's formation, it has not classified any deferred tax assets or deferred tax liabilities as current on its balance sheet; therefore, there is no effect of the accounting change on prior periods.

In August 2014, the FASB issued an update to the standards to require management to evaluate whether there are conditions and events that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date the financial statements are issued, and to provide related disclosures. The new guidance is effective for the Partnership no later than the first quarter of fiscal 2017. The Partnership currently believes the potential impact of this standard on its consolidated financial statements and disclosures is not significant.

In May 2014, the FASB issued a new revenue recognition standard based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The FASB has issued several updates to the standard which i) clarify the application of the principal versus agent guidance; (ii) clarify the guidance relating to performance obligations and licensing; and (iii) clarify assessment of the collectability criterion, presentation of sales taxes, measurement date for non-cash consideration and completed contracts at transaction. The new revenue recognition standard, amended by the updates, becomes effective for the Partnership in the first quarter of fiscal 2019 and is to be applied retrospectively using one of two prescribed methods. Early adoption is permitted. The Partnership is currently evaluating and considering the possibility of early adoption of the new standard effective December 1, 2017. The Partnership's ability to early adopt, potentially using the modified retrospective method, is dependent on process, internal control and system readiness and a complete evaluation of all the disclosures required under the new standard. While the Partnership is continuing to assess all potential impacts of the standard, it currently believes the impact on its consolidated financial statements is not significant because over 90% of the Partnership's total revenue for all periods is comprised of lease revenue which is substantially unchanged under the new standard.

Other than as described above, there has been no issued accounting guidance not yet adopted by the Partnership that it believes is material or potentially material to its consolidated financial statements.

Note 3. Business Combinations

Acquisition accounting is dependent upon certain valuations and other studies that must be completed as of the acquisition date. The judgments made in the context of the purchase price allocation can materially impact the Partnership's future results of operations. The Partnership's purchase price allocations for acquisitions completed through November 30, 2016 are final and not subject to revision.

2016 Acquisitions

Kern Acquisition:

On January 26, 2016, OpCo and SunPower entered into the Kern Purchase Agreement, which was amended on September 28, 2016 and November 30, 2016, pursuant to which OpCo agreed to purchase an interest in a solar energy project consisting of systems attached to fixed-tilt carports located at 27 school sites in the Kern High School District located in Kern County, California, and having an aggregate nameplate capacity of up to 21 MW (the “Kern Project”). OpCo’s acquisition of the Kern Project is being effectuated in four phases summarized below:

- (i) Phase 1(a): On January 26, 2016, 8point3 OpCo Holdings, LLC, a wholly owned subsidiary of OpCo, acquired from SunPower all of the class B limited liability company interests of the Kern Class B Partnership. Prior to the date of the execution of the Kern Purchase Agreement and in connection with the closing of the tax equity financing for the Kern Project, described below, the Kern Project Entity, an indirect subsidiary of the Kern Class B Partnership, acquired the assets included in Phase 1(a) (the “Kern Phase 1(a) Assets”). The initial phase of the acquisition of the Kern Project is referred to herein as the “Kern Phase 1(a) Acquisition.”
- (ii) Phase 1(b): On September 9, 2016, the Kern Project Entity acquired the assets included in Kern Phase 1(b) (the “Kern Phase 1(b) Assets”) from SunPower. The second phase of the acquisition of the Kern Project is referred to herein as the “Kern Phase 1(b) Acquisition.”
- (iii) Phase 2(a): On November 30, 2016, the Kern Project Entity acquired the assets included in Kern Phase 2(a) (the “Kern Phase 2(a) Assets”) from SunPower. The third phase of the acquisition of the Kern Project is referred to herein as the “Kern Phase 2(a) Acquisition.”
- (iv) Phase 2(b): At a future closing date, the Kern Project Entity will acquire the Kern Phase 2(b) assets from SunPower.

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The aggregate purchase price for the acquisition is up to \$36.6 million in cash, of which OpCo paid approximately \$4.9 million on January 27, 2016 in connection with the closing of the first phase on January 26, 2016, approximately \$9.2 million on September 9, 2016 in connection with the closing of the second phase on September 9, 2016, and approximately \$8.4 million on November 30, 2016 in connection with the closing of the third phase on November 30, 2016. OpCo will pay the remaining balance of up to \$14.1 million purchase price at the closing of the fourth phase.

In addition, on January 22, 2016, a subsidiary of the Kern Class B Partnership entered into a tax equity financing facility with a third-party investor, which allocates to OpCo a certain share of cash flows from the Kern Project pursuant to a distribution waterfall. Pursuant to this distribution waterfall, the tax equity investor is entitled to a monthly amount of project cash flow until a specified “flip” point is achieved. After the “flip” point, the cash allocations to OpCo increase. In addition, upon reaching the flip point, OpCo has a right to purchase the tax equity investor’s interests in the project for an amount that is not less than its fair market value. The tax equity investor will make capital contributions to fund purchase price payments up to approximately \$30.0 million, of which \$0.9 million, \$1.8 million, \$1.3 million and \$6.7 million was paid on January 22, 2016, September 9, 2016, November 30, 2016 and December 14, 2016, respectively. The remaining balance of up to \$19.3 million will be made when the Kern Project’s phases meet certain construction milestones and will be transferred to affiliates of SunPower for the remaining purchase price payments.

The Kern Phase 1(a) Acquisition, the Kern Phase 1(b) Acquisition and the Kern Phase 2(a) Acquisition qualify as business combinations and the Partnership accounts for the transactions under the acquisition method. The purchase allocation of the identifiable assets acquired, liabilities assumed and noncontrolling interests of the Kern Phase 1(a) Assets, the Kern Phase 1(b) Assets and the Kern Phase 2(a) Assets are disclosed in the following table.

	Fair Value		
	Kern Phase 1(a)	Kern Phase 1(b)	Kern Phase 2(a)
(in thousands)	Assets	Assets	Assets
Property and equipment	\$9,510	\$18,856	\$15,659
Related party payable	(3,435)	(7,123)	(5,290)
Asset retirement obligation	(322)	(785)	(623)
Noncontrolling interest	(866)	(1,794)	(1,332)
Net assets acquired	\$4,887	\$9,154	\$8,414

Kingbird Acquisition:

On March 31, 2016, OpCo entered into the Kingbird Purchase Agreement with First Solar, pursuant to which OpCo agreed to acquire an interest in two 20 MW photovoltaic solar generating projects located in Kern County, California (together, the “Kingbird Project”) for aggregate consideration of \$60.0 million in cash (the “Kingbird Acquisition”). Consideration for the Kingbird Acquisition comprised a \$42.9 million payment on the closing date of March 31, 2016 to Kingbird Seller and a \$17.1 million contribution to FSAM Kingbird Solar Holdings, LLC, the acquired company, on May 31, 2016, which was subsequently paid to an affiliate of First Solar for the remaining balance due under the

Kingbird Project's EPC contract. The closing of the Kingbird Acquisition occurred simultaneously with the execution of the Kingbird Purchase Agreement and OpCo funded 100% of the payment for the Kingbird Project with a combination of cash on hand, drawings under OpCo's revolver and drawings under OpCo's delayed draw facility.

Ownership and cash flows of the Kingbird Project are subject to a tax equity financing facility with a third-party investor, which allocates to OpCo a certain share of cash flows from the Kingbird Project pursuant to a distribution waterfall. Pursuant to this distribution waterfall, the tax equity investor is entitled to a quarterly amount of project cash flow until a specified "flip" point, based on the achievement of a targeted internal rate of return. After the "flip" point, the cash allocations to OpCo increase. In addition, upon reaching the flip point, OpCo has a right to purchase the tax equity investor's interests in the project for an amount that is not less than its fair market value. The tax equity investor made capital contributions to fund purchase price payments of approximately \$11.7 million on February 26, 2016 and \$46.8 million on May 31, 2016, which were made when the Kingbird Project's phases met certain construction milestones and were transferred to an affiliate of First Solar for the remaining purchase price payments.

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The Kingbird Acquisition qualifies as a business combination and the Partnership accounts for the transaction under the acquisition method. The purchase allocation of the identifiable assets acquired, liabilities assumed and noncontrolling interests of the Kingbird Project is as follows:

(in thousands)	Fair Value
Property and equipment	\$117,473
Prepaid transmission services	1,982
Interest receivable	72
Related party payable (1)	(63,971)
Asset retirement obligation	(981)
Noncontrolling interest	(11,709)
Net assets acquired	\$42,866

(1) Related party payable represents liabilities for amounts due to an affiliate of First Solar related to the construction of the project and consisted of: (i) a \$17.1 million contribution to FSAM Kingbird Solar Holdings, LLC, the acquired company, by OpCo on May 31, 2016, which was subsequently paid by the acquired company and (ii) a \$46.8 million payment made from the capital contribution by the tax equity investor on May 31, 2016.

Hooper Acquisition:

On March 31, 2016, OpCo entered into the Hooper Purchase Agreement with SunPower, pursuant to which OpCo agreed to acquire an interest in the 50 MW photovoltaic solar generating project located in Alamosa County, Colorado (the “Hooper Project”) for aggregate consideration of \$53.5 million in cash (the “Hooper Acquisition”). The Hooper Acquisition closed on April 1, 2016 and OpCo funded 100% of the purchase price for the Hooper Project with a combination of cash on hand, drawings under OpCo’s revolver and drawings under OpCo’s delayed draw facility.

Ownership and cash flows of the Hooper Project are subject to a tax equity financing facility with a third-party investor, which allocates to OpCo a certain share of cash flows from the Hooper Project pursuant to a distribution waterfall. Pursuant to this distribution waterfall, the tax equity investor is entitled to a monthly amount of project cash flow until a specified “flip” point is achieved. After the “flip” point, the cash allocations to OpCo increase. In addition, upon reaching the flip point, OpCo has a right to purchase the tax equity investor’s interests in the project for an amount that is not less than its fair market value.

The Hooper Acquisition qualifies as a business combination and the Partnership accounts for the transaction under the acquisition method. The purchase allocation of the identifiable assets acquired, liabilities assumed and noncontrolling interests of the Hooper Project is as follows:

(in thousands)	Fair Value
Property and equipment	\$76,477

Prepaid expense	240
Accounts receivable (1)	568
Accrued liabilities (2)	(463)
Noncontrolling interest	(23,737)
Net assets acquired (3)	\$53,085

- (1) Accounts receivable represent the fair value of the trade accounts receivable acquired, all of which was subsequently collected.
- (2) Accrued liabilities includes \$0.3 million of cash distributions payable that was paid to the tax equity investor on April 30, 2016.
- (3) The net purchase price for the acquisition represents \$53.5 million of cash paid by OpCo, offset by \$0.4 million cash acquired in the Hooper Project Entity.

Macy’s Maryland Acquisition:

On June 29, 2016, OpCo entered into the Macy’s Maryland Purchase Agreement with SunPower, pursuant to which OpCo agreed to acquire an interest in the 5 MW roof-mounted solar photovoltaic project being installed at seven Macy’s department stores in Maryland (“Macy’s Maryland Project”) for aggregate consideration of \$12.0 million in cash (the “Macy’s Maryland Acquisition”).

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Notes to Consolidated Financial Statements— Continued

Consideration for the Macy's Maryland Acquisition comprised a \$12.0 million contribution to the Macy's Maryland Class B Partnership, the acquired company, on July 1, 2016, of which \$6.4 million was paid to SunPower on July 1, 2016 and the \$5.6 million remaining balance due was paid to SunPower on September 21, 2016 when the Macy's Maryland Project met certain construction milestones.

Ownership and cash flows of the Macy's Maryland Project are subject to a tax equity financing facility with a third-party investor, which allocates to OpCo a certain share of cash flows from the Macy's Maryland Project pursuant to a distribution waterfall. Pursuant to this distribution waterfall, the tax equity investor is entitled to a quarterly amount of project cash flows until a specified "flip" point is achieved. After the "flip" point, the cash allocations to OpCo increase. In addition, upon reaching the flip point, OpCo has a right to purchase the tax equity investors' interests in the project for an amount that is not less than its fair market value.

The Macy's Maryland Acquisition qualifies as a business combination and the Partnership accounts for the transaction under the acquisition method. The purchase allocation of the identifiable assets acquired, liabilities assumed and noncontrolling interests of the Macy's Maryland Project is as follows:

(in thousands)	Fair Value
Property and equipment	\$19,317
Customer contract intangible (1)	1,844
Related party payable (2)	(13,975)
Asset retirement obligation	(278)
Noncontrolling interest	(556)
Net assets acquired (3)	\$6,352

- (1) Customer contract intangible is amortized on a straight-line basis beginning on COD through the contract term end date of December 31, 2020, of which \$0.1 million reduced operating revenues in the year ended November 30, 2016.
- (2) Related party payable represents liabilities for amounts due to SunPower related to the construction of the project and consisted of: (i) \$5.6 million paid to SunPower on September 21, 2016 when the Macy's Maryland Project met certain construction milestones and (ii) \$8.3 million of capital contributions due by the tax equity investor, of which \$3.3 million and \$4.8 million was paid on September 21, 2016 and December 28, 2016, respectively.
- (3) The net purchase price for the acquisition represents \$12.0 million of cash contributed by OpCo to the Macy's Maryland Class B Partnership, the acquired company, of which \$6.4 million was paid to SunPower on July 1, 2016 and the \$5.6 million remaining balance due was paid to SunPower on September 21, 2016 when the Macy's Maryland Project met certain construction milestones.

Valuation methodology:

The Partnership utilized the discounted cash flow method under the income approach to value property and equipment for the Kern Phase 1(a) Assets, the Kern Phase 1(b) Assets, the Kern Phase 2(a) Assets, the Kingbird Project, the Hooper Project and the Macy's Maryland Project, to value noncontrolling interests for the Hooper Project and to value the customer contract intangible for the Macy's Maryland Project. Key assumptions used in the discounted cash flow

method included forecasted pre-tax cash flows, forecasted taxable income and discount rates. All estimates, key assumptions and forecasts were reviewed by the Partnership and the fair value analyses and related valuations represent the conclusions of management.

Supplementary Data:

The results of operations for the Kern Phase 1(a) Assets, the Kern Phase 1(b) Assets, the Kern Phase 2(a) Assets, the Kingbird Project, the Hooper Project and the Macy's Maryland Project have been included in the Partnership's consolidated statements of operations since their respective dates of acquisition. The Kern Phase 1(a) Assets, the Kern Phase 1(b) Assets, the Kern Phase 2(a) Assets, the Kingbird Project, the Hooper Project and the Macy's Maryland Project contributed approximately \$9.8 million to the Partnership's operating revenue in the year ended November 30, 2016, and increased operating income by approximately \$3.8 million. Pro forma results of operations have not been presented as the impact of the acquisitions in 2016 are not material to the Partnership's results of operations for the current or prior periods. Additionally, the acquired projects became operational close to or after their respective acquisition dates; therefore, such projects would not have had any pro forma results in the prior period.

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Notes to Consolidated Financial Statements— Continued

2015 Acquisition

On June 24, 2015, the Partnership acquired a 100% interest in the Maryland Solar Project Entity, and a 49% indirect interest in each of the Solar Gen 2 Project, the North Star Project and the Lost Hills Blackwell Project. The Maryland Solar Project, located in Maryland, is a fully operational 20 MW grid-connected system contracted to serve a 20-year PPA with FirstEnergy Solutions, a subsidiary of FirstEnergy Corp. The Solar Gen 2 Project, located in California, is a fully operational 150 MW grid-connected system spanning three separate 50 MW sites. Electricity generated by the three separate systems is contracted to serve a 25-year PPA with San Diego Gas & Electric Company (“SDG&E”), a subsidiary of Sempra Energy. The North Star Project, located in California, is a fully operational 60 MW grid-connected system contracted to serve a 20-year PPA with PG&E, a subsidiary of PG&E Corporation. The Lost Hills Blackwell Project, located in California, is a fully operational 32 MW grid-connected system contracted to serve a 25-year PPA with PG&E, a subsidiary of PG&E Corporation, starting in 2019. The Lost Hills Blackwell Project is also contracted to serve a short-term PPA with the City of Roseville, California prior to the system’s PPA with PG&E.

The purchase allocation for the acquired assets and liabilities of the Maryland Solar Project, the Solar Gen 2 Project, the North Star Project and the Lost Hills Blackwell Project is based on a valuation from a third-party valuation specialist as follows and includes a \$2.3 million deferred tax liability for the difference between the fair value and tax basis of acquired assets and liabilities, which is reversed upon acquisition due to utilization of existing net operating losses of the Predecessor.

(in thousands)	Fair Value
Property and equipment	\$56,497
Equity method investment - Solar Gen 2	216,483
Equity method investment - North Star	103,849
Equity method investment - Lost Hills Blackwell	34,121
Asset retirement obligation	(2,130)
Total purchase price	\$408,820

Note 4. Investment in Unconsolidated Affiliates

On September 20, 2016, OpCo entered into a Contribution Agreement with SunPower and SunPower AssetCo to acquire a 49% interest in a substantially completed, 102 MW photovoltaic solar generating facility located in Kings County, California (the “Henrietta Project”) for \$134.0 million in cash (the “Henrietta Acquisition”). The Henrietta Acquisition closed on September 29, 2016 and the Partnership recorded an investment of \$134.4 million after consideration of acquisition related costs, working capital adjustments and noncontrolling interest.

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On November 11, 2016, OpCo entered into the Stateline Purchase Agreement with First Solar and First Solar Asset Management to acquire a 34% interest in a substantially completed, 300 MW photovoltaic solar generating facility located in San Bernardino, California (the “Stateline Project”) for \$329.5 million (the “Stateline Acquisition”). The Stateline Acquisition closed on December 1, 2016. Please read “Note 17—Subsequent Events” for further details.

As of November 30, 2016, the Partnership owns a 49% ownership interest in each of SG2 Holdings, North Star Holdings, Lost Hills Blackwell Holdings and Henrietta Holdings. An affiliate of Southern Company, which is not affiliated with the Partnership, owns the other 51% ownership interest in SG2 Holdings, North Star Holdings, Lost Hills Blackwell Holdings and Henrietta Holdings. The minority membership interests are accounted for as equity method investments. The following table summarizes the activity of the Partnership’s investments in its unconsolidated affiliates during the year ended November 30, 2016 and eleven months ended November 30, 2015.

Projects (in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015
Balance at the beginning of the period or as of IPO	\$ 352,070	\$ 354,453
Investments in its unconsolidated affiliates during the period	134,371	—
Equity in earnings in unconsolidated affiliates (1)	18,341	9,055
Distributions from unconsolidated affiliates	(29,704)	(11,438)
Balance at the end of the period	\$ 475,078	\$ 352,070

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Notes to Consolidated Financial Statements— Continued

(1) The net income (loss) used to determine the Partnership's equity in earnings of unconsolidated affiliates reflects adjustments pursuant to the equity method of accounting, including the amortization of basis differences resulting from the Partnership's proportionate share of certain equity method investees' net assets exceeding their carrying values.

The difference between the amounts at which the Partnership's investments in unconsolidated affiliates are carried and the Partnership's proportionate share of the equity method investee's net assets for equity method investments was \$83.2 million and \$56.5 million as of November 30, 2016 and November 30, 2015, respectively. The Partnership accretes the basis difference over the life of the underlying assets and the accretion was \$1.7 million and \$0.7 million for the year ended November 30, 2016 and eleven months ended November 30, 2015, respectively.

The following table presents summarized financial information of SG2 Holdings, North Star Holdings, Lost Hills Blackwell Holdings and Henrietta Holdings as derived from the consolidated financial statements of the affiliates for the year ended November 30, 2016, the eleven months ended November 30, 2015, and the year ended December 31, 2014:

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 31, 2014
Summary statement of operations information:			
Revenue	\$72,099	\$ 55,227	\$ 1,722
Operating expenses	47,385	37,342	3,367
Net income (loss)	24,970	18,187	(1,583)
	As of November 30, 2016	November 30, 2015	
Summary balance sheet information:			
Current assets	\$45,086	\$ 35,002	
Long-term assets	1,498,820	1,114,854	
Current liabilities	6,250	8,035	
Long-term liabilities	12,329	9,200	

Note 5. Balance Sheet Components

Financing Receivables

The Partnership's net investment in sales-type leases presented in "Accounts receivable and short-term financing receivables, net" and "Long-term financing receivables, net" on the consolidated balance sheets is as follows:

(in thousands)	As of	
	November 30, 2016	November 30, 2015
Minimum lease payment receivable, net (1)	\$ 100,161	\$ 106,432
Unguaranteed residual value	12,926	12,969
Less: unearned income	(30,557)	(33,655)
Net financing receivables	\$82,530	\$ 85,746
Short-term financing receivables, net (2)	\$2,516	\$ 2,370
Long-term financing receivables, net	\$80,014	\$ 83,376

(1) Allowance for losses on financing receivables was \$0.7 million and \$0.3 million as of November 30, 2016 and November 30, 2015, respectively.

(2) Accounts receivable and short-term financing receivables, net on the consolidated balance sheets includes other trade accounts receivable of \$2.9 million and \$1.9 million as of November 30, 2016 and November 30, 2015, respectively.

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Notes to Consolidated Financial Statements— Continued

The movement in the Partnership's allowance for losses on financing receivables is as follows:

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
Year ended November 30, 2016	\$ (328)	\$ (370)	\$ —	\$ (698)
Eleven Months ended November 30, 2015	\$ —	\$ (328)	\$ —	\$ (328)
Year ended December 28, 2014	\$ —	\$ —	\$ —	\$ —

Current and Non-current Assets

(in thousands)	As of November 30, 2016	November 30, 2015
Prepaid expense and other current assets		
Reimbursable network upgrade costs (1)	\$ 13,870	\$ 6,535
Other current assets (2)	1,875	1,498
Total	\$ 15,745	\$ 8,033
Property and equipment, net		
Utility solar power systems	\$ 578,817	\$ 361,241
Leased solar power systems	137,475	137,703
Land	1,020	—
Construction-in-progress (3)	36,981	—
	\$ 754,293	\$ 498,944
Less: accumulated depreciation	(34,161)	(12,002)
Total	\$ 720,132	\$ 486,942
Other long-term assets		
Reimbursable network upgrade costs (1)	\$ 21,781	\$ 26,142
Intangible assets (4)	1,754	—
Derivative financial instruments	897	—
	\$ 24,432	\$ 26,142

(1) For the Kingbird Project and the Quinto Project, the construction costs related to the network upgrade of a transmission grid belonging to a utility company are reimbursable by that utility company over five years from the

date the project reached commercial operation. On December 8, 2016, the associated utility company of the Quinto Project reimbursed \$6.0 million.

- (2) Other current assets included \$0.5 million due from SunPower related to system output performance warranties and system repairs in connection with \$0.2 million of system output performance warranty accrual and \$0.3 million of system repairs accrual recorded in the "Accounts payable and other current liabilities" line item on the consolidated balance sheet as of November 30, 2016. Similarly, other current assets included \$0.9 million due from SunPower related to system output performance warranties and system repairs in connection with \$0.2 million of system output performance warranty accrual and \$0.7 million of system repairs accrual recorded in the "Accounts payable and other current liabilities" line item on the consolidated balance sheet as of November 30, 2015.
- (3) Construction-in-progress is comprised of project assets related to the Kern Phase 1(a) Assets, the Kern Phase 2(a) Assets and the Macy's Maryland Project.
- (4) Intangible assets represent customer contract intangible from the Macy's Maryland Acquisition and is amortized on a straight-line basis beginning on COD through the contract term end date of December 31, 2020, of which \$0.1 million reduced operating revenues in the year ended November 30, 2016. As of November 30, 2016, the estimated future amortization expense related to the customer contract intangible is \$0.3 million for fiscal years 2017, 2018, 2019 and 2020, respectively, and less than \$0.1 million for fiscal year 2021.

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Notes to Consolidated Financial Statements— Continued

Current Liabilities

(in thousands)	As of	
	November 30, 2016	November 30, 2015
Accounts payable and other current liabilities		
Trade and accrued accounts payable	\$ 1,089	\$ 713
Related party payable (1)	20,653	171
System output performance warranty	196	237
Residential lease system repairs accrual	331	728
Derivative financial instruments	—	611
Other short-term liabilities	1,502	152
	\$23,771	\$ 2,612

(1) Related party payable on the consolidated balance sheets consists of (i) \$19.5 million related to the purchase price payable to SunPower, which will be funded by tax equity investors for the Kern Phase 1(a) Acquisition, the Kern Phase 1(b) Acquisition, the Kern Phase 2(a) Acquisition and the Macy's Maryland Acquisition as of November 30, 2016, of which \$6.7 million and \$4.8 million was paid on December 14, 2016 and December 28, 2016, respectively; (ii) \$1.0 million and zero related to accrued distribution to tax equity investors as of November 30, 2016 and November 30, 2015, respectively, and (iii) \$0.1 million and \$0.2 million as of November 30, 2016 and November 30, 2015, respectively, for accounts payable to related parties associated with O&M, AMA and MSA fees owed to the Sponsors.

Note 6. Commitments and Contingencies

Land Use Commitments

The Partnership is a party to various agreements that provide for payments to landowners for the right to use the land upon which projects under PPAs are located.

Total lease and easement expense was \$2.1 million, \$1.1 million and \$1.2 million in the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014, respectively, and is classified as SG&A expenses when the projects are in the construction phase and as costs of operations when the projects have commenced operations in the Partnership's accompanying consolidated statements of operations.

The total minimum lease and easement commitments at November 30, 2016 under these land use agreements are as follows:

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(in thousands)	2017	2018	2019	2020	2021	Thereafter	Total
Land use payments	\$1,293	\$1,329	\$1,686	\$1,742	\$1,782	\$56,087	\$63,919

Solar Energy System Performance Warranty

Lease agreements require the Partnership to undertake a system output performance warranty. The Partnership has recorded in “Accounts payable and other current liabilities” amounts related to these system output performance warranties totaling \$0.2 million as of each of November 30, 2016 and November 30, 2015. The Partnership has also recorded in “Other current assets” amounts of \$0.2 million as of each of November 30, 2016 and November 30, 2015 relating to anticipated performance warranty reimbursements from the O&M provider.

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Notes to Consolidated Financial Statements— Continued

The following table summarizes accrued solar power systems performance warranty activity for the year ended November 30, 2016 and the eleven months ended November 30, 2015:

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015
Balance at the beginning of the period	\$ 237	\$ 525
Settlements during the period	(285)	(6)
Adjustments during the period	244	(282)
Balance at the end of the period	\$ 196	\$ 237

Asset Retirement Obligations (“ARO”)

The Partnership’s AROs are based on estimated third-party costs associated with the decommissioning of the applicable project assets. Revisions to these costs may increase or decrease in the future as a result of changes in regulations, engineering designs and technology, permit modifications, inflation or other factors. Decommissioning activities generally occur over a period of time commencing at the end of the system’s life.

The following table summarizes ARO activity for the year ended November 30, 2016 and the eleven months ended November 30, 2015, respectively:

(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015
Balance at the beginning of the period	\$ 9,992	\$ —
ARO assumed in acquisition	2,989	2,130
Accretion expense	539	64
Liabilities incurred during the period	—	7,798
Revisions to ARO during the period	(72)	—
Balance at the end of the period	\$ 13,448	\$ 9,992

Legal Proceedings

In the normal course of business, the Partnership may be notified of possible claims or assessments. The Partnership will record a provision for these claims when it is both probable that a liability has been incurred and the amount of

the loss, or a range of the potential loss, can be reasonably estimated. These provisions are reviewed regularly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information or events pertaining to a particular case.

Although the Partnership may, from time to time, be involved in litigation and claims arising from its operations in the ordinary course of business, the Partnership is not a party to any litigation or governmental or other proceeding that the Partnership believes will have a material adverse impact on its financial position, results of operations, or liquidity.

Environmental Contingencies

The Partnership reviews its obligations as they relate to compliance with environmental laws, including site restoration and remediation. During the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014, there were no known environmental contingencies that required the Partnership to recognize a liability.

Note 7. Lease Agreements and Power Purchase Agreements

Lease Agreements

As of November 30, 2016, the Partnership's consolidated financial statements include approximately 5,900 residential lease agreements which have original terms of 20 years and are classified as either operating or sales-type leases. In addition, the lease agreement for the Maryland Solar Project has a lease term that will expire on December 31, 2019, and the lessee, who is an affiliate of First Solar, is obligated to pay a fixed amount of rent that is set based on the expected operations of the plant.

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Notes to Consolidated Financial Statements— Continued

The following table presents the Partnership's minimum future rental receipts on operating leases (including the lease agreement for the Maryland Solar Project and the residential lease portfolio) placed in service as of November 30, 2016:

(in thousands)	2017	2018	2019	2020	2021	Thereafter	Total
Minimum future rentals on residential operating							
leases placed in service (1)	\$3,703	\$3,723	\$3,744	\$3,766	\$3,788	\$42,572	\$61,296
Maryland Solar lease	5,231	5,173	4,912	—	—	—	15,316
Total operating leases	\$8,934	\$8,896	\$8,656	\$3,766	\$3,788	\$42,572	\$76,612

(1) Minimum future rentals on operating leases placed in service do not include contingent rentals that may be received from customers under agreements that include performance-based incentives and executory costs. As of November 30, 2016, future maturities of net financing receivables for sales-type leases are as follows:

(in thousands)	2017	2018	2019	2020	2021	Thereafter	Total
Scheduled maturities of minimum lease							
payments receivable (1)	\$5,600	\$5,687	\$5,775	\$5,866	\$5,961	\$71,272	\$100,161

(1) Minimum future rentals on sales-type leases placed in service do not include contingent rentals that may be received from customers under agreements that include performance-based incentives and executory costs.
Power Purchase Agreements

Under the terms of various PPAs, the Partnership's contracted counterparties may be obligated to take all or part of the output from the system at stipulated prices over defined periods. All PPAs associated with solar generation systems operating as of November 30, 2016 have no minimum lease payments and all of the rental income under these leases is recorded as revenue when the electricity is delivered.

Note 8. Debt and Financing Obligations

Term Loan and Revolving Credit Facility

On June 5, 2015, OpCo entered into a \$525.0 million credit facility, consisting of a \$300.0 million term loan facility, a \$25.0 million delayed draw term loan facility and a \$200.0 million revolving credit facility. OpCo borrowed \$300.0 million under the term loan facility on June 5, 2015, which indebtedness will mature on the fifth anniversary of its issuance, at which point all amounts outstanding under the \$525.0 million credit facility will become due and payable. There will be no principal amortization over the term of the credit facility. The discount and incremental debt issuance costs associated with these borrowings were \$3.1 million, which included \$1.7 million of debt issuance costs paid with a portion of the proceeds and \$1.4 million related to a reclassification of capitalized issuance costs on the Predecessor's historical financial statements, and were reported as a direct deduction from the face amount of the note. The Partnership used the net proceeds of the term loan facility to pay distributions of \$129.4 million and \$168.9 million to First Solar and SunPower, respectively.

On March 30, 2016, in connection with the Kingbird Acquisition and the Hooper Acquisition, OpCo drew down \$40.0 million from its revolving credit facility and \$25.0 million from its delayed draw term loan facility. On September 29, 2016, in connection with the Henrietta Acquisition, OpCo drew down \$23.0 million from its revolving credit facility. On September 30, 2016, OpCo entered into the Joinder Agreement under its existing senior secured credit facility, pursuant to which OpCo obtained a new \$250.0 million incremental term loan facility, increasing the maximum borrowing capacity under the credit facility to \$775.0 million. On December 1, 2016, in connection with the Stateline Acquisition, OpCo drew down \$250.0 million under the incremental term loan facility and \$20.0 million under the revolving credit facility. Please read "Note 17—Subsequent Events" for further details.

As of November 30, 2016, OpCo had outstanding borrowings of the \$300.0 million under the term loan facility, \$25.0 million under the delayed draw term loan facility and \$63.0 million under the revolving credit facility, as well as approximately \$54.9 million of letters of credit outstanding under the revolving credit facility. As of November 30, 2015, OpCo had outstanding borrowings of \$300.0 million under the term loan facility, as well as approximately \$48.8 million of letters of credit outstanding under the revolving credit facility. The remaining portion of the revolving credit facility was undrawn as of November 30, 2016.

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Notes to Consolidated Financial Statements— Continued

OpCo's credit facility is collateralized by a pledge of the equity of OpCo and certain of its subsidiaries. The Partnership and each of OpCo's subsidiaries, other than certain non-guarantor subsidiaries, have guaranteed the obligations of OpCo under the credit facility.

Loans outstanding under the credit facility bear interest at either (i) a base rate, which is the highest of (x) the federal funds rate plus 0.50%, (y) the administrative agent's prime rate and (z) one-month LIBOR, in each case, plus an applicable margin; or (ii) one-, two-, three- or six-month LIBOR plus an applicable margin. The unused portion of the revolving credit facility and delayed draw term loan facility is subject to a commitment fee of 0.30% per annum. OpCo may prepay the borrowings under the term loan facility and the delayed draw term loan facility at any time. The term loan bears an interest rate of approximately 2.61% and 2.41% per annum as of November 30, 2016 and November 30, 2015, respectively. OpCo has entered into interest rate swap agreements to hedge the interest rate on a portion of the borrowings under the term loan facility. For more details, please read "Note 9. Fair Value."

OpCo's credit facility contains covenants including, among others, requiring the Partnership to maintain the following financial ratios: (i) a debt to cash flow ratio of not more than (a) 6.00 to 1.00 for the fiscal quarters ending November 30, 2016 through November 30, 2017, and (b) 5.50 to 1.00 for each fiscal quarter ending thereafter; and (ii) a debt service coverage ratio of not less than 1.75 to 1.00. In addition, an event of default occurs under the credit facility upon a change of control. The credit facility defines a change of control as occurring when, among other things, (i) the Sponsors (or either of them) cease to direct the management, directly or indirectly, of the Partnership or OpCo, or (ii) the Sponsors collectively cease to own 35% of the economic interest in OpCo. In addition, the credit facility contains customary non-financial covenants and certain restrictions that will limit the Partnership's, OpCo's and certain of the Partnership's and its domestic subsidiaries' ability to, among other things, incur or guarantee additional debt and to make distributions on or redeem or repurchase OpCo common units. The Joinder Agreement amended OpCo's credit facility to permit OpCo to incur up to \$50.0 million in subordinated indebtedness from First Solar or its affiliate to pay a portion of the purchase price for the Stateline Project. As of November 30, 2016, the Partnership was in compliance with its debt covenants.

On April 6, 2016, the parties thereto amended OpCo's credit facility (i) to provide for the lenders' consent to the Omnibus Agreement, (ii) to expand OpCo's ability to further amend the Omnibus Agreement without lender consent in the future, subject to certain conditions, (iii) to permit certain customary restrictions on transfers of the equity interests of certain Project Entities, which are jointly owned, indirectly, by OpCo and SunPower, (iv) to supplement the Pledge and Security Agreement between the parties in light of the foregoing amendment, and (v) to make certain clarifying modifications to definitions and cross references.

The following table summarizes the Partnership's long-term debt:

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(in thousands)	November 30, 2016		November 30, 2015	
	Amount	Interest Rate	Amount	Interest Rate
Term loan due June 2020	\$300,000	2.61 %	\$300,000	2.41 %
Delayed draw term loan facility due June 2020	25,000	2.61 %	—	N/A
Revolving credit facility due June 2020	63,000	2.61 %	—	N/A
Less: debt issuance costs	(3,564)	N/A	(2,794)	N/A
Total	\$384,436		\$297,206	

Quinto Solar Project Financing

In order to facilitate the construction of certain projects, the Predecessor obtained non-recourse project loans from third-party financial institutions. On October 17, 2014, the Predecessor, through its wholly-owned subsidiary, the Quinto Project Entity, entered into an approximately \$377.0 million credit facility with Santander Bank, N.A., Mizuho Bank, Ltd. and Credit Agricole Corporate & Investment Bank (the “Quinto Credit Facility”) in connection with the construction of the Quinto Project.

On June 24, 2015, in connection with the closing of the IPO and the concurrent transfer of the Quinto Project to OpCo, the Quinto Project Entity repaid the full amount outstanding under the Quinto Credit Facility and terminated the agreement early. Immediately before termination, there were outstanding borrowings of \$224.3 million under the Quinto Credit Facility. Termination of the Quinto Credit Facility became effective upon full repayment by the Quinto Project Entity on June 24, 2015. The Quinto Project Entity paid a \$0.6 million fee for early repayment of the Quinto Credit Facility.

The fee paid under the Quinto Credit Facility for the letters of credit was immaterial during the eleven months ended November 30, 2015 and the year ended December 28, 2014, and was recognized as interest expense in the consolidated statement of operations.

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Notes to Consolidated Financial Statements— Continued

Residential Lease Financing

The Predecessor entered into two financing arrangements under which leased solar energy systems were financed by two third-party investors. Under the terms of these financing arrangements, the investors provided upfront payments to the Predecessor, which the Predecessor recognized as a financing obligation that is reduced over the specified term of the arrangement as customer receivables and federal cash grants are received by the third-party investors. Non-cash interest expense is recognized on the Partnership's consolidated statements of operations using the effective interest rate method calculated at a rate of approximately 14%-15%.

On January 30, 2015, the Predecessor entered into an agreement with the third-party investor for one of the residential lease financing arrangements that terminated such financing arrangement. In conjunction with the termination of the arrangement, the Predecessor paid \$10.8 million to terminate the \$10.1 million outstanding financing obligation.

On January 23, 2015, the Predecessor entered into an agreement with the third-party investor for the other residential lease financing arrangement that allowed the Predecessor to repay the outstanding financing obligation and terminate the associated agreements on or before September 30, 2015. This repayment was exercised on May 4, 2015. The Predecessor paid \$29.0 million to terminate the \$21.1 million outstanding financing obligation and \$1.9 million accrued financing fee.

August 2011 Letter of Credit Facility with Deutsche Bank

In August 2011, the Predecessor's parent, SunPower, entered into a letter of credit facility agreement with Deutsche Bank, as administrative agent, and certain financial institutions. Payment of obligations under the letter of credit facility is guaranteed by the majority shareholder of SunPower, Total S.A. As of November 30, 2016 and November 30, 2015 letters of credit issued and outstanding under the August 2011 letter of credit facility with Deutsche Bank which is available to SunPower for the Quinto Project and the RPU Project totaled \$11.5 million and \$30.7 million, respectively. The associated fees incurred for the letters of credit to Deutsche Bank were \$0.4 million, \$0.4 million and \$0.3 million for the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014, respectively, and were recognized as interest expense in the consolidated statements of operations. Pursuant to the Omnibus Agreement, SunPower as the Sponsor who contributed the Quinto Project cancelled one of its letter of credit facilities associated with the Quinto Project upon its achieving COD in November 2015. However, SunPower will continue to maintain the remaining letters of credit under the credit facility in connection with certain reimbursable network upgrade costs related to the Quinto Project and will bear the associated fees until such letters of credit are cancelled, which is expected to occur no later than March 2017. Since the RPU Project achieved COD in September 2015, SunPower as the Sponsor who contributed the RPU Project is in the process of terminating the related letters of credit, and the Partnership has issued the required letters of credit under its revolving credit facility.

Note 9. Fair Value

Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement (observable inputs are the preferred basis of valuation):

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1.

Level 3—Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

The first two levels in the hierarchy are considered observable inputs and the last is considered unobservable.

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Notes to Consolidated Financial Statements— Continued

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the Partnership's assets and liabilities measured at fair value on a recurring basis, categorized in accordance with the fair value hierarchy:

(in thousands)	November 30, 2016		November 30, 2015	
	FAIR VALUE		FAIR VALUE	
	Level 2	Total	Level 2	Total
Assets				
Derivative financial instruments	\$ 897	\$ 897	\$ —	\$ —
Total assets	\$ 897	\$ 897	\$ —	\$ —
Liabilities				
Derivative financial instruments	\$ —	\$ —	\$ 611	\$ 611
Total liabilities	\$ —	\$ —	\$ 611	\$ 611

Derivative financial instruments: On July 17, 2015, OpCo entered into interest rate swap agreements intended to hedge the interest rate risk on the outstanding borrowings under the term loan with an aggregate notional value of \$240.0 million. Under the interest rate swap agreements, OpCo paid a fixed swap rate of interest of 1.55% and the counterparties to the agreements paid a floating interest rate based on three-month LIBOR at quarterly intervals through the maturity date of August 31, 2018. OpCo had the right to cancel the interest rate swap agreements on August 31, 2016 and any quarterly fixed payment date thereafter with a minimum of five business days' notification. OpCo exercised its right to cancel the interest rate swap agreements on August 31, 2016 and entered into new interest rate swap agreements intended to hedge the interest rate risk on the outstanding borrowings under the term loan with an aggregate notional value of \$250.0 million. Under the new interest rate swap agreements, OpCo will pay a fixed swap rate of interest of approximately 0.85% and the counterparties to the agreements will pay a floating interest rate based on one-month LIBOR at monthly intervals through the maturity date of August 31, 2018. On January 5, 2017, OpCo entered into another interest rate swap agreement intended to hedge the interest rate risk on the outstanding borrowings under the term loan with an aggregate notional value of \$40.0 million. OpCo will pay a fixed swap rate of interest of approximately 1.16% and the counterparty to the agreement will pay a floating interest rate based on one-month LIBOR at monthly intervals through the maturity date of August 31, 2018.

As of both November 30, 2016 and November 30, 2015, these interest rate swap agreements had not been designated as cash flow hedges and are reflected at fair value on the consolidated balance sheets. As of November 30, 2016, these interest rate swap agreements have been presented in other long-term assets on the consolidated balance sheet since the maturity date is over one year after the balance sheet date. As of November 30, 2015, these interest rate swap agreements had been presented in other current liabilities on the consolidated balance sheet since OpCo had the right to cancel the swap agreements within one year of the balance sheet date. During the year ended November 30, 2016, the Partnership recorded a change in fair value of \$1.5 million within other income in the consolidated statement of operations as compared to the eleven months ended November 30, 2015, where the Partnership recorded a change in fair value of \$0.6 million within other expense. The primary inputs into the valuation of interest rate swaps are interest yield curves, interest rate volatility, and credit spreads. The Partnership's interest rate swaps are classified within Level

2 of the fair value hierarchy, since all significant inputs are corroborated by market observable data. There were no transfers in or out of Level 1, Level 2 and Level 3 during the period.

The Predecessor entered into interest rate swap agreements, designated as cash flow hedges, in the fourth quarter of the year ended December 28, 2014 on the outstanding and forecasted future borrowings under the Quinto Credit Facility to reduce the impact of changes in interest rates. These swap agreements allowed the Predecessor to effectively convert floating-rate payments into fixed-rate payments periodically over the life of the agreements. These derivatives had a maturity of more than 12 months. The Predecessor assessed the effectiveness of these cash flow hedges at inception and on a quarterly basis. If it was determined that a derivative instrument was not highly effective or the transaction was no longer deemed probable of occurring, the Predecessor discontinued hedge accounting and recognized the ineffective portion in current period earnings. In March 2015, the Predecessor discontinued hedge accounting prospectively for its interest rate swap agreements under the Quinto Credit Facility, as it was no longer deemed probable that the hedge transactions will occur. However, because it remained possible that the forecasted hedge transactions would occur, previously recognized loss of \$3.0 million on the interest rate swaps remained in accumulated other comprehensive loss as of March 29, 2015, and such loss was reclassified into earnings during the quarter ended June 28, 2015, the same period that the forecasted hedged transactions affect earnings or was otherwise deemed to be improbable of occurrence. During the eleven months ended November 30, 2015 and the year ended December 28, 2014, \$5.4 million and zero was reclassified into loss on cash flow hedges within other expense, net in the consolidated statements of operations, as the transaction was terminated.

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Notes to Consolidated Financial Statements— Continued

Liabilities Measured at Fair Value on a Nonrecurring Basis

Long-term debt and financing obligations: The estimated fair value of the Partnership's long-term debt was classified within Level 2 of the fair value hierarchy as of November 30, 2016 and November 30, 2015, and approximated its carrying value of \$384.4 million and \$297.2 million, respectively, as the term loan facility is a variable rate debt with the interest rate indexed to the market and reset on a frequent and short-term basis.

Note 10. Noncontrolling Interests

Noncontrolling interests represent the portion of net assets in consolidated subsidiaries that are not attributable, directly or indirectly, to the Partnership. For accounting purposes, the holders of noncontrolling interests of the Partnership include the Sponsors, which are SunPower and First Solar, as described in "Note 1—Description of Business," and third-party investors under the tax equity financing facilities. As of November 30, 2015, First Solar and SunPower had noncontrolling interests of 31.1% and 40.7%, respectively, in OpCo. On September 28, 2016, the Partnership sold 8,050,000 Class A shares to the public, and the Partnership used the net proceeds of such sale to purchase 8,050,000 OpCo common units, which resulted in a reduction of First Solar's and SunPower's noncontrolling interests in OpCo. Applicable U.S. GAAP indicates that following the occurrence of a substantive equity transaction which results in changes in ownership interests, the change in noncontrolling interest is recorded as an equity transaction to adjust the noncontrolling interest holders' balance to its proportionate interest in the carrying value of the subsidiary. Accordingly, as of November 30, 2016, First Solar's and SunPower's noncontrolling interest balances reported in shareholders' equity in the consolidated balance sheets were increased by \$35.3 million and \$221.9 million, respectively, and their noncontrolling interest ownership shares in OpCo were reduced to 28.0% and 36.5%, respectively, in order to reflect each party's proportional interest in the carrying value of OpCo as of the end of the period.

In addition, certain subsidiaries of OpCo have entered into tax equity financing facilities with third-party investors under which the parties invest in entities that hold the solar power systems. The Partnership, through OpCo, holds controlling interests in these less-than-wholly-owned entities and has therefore fully consolidated these entities. The Partnership accounts for the portion of net assets using the HLBV Method in the consolidated entities attributable to the investors as "Redeemable noncontrolling interests" and "Noncontrolling interests" in its consolidated financial statements. Noncontrolling interests in subsidiaries that are redeemable at the option of the noncontrolling interest holder are classified as "Redeemable noncontrolling interests in subsidiaries" between liabilities and equity on the consolidated balance sheets and the balance is the greater of the carrying value calculated under the HLBV Method or the redemption value.

As of November 30, 2016, redeemable noncontrolling interests attributable to tax equity investors was \$17.6 million after adjusting the carrying amount to the redemption value. As of November 30, 2015, redeemable noncontrolling interests attributable to tax equity investors was \$89.7 million calculated under the HLBV Method and was greater than the redemption value. As of November 30, 2016 and November 30, 2015, noncontrolling interests attributable to tax equity investors were \$40.8 million and \$11.8 million, respectively.

In addition, in connection with the Kern Phase 1(a) Acquisition on January 26, 2016, the Kingbird Acquisition on March 31, 2016, the Hooper Acquisition on April 1, 2016, the Macy's Maryland Acquisition on July 1, 2016, the Kern Phase 1(b) Acquisition on September 9, 2016, the Henrietta Acquisition on September 29, 2016 and the Kern Phase 2(a) Acquisition on November 30, 2016, OpCo acquired the noncontrolling interest balances totaling \$0.9 million, \$11.7 million, \$23.7 million, \$0.6 million, \$1.8 million, \$0.1 million and \$1.3 million, respectively. Please read Note 3—Business Combinations—2016 Acquisitions” and “Note 4—Investment in Unconsolidated Affiliates” for further details.

During the year ended November 30, 2016, such indirect subsidiaries of OpCo received \$50.5 million in contributions from third-party investors under the related facilities, of which \$46.8 million was transferred to an affiliate of First Solar for the remaining purchase price payment of the Kingbird Project and \$3.3 million was transferred to an affiliate of SunPower for the remaining purchase price payment of the Macy's Maryland Project. During the year ended November 30, 2016, such indirect subsidiaries of OpCo attributed \$126.4 million in losses to the third-party investors primarily as a result of allocating certain assets, including tax credits, if any, to the investors. During the eleven months ended November 30, 2015 such subsidiaries of OpCo received \$203.7 million in contributions from investors under the related facilities and attributed \$102.2 million in losses to the third-party investors primarily as a result of allocating certain assets, including tax credits, if any, to the investors. During the year ended December 28, 2014, no contributions from investors were received and no losses were attributed. During the year ended November 30, 2016, such indirect subsidiaries of OpCo made distributions to third-party investors under the related facilities of \$7.2 million, compared to distributions of zero for both the eleven months ended November 30, 2015 and the year ended December 28, 2014.

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Notes to Consolidated Financial Statements— Continued

The following table presents the noncontrolling interest balances by entity, reported in shareholders' equity in the consolidated balance sheets as of November 30, 2016 and November 30, 2015:

(in thousands)	As of	
	November 30, 2016	November 30, 2015
First Solar	\$238,210	\$ 159,624
SunPower	311,327	22,661
Tax equity investors	40,794	11,773
Total	\$590,331	\$ 194,058

Note 11. Shareholder's Equity

The Partnership's Class A shares and Class B shares represent limited partner interests in the Partnership. The Partnership's partnership agreement authorizes the issuance of an unlimited number of Class A shares and Class B shares. The number of Class A shares issued by the Partnership will at all times equal the number of OpCo common units held by the Partnership. The number of Class B shares issued by the Partnership will at all times equal the aggregate number of OpCo common and subordinated units held by persons or entities other than the Partnership. The holders of Class A shares and Class B shares are entitled to exercise the rights or privileges available to limited partners under the partnership agreement, but only holders of Class A shares are entitled to participate in the Partnership's distributions. Holders of Class B Shares, in their capacity as such, do not have any rights to profits or losses or any rights to receive distributions from operations or upon the liquidation or winding-up of the Partnership. Each Class B share is entitled to one vote on matters that are submitted to the Partnership's Class B shareholders for a vote. Class A shares and the Class B shares are treated as a single class on all such matters submitted for a vote of the Partnership's Class A and Class B shareholders other than votes requiring a share majority during the subordination period as described above. The Partnership is required to distribute its available cash (as defined in the Partnership's partnership agreement) to the holders of Class A shares each quarter. The Partnership's Class A shareholders and Class B shareholders have only limited voting rights and at times vote together or as separate classes. These voting rights include, but are not limited to, certain amendments to the Partnership's partnership agreement, merger or dissolution of the Partnership or the sale of all or substantially all of the Partnership's assets and removal of the General Partner. The Partnership's shareholders are not entitled to elect the General Partner or its directors. If at any time the General Partner and its affiliates control more than 80% of the aggregate of (i) the number of Class A shares then outstanding and (ii) the number of Class B shares equal to the number of OpCo common units owned by the Sponsors and their affiliates, the General Partner will have the right to acquire all, but not less than all, of the shares of such class then outstanding held by unaffiliated persons as of a record date to be selected by the General Partner, on at least ten but not more than 60 days' notice. The purchase price in the event of this purchase is the greater of (i) the highest cash price paid by either of the General Partner or any of its affiliates for any share of the class purchased within the 90 days preceding the date on which the General Partner first mails notice of its election to purchase those

shares; and (ii) the current market price calculated in accordance with the Partnership's partnership agreement as of the date three business days before the date the notice is mailed. The Partnership is a party to an Exchange Agreement whereby it has agreed in certain situations to issue Class A shares to the Sponsors in exchange for an equal number of Class B shares and OpCo common units. Under the terms of the Exchange Agreement, each Sponsor has the right to receive, at the election of OpCo and with the approval of the conflicts committee, either the number of the Class A shares equal to the number of Tendered Units or a cash payment equal to the number of Tendered Units multiplied by the then current trading price of Class A shares. Alternatively, each of OpCo and Partnership have the right, with the approval of the conflicts committee, to acquire such Class B shares and OpCo common units for cash.

OpCo's equity consists of common units and subordinated units and incentive distribution rights ("IDRs"), which represent a variable interest in distributions after certain distribution thresholds are met. OpCo's limited liability company agreement authorizes the issuance of an unlimited number of common units and subordinated units. OpCo is required to distribute its available cash (as defined in OpCo's limited liability company agreement) to the holders of its common units, subordinated units and IDRs each quarter. Distributions, other than liquidating distributions, are made to such holders according to a predetermined waterfall. During the subordination period, OpCo's common units have a preference on such distributions until each unit has received the minimum quarterly distribution for such quarter and any arrearages on the minimum quarterly distribution for previous quarters and OpCo's common units and subordinated units have a preference on such distributions until each unit has received 150% of the minimum quarterly distribution for such quarter. Thereafter, the IDRs are entitled to an increasing amount of any excess distributed. After the subordination period, holders of OpCo units have a preference over the IDRs on such distributions until each unit has received 150% of the minimum quarterly distribution for such quarter. In addition, during the forbearance period, the OpCo common units, subordinated units and IDRs held by the Sponsors are not entitled to any distributions. Liquidating distributions are made according to the balance in each holder's capital account upon liquidation. Similar to the voting rights of Class A shareholders and Class B

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Notes to Consolidated Financial Statements— Continued

shareholders, OpCo's common unitholders and subordinated unitholders have only limited voting rights and at times vote together or as separate classes. These voting rights include, but are not limited to, certain amendments to OpCo's limited liability company agreement, merger or dissolution of OpCo or the sale of all or substantially all of OpCo's assets. Holders of IDRs have no voting rights.

Initial Public Offering

On June 24, 2015, the Partnership completed its IPO by issuing 20,000,000 of its Class A shares representing limited partner interests in the Partnership at a price to the public of \$21.00 per share for aggregate gross proceeds of \$420.0 million. The underwriting discount of \$23.1 million and the structuring fee of \$3.2 million paid to the underwriters, for a total of \$26.3 million, were deducted from the gross proceeds from the IPO. This amount excludes offering expenses, which were paid by the Sponsors. On June 18, 2015, the Partnership granted the underwriters a 30-day option to purchase up to an additional 3,000,000 Class A shares representing limited partner interests in the Partnership at the IPO price less underwriting discount and structuring fee. If the underwriter's option to purchase additional shares was unexercised in full, OpCo would be required to issue in the aggregate to SunPower and First Solar an amount of common units equal to the amount of Class A shares subject to the underwriter's option to purchase additional shares that remained unexercised. Additionally, under OpCo's limited liability company agreement, in the event OpCo issues common units to any person or entity other than the Partnership, the Partnership agreed to issue the same number of Class B shares to such other person or entity. As a result of the expiration of the underwriter's option to purchase additional shares without the exercise of any portion thereof, the Partnership issued additional Class B shares of 1,300,995 and 1,699,005 to First Solar and SunPower, respectively.

As of November 30, 2015, the Partnership owned a 28.2% limited liability company interest in OpCo as well as a controlling noneconomic managing member interest in OpCo and the Sponsors collectively owned 51,000,000 Class B shares in the Partnership, with SunPower and First Solar having owned 28,883,075 and 22,116,925 Class B shares, respectively, and together, having owned a noncontrolling 71.8% limited liability company interest in OpCo.

The Partnership received net proceeds of \$393.8 million from the sale of the Class A shares after deducting underwriting fees and structuring fees (exclusive of offering expenses paid by the Sponsors).

The Partnership used all of the net proceeds of the IPO to purchase 20,000,000 OpCo common units from OpCo. OpCo (i) used approximately \$154.4 million of such net proceeds to make a cash distribution to First Solar and, approximately \$201.6 million of such net proceeds to make a cash distribution to SunPower and (ii) retained approximately \$37.8 million of such net proceeds for general purposes, including to fund future acquisition opportunities.

September 2016 Offering

On September 28, 2016, the Partnership sold 8,050,000 Class A shares at a price to the public of \$14.65 per share, for aggregate gross proceeds of \$117.9 million, in an underwritten registered public offering (the "September 2016 Offering"). The underwriting discount of \$3.5 million paid to the underwriters and associated expenses of \$1.1 million, for a total of \$4.6 million, were deducted from the gross proceeds from the September 2016 Offering. The Partnership received net proceeds of \$113.3 million from the sale of the Class A shares after deducting underwriting fees and associated expenses. The Partnership used all of the net proceeds from the September 2016 Offering to purchase 8,050,000 OpCo common units from OpCo. OpCo used such net proceeds from the sale of common units to fund a

portion of the purchase price for the 49% interest in the Henrietta Project.

As of November 30, 2016, the Partnership owned a 35.5% limited liability company interest in OpCo as well as a controlling noneconomic managing member interest in OpCo, and the Sponsors collectively owned 51,000,000 Class B shares in the Partnership, with SunPower and First Solar having owned 28,883,075 and 22,116,925 Class B shares, respectively, and together, having owned a noncontrolling 64.5% limited liability company interest in OpCo.

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Notes to Consolidated Financial Statements— Continued

As of November 30, 2016 and November 30, 2015, the following number of shares of the Partnership were outstanding:

Shares	As of		Shareholder
	November 30, 2016	November 30, 2015	
Class A shares	28,072,680	20,007,281	Public
Class B shares	22,116,925	22,116,925	First Solar
Class B shares	28,883,075	28,883,075	SunPower
Total shares outstanding	79,072,680	71,007,281	

Cash Distribution

The Partnership is required to distribute its available cash (as defined in the Partnership Agreement) to the holders of Class A shares each quarter effective the third quarter of 2015. On October 15, 2015, the Partnership distributed \$3.1 million on its Class A shares, or \$0.157 per share. This amount represented the prorated minimum quarterly distribution of \$0.2097 per OpCo unit, or \$0.8388 per OpCo unit on an annualized basis for the post-IPO period from June 24, 2015 to August 31, 2015. On January 14, 2016, the Partnership distributed \$4.3 million on its Class A shares, or \$0.217 per share for the period from September 1, 2015 to November 30, 2015. On April 14, 2016, the Partnership distributed \$4.5 million on its Class A shares, or \$0.2246 per share for the period from December 1, 2015 to February 29, 2016. On July 15, 2016, the Partnership distributed \$4.7 million on its Class A shares, or \$0.2325 per share for the period from March 1, 2016 to May 31, 2016. On October 14, 2016, the Partnership distributed \$19.0 million on its Class A and OpCo's common and subordinated units, or \$0.2406 per share or unit for the period from June 1, 2016 to August 31, 2016. On January 13, 2017, the Partnership distributed \$19.7 million on its Class A and OpCo's common and subordinated units, or \$ 0.2490 per share or unit for the period from September 1, 2016 to November 30, 2016.

Note 12. Share-based Compensation

The Partnership adopted the 8point3 General Partner, LLC Long-Term Incentive Plan (the "LTIP") for employees, directors and consultants of the General Partner or its affiliates who perform services for the Partnership or its affiliates and filed a Form S-8 for its LTIP on July 14, 2015. Awards under the LTIP may consist of unrestricted shares, restricted shares, restricted share units, options, share appreciation rights and distribution equivalent rights. The LTIP limits the number of shares that may be delivered pursuant to awards to 2,000,000 Class A shares and provides that no director may receive awards in any calendar year with a grant date value in excess of \$250,000. Shares that are withheld to satisfy exercise price or tax withholding obligations are available for delivery pursuant to other awards.

The LTIP will expire upon the earliest of the date established by the board of directors or a committee thereof, the tenth anniversary of its adoption or the date that no shares remain available under the LTIP for awards. Upon termination of the LTIP, awards then outstanding will continue pursuant to the terms of their grants. Class A shares to be delivered pursuant to awards under the LTIP may be Class A shares acquired in the open market, Class A shares already owned by the General Partner, Class A shares acquired by the General Partner from the Partnership or from any other person, or any combination thereof.

Participants will not pay any consideration for the Class A shares they receive, nor will the Partnership receive any remuneration for these shares as the Partnership intends these awards to serve as a means of incentive compensation for performance. The committee has the discretion to determine the employees, consultants and directors to whom equity awards shall be granted, the number of shares to be granted, and the vesting and other terms of the award as applicable (such as whether the award will be based on the achievement of specific financial or performance metrics).

The Partnership measures compensation expense for all share-based payment awards based on estimated grant-date fair values of Class A shares, and accounts for share-based compensation expense by amortizing the fair value on a straight-line basis over the requisite vesting period, less estimated forfeitures. During the year ended November 30, 2016 and the eleven months ended November 30, 2015, the Partnership issued an aggregate of 15,399 and 7,281 Class A shares, respectively, to the three independent members of the board of directors. These shares were unrestricted and had no vesting period. Share-based compensation expenses for the year ended November 30, 2016 and the eleven months ended November 30, 2015 were \$0.2 million and \$0.1 million, respectively, and were included in SG&A expense.

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Notes to Consolidated Financial Statements— Continued

Note 13. Net Income Per Share

Basic net income per share is computed by dividing net income for the year ended November 30, 2016 and the eleven months ended November 30, 2015, respectively, attributable to Class A shareholders by the weighted average number of Class A shares outstanding for the applicable period. Diluted net income per share is computed using basic weighted average Class A shares outstanding plus, if dilutive, any potentially dilutive securities outstanding during the period using the treasury-stock-type method. Pursuant to the Exchange Agreement entered into among the Partnership, the General Partner, OpCo, a wholly owned subsidiary of SunPower and a wholly owned subsidiary of First Solar, the Sponsors can tender OpCo common units and an equal number of such Sponsor's Class B shares for redemption, and the Partnership has the right to directly purchase the tendered OpCo common units and Class B shares for, subject to the approval of its conflicts committee, cash or the issuance of Class A shares of the Partnership. If the Partnership elects to issue Class A shares, it would cancel the tendered Class B shares and hold the OpCo common units with the other OpCo common units it previously held, since the number of Class A shares issued must at all time equal the number of OpCo common units held by the Partnership. Since the Partnership would be holding additional OpCo common units, the net income attributable to Class A shares would proportionately increase, resulting in no change to net income per share for the year ended November 30, 2016 and the eleven months ended November 30, 2015, respectively. In addition, there were no potentially dilutive securities (including any stock options, restricted stock and restricted stock units) for the year ended November 30, 2016 and the eleven months ended November 30, 2015, respectively.

Accordingly, basic and diluted net income per share for the year ended November 30, 2016 and eleven months ended November 30, 2015, respectively, was as follows:

(in thousands, except per share amounts)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015
Basic net income per share:		
Numerator:		
Net income attributable to Class A shareholders	\$ 27,101	\$ 18,726
Denominator:		
Basic weighted-average shares	21,420	20,002
Basic net income per share	\$ 1.27	\$ 0.94
Diluted net income per share:		
Numerator:		
Net income attributable to Class A shareholders	\$ 27,101	\$ 18,726
Add: Additional net income attributable to Class A shares due to increased percentage ownership in OpCo, net of tax, from the conversion of Class B shares	20,466	14,474

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	\$ 47,567	\$ 33,200
Denominator:		
Basic weighted-average shares	21,420	20,002
Effect of dilutive securities:		
Class B shares (1)	15,500	15,032
Diluted weighted-average shares	36,920	35,034
Diluted net income per share	\$ 1.27	\$ 0.94

(1) Up to the amount of OpCo common units held by Sponsors

Note 14. Related Parties

Management Services Agreements

Immediately prior to the completion of the IPO on June 24, 2015, the Partnership, together with the General Partner, OpCo and Holdings, entered into similar but separate Management Services Agreements (the “MSAs”) with affiliates of each of the Sponsors

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Notes to Consolidated Financial Statements— Continued

(each, a “Service Provider”). Under the MSAs, the Service Providers provide or arrange for the provision of certain administrative and management services for the Partnership and certain of its subsidiaries, including managing the Partnership’s day-to-day affairs, in addition to those services that are provided under existing O&M agreements and asset management agreements (“AMAs”) between affiliates of the Sponsors and certain of the subsidiaries of the Partnership. In August 2015, the First Solar MSA and the SunPower MSA were amended to adjust the annual management fee payable to each respective Service Provider. Under the First Solar MSA, OpCo pays an annual management fee of \$0.6 million to the First Solar Service Provider. Under the SunPower MSA, OpCo pays an annual management fee of \$1.1 million to the SunPower Service Provider. These payments are subject to annual adjustments for inflation. Costs incurred for these services were \$1.7 and \$0.7 million for the year ended November 30, 2016 and the eleven months ended November 30, 2015, respectively.

On January 20, 2017, the parties thereto amended the SunPower MSA to include Kingbird Solar, LLC and the Kingbird Project Entities under certain aspects of SunPower’s scope of managerial services effective April 30, 2016 in return for the associated AMA fee payable by First Solar Asset Management.

Engineering, Procurement and Construction Agreements

Various projects are designed, engineered, constructed and commissioned pursuant to EPC agreements with affiliates of the Sponsors, which may include a 2- to 10-year system warranty against defects in materials, construction, fabrication and workmanship, and in some cases, may include a 25-year power and product warranty on certain modules.

As of November 30, 2016, all of the projects contributed by the Sponsors on the date of the IPO and the Henrietta Project, the Hooper Project, the Kern Phase 1(b) Assets and the Kingbird Project have achieved COD. The Kern Phase 2(a) Assets and the Macy’s Maryland Project were construction-in-progress as of November 30, 2016 and achieved COD in December 2016. The Kern Phase 1(a) Assets are construction-in-progress as of November 30, 2016 and expected to achieve COD in June 2017. SunPower as the EPC provider is required to complete the Kern Phase 1(a) Assets, and pursuant to the Omnibus Agreement, all the associated costs to complete the Kern Phase 1(a) Assets are obligations of SunPower.

Operations and Maintenance Agreements and Asset Management Agreements

The Project Entities and certain other subsidiaries have entered into O&M agreements and AMAs with affiliates of the Sponsors, as applicable (except where such persons are otherwise subject to O&M agreements or AMAs with unaffiliated third parties). Under the terms of the O&M agreements and the AMAs, such affiliates have agreed to provide a variety of operation, maintenance and asset management services, and certain performance warranties or availability guarantees, to the subsidiaries of the Partnership in exchange for annual fees, which are subject to certain adjustments.

O&M services to the leased solar power systems, also known as executory costs, were allocated to the Predecessor by SunPower and disclosed as cost of operations-SunPower in the combined carve-out statement of operations of the Predecessor. Costs incurred for O&M and AMA services were \$5.3 million, \$0.7 million and \$0.9 million for the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014, respectively.

Omnibus Agreement

In connection with the IPO, the Partnership entered into an omnibus agreement, which was subsequently amended and restated on April 6, 2016 (the “Omnibus Agreement”), with its Sponsors, the General Partner, OpCo and Holdings.

The material provisions of the Omnibus Agreement are as follows: (a) each Sponsor was granted an exclusive right to perform certain services not otherwise covered by an O&M agreement or an AMA on behalf of the Project Entities contributed by such Sponsor; (b) with respect to any project in the Portfolio that had not achieved commercial operation as of the date contributed to the Partnership, the Sponsor who contributed such project agreed to pay to OpCo all costs required to complete such project, as well as certain liquidated damages in the event such project fails to achieve operability pursuant to an agreed schedule (subject to certain adjustments); (c) with respect to the Quinto Project and the North Star Project, the Sponsor who contributed such project agreed to pay to OpCo the difference, if any, between the amount of network upgrade refunds projected to be received in respect of such Sponsor’s contributed project at the time of the IPO and the amount of network upgrade refunds projected to be received given the actual amount of upgrade costs incurred in respect of such project; (d) each Sponsor agreed to certain undertakings on the part of its affiliates who are members of the Project Entities or who provide asset management, construction, operating and maintenance and other services to the Project Entities contributed by such Sponsor; (e) to the extent a Sponsor continues to post credit support on behalf of a Project

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Notes to Consolidated Financial Statements— Continued

Entity after it has been contributed to OpCo, OpCo agreed to reimburse such Sponsor upon any demand or draw under such credit support, and the Sponsor agreed to maintain such support pursuant to the applicable underlying contractual or regulatory requirements; (f) each Sponsor agreed to indemnify OpCo for any costs it incurs with respect to certain tax-related events and events in connection with tax equity financing arrangements; and (g) the parties agreed to a mutual undertaking regarding confidentiality and use of names, trademarks, trade names and other insignias. The schedules of the Omnibus Agreement are amended in connection with each project acquisition to include the solar power systems acquired effective the closing date of such acquisition.

During the three months ended February 29, 2016, the Partnership received a \$10.0 million indemnity payment for a shortfall associated with the network upgrade refunds projected to be received, pursuant to the indemnity obligations described in clause (c) of the preceding paragraph.

The Partnership also received indemnity payments from SunPower of \$3.9 million for a test energy shortfall associated with the Quinto Project during the three months ended November 30, 2015 and \$0.3 million for the delay in commercial operations with the Kern Project during the three months ended November 30, 2016.

Promissory Notes

On November 25, 2015, OpCo, issued a Promissory Note to First Solar in the principal amount of \$2.0 million (the “Short-term Note”), in exchange for First Solar’s loan of such amount to OpCo. Upon the receipt of certain payments by the Solar Gen 2 Project Entity from SDG&E under the power purchase agreement between the Solar Gen 2 Project Entity and SDG&E, which had been previously withheld pending completion of an administrative requirement (each, a “Specified Payment”), OpCo was obligated to repay a portion of the principal amount of the Short-term Note equal to such Specified Payment and the unpaid balance of all interest accrued under the Short-term Note to and including the date of such repayment. Interest under the Short-term Note accrued at a rate of 1% on the portion of the principal of the Short-term Note equal to the amount of each Specified Payment from the date SDG&E remitted such payment to the Solar Gen 2 Project Entity through the date that OpCo repaid such amount to First Solar as described above. OpCo was permitted to prepay the Short-term Note at any time without penalty or premium. On December 30, 2016, OpCo repaid the Short-term Note to First Solar.

In connection with the closing of the Stateline Acquisition on December 1, 2016, OpCo issued a promissory note to First Solar in the principal amount of \$50.0 million. Please read “Note 17—Subsequent Events” for further details.

Purchase and Sale Agreements

Prior to the closing of the IPO, each of (i) SSCA XIII Holding Company, LLC, an indirect subsidiary of OpCo and the holder of the Quinto Project Entity (“Quinto Holdings”), (ii) SSCA XXXI Holding Company, LLC, an indirect subsidiary of OpCo and the indirect holder of the RPU Project Entity (“RPU Holdings”), and (iii) SunPower Commercial Holding Company I, LLC, an indirect subsidiary of OpCo and the holder of the UC Davis Project Entity and the Macy’s California Project Entities, entered into purchase and sale agreements (collectively, the “SunPower IPO PSAs”) with affiliates of SunPower in connection with SunPower’s contribution of such entities to OpCo, and also entered into certain tax equity financing arrangements with third party investors to finance the purchases of such entities. Pursuant to the SunPower IPO PSAs, the purchase prices were paid in installments, which were made when

the projects met certain construction milestones, with final installment payments due upon COD. Since all of these projects have attained COD, there are no purchase price payments remaining.

On January 26, 2016, OpCo entered into the Kern Purchase Agreement with SunPower pursuant to which OpCo agreed to purchase an interest in the Kern Project, as further described above in Note 3—Business Combinations—2016 Acquisitions.” Effective January 26, 2016, a subsidiary of OpCo acquired from SunPower all of the class B limited liability company interests of the Kern Class B Partnership. Pursuant to the Kern Purchase Agreement, the purchase price for the Kern Project will be paid by OpCo when each phase of the project reaches “mechanical completion.” In addition, on January 22, 2016, a subsidiary of the Kern Class B Partnership entered into a tax equity financing facility with a third-party investor, which allocates to OpCo a certain share of cash flows from the Kern Project pursuant to a specified distribution waterfall. Purchase price payments of up to approximately \$30.0 million will be funded by the tax equity investor’s capital contributions, of which \$0.9 million, \$1.8 million, \$1.3 million and \$6.7 million was paid on January 22, 2016, September 9, 2016, November 30, 2016 and December 14, 2016, respectively, and the remaining balance of up to \$19.3 million will be made when the Kern Project’s phases meet certain construction milestones and will be transferred to affiliates of SunPower for the remaining purchase price payments.

On March 31, 2016, OpCo entered into the Kingbird Purchase Agreement with First Solar and First Solar Asset Management, pursuant to which OpCo agreed to acquire an interest in the Kingbird Project, as further described above in “Note 3—Business

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Notes to Consolidated Financial Statements— Continued

Combinations—2016 Acquisitions.” Effective March 31, 2016, a subsidiary of OpCo acquired FSAM Kingbird Solar Holdings, LLC from First Solar. FSAM Kingbird Solar Holdings, LLC holds the class B limited liability company interests of Kingbird Solar, LLC. The Kingbird Project Entities are direct subsidiaries of Kingbird Solar, LLC, and OpCo holds a controlling interest in the Kingbird Solar, LLC effective March 31, 2016. Pursuant to the Kingbird Purchase Agreement, the \$60.0 million purchase price due from OpCo to acquire an interest in the Kingbird Project was paid in installments with \$42.9 million in cash paid to First Solar on March 31, 2016 and a \$17.1 million contribution to FSAM Kingbird Solar Holdings, LLC on May 31, 2016, which was subsequently paid to an affiliate of First Solar for the remaining balance due under the Kingbird Project’s Engineering, Procurement and Construction contract. In addition, Kingbird Solar, LLC entered into a tax equity financing facility with a third-party investor, which allocates to OpCo a certain share of cash flows from the Kingbird Project pursuant to a specified distribution waterfall. The tax equity investor made capital contributions to fund purchase price payments of approximately \$11.7 million on February 26, 2016 and \$46.8 million on May 31, 2016, which were made when the Kingbird Project’s phases met certain construction milestones and were transferred to an affiliate of First Solar for the remaining purchase price payments. Since the Kingbird Project has attained COD as of May 31, 2016, there are no purchase price payments remaining.

On March 31, 2016, OpCo entered into the Hooper Purchase Agreement with SunPower and SunPower AssetCo, pursuant to which OpCo agreed to acquire an interest in the Hooper Project, as further described above in “Note 3—Business Combinations—2016 Acquisitions.” Effective April 1, 2016, a subsidiary of OpCo acquired from SunPower all of the class B limited liability company interests of the Hooper Class B Partnership for a cash purchase price of \$53.5 million. Since the Hooper Project attained COD prior to the acquisition date there are no purchase price payments remaining.

On June 29, 2016, OpCo entered into the Macy’s Maryland Purchase Agreement with SunPower and SunPower AssetCo pursuant to which OpCo agreed to purchase an interest in the Macy’s Maryland Project, as further described above in “Note 3—Business Combinations—2016 Acquisitions.” Effective July 1, 2016, a subsidiary of OpCo acquired from SunPower all of the class B limited liability company interests of the Macy’s Maryland Class B Partnership. Pursuant to the Macy’s Maryland Purchase Agreement, the \$12.0 million purchase price due from OpCo to acquire an interest in the Macy’s Maryland Project was contributed to Macy’s Maryland Class B Partnership, the acquired company, on July 1, 2016, of which \$6.4 million was paid to SunPower on July 1, 2016 and the \$5.6 million remaining balance was paid to SunPower on September 21, 2016 when the Macy’s Maryland Project met certain construction milestones. In addition, a subsidiary of the Macy’s Maryland Class B Partnership entered into a tax equity financing facility with a third-party investor, which allocates to OpCo a certain share of cash flows from the Macy’s Maryland Project pursuant to a specified distribution waterfall. Purchase price payments of \$8.7 million were funded by the tax equity investor’s capital contributions, of which \$0.6 million, \$3.3 million and \$4.8 million was paid on May 6, 2016, September 21, 2016 and December 28, 2016, respectively, when the Macy’s Maryland Project’s phases met certain construction milestones and were transferred to an affiliate of SunPower for the remaining purchase price payments. Since the Macy’s Maryland Project has attained COD as of December 21, 2016 there are no purchase price payments remaining. Please read “Note 3—Business Combinations—2016 Acquisitions” for further details.

On September 20, 2016, OpCo entered into the Henrietta Purchase Agreement with SunPower and SunPower AssetCo pursuant to which OpCo agreed to purchase an interest in the Henrietta Project, as further described above in “Note 4—Investment in Unconsolidated Affiliates.” Effective September 29, 2016, a subsidiary of OpCo acquired from SunPower all of the class B limited liability company interests of the Henrietta Class B Partnership for a total cash purchase price of \$134.0 million (before consideration of acquisition related costs and working capital adjustments).

On November 11, 2016, OpCo entered into the Stateline Purchase Agreement with First Solar and First Solar Asset Management pursuant to which OpCo agreed to purchase an interest in the Stateline Project, as further described above in “Note 4— Investment in Unconsolidated Affiliates.” Effective December 1, 2016, a subsidiary of OpCo acquired FSAM DS Holdings, LLC from First Solar for a total purchase price of \$329.5 million (before consideration of acquisition related costs and working capital adjustments). Effective December 1, 2016, FSAM DS Holdings, LLC owns 100% of the class B interests in Desert Stateline Holdings, LLC (“DS Holdings”), the direct owner of 100% of the limited liability company membership interests in the Stateline Project Entity. Please read “Note 17—Subsequent Events” for further details.

Maryland Solar Lease Arrangement

The Maryland Solar Project Entity has leased the Maryland Solar Project to an affiliate of First Solar. Under the arrangement, First Solar’s affiliate is obligated to pay a fixed amount of rent that is set based on the expected operations of the plant. The lease agreement will expire on December 31, 2019 (unless terminated earlier pursuant to its terms). Please read Part III, Item 13. “Certain Relationships and Related Transactions, and Director Independence—Maryland Solar Lease Agreement.”

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Notes to Consolidated Financial Statements— Continued

Operating Expense Allocations

The Predecessor's carve-out financial statements include allocations of certain SunPower operating expenses. The allocations include: (i) charges that were incurred by SunPower that were specifically identified as attributable to the Predecessor; and (ii) an allocation of applicable SunPower operating expenses based on the proportional level of effort attributable to the operation of the Predecessor's portfolio of solar power systems leased to residential homeowners and projects under construction. These expenses include legal, accounting, tax, treasury, information technology, insurance, employee benefit costs, human resources, procurement and other corporate services and infrastructure costs. The allocation of applicable SunPower operating expenses was principally based on management's estimate of the proportional level of effort devoted by corporate resources. The amounts allocated to the Predecessor related to SunPower operating expenses were \$7.7 million, and \$4.8 million in the eleven months ended November 30, 2015 and in the year ended December 28, 2014, respectively, and are disclosed as SG&A expenses on the consolidated statement of operations.

Note 15. Income Taxes

The provision for income taxes differed from the amount computed by applying the statutory U.S. federal rate of 35% primarily due to the tax impact of equity in earnings, the tax impact of noncontrolling interest, a permanent difference between the amount recognized as deductible for U.S. GAAP and tax purposes related to board of director share-based compensation, and state tax rates (net of federal benefit) in various jurisdictions, most significantly California. All tax expense, other than minimum state tax payments, after the IPO closing date is deferred tax expense and the Partnership has not paid any cash taxes in the period after the IPO closing date covered by these consolidated financial statements.

The Partnership's financial reporting year-end is November 30 while its tax year-end is December 31. The Partnership has elected to base the tax provision on the financial reporting year; therefore, since the 2016 financial reporting year is December 1, 2015 through November 30, 2016, the taxable income (loss) included in the 2016 tax provision is for the tax year ended December 31, 2015. The provision accrued at the financial reporting year-end will be a discrete period computation, and the tax credits and permanent differences recognized in that accrual will be those generated between the tax year-end date and the financial reporting year-end date. Any amounts recorded for income tax provision (benefit) represent deferred income taxes being provided on the net income before taxes of OpCo, a non-taxable partnership, which is allocated to the Partnership.

Although organized as a limited partnership under state law, the Partnership elected to be treated as a corporation for U.S. federal income tax purposes. Accordingly, the Partnership is subject to U.S. federal income taxes at regular corporate rates on its net taxable income, and distributions it makes to holders of its Class A shares will be taxable as ordinary dividend income to the extent of its current and accumulated earnings and profits as computed for U.S. federal income tax purposes.

Income tax benefit (expense) consists of the following:

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(in thousands)	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015	Year Ended December 28, 2014
Income (loss) before income taxes	\$ 12,813	\$ (20,563	) \$ (1,193)
Income tax expense:			
Current tax expense			
Federal	—	—	—
State	(2)	(12)	(23)
Total current tax expense	\$ (2)	\$ (12)	\$ (23)
Deferred tax expense			
Federal	\$ (18,242)	\$ (10,929)	\$ —
State	—	(1,562)	—
Total deferred tax expense	(18,242)	(12,491)	—
Income tax expense	\$ (18,244)	\$ (12,503)	\$ (23)

For the year ended November 30, 2016, the current tax expense is related to minimum state tax payments due and remitted for the tax year ended December 31, 2015.

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Notes to Consolidated Financial Statements— Continued

The income tax expense differs from the amounts obtained by applying the statutory U.S. federal tax rate to income before taxes as shown below:

(in thousands)	Year Ended November 30, 2016		Eleven Months Ended November 30, 2015		Year Ended December 28, 2014	
Statutory rate	35	%	35	%	35	%
Tax benefit (expense) at U.S. statutory rate	\$ (4,484	)	\$ 7,197		\$ 418	
Noncontrolling interest	(9,495	)	(10,201)	—	
Equity in Earnings	(1,892	)	(893)	—	
State income taxes	(2,331	)	(1,574	)	(23)
Other	(42	)	(3)	—	
Deferred taxes not benefited	—		(7,029	)	(418)
Total	\$ (18,244	)	\$ (12,503	)	\$ (23)
Effective tax rate	142.4	%	-60.8%		-1.9	%

The income tax effects of temporary differences giving rise to the Partnership's deferred income tax liabilities and assets are as follows:

(in thousands)	Year Ended November 30, 2016		Eleven Months Ended November 30, 2015		Year Ended December 28, 2014	
Deferred tax assets:						
Net operating loss carryforwards	\$ 3,948		\$ 41		\$ 64,550	
Deferred lease revenue	—		—		1,084	
Total deferred tax assets	3,948		41		65,634	
Valuation allowance	—		—		(24,430)
Total deferred tax assets, net of valuation allowance	3,948		41		41,204	
Deferred tax liabilities:						
Outside basis difference in partnership	(34,681	)	(12,544)	—	
Fixed asset basis difference	—		—		(41,204)
Total deferred tax liabilities	(34,681	)	(12,544	)	(41,204)
Net deferred tax asset (liability)	\$ (30,733	)	\$ (12,503)	\$ —	

At November 30, 2016, the Partnership had federal and aggregate state net operating loss carryforwards of \$3.4 million and \$0.5 million, respectively. If not used, the federal net operating loss carryforwards will expire beginning in 2035, and the state net operating loss carryforwards will begin to expire in 2035, with the exception of Vermont's net operating loss carryforwards which will begin expiring in 2025. No valuation allowance was established to offset the net operating loss carryforward since the Partnership expects to fully be able to realize the losses in future years

before they expire, based on future projections, including the future reversal of existing taxable temporary differences. No uncertain tax positions have been identified for the year ended November 30, 2016 or for the tax year ended December 31, 2015.

The Predecessor's loss for the period from December 28, 2014 to the date of the IPO was approximately \$20.1 million or \$7.0 million tax-effected. The Predecessor's federal and state net operating loss carryforwards discussed below relate to the prior years and do not carryover as tax attributes of the Partnership since tax attributes do not carryover after an asset acquisition. The notes below are intended only to provide an explanation of the amounts during the Predecessor period and do not apply to the current period.

Net operating loss carryforwards as of December 28, 2014 represent tax benefits measured assuming the Predecessor had been a stand-alone operating company since December 30, 2012, and will not be available if the Predecessor is no longer part of the Parent's return. As of December 28, 2014, the Predecessor had federal net operating loss carryforwards of \$168.4 million for tax purposes. These federal net operating loss carryforwards will expire at various dates from 2029 to 2034. As of December 28, 2014, the Predecessor had California state net operating loss carryforwards of approximately \$72.6 million for tax purposes. These California net operating loss carryforwards will expire at various dates from 2031 to 2034. The Predecessor's ability to utilize a portion of the net operating loss and

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Notes to Consolidated Financial Statements— Continued

credit carryforwards is dependent upon the Predecessor being able to generate taxable income in future periods and may be limited due to restrictions imposed on utilization of net operating loss and credit carryforwards under federal and state laws upon a change in ownership.

The valuation allowance recorded as of December 28, 2014 assumes the Predecessor had been a stand-alone operating company since January 2, 2011. The deferred tax assets were determined by assessing both positive and negative evidence. When determining whether it is more likely than not that deferred assets are recoverable the Predecessor believes that sufficient uncertainty exists with regard to the realizability of these assets such that a valuation allowance is necessary. Factors considered in providing a valuation allowance include the lack of a significant history of consistent profits, the lack of consistent profitability in the solar industry, and the lack of carryback capacity to realize these assets, and other factors. Based on the absence of sufficient positive objective evidence, the Predecessor is unable to assert that it is more likely than not that it will generate sufficient taxable income to realize these remaining net deferred tax assets. Should the Predecessor achieve a certain level of profitability in the future, it may be in a position to reverse the valuation allowance which would result in a non-cash income statement benefit.

Accounting guidelines prescribes a more-likely-than-not recognition threshold and establishes measurement requirements for financial statement reporting of income tax positions which the Predecessor has adopted. The Predecessor has assessed the impact of these accounting guidelines and has concluded there is no material impact on its carve-out financial statements. As of December 28, 2014, there were no material uncertain tax positions. The open tax years are 2012, 2013 and 2014.

Note 16. Segment Information

The Partnership manages its Portfolio as one segment that operates a portfolio of solar energy generation systems. It operates as a single reportable segment based on the “management” approach.

All operating revenues for the year ended November 30, 2016, the eleven months ended November 30, 2015 and the year ended December 28, 2014 were from customers located in the United States and over 90% of the Partnership’s total revenue for all periods was comprised of lease revenue. Operating revenues from one customer, First Solar, as lessee of the Maryland Solar Project, accounted for less than 10.0%, 21.0%, and zero, of total operating revenues for the year ended November 30, 2016, the eleven months ended November 30, 2015, and the year ended December 28, 2014, respectively. Operating revenues from another customer, Southern California Edison, as counterparty of the Quinto Project’s power purchase agreement, accounted for 54.9%, less than 10.0%, and zero, of total operating revenues for the year ended November 30, 2016, the eleven months ended November 30, 2015, and the year ended December 28, 2014, respectively. All long-lived assets consisting of property and equipment, net, were located in the United States.

Note 17. Subsequent Events

On December 19, 2016, the board of directors of the Partnership's general partner declared a cash distribution for its Class A shares of \$0.2490 per share for the fourth quarter of 2016. The board of directors declared a corresponding cash distribution for OpCo's common and subordinated units, which includes all common and subordinated units held by First Solar and SunPower. The fourth quarter distribution will be paid on January 13, 2017 to shareholders and unitholders of record as of January 3, 2017.

As previously disclosed, on November 11, 2016, OpCo entered into the Stateline Purchase Agreement with First Solar and First Solar Asset Management, pursuant to which OpCo agreed to acquire a 34% interest in the Stateline Project for \$329.5 million. A subsidiary of Southern Company owns the other 66% interest in the Stateline Project and controls the governing board of the project. Consideration for the Stateline Acquisition was comprised of (i) a cash payment by OpCo to First Solar of approximately \$272.8 million on December 1, 2016, (ii) the delivery of a promissory note of OpCo to First Solar in the principal amount of \$50.0 million and (iii) a deferred cash payment of approximately \$6.7 million paid by OpCo to First Solar on December 30, 2016. The source of cash for the \$272.8 million payment to First Solar by OpCo resulted from (i) \$250.0 million borrowed on December 1, 2016 under the incremental term loan facility, (ii) \$20.0 million borrowed on December 1, 2016 under the revolving credit facility and (iii) \$2.8 million cash on hand. The \$50.0 million promissory note is unsecured and matures on the date that is six months after the maturity date under OpCo's existing credit agreement. Interest will accrue at a rate of 4% per annum, except it will accrue at a rate of 6% per annum (i) upon the occurrence and during the continuation of a specified event of default and (ii) in respect of amounts accrued as payments-in-kind pursuant to the terms of the note. OpCo is not permitted to prepay the \$50.0 million promissory note without the consent of certain lenders under its existing credit agreement (except for certain mandatory prepayments). Until OpCo has paid in full the principal and interest on promissory note, OpCo is restricted in its ability to: (i) acquire interests in additional projects (other than the acquisition of the Kern Phase 2(b) Assets); (ii) use the net proceeds of equity issuances except as prescribed in the promissory note; (iii) incur additional indebtedness to which the promissory note would be subordinate; and (iv) extend the maturity date under OpCo's existing credit facility. In connection with the closing of the Stateline Acquisition on December 1, 2016, the Partnership

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Notes to Consolidated Financial Statements— Continued

amended the Omnibus Agreement with the General Partner, Holdings, First Solar, SunPower and OpCo to include the Stateline Project in the schedules for all purposes.

Note 18. Quarterly Financial Information (Unaudited)

	For the Three Months Ended				2015			
	2016	2016	2016	2016	2015	2015	2015	2015
	November 30, 2016	August 31, 2016	May 31, 2016	February 29, 2016	November 30, 2015	August 31, 2015	June 28, 2015	March 29, 2015
Operating revenues, net	\$ 14,463	\$ 26,116	\$ 13,517	\$ 7,102	\$ 4,031	\$ 3,076	\$ 2,179	\$ 2,134
Operating income (loss)	4,073	15,474	3,885	(1,259)	20	(711)	(3,574)	(4,167)
Other expense (income), net	1,697	2,612	2,389	2,662	(192)	3,416	7,393	4,993
Net income (loss)	4,250	15,874	(161)	(7,053)	(8,644)	1,287	(10,852)	(9,166)
Net income (loss) attributable to 8point3								
Energy Partners LP Class								
A shares	4,178	7,593	10,022	5,308	17,693	1,033	145	(9,166)
Net income per Class A share - basic	\$ 0.16	\$ 0.38	\$ 0.50	\$ 0.27	\$ 0.88	\$ 0.05	\$ 0.01	N/A
Net income per Class A share - diluted	\$ 0.16	\$ 0.38	\$ 0.50	\$ 0.27	\$ 0.88	\$ 0.05	\$ 0.01	N/A
Distributions per Class A share:	\$ 0.24	\$ 0.23	\$ 0.22	\$ 0.22	\$ —	\$ —	\$ —	N/A
Weighted average number of Class A								
shares - basic	25,680	20,015	20,011	20,007	20,002	20,002	20,000	N/A
Weighted average number of Class A								
shares - diluted	41,180	35,515	35,511	35,507	35,503	34,415	32,500	N/A

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed under the supervision of our principal executive officer and principal financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of November 30, 2016, our management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013). Based on this assessment, our management concluded that we maintained effective internal control over financial reporting as of November 30, 2016.

Attestation Report of the Independent Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm on our internal control over financial reporting due to a transition period established by rules of the SEC for new public companies. Section 103 of the JOBS Act provides that an emerging growth company is not required to provide an auditor's report on internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act for as long as we qualify as an emerging growth company. We are an emerging growth company, and therefore we are not required to include an attestation report of our independent registered public accounting firm on our internal control over financial reporting in this report.

Changes in Internal Control over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

MANAGEMENT

Management of 8point3 Energy Partners LP

We are managed by the board of directors and executive officers of 8point3 General Partner, LLC, our general partner. Our general partner is not elected by our shareholders and may only be removed in certain limited circumstances. Our Sponsors, indirectly through Holdings, own all of the membership interests in our general partner. Shareholders are not entitled to elect the directors of our general partner, which are all appointed by our Sponsors, or to directly or indirectly participate in our management or operations. Our general partner owes certain contractual duties to our shareholders as well as a fiduciary duty to its owners, our Sponsors and their respective affiliates. Our general partner is liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made expressly non-recourse to it. Our general partner therefore may cause us to incur indebtedness or other obligations that are non-recourse to it.

The board of directors has delegated authority over certain other matters to its project operations committee and to the officers of our general partner. Our general partner's board of directors is composed of seven members. Our Sponsors appointed all members to our general partner's board of directors, including four Sponsor directors, two of whom were appointed by First Solar and two of whom were appointed by SunPower. As long as one Sponsor director appointed by First Solar and one Sponsor director appointed by SunPower are present, a majority of all directors present constitutes a quorum for meetings of the board of directors.

We have three directors who are independent as defined under the independence standards established by the NASDAQ.

We do not have any employees. Our general partner has the sole responsibility for providing the employees and other personnel necessary to conduct operations, whether through directly hiring employees or by obtaining services of personnel employed by our Sponsors or third parties, but we sometimes refer to these individuals as our employees because they provide services directly to us.

All of our general partner's officers are employees of our Sponsors and devote such portion of their time to our business and affairs as is required to manage and conduct our operations. We also rely on a significant number of employees of each Sponsor to assist in the operation of our projects pursuant to the AMAs.

Directors and Executive Officers of Our General Partner

The directors of our general partner are appointed for two-year terms and hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Officers serve at the discretion of the board of directors of our general partner. There are no family relationships among any of our general partner's directors or executive officers of our general partner.

The following sets forth information for our general partner's directors and executive officers.

Name	Age	Position with 8point3 General Partner LLC
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Charles D. Boynton	48	Chairman of the Board, Chief Executive Officer and Director
Bryan Schumaker	40	Chief Financial Officer
Mandy Yang*	41	Chief Accounting Officer
Jason E. Dymbort	39	General Counsel
Natalie F. Jackson	44	Vice President of Operations
Max Gardner	35	Vice President of Operations
Alexander R. Bradley	35	Director
Ty P. Daul	49	Director
Thomas C. O'Connor	61	Director
Norman J. Szydlowski	64	Director
Mark R. Widmar	51	Director
Michael W. Yackira	65	Director

*Ms. Yang's resignation from the office of Chief Accounting Officer of our general partner is effective as of February 3, 2017. Bryan Schumaker, Chief Financial Officer of our general partner, will assume the additional role of interim Chief Accounting Officer effective February 3, 2017.

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In connection with our IPO, each of the initial Chief Executive Officer and the initial Chief Financial Officer of our general partner was appointed to serve a two-year term. Upon the expiration of the initial terms for such officers on June 24, 2017, (i) First Solar will have the right to select for appointment by the board of directors of our general partner a new Chief Executive Officer of our general partner, and (ii) SunPower will have the right to select for appointment by the board of directors of our general partner a new Chief Financial Officer. Pursuant to the limited liability company agreement of our general partner and Holdings, the right to appoint such officers will rotate between the Sponsors as subsequent terms expire.

Mr. Charles D. Boynton was appointed as the chairman of the board of directors and chief executive officer of our general partner in March 2015. Mr. Boynton also serves as the Executive Vice President and Chief Financial Officer of SunPower since March 2012. In March 2012, Mr. Boynton also served as SunPower's Acting Financial Officer. From June 2010 to March 2012, he served as SunPower's Vice President, Finance and Corporate Development, where he drove strategic investments, joint ventures, mergers and acquisitions, field finance and finance, planning and analysis. Before joining SunPower in June 2010, Mr. Boynton was the Chief Financial Officer for ServiceSource, LLC from April 2008 to June 2010. From March 2004 to April 2008 he served as the Chief Financial Officer at Intelliden. Earlier in his career, Mr. Boynton held key financial positions at Commerce One, Inc., Kraft Foods, Inc. and Grant Thornton, LLP. He is a member of the board of trustees of the San Jose Technology Museum of Innovation. Mr. Boynton was a certified public accountant, State of Illinois, and a Member FEI, Silicon Valley Chapter. Mr. Boynton earned his master's degree in business administration at Northwestern University and his Bachelor of Science degree in business from Indiana University. We believe that Mr. Boynton's extensive experience in finance and mergers and acquisitions in the renewable energy industry makes him well qualified to serve as the chairman of the board of directors of our general partner.

Mr. Bryan Schumaker was appointed as the chief financial officer of our general partner in June 2016. Mr. Schumaker joined First Solar in April 2008 as Assistant Corporate Controller, was appointed Vice President, Corporate Controller in December 2011, and was appointed Chief Accounting Officer in July 2015. Prior to joining First Solar, Mr. Schumaker held a number of positions with Swift Transportation Company from January 2003 to April 2008, including Vice President, Corporate Controller. Mr. Schumaker was also an auditor at KPMG LLP from December 2000 to January 2003. Mr. Schumaker holds a Bachelor's degree in Business Administration with a major in Accounting from the University of New Mexico Anderson School of Management and is a Certified Public Accountant in Arizona.

Ms. Mandy Yang was appointed as the corporate controller and chief accounting officer of our general partner in March 2015. Ms. Yang also serves as the Sr. Director and Division Controller of the Global Distributed Generation (DG) Division at SunPower. Prior to that, she was the Director and Controller for the Global Residential and Light Commercial business unit as well as responsible for the financial planning and analysis function for the residential lease program within the residential business unit of the DG division. Before that, Ms. Yang led the external financial reporting and global operating expenses financial planning and analysis function at SunPower. Before joining SunPower in August 2011, Ms. Yang held a variety of senior key finance positions at Spansion Inc. from 2006 to 2011, including leading the SEC financial reporting group and Corporate Treasury function as well as the Corporate R&D financial planning and analysis role. Prior to 2006, Ms. Yang was an internal auditor at Synnex Corp and an auditor with Deloitte and Touche, among others. Ms. Yang is a California Certified Public Accountant and a Chartered Financial Analyst. Ms. Yang earned her master's degree in business administration with a dual major in accounting and finance from University of Illinois at Urbana-Champaign.

Mr. Jason E. Dymbort was appointed as general counsel of our general partner in March 2015. Mr. Dymbort also serves as Deputy General Counsel – Americas of First Solar and has served in a variety of legal positions at First Solar since joining the company in March 2008, including serving as Assistant General Counsel – Project Finance & System Sales and overseeing legal work related to First Solar's activities in a variety of international markets. Prior to joining

First Solar, Mr. Dymbort was a corporate attorney at Cravath, Swaine & Moore LLP. Mr. Dymbort holds a juris doctor degree from the University of Pennsylvania Law School and a bachelor's degree from Brandeis University.

Ms. Natalie F. Jackson was appointed as a vice president of operations of our general partner in June 2015. Ms. Jackson also serves as a Vice President for Project & Structured Finance at SunPower in Richmond, California where Ms. Jackson is responsible for SunPower's Global Utility project and structured debt and equity financings as well as asset sales, including tax equity financing in the United States. Ms. Jackson's professional experience includes more than 20 years in both project finance and business development in the United States and internationally in the independent power industry. Prior to joining SunPower, Ms. Jackson was Vice President of Project & Structured Finance at BrightSource Energy where she led the \$2.2 billion project financing of the Ivanpah solar projects. Before that, Ms. Jackson served as Vice President of Project Finance for Invenergy, financing both wind and natural gas fired plants in the United States and Canada. Ms. Jackson also served as Project Director at AES Corporation, where she focused on business development and project finance in Central America, the Caribbean and Mexico. She holds a B.B.A. from James Madison University and a Masters of Business Administration from the Kellogg School of Management at Northwestern University.

Mr. Max Gardner was appointed as a vice president of operations of our general partner in June 2016. Mr. Gardner joined First Solar in 2010 as a Manager in the Project Finance group and was appointed Vice President, Project Finance (North America) in 2016. Prior to joining First Solar, Mr. Gardner was a strategy consultant at a boutique cleantech management consultancy from 2008 to 2010, and he began his career with General Electric in a management rotation program and as an analyst in the renewable energy finance group in 2003. In addition, Mr. Gardner also serves on the board of directors of Powerhive Inc. and Clean Energy Collective. Mr. Gardner holds a Master's of Business Administration from Harvard Business School and a Bachelor of Science in Computer Science from the University of Southern California.

Mr. Alexander R. Bradley was appointed as a member of the board of directors of our general partner in June 2016. Mr. Bradley also serves as the Chief Financial Officer of First Solar since July 2016. From June 2015 to June 2016, Mr. Bradley served as a vice president of operations of our general partner. From December 2012 to June 2016, Mr. Bradley served as a Vice President, Global Project Finance and, in May 2015, Mr. Bradley was named Treasurer of First Solar. In these roles, Mr. Bradley was responsible for First Solar's global debt, equity and tax equity financings, project structuring and project sales, as well as for global treasury. Mr. Bradley has led or supported the structuring, sale and financing of over \$10 billion and approximately 2.7 GW of First Solar's worldwide development assets, including several of the largest photovoltaic power plant projects in North America. Mr. Bradley's professional experience includes more than 10 years in investment banking, mergers and acquisitions, project finance and business development in the United States and internationally. Prior to joining First Solar, Mr. Bradley worked at HSBC in investment banking and leveraged finance, in London and New York, covering the energy and utilities sector. He received his Master of Arts from the University of Edinburgh, Scotland. We believe that Mr. Bradley's extensive experience in finance and mergers and acquisitions in the renewable energy industry makes him well qualified to serve as a member of the board of directors of our general partner.

Mr. Ty P. Daul was appointed as a member of the board of directors of our general partner in June 2016. Mr. Daul serves as the Senior Vice President, Americas Power Plant business for SunPower. Mr. Daul has been integrally involved in over 2.8 GW of operating renewable projects and 870 MW of operating gas-fired projects representing approximately \$5.7 billion of total investment over the last 25 years in the power generation industry and his experience covers engineering, sales and marketing, product development, financial analysis, development and executive leadership. Prior to joining SunPower, Mr. Daul cofounded Element Power in 2009, was on the company's Board of Directors, had direct oversight of Element's Americas wind and solar renewable energy businesses as well as investment oversight on activities in South America and Europe. Prior to founding Element Power, Mr. Daul was the Senior Vice President of Business Development at Iberdrola Renewables/PPM Energy, where he was responsible for all North American renewable energy business development activities, which included playing key roles in developing and growing the business, greenfield development, acquisitions and turbine supply of over 2.5 GW spinning wind projects. Prior to PPM Energy, Mr. Daul was leading gas-fired generation development throughout the United States with Entergy's unregulated power generation business and Newport Generation. He started his career in engineering, marketing and business development roles with Westinghouse Electric's global power generation group. Mr. Daul has served on the Wind Energy Foundation's Board of Directors since early 2013 and is a Senior Advisor for Equilibrium Capital. Mr. Daul has also served as a member of the board of directors of North Wood Flooring, LLC since 2004. Mr. Daul holds a Bachelor of Science degree in Mechanical Engineering from the University of Washington and a Master's degree in Business Administration from Texas A&M University. We believe that Mr. Daul's extensive experience in engineering, marketing and business development in the renewable energy industry makes him well qualified to serve as a member of the board of directors of our general partner.

Mr. Thomas C. O'Connor was appointed as a member of the board of directors of our general partner in June 2015. Since May 2011, Mr. O'Connor has served as a member of the board of directors of the general partner of Tesoro Logistics LP. Mr. O'Connor also serves on the board of directors of Keyera Corporation. From November 2007 through December 2012, Mr. O'Connor served as chairman of the board of directors and Chief Executive Officer of

DCP Midstream, LLC, one of the largest natural gas gatherers, processors, and marketers in the United States, and continued to serve as chairman of the board until March 2013. From November 2007 through September 2012, he also served as President of DCP Midstream, LLC. In September 2008, he became chairman of the board of DCP Midstream GP, LLC, the general partner of DCP Midstream Partners, LP, a publicly held master limited partnership, which position he held until December 2013. Prior to joining DCP Midstream, LLC, Mr. O'Connor had over 21 years of experience in the energy industry with Duke Energy, Corp., a gas and electricity services provider. From 1987 to 2007, Mr. O'Connor held a variety of roles with Duke Energy in the company's natural gas pipeline, electric and commercial business units. After serving in a number of leadership positions with Duke Energy, he was named President and Chief Executive Officer of Duke Energy Gas Transmission in 2002 and he was named Group Vice President of corporate strategy at Duke Energy in 2005. In 2006 he became Group Executive and Chief Operating Officer of U.S. Franchised Electric and Gas and later in 2006 was named Group Executive and President of Commercial Businesses at Duke Energy. He previously served on the board of directors of QEP Resources, Inc. from January 2014 to January 2015. Mr. O'Connor earned his master's degree in environmental studies and his Bachelor of Science degree in biology at the University of Massachusetts at Lowell, and he completed the Harvard Business School Advanced Management Program. We believe that Mr. O'Connor's extensive experience in the energy industry and his prior experience as a director of the general partner of a master limited partnership makes him well qualified to serve as a member of the board of directors of our general partner.

Mr. Norman J. Szydlowski was appointed as a member of the board of directors of our general partner in June 2015. Since October 2014, Mr. Szydlowski has served as a member of the board of directors of the general partner of JP Energy Partners LP. From July 2014 through September 2014, Mr. Szydlowski managed his personal investments as a private investor. Since November 2014, Mr. Szydlowski has served on the board of directors of Transocean Partners, LLC. He has also served on the board of directors of Novus Energy, LLC since July 2014 and the board of directors of Rebellion Photonics, Inc. since September 2014. Mr. Szydlowski served as President, Chief Executive Officer and Chairman of the board of directors of Rose Rock Midstream GP, LLC from December 2011 to April 2014. He served as a director and as President and Chief Executive Officer of SemGroup Corporation from November 2009 to April 2014, remaining as an advisor until June 2014, and as a director of NGL Energy Partners from November 2011 to April 2014. From January 2006 until January 2009, Mr. Szydlowski served as President and Chief Executive Officer of Colonial Pipeline Company, an interstate common carrier of petroleum products. From 2004 to 2005, he served as a senior consultant to the Iraqi Ministry of Oil in Baghdad on behalf of the U.S. Department of Defense, where he led an advisory team in the rehabilitation, infrastructure security and development of future strategy of the Iraqi oil sector. From 2002 until 2004, he served as Vice President of Refining for Chevron Corporation. Mr. Szydlowski joined Chevron in 1981 and served in various capacities of increasing responsibility in sales, planning, supply chain management, refining and plant operations, transportation and construction engineering. Mr. Szydlowski received his Master's degree in Business Administration in 1976 from Indiana University in Bloomington and his Bachelor's degree in Mechanical Engineering in 1974 from the Kettering University in Flint, Michigan. We believe that Mr. Szydlowski's extensive experience in the energy industry and his prior experience as a director of the general partner of a master limited partnership makes him well qualified to serve as a member of the board of directors of our general partner.

Mr. Mark R. Widmar was appointed as a member of the board of directors of our general partner in March 2015. Mr. Widmar also serves as the Chief Executive Officer of First Solar since July 2016. From March 2015 to June 2016, Mr. Widmar served as the Chief Financial Officer of our general partner. Mr. Widmar also served as First Solar's Chief Financial Officer from April 2011 through June 2016 and Chief Accounting Officer from February 2012 through June 2015. Prior to joining First Solar, Mr. Widmar served as Chief Financial Officer of GrafTech International Ltd., a leading global manufacturer of advanced carbon and graphite materials, from May 2006 through March 2011, as well as President, Engineered Solutions from January 2011 through March 2011. Prior to joining GrafTech, Mr. Widmar served as Corporate Controller of NCR Inc. from 2005 to 2006, and was a Business Unit Chief Financial Officer for NCR from November 2002 to his appointment as Controller. He also served as a Division Controller at Dell, Inc. from August 2000 to November 2002 prior to joining NCR. Mr. Widmar also held various financial and managerial positions with Lucent Technologies Inc., Allied Signal, Inc., and Bristol Myers/Squibb, Inc. Mr. Widmar was a certified public accountant, State of Indiana and holds a B.S. in Business Accounting and a Masters of Business Administration from Indiana University. We believe that Mr. Widmar's extensive experience in key financial positions in various industries makes him well qualified to serve as a member of the board of directors of our general partner.

Mr. Michael W. Yackira was appointed as a member of the board of directors of our general partner in June 2015. Since July 2014, Mr. Yackira managed his personal investments as a private investor. Mr. Yackira served as Chief Executive Officer of NV Energy, Inc. from August 2007 to June 2014, and as a member of NV Energy's board of directors from February 2007 to June 2015. Prior to that, Mr. Yackira served in a variety of positions with NV Energy, including Chief Financial Officer, Chief Operating Officer and President. He formerly served as Chief Financial Officer of FPL Group, Inc. (now known as NextEra) from 1995 to 1998, and as president of FPL Energy LLC from 1998 to 2000. Mr. Yackira is a Certified Public Accountant. Mr. Yackira earned his Bachelor of Science degree in accounting from Lehman College, City University of New York. We believe that Mr. Yackira's extensive experience in the electric service industry makes him well qualified to serve as a member of the board of directors of our general partner.

Board Leadership Structure

As described in our corporate governance guidelines, our general partner's board of directors believes that the decision as to who should serve as chairman and as chief executive officer, and whether the offices should be combined or separate, is properly the responsibility of the board, to be exercised from time to time in appropriate consideration of then existing facts and circumstances. In view of the operational and financial opportunities and challenges faced by us, among other considerations, our general partner's board of directors' judgment is that the functioning of the board is generally best served by maintaining a structure of having one individual serve as both chairman and chief executive officer. The board believes that having a single person acting in the capacities of chairman and chief executive officer promotes unified leadership and direction for the board and executive management and allows for a single, clear focus for the chain of command to execute our strategic initiatives and business plans and to address its challenges. Accordingly, although the board believes that no single board leadership model is universally or permanently appropriate, the position of chairman is currently held by the chief executive officer.

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Director Independence

The NASDAQ standards and our corporate governance guidelines require that the audit committee be composed entirely of independent directors. The NASDAQ standards and Rule 10A-3 under the Exchange Act include the additional requirements that members of the audit committee may not be affiliated persons of us or our subsidiaries or accept, directly or indirectly, any consulting, advisory or other compensatory fee from us or our subsidiaries, other than their compensation as our general partner's board of directors. Compliance by audit committee members with these requirements is separately assessed by our general partner's board of directors.

Our general partner's board of directors has determined that Thomas C. O'Connor, Norman J. Szydlowski and Michael W. Yackira are independent under the NASDAQ standards, including the separate Audit Committee standards, and our corporate governance guidelines.

Board Role in Risk Oversight

Our corporate governance guidelines provide that our general partner's board of directors is responsible for reviewing the process for assessing the major risks facing us and the options for their mitigation. In addition, the audit committee is responsible for reviewing and discussing with management and our registered public accounting firm our major risk exposures and the policies management has implemented to monitor such exposures, including our financial risk exposures and risk management policies.

Committees of the Board of Directors

The standing committees of our general partner's board of directors are the audit committee, the conflicts committee and the project operations committee. The committees regularly report their activities and actions to the full board, generally at the next board meeting that follows the committee meeting. Each of the committees operate under a charter approved by the board and each committee conducts an annual evaluation of its performance. The charter of the audit committee is required to comply with the NASDAQ corporate governance requirements. There are no NASDAQ requirements for the charter of the conflicts committee or the project operations committee. Each of the committees is permitted to take actions within its authority through subcommittees, and references in this Annual Report on Form 10-K to any of those committees include any such subcommittees. The current membership and functions of the committees are described below.

Audit Committee

The audit committee is composed of three directors, all of whom meet the independence and experience standards established by the NASDAQ and the Exchange Act. The audit committee is composed of Michael W. Yackira (Chair), Thomas C. O'Connor and Norman J. Szydlowski. The board of directors has designated all three members of the audit committee as financial experts. The audit committee assists the board of directors in its oversight of the integrity of our financial statements and our compliance with related legal and regulatory requirements, corporate policies and controls. The audit committee has the sole authority to retain and terminate our independent registered public accounting firm, approve all auditing services and related fees and the terms thereof, and pre-approve any non-audit services to be rendered by our independent registered public accounting firm. The audit committee is also responsible for confirming the independence and objectivity of our independent registered public accounting firm. Our independent registered public accounting firm is given unrestricted access to the audit committee. The audit committee met on a quarterly basis in 2016, and at such meetings met regularly with PricewaterhouseCoopers LLP, the Partnership's independent registered public accounting firm, both privately and in the presence of management. A more detailed description of the audit committee's duties and responsibilities is contained in the audit committee charter, a copy of which is available on the Partnership's website at <http://www.8point3energypartners.com>.

Conflicts Committee

The conflicts committee is composed of Thomas C. O'Connor (Chair), Norman J. Szydlowski and Michael W. Yackira. The conflicts committee determines if the resolution of any conflict of interest referred to it by our general partner is in the best interests of our partnership. There is no requirement that our general partner seek the approval of the conflicts committee for the resolution of any conflict. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, may not hold an ownership interest in the general partner or its affiliates other than our Class A shares, including shares or awards under any long-term incentive plan, equity compensation plan or similar plan implemented by the general partner or the partnership, and must meet the independence and experience standards established by the NASDAQ and the Exchange Act to serve on an audit committee of a board of directors. Any matters approved by the conflicts committee in good faith will be deemed to be approved by all of our partners and not a breach by our general partner of any duties it may owe us or our shareholders. Any shareholder challenging any matter approved by the conflicts committee will have the burden of proving that the members of the

conflicts committee did not subjectively believe that the matter was in the best interests of our partnership. Moreover, any acts taken or omitted to be taken by our general partner in reliance upon the advice or opinions of experts such as legal counsel, accountants, appraisers, management consultants and investment bankers, where our general partner (or any members of our general partner's board of directors, including any member of the conflicts committee) reasonably believes the advice or opinion to be within such person's professional or expert competence, will be conclusively presumed to have been done or omitted in good faith.

Project Operations Committee

The project operations committee is composed of two directors, one designated by each Sponsor. The project operations committee is composed of Alexander R. Bradley and Ty P. Daul. Unless otherwise prescribed by the general partner's board of directors or delegated to the officers of our general partner, the project operations committee is delegated the authority to make certain decisions related to the operation of our projects up to certain risk and economic thresholds, including in respect of annual budgets, project financings, asset dispositions and certain other material transactions. Any action by the project operations committee will require unanimous consent and to the extent the directors on the project operations committee do not unanimously agree on any matter and are unable to resolve such disagreement, either director may refer the matter to the full board of directors of our general partner.

Compensation Committee Interlocks and Insider Participation

The listing rules of NASDAQ do not require us to maintain, and we do not maintain, a compensation committee.

Code of Business Conduct and Code of Ethics

We have adopted a Code of Business Conduct and Ethics applicable to all employees, directors and officers. Our Code of Business Conduct and Ethics covers topics including, but not limited to, conflicts of interest, insider dealing, competition, discrimination and harassment, confidentiality, bribery and corruption, sanctions and compliance procedures. Our Code of Business Conduct and Ethics is posted on the "Corporate Governance" section of our website.

Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the directors and executive officers of our general partner and persons who own more than 10 percent of a registered class of our equity securities, to file reports of beneficial ownership on Form 3 and changes in beneficial ownership on Forms 4 or 5 with the SEC. Based on our review of the reporting forms and written representations provided to us from the persons required to file reports, we believe that each of the directors and executive officers of our general partner and persons who own more than 10 percent of a registered class of our equity securities has complied with the Section 16 reporting requirements for transactions in our securities during the fiscal year ended November 30, 2016, except that the following reports were filed late: one Form 4 relating to a grant of an unrestricted share award to Thomas C. O'Connor; one Form 4 relating to a grant of an unrestricted share award to Norman J. Szydlowski; and one Form 4 relating to a grant of an unrestricted share award to Michael W. Yackira.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

We have paid no cash or other compensation to our executive officers since our inception. Because our general partner's executive officers are employed by our Sponsors, compensation of the executive officers is set and paid by our Sponsors. Our general partner has not entered into any employment agreements with any of its executive officers. Compensation for our general partner's executive officers was determined and structured under our Sponsors'

respective compensation programs. Our Sponsors provide us with various general administrative services, such as legal, accounting, tax, treasury, and other related support services pursuant to the MSAs, for which we pay management service fees. Our general partner's executive officers, as well as the employees of our Sponsors who provide services to us, may participate in employee benefit plans and arrangements sponsored by our Sponsors, including plans that may be established in the future, and certain of such officers and employees of our Sponsors who provide services to us currently hold grants under each Sponsor's respective equity incentive plans and retained these grants after the completion of the IPO.

Our general partner adopted the 8point3 General Partner, LLC Long-Term Incentive Plan (the "LTIP") on our behalf for (i) the employees of our general partner and its affiliates who perform services for us, (ii) the non-employee directors of our general partner and (iii) the consultants who are natural persons and perform services for us. Awards under the LTIP may consist of unrestricted shares, restricted shares, restricted share units, options and share appreciation rights. The LTIP limits the number of shares that may be delivered pursuant to awards (subject to any adjustment due to recapitalization, reorganization or a similar event permitted under the

LTIP) to 2,000,000 Class A shares. The LTIP provides that no director may receive awards in any calendar year with a grant date value in excess of \$250,000. Shares that are forfeited or withheld to satisfy exercise price or tax withholding obligations are available for delivery pursuant to other awards. As of January 23, 2017, the awards under the LTIP have only been granted to the non-employee directors of our general partner. The table below in “—Non-Employee Director Compensation” sets forth the Class A shares granted in 2016 to the non-employee directors.

Compensation Committee Report

The board of directors of our general partner does not have a compensation committee. The board of directors of our general partner, acting in lieu of a compensation committee, has reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion, the board of directors of our general partner recommended that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

By the members of the board of directors of our general partner:

Charles D. Boynton

Alexander R. Bradley

Ty P. Daul

Thomas C. O’Connor

Norman J. Szydowski

Mark R. Widmar

Michael W. Yackira

Compensation Committee Interlocks and Insider Participation

As discussed above, the board of directors of our general partner does not have a compensation committee. If any compensation is to be paid to our general partner’s executive officers, the compensation would be reviewed and approved by the board of directors of our general partner because it performs the functions of a compensation committee in the event such committee is needed. Since the completion of the IPO on June 24, 2015, none of the directors or executive officers of our general partner served as a member of a compensation committee of another entity that has or has had an executive officer who served as a member of the board of directors of our general partner during fiscal 2016.

Compensation of Directors

Directors of our general partner who are salaried employees of our Sponsors or any of their subsidiaries do not receive any additional compensation for serving as a director or committee member of our general partner's board. The independent directors serving on our general partner's board receive an annual cash retainer of \$75,000 and a number of our Class A shares determined by dividing \$75,000 by the closing price of our Class A shares on the grant date, with any fractional shares paid in cash. Both the cash and stock portions of the annual retainer are paid in quarterly installments. In addition, the Chair of the audit committee and the Chair of the conflicts committee each receive an annual cash retainer of \$20,000, which is payable in quarterly installments.

Each director is fully indemnified by us for actions associated with being a director to the fullest extent permitted under Delaware law under a director indemnification agreement and our Partnership Agreement.

Non-Employee Director Compensation

The following table sets forth the compensation paid to non-employee directors for service as a member of the board of directors of our general partner for fiscal 2016:

Name	Fees Earned or Paid in Cash	Unit Awards	Option Awards	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Michael W. Yackira (a)	\$95,000	\$75,000	—	—	—	\$170,000
Thomas C. O'Connor (b)	\$95,000	\$75,000	—	—	—	\$170,000
Norman J. Szydowski (c)	\$75,000	\$75,000	—	—	—	\$150,000

(a) Mr. Yackira was granted 5,133 Class A shares in 2016 with a grant date fair value of \$75,000.

(b) Mr. O'Connor was granted 5,133 Class A shares in 2016 with a grant date fair value of \$75,000.

(c) Mr. Szydowski was granted 5,133 Class A shares in 2016 with a grant date fair value of \$75,000.

Long-Term Incentive Plan

Our general partner adopted the LTIP, on our behalf for (i) the employees of our general partner and its affiliates who perform services for us, (ii) the non-employee directors of our general partner and (iii) the consultants who are natural persons and perform services for us. Awards under the LTIP may consist of unrestricted shares, restricted shares, restricted share units, options and share appreciation rights. The LTIP limits number of shares that may be delivered pursuant to awards (subject to any adjustment due to recapitalization, reorganization or a similar event permitted under the LTIP) to 2,000,000 Class A shares. The LTIP provides that no director may receive awards in any calendar year with a grant date value in excess of \$250,000. Shares that are forfeited or withheld to satisfy exercise price or tax withholding obligations are available for delivery pursuant to other awards.

The LTIP is administered by the board of directors of our general partner, unless the full board of directors appoints an alternative committee under the LTIP. For the remainder of this section the applicable plan administrator will be referred to as the “committee.” The board of directors or the committee may authorize a committee of one or more members of the board of directors to grant awards pursuant to such conditions or limitations as the board of directors or the committee may establish. The committee may also delegate to the Chief Executive Officer and to other employees of our general partner (i) the authority to grant individual awards to consultants and to employees who are not subject to Section 16(b) of the Exchange Act and (ii) other administrative duties under the LTIP pursuant to such conditions or limitations as the committee may establish.

The committee has full power and authority to: (i) designate participants; (ii) determine the type or types of awards to be granted to a participant; (iii) determine the number of shares to be covered by awards; (iv) determine the terms and conditions of any award; (v) determine whether, to what extent, and under what circumstances awards may be settled, exercised, canceled, or forfeited; (vi) interpret and administer the LTIP and any instrument or agreement relating to an award made under the LTIP; (vii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the LTIP; and (viii) make any other determination and take any other action that the committee deems necessary or desirable for the administration of the LTIP.

The committee may, in its discretion, provide for the extension of the exercisability of an award, accelerate the vesting or exercisability of an award, eliminate or make less restrictive any restrictions applicable to an award, waive any restriction or other provision of this LTIP or an award or otherwise amend or modify an award or award agreement in any manner that is either (i) not materially adverse to the Participant to whom such award was granted or (ii) consented to by such Participant.

The board of directors of our general partner has the right to terminate or amend the LTIP or any part of the LTIP from time to time, including increasing the number of shares that may be granted, subject to shareholder approval as may be required by the exchange upon which the Class A shares are listed at that time, if any. No change may be made in any outstanding grant that would materially reduce the benefits of the participant without the consent of the participant. The LTIP will expire upon the earliest of the date established by the board of directors or the committee, June 24, 2025 or the date that no shares remain available under the LTIP for awards. Upon termination of the LTIP, awards then outstanding will continue pursuant to the terms of their grants.

Class A shares to be delivered in settlement of awards under the LTIP may be newly issued Class A shares, Class A shares acquired in the open market, Class A shares acquired from any other person, or any combination of the foregoing.

Awards

Awards under the LTIP serve as a means of incentive compensation for performance and not primarily as an opportunity to participate in the equity appreciation of our Class A shares. Therefore, participants will not pay any consideration for the Class A shares they receive, and we will receive no remuneration for the shares. The following types of awards are available for issuance under the LTIP.

Unrestricted Shares. An unrestricted share is a Class A share that is fully vested upon grant and is not subject to forfeiture. The committee shall have the discretion to determine the employees, consultants and directors to whom unrestricted shares shall be granted and the number of shares to be granted.

Restricted Shares. A restricted share is a Class A share that vests over a period of time and that during such time is subject to forfeiture. In the future, the committee may determine to make grants of restricted shares under the LTIP to eligible employees and directors containing such terms as the committee determines. The committee determines the period over which restricted shares granted to participants will vest. The committee, in its discretion, may base its determination upon the achievement of performance metrics. Distributions made on restricted shares may be subjected to the same vesting provisions as the restricted share.

Restricted Share Units. A restricted share unit entitles the grantee to receive a Class A share upon the vesting of the restricted share unit or, in the discretion of the plan administrator, cash equivalent to the value of a Class A share. The plan administrator may make grants of restricted share units under the plan containing such terms as the plan administrator shall determine, including the period over which restricted share units granted will vest. The plan administrator, in its discretion, may base its determination upon the achievement of specified financial or other performance objectives.

The committee, in its discretion, may grant distribution equivalent rights (“DERs”), with respect to a restricted share unit. DERs entitle the grantee to receive an amount in cash equal to the cash distributions made on a Class A share during the period the related award is outstanding. The committee establishes whether the DERs are paid currently, when the tandem restricted share unit vests or on some other basis.

Options. An option provides a participant with the option to acquire Class A shares at a specified price. The purchase price per share purchasable under an option shall be determined by the committee at the time the option is granted, provided such purchase price will not be less than the fair market value of the Class A shares on the date of grant. The committee has the authority to determine to whom options will be granted, the number of Class A shares to be covered by each grant, and the conditions and limitations applicable to the exercise of the option. Options may be exercised in the manner and at such times as the committee determines for each option. The committee determines the methods and form of payment for the exercise price of an option and the methods and forms in which Class A shares will be delivered to a participant.

Share Appreciation Rights. A share appreciation right is an award that, upon exercise, entitles the holder to receive the excess, if any, of the fair market value of a Class A share on the exercise date over the grant price of the share appreciation right. The excess may be paid in cash and/or in Class A shares, as determined by the committee in its discretion. The exercise price of a share appreciation right will be determined by the committee at the time the share appreciation right is granted, but each share appreciation right must have an exercise price that is not less than the fair market value of the underlying Class A share on the date of grant. The committee will have the authority to determine to whom share appreciation rights will be granted, the number of Class A shares to be covered by each grant, and the conditions and limitations applicable to the exercise of the share appreciation right. The committee determines the time or times at which a share appreciation right may be exercised in whole or in part.

Other LTIP Provisions

Tax Withholding. Unless other arrangements are made, our general partner and its affiliates will be authorized to withhold from any award, from any payment due under any award, or from any compensation or other amount owing to a participant the amount (in cash, shares, shares that would otherwise be issued pursuant to such award, or other property) of any applicable taxes payable with respect to the grant of an award, its settlement, its exercise, the lapse of restrictions applicable to an award or in connection with any payment relating to an award or the transfer of an award and to take such other actions as may be necessary to satisfy the withholding obligations with respect to an award.

Adjustments. Upon the occurrence of certain transactions or events affecting the Class A shares, the committee may make certain adjustments to awards under the LTIP; provided, however, that no adjustment will be made in a manner that results in noncompliance with the requirements of Section 409A of the Code, to the extent applicable.

Transferability of Awards. Awards are only exercisable by or payable to the participant during the participant’s lifetime, or by the person to whom the participant’s rights pass by will or the laws of descent and distribution. No award or right granted under the LTIP may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered and any such purported transfer shall be void and unenforceable. Notwithstanding the foregoing, the committee may, in its discretion, allow a participant to transfer an award without consideration to an immediate family

member or a related family trust, limited partnership, or similar entity on the terms and conditions established by the committee from time to time.

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information about the Partnership's Class A Shares that may be issued under all existing equity compensation plans as of November 30, 2016.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Awards, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Awards, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by			
security holders	22,680	N/A	1,977,320
Equity compensation plans not approved by			
security holders	—	N/A	—
Total	—	N/A	—

The following table sets forth the beneficial ownership of our Class A shares as of January 23, 2017, held by:

- each person known by us to be a beneficial owner of more than 5% of the Class A shares;
- each of the directors of our general partner;
- each of our general partner's named executive officers; and
- all of our general partner's directors and executive officers as a group.

The amounts and percentage of Class A shares beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. Except as indicated by footnote, the persons named in the table below have sole voting

and investment power with respect to all of the Class A and Class B shares shown as beneficially owned by them, subject to community property laws where applicable.

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Percentage of total Class A shares beneficially owned is based on 28,072,680 Class A shares outstanding as of January 23, 2017. Percentage of total Class B shares beneficially owned is based on 51,000,000 Class B shares outstanding as of January 23, 2017.

Name of Beneficial Owner (1)	Percentage of Class A Shares Beneficially Owned				Percentage of Class B Shares Beneficially Owned		
	Class A Shares Beneficially Owned	Percentage of Class A Shares Beneficially Owned	Class B Shares Beneficially Owned	Percentage of Class B Shares Beneficially Owned	Class B Shares Beneficially Owned	Percentage of Class B Shares Beneficially Owned	Class B Shares Beneficially Owned
First Solar (2)	—	—	22,116,925	43.4 %	28.0 %		
SunPower (3)	—	—	28,883,075	56.6 %	36.5 %		
Wellington Management Group LLP (4)	2,622,308	9.3 %	—	—	3.3 %		
Oceanic Investment Management Limited (5)	1,973,334	7.0 %	—	—	2.5 %		
Citadel Advisors LLC (6)	1,088,965	3.9 %	—	—	1.4 %		
Charles D. Boynton	17,668	*	—	—	*		
Bryan Schumaker	2,158	*	—	—	*		
Mandy Yang	—	—	—	—	—		
Jason E. Dymbort	1,600	*	—	—	*		
Natalie F. Jackson	—	—	—	—	—		
Max Gardner	—	—	—	—	—		
Alexander R. Bradley	—	—	—	—	—		
Ty P. Daul	7,500	*	—	—	*		
Thomas C. O'Connor	14,060	*	—	—	*		
Norman J. Szydlowski	11,560	*	—	—	*		
Mark R. Widmar	—	—	—	—	*		
Michael W. Yackira	20,060	*	—	—	*		
All directors and executive officers as a group (12 persons)	74,606	*	—	—	*		

*Less than 1%.

(1) Unless otherwise indicated, the address for all beneficial owners in this table is c/o 8point3 Energy Partners LP, 77 Rio Robles, San Jose, California 95134.

(2) As of January 23, 2017, First Solar held 22,116,925 Class B shares that provide First Solar with an aggregate number of votes on certain matters that may be submitted for a vote of our shareholders that is equal to the aggregate number of OpCo common units and OpCo subordinated units of OpCo held by First Solar on the relevant record date. Please read “Item 1. Business—Overview.”

(3) As of January 23, 2017, SunPower held 28,883,075 Class B shares that provide SunPower with an aggregate number of votes on certain matters that may be submitted for a vote of our shareholders that is equal to the aggregate number of OpCo common units and OpCo subordinated units of OpCo held by SunPower on the relevant record date. Please read “Item 1. Business—Overview.”

- (4) Based on information provided by Wellington Management Group LLP, c/o Wellington Management Company LLP, 280 Congress Street, Boston, MA 02210, in a Schedule 13G filed with the SEC on July 10, 2015 reporting beneficial ownership as of June 30, 2015. According to such Schedule 13G, Wellington Management Group LLP has shared voting power with respect to 1,803,908 shares and shared dispositive power with respect to 2,622,308 shares.
- (5) Based on information provided by Oceanic Investment Management Limited, St. George's Court, 2nd Floor, Upper Church Street Limited, Douglas, Isle of Man IM1 1EE, in a Schedule 13G/A filed with the SEC on January 22, 2016 reporting beneficial ownership as of January 21, 2016. According to such Schedule 13G/A, Oceanic Investment Management Limited has shared voting and shared dispositive power with respect to 1,973,334 shares.
- (6) Based on information provided by Citadel Advisors LLC, c/o Citadel LLC, 131 S. Dearborn Street, 32nd Floor, Chicago, Illinois 60603, in a Schedule 13G filed with the SEC on June 26, 2015 reporting beneficial ownership as of June 19, 2015. According to such Schedule 13G, Citadel Advisors LLC has shared voting and shared dispositive power with respect to 1,088,965 shares.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Certain Relationships and Related Party Transactions

As of November 30, 2016, our general partner and its affiliates, including our Sponsors, collectively owned 51,000,000 Class B shares in the Partnership, with SunPower and First Solar owning 28,883,075 and 22,116,925 Class B shares, respectively, and together owned a noncontrolling 64.5% limited liability company interest in OpCo. Transactions with our general partner and its affiliates, including our Sponsors, are considered to be related party transactions because our general partner and its affiliates own more than five percent of our equity interests. In addition, Mr. Boynton serves as an executive officer of both SunPower and our general partner.

Distributions and Payments to our General Partner and its Affiliates

OpCo will generally make cash distributions to its unitholders pro rata, including our Sponsors (as holders of an aggregate of 15,500,000 OpCo's common units and all of OpCo's subordinated units). In addition, if distributions exceed OpCo's established minimum quarterly distribution and target distribution levels, the incentive distribution rights held by Holdings will entitle Holdings to increasing percentages of the distributions, up to 50 percent of the distributions above the highest target distribution level.

Assuming OpCo pays the full minimum quarterly distributions on all of its outstanding common and subordinated units for four quarters in 2017, our general partner and its affiliates, including our Sponsors, would receive an annual distribution of approximately \$42.8 million on their common and subordinated units. For the four quarters in 2016, our general partner and its affiliates, including our Sponsors, received annual distributions of \$12.3 million on their common and subordinated units. As a result of the distribution forbearance that our Sponsors agreed to in connection with the IPO, the amount of distributions foregone by the Sponsors through May 31, 2016 was \$42.4 million. Please read Part II, Item 5. "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Distributions of Available Cash—Distributions of Available Cash by OpCo—Forbearance Period."

Pursuant to our Partnership Agreement, we will reimburse our general partner and its affiliates, including our Sponsors, for costs and expenses they incur and payments they make on our behalf. Pursuant to the MSAs (described below), OpCo, on behalf of itself, our general partner and us, initially pays each Service Provider an annual management fee equal to \$600,000, in the case of the First Solar MSA, and \$1,100,000, in the case of the SunPower MSA, which amounts shall be adjusted annually for inflation. The management fee is paid in monthly installments. Each of these payments will be made prior to making any distributions on OpCo's units.

Agreements with our Sponsors

We, OpCo and our general partner have entered into various agreements with our Sponsors. Below is a description of these agreements.

2016 Acquisitions

We entered into the following acquisition agreements in fiscal 2016:

- On January 26, 2016, OpCo and SunPower entered into a purchase, sale and contribution agreement, which was amended on September 28, 2016 and November 30, 2016, pursuant to which OpCo agreed to acquire an interest in the Kern Project for aggregate consideration of up to \$36.6 million in cash.
- On March 31, 2016, OpCo and a subsidiary of First Solar entered into a purchase and sale agreement, pursuant to which OpCo agreed to acquire an interest in the Kingbird Project for aggregate consideration of \$60.0 million in cash.
- On March 31, 2016, OpCo and a subsidiary of SunPower entered into a contribution agreement, pursuant to which OpCo agreed to acquire an interest in the Hooper Project for aggregate consideration of \$53.5 million in cash.
- On June 29, 2016, OpCo and a subsidiary of SunPower entered into a contribution agreement, pursuant to which OpCo agreed to acquire an interest in the Macy's Maryland Project for aggregate consideration of \$12.0 million in cash.
- On September 20, 2016, OpCo and a subsidiary of SunPower entered into a contribution agreement, pursuant to which OpCo agreed to acquire a 49% interest in the Henrietta Project for \$134.0 million in cash.
- On November 11, 2016, OpCo and a subsidiary of First Solar entered into a purchase and sale agreement, pursuant to which OpCo agreed to acquire a 34% interest in the Stateline Project for \$329.5 million.

For further details regarding these acquisitions, please read Part I, Item 1. “Business—Utility Projects,” Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 3—Business Combinations—2016 Acquisitions” and Part II, Item 8. “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 17—Subsequent Events.”

O&M Agreements

Certain Project Entities and certain other subsidiaries have entered into O&M agreements with First Solar or SunPower affiliates, as applicable. Under the terms of the O&M agreements, such affiliates have agreed to provide a variety of operation,

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maintenance and asset management services, and certain performance warranties or availability guarantees, to our Project Entities in exchange for fixed annual fees, which are subject to certain adjustments.

First Solar Projects

The below-listed Project Entities have each entered into O&M agreements with First Solar Electric (California), Inc., a wholly-owned indirect subsidiary of First Solar (“FSEC”), dated as of the following dates:

Party	Date	Initial Term
Blackwell Project Entity	April 15, 2015	10 Years (1)
Kingbird Solar A, LLC	February 26, 2016	10 Years (2)
Kingbird Solar B, LLC	February 26, 2016	10 Years (2)
Lost Hills Project Entity	April 15, 2015	10 Years (1)
North Star Project Entity	April 30, 2015	10 Years (1)
Solar Gen 2 Project Entity	October 22, 2014	10 Years (1)
Stateline Project Entity	August 31, 2016	10 Years (1)

(1) The parties may elect upon mutual agreement to extend the term for up to two additional five-year renewal terms.

(2) The parties may elect, upon mutual agreement, to extend the term for up to two additional four-year renewal terms.

Pursuant to each O&M agreement with FSEC, FSEC provides customary day-to-day facility and O&M services to the applicable Project Entity. FSEC’s obligations under the O&M agreements are supported by a parent guaranty agreement issued by First Solar for the benefit of the relevant Project Entity party thereto. As consideration for the performance of O&M services under these O&M agreements, FSEC receives an annual service fee, paid in quarterly installments, subject to an annual escalator. Additionally, each applicable Project Entity is required to pay FSEC a one-time mobilization fee under its O&M agreement. For the year ended November 30, 2016, FSEC received a total of approximately \$363,252 in compensation under its O&M agreements with our Project Entities (including reimbursement of expenses).

SunPower Projects

The below-listed Project Entities have each entered into O&M agreements with SunPower Systems, dated as of the following dates:

Party	Date	Initial Term
Kern Project Entity	January 22, 2016	10 Years (1)
Henrietta Project Entity	October 14, 2015	5 Years (2)
Hooper Project Entity	March 24, 2015	5 Years (2)
Macy's California Project Entities	June 19, 2015	10 Years (1)
Macy's Maryland Project Entity	May 6, 2016	10 Years (1)
Quinto Project Entity	October 6, 2014	5 Years (2)
RPU Project Entity	June 8, 2015	10 Years (1)
UC Davis Project Entity	June 19, 2015	10 Years (1)

(1) Term is automatically extended for successive two-year periods, unless terminated in writing by the applicable Project Entity. For services performed during the final year of the initial term and, if applicable, the final year of each renewal term, SunPower Systems provides a one-year warranty that such services will be performed in good and workmanlike manner and will be free from defects in workmanship, and that any repaired or replaced items will be free from defects for one year from the date of such repair or replacement.

(2) Term is renewable for three additional five-year periods at the option of the applicable Project Entity (subject to certain exceptions related to defaults by such Project Entity or disputes between the parties).

Pursuant to each O&M agreement with SunPower Systems, SunPower Systems provides customary day-to-day facility and O&M services to the applicable Project Entity. As consideration for the performance of O&M services under these O&M agreements, SunPower Systems receives a fixed annual fee paid in quarterly installments. Additionally, each such Project Entity is also responsible for paying SunPower Systems for any additional services and emergency services. For the year ended November 30, 2016, SunPower Systems received a total of approximately \$2,812,284 in compensation under its O&M agreements with the Project Entities listed in the above chart (including reimbursement of expenses).

Residential Portfolio

On May 4, 2015, our Residential Portfolio entered into a Maintenance Services Agreement (the “Residential Portfolio Maintenance Agreement”) with SunPower Systems. Under the Residential Portfolio Maintenance Agreement, SunPower Systems maintains the projects under each customer lease and guarantees that each project in the Residential Portfolio that is subject to a lease agreement will produce a range of kilowatt hours of electric energy equivalent to SunPower Systems’ estimate of the amount of electricity the project produces in each guarantee year. The term of the Residential Portfolio Maintenance Agreement is concurrent with each customer lease in the Residential Portfolio.

The Residential Portfolio Project Entity compensates SunPower Systems on a monthly per lease basis, the amount of which fee escalates at an agreed annual rate as set forth in the Residential Portfolio Maintenance Agreement. To the extent a lease is extended, the applicable monthly fee under this agreement is subject to the mutual agreement of SunPower Systems and the Residential Portfolio Project Entity. For the year ended November 30, 2016, SunPower Systems received a total of approximately \$598,102 in compensation under the Residential Portfolio Maintenance Agreement.

Asset Management Agreements

First Solar Projects

The below-listed wholly owned subsidiaries of OpCo have each entered into AMAs with First Solar Asset Management, LLC, a wholly-owned direct subsidiary of First Solar (“FSAM”), dated as of the following dates:

Party	Project	Date	Initial Term (1)
FSAM DS Holdings, LLC	Stateline Project	August 31, 2015	One Year
FSAM Lost Hills	Lost Hills Project	June 17, 2015	One Year
Blackwell Holdings, LLC	Blackwell Project		
FSAM NS Holdings, LLC	North Star Project	June 17, 2015	One Year
FSAM SG2 Holdings, LLC	Solar Gen 2 Project	June 17, 2015	One Year
Kingbird Solar, LLC	Kingbird Project	February 6, 2016	Ten Years
Maryland Solar Project Entity	Maryland Solar Project	June 17, 2015	One Year

(1)Term is automatically extended annually unless otherwise terminated.

Under each AMA, FSAM will provide, or cause an affiliate or a third-party subcontractor to provide, services to the applicable First Solar Project Entity including (among others):

- accounting and preparing financial books and records;
- filing tax returns (if applicable);
- preparing budgets and financial projections;
- preparing reports;
- billing and accounts payable;
- legal and regulatory compliance oversight; and
 - executive management and oversight and corporate governance services.

The services to be provided to the Maryland Solar Project Entity are of a more limited scope during the term of the MD Solar Lease Agreement, since the project is operated by the lessee during such period. In consideration for providing the above services, the relevant First Solar Project Entity is required to pay FSAM a fixed annual fee, in quarterly installments. Such fee is subject to an escalator. For the year ended November 30, 2016, FSAM received a total of approximately \$365,184 in compensation under its AMAs with OpCo's subsidiaries.

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SunPower Projects

The below-listed subsidiaries of OpCo have each entered into AMAs with SunPower Capital, dated as of the following dates:

Party	Project	Date	Term
Kern Project Entity	Kern Project	January 22, 2016	One Year (1)
Parrey Class B Member, LLC	Henrietta Project	September 29, 2016	Continuous (unless otherwise terminated)
Hooper Project Entity	Hooper Project	February 10, 2015	One Year (1)
Macy's California Project Entities	Macy's California Project	June 19, 2015	One Year (1)
Macy's Maryland Project Entity	Macy's Maryland Project	May 6, 2016	One Year (1)
Quinto Project Entity	Quinto Project	October 6, 2014	One Year (1)
RPU Project Entity	RPU Project	June 8, 2015	One Year (1)
UC Davis Project Entity	UC Davis Project	June 19, 2015	One Year (1)

(1)Term is automatically extended annually unless otherwise terminated.

The terms of the AMAs with SunPower Capital are set forth below. For the year ended November 30, 2016, SunPower Capital received a total of approximately \$501,945 in compensation under its AMAs with the subsidiaries of OpCo listed in the above chart.

Henrietta Project

Pursuant to the applicable AMA, SunPower Capital provides management services to Parrey Class B Member, LLC, including the following:

- performing cash management, billing and collection services;
- maintaining the Parrey Class B Member, LLC's bank accounts;
- maintaining and completing accurate financial books and records of Parrey Class B Member, LLC;
- maintaining records of Parrey Class B Member, LLC's limited liability company documents;
 - completing all federal, state and utility mandated reporting requirements; and
- supervising the preparation of tax returns.

As consideration for the performance of services under the applicable AMA, SunPower Capital receives a fixed annual fee paid in quarterly installments.

Hooper and Quinto Projects

Pursuant to the applicable AMAs with the Hooper Project Entity and the Quinto Project Entity, SunPower Capital provides management services to such Project Entities, including the following:

- development and operations at the projects;
- supervising and monitoring SunPower Systems with respect to the applicable projects' O&M agreements;

- performing cash management, billing and collection services;
- maintaining each Project Entity's bank accounts;
- maintaining and completing accurate financial books and records of the operations of each project and Project Entity;
- maintaining records of each Project Entity's limited liability company documents;
- monitoring each Project Entity's compliance with the terms and conditions of the financing documents, lease, site agreements and all other project documents;
- maintaining insurance for each Project Entity and coordinating insurance claims;
- procuring and maintaining governmental approvals for each project and Project Entity;
- completing all federal, state and utility mandated reporting requirements;

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- preparing status reports relating to each project's operations;
- supervising the preparation of tax returns; and
- preparing proposed budgets for management, compliance servicing and monitoring costs and services associated with each project.

As consideration for the performance of the services under the applicable AMAs, SunPower Capital receives a fixed annual fee paid in quarterly installments. SunPower Capital is also entitled to be reimbursed for costs actually incurred by SunPower Capital in the performance of its duties in accordance with an approved budget, including overhead and internal expense and amounts due to subcontractors. With respect to the AMA for the Quinto Project, beginning on the fifth full quarter of the term, the service fee will be increased annually by the greater of two and one half percent (2.5%) or the increase in the U.S. Department of Labor's Employment Cost Index.

Kern, Macy's California, Macy's Maryland, RPU and UC Davis Projects

Pursuant to the applicable AMAs with the Kern Project Entity, the Macy's California Project Entities, the Macy's Maryland Project Entity, the RPU Project Entity and the UC Davis Project Entity, SunPower Capital provides management services to such Project Entities, including the following:

- providing facility development and operations services at the projects;
 - providing cash management, billing services and collection services with respect to the projects;
- providing accounting and banking services;
- providing owner record keeping and monitoring services;
- providing insurance;
- procuring and maintaining necessary governmental approvals;
- satisfying all reporting requirements for the projects;
- supervising the preparation and filing of financial statements;
- supervising the preparation and filing of tax returns;
- preparing or filing limited liability company documents for the projects; and
- maintaining full, complete and otherwise adequate books of accounts and such other records as are necessary to reflect operations of the facility in accordance with prudent management practices and U.S. GAAP.

As consideration for the performance of management services under the applicable AMAs, SunPower Capital receives a fixed annual fee paid in equal quarterly installments. With respect to the AMAs for the Kern Project, the Macy's California Project, the Macy's Maryland Project and the UC Davis Project, beginning on the fifth full quarter of the term, the service fee will be increased annually by the greater of two and one half percent (2.5%) or the increase in the U.S. Department of Labor's Employment Cost Index. With respect to the AMA for the RPU Project, beginning on the fifth full quarter of the term, the service fee will be increased annually by the greater of three percent (3%) or the increase in the U.S. Department of Labor's Employment Cost Index.

These Project Entities are also responsible for reimbursing SunPower Capital for its actual costs reasonably incurred in performance of its duties in accordance with an approved budget, including overhead and internal expense and amounts.

Residential Portfolio

Our Residential Portfolio entered into a Lease Servicing Agreement (the "Residential Portfolio Servicing Agreement"), dated as of May 4, 2015, with SunPower Capital, an affiliate of the Residential Portfolio Project Entity. Under the Residential Portfolio Servicing Agreement, SunPower Capital will perform services to administer each customer lease in our Residential Portfolio, which includes customary billing, accounting, and enforcement of the customer leases. The term of the Residential Portfolio Servicing Agreement is concurrent with each customer lease in the Residential

Portfolio. The Residential Portfolio Project Entity compensates SunPower Capital for these services with a monthly fee for each lease agreement then in effect, escalating annually in an amount equal to 2.5% of the fee paid for the preceding year. For the year ended November 30, 2016, SunPower Capital received a total of approximately \$521,949 in compensation under the Residential Portfolio Servicing Agreement.

Performance and Limited Warranties

First Solar Projects

The below-listed Project Entities have each entered into limited warranty agreements with First Solar, dated as of the following dates:

Party	Project	Date
Blackwell Project Entity	Blackwell Project	April 15, 2015
Kingbird Solar A, LLC	Kingbird Project	February 26, 2016
Kingbird Solar B, LLC	Kingbird Project	February 26, 2016
Lost Hills Project Entity	Lost Hills Project	April 15, 2015
North Star Project Entity	North Star Project	April 30, 2015
Solar Gen 2 Project Entity	Solar Gen 2 Project	October 22, 2014
Stateline Project Entity	Stateline Project	August 31, 2015

Under the applicable limited warranty agreements, First Solar has issued certain warranties regarding the solar modules for each of the projects listed in the above chart. Under the applicable limited warranty agreements for such projects, First Solar provides a ten-year limited warranty that (i) each module will be new and unused when originally installed at the projects pursuant to the applicable EPC contracts for such projects and (ii) each module will be free from defects in materials and workmanship, excluding degradation-related power output defects. In addition, First Solar provides a 25-year limited warranty that actual energy performance shall meet or exceed the projected energy output of the project, subject to a degradation factor of 3% (during the first year of such warranty), which shall increase by an additional 0.7% per year. Under this warranty, First Solar will not be responsible for reductions in energy performance attributable to reasons other than degradation in the performance of the solar modules. If a valid claim is made by a Project Entity under this warranty, First Solar will be required to repair or replace certain of the plant's modules in order to increase projected energy output to the warranted levels or may instead elect to pay the Project Entity liquidated damages.

In addition, the below-listed Project Entities have each entered EPC agreements with First Solar, dated as of the following dates:

Party	Project	Date
Kingbird Solar A, LLC	Kingbird Project	February 26, 2016
Kingbird Solar B, LLC	Kingbird Project	February 26, 2016
North Star Project Entity	North Star Project	April 30, 2015
Solar Gen 2 Project Entity	Solar Gen 2 Project	October 22, 2014
Stateline Project Entity	Stateline Project	August 31, 2015

Under these EPC agreements, FSEC (as contractor) provides a defect warranty, design warranty and installation services warranty, which generally commence on the substantial completion date and expire 12 months following such date. The defect warranty is a limited warranty that the project is (i) free from defects in materials and workmanship; (ii) new and unused when installed; (iii) in substantial conformance with the technical specifications set

forth in the applicable EPC contract; and (iv) of good quality and in good condition. These warranties are subject to certain carve-outs.

SunPower Projects

The below-listed Project Entities have each entered into performance warranty agreements with SunPower Systems, dated as of the following dates:

Party	Project	Date
Kern Project Entity	Kern Project	January 22, 2016
Henrietta Project Entity	Henrietta Project	October 14, 2015
Hooper Project Entity	Hooper Project	March 24, 2015
Macy's California Project Entities	Macy's California Project	June 19, 2015
Macy's Maryland Project Entity	Macy's Maryland Project	May 6, 2016
Quinto Project Entity	Quinto Project	October 6, 2014
RPU Project Entity	RPU Project	June 8, 2015
UC Davis Project Entity	UC Davis Project	June 19, 2015

Under the applicable performance warranty agreements, SunPower Systems guarantees to each Project Entity that the actual solar energy generation during each 24-month period shall not be less than 95% of the applicable project's expected (ac) electricity

generation for such period. To the extent that the applicable project generates less than the expected amount of electricity, SunPower Systems must compensate such Project Entity for performance liquidated damages. The performance agreements automatically terminate concurrent with the termination of the O&M Agreement for the applicable project.

In addition, the below-listed Project Entities have each entered into EPC agreements with SunPower Systems, dated as of the following dates:

Party	Project	Date
Kern Project Entity	Kern Project	January 22, 2016
Henrietta Project Entity	Henrietta Project	October 14, 2015
Hooper Project Entity	Hooper Project	March 24, 2015
Macy's California Project Entities	Macy's California Project	June 19, 2015
Macy's Maryland Project Entity	Macy's Maryland Project	May 6, 2016
Quinto Project Entity	Quinto Project	October 6, 2014
RPU Project Entity	RPU Project	June 8, 2015
UC Davis Project Entity	UC Davis Project	June 19, 2015

Under the applicable EPC contracts, SunPower Systems provides a limited warranty that the project is (i) free from defects in materials, construction, fabrication and workmanship; (ii) new and unused at the time of delivery (except for use as part of the project facility); (iii) in substantial conformance with the technical specifications set forth in the applicable EPC contract; and (iv) of good quality and in good condition. The defect warranty commences on the substantial completion date and expires on the second anniversary of such date. The defect warranty does not apply to damage or failure to the extent caused by:

- failure by the Project Entity or its representatives, agents or contractors to maintain the facility or perform the work in accordance with industry standards or the recommendations set forth in the manuals provided by SunPower Systems or any of its subcontractors or suppliers;
- operation of the facility in excess of or outside of the operating parameters or specifications as set forth in the applicable manuals provided by SunPower Systems or any of its subcontractors or suppliers;
- any repairs, adjustments, alterations, replacements or maintenance that may be required as a result of normal wear and tear;
- a force majeure event or a specifically excluded site condition as defined in the applicable EPC contract;
- site conditions that are materially non-conformant with the conditions referenced in pre-feasibility studies and other site information provided to SunPower Systems to complete its design work for the facility;
- damage caused by rodents, insects, other animals or plant life;
- any modifications or enhancement to the facility, or alterations, repairs or replacements performed by the Project Entity or its subsidiaries or affiliates (other than SunPower Systems or any of its subcontractors) made after the substantial completion date without the approval of SunPower Systems and not executed in accordance with the applicable manuals provided by SunPower Systems or any of its subcontractors or suppliers, applicable law, applicable codes and standards set forth in the applicable EPC contract, applicable permits or applicable practices of the utility-scale industry of the United States; or
- acts or omissions of the Project Entity or any subsidiary or affiliate thereof.

If a project covered by the warranty manifests a defect during the warranty period, SunPower Systems, at its own cost and expense, shall refinish, repair or replace, at its option, such non-conforming or defective part of such project as promptly as practical.

Additionally, pursuant to the applicable EPC contracts, SunPower has provided a limited module warranty that (i) the solar modules delivered pursuant to such EPC contracts are free from defects in materials and workmanship under normal application, installation, use and service conditions and (ii) the power output of the modules is at least 95% of the minimum peak power rating for the first five years, declining by no more than 0.4% per year for the following 20 years. The module warranty period begins on the substantial completion date of the applicable project.

The module warranty does not apply to:

modules subjected to: misuse, abuse, neglect or accident; alteration, improper installation, application or removal; non-observance of the applicable SunPower installation, users and/or maintenance instructions or non-compliance with

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national and local electric codes; repair or modifications by someone other than an approved service technician of SunPower; conditions exceeding the voltage, wind or snow load specifications; power failure surges, lightning, flood or fire; damage from persons, insects, animals or industrial chemical exposure; glass breakage from impact or other events outside of SunPower's control;

- cosmetic affects stemming from normal wear and tear of module materials or other cosmetic variations which do not cause power output lower than what is guaranteed by the module warranty;
- modules installed in locations which may be subject to direct contact with bodies of salt water;
- modules for which the labels containing product type or serial number have been altered, removed or made illegible;
- modules which have been moved from their original installation location without the express written approval of SunPower; or
- modules which have been installed on single-family homes or semi-detached homes.

If, during the module warranty period, any module fails to conform to the SunPower module warranty and any loss in power is determined by SunPower (in its sole discretion) not to have resulted from one of the excluded events described above, then SunPower will make all reasonable efforts to repair or replace the affected module with an electrically and mechanically compatible module with an equal or greater power rating. If repair or replacement is not commercially feasible, SunPower will refund the purchase price of the defective module as paid by the Project Entity.

Further, SunPower Systems has agreed to pass through to the applicable Project Entity warranties from identified third-party manufacturers, including an inverter warranty with a warranty term of five years following the substantial completion date.

Residential Portfolio

The Residential Portfolio Project Entity receives certain pass-through warranties from the installer of each PV system. Under the installer's warranty, the installer warrants that (i) for a period of one year following the applicable lease term start date, or if the system is located in Arizona for a period of two years following the applicable lease term start date, the system will be installed in the manner set forth in the applicable lease; (ii) for a period of ten years following the applicable lease term start date, under normal use and service conditions, the system will conform to the requirements of the applicable lease agreement upon the date of installation and will be free from defects in workmanship or defects in, or breakdown of, materials or components; and (iii) for a period beginning on the date the installer begins installation of the system and continuing through the longer of one year following the lease term start date or the length of any existing roof warranty up to but not exceeding five years, if in the course of installation work the installer is required to penetrate the roof of the premises and thereby cause damage to areas of the roof that are within a three-inch radius of roof penetrations, the installer will repair such damages. This warranty does not apply to any lost electricity production or any repair, replacement or correction required due to the following:

- someone other than the installer or a subcontractor specifically approved by the installer installed, constructed, tested, removed, re-installed or repaired the system;
- destruction or damage to the system or its ability to safely produce energy not caused by the installer or its approved subcontractor while servicing the system;
- any event or condition beyond the installer's control that is a force majeure event;
- a power or voltage surge caused by someone other than the installer, including a grid supply voltage outside of the standard range specified by the local utility or the system specifications or as a result of a local power outage or curtailment;
- shading from foliage that is new growth or is not kept trimmed to the same condition on the date the system was installed;
- any system failure not caused by a system defect; or
- theft of the system.

During the applicable warranty period, the installer will repair or replace any defective part, material or component or correct any defective workmanship at no cost or expense to the lessor or lessee when the lessor submits a valid claim. Additionally, on the applicable lease term start date, the installer agrees to assign to the lessor all limited warranties provided by the manufacturers of the system components.

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Shared Facilities Agreement

The North Star Project Entity entered into a shared facilities common ownership agreement (the “Shared Facilities Agreement”), with Little Bear Solar 1, LLC (“Little Bear 1”), Little Bear Solar 2, LLC (“Little Bear 2”) and First Solar Development, LLC (“FSD”). Each of Little Bear 1, Little Bear 2 and FSD are wholly-owned subsidiaries of First Solar. Little Bear 1 and Little Bear 2 are developing separate solar facilities in Fresno County, California. FSD may develop future electrical generating facilities in a similar location. Pursuant to the Shared Facilities Agreement, it is contemplated that the North Star Project, projects owned by Little Bear 1 and Little Bear 2 and certain potential future projects developed by FSD or its successors and assigns, may share ownership and usage of certain facilities in the operation of their respective projects in, and bear a pro rata share of the operating costs and expenses for such shared facilities corresponding to their respective ownership interests therein.

Maryland Solar Lease Arrangement

The Maryland Solar Project Entity entered into a lease agreement (the “MD Solar Lease Agreement”), with Maryland Solar Holdings, Inc. (the “Lessee”), an affiliate of First Solar. Under the MD Solar Lease Agreement, the Maryland Solar Project Entity leases the Maryland Solar Project to the Lessee. The MD Solar Lease Agreement has a lease term that expires on December 31, 2019 (unless terminated earlier as described below), and the Lessee is obligated to pay a fixed amount of rent.

Assignment of Leasehold Interests and Project Documents. The Maryland Solar Project Entity is a party to a ground lease for the Maryland Solar Project site with the State of Maryland. Concurrently with the MD Solar Lease Agreement, the Maryland Solar Project Entity subleased to the Lessee its leasehold interest under the ground lease pursuant to a sublease agreement for the term of the MD Solar Lease Agreement. In addition, the Maryland Solar Project Entity is a party to various project documents, including the PPA, O&M agreement and interconnection agreement for the Maryland Solar Project. The Maryland Solar Project Entity assigned these project agreements to the Lessee for the term of the MD Solar Lease Agreement, pursuant to a partial assignment and assumption agreement.

Operation and Maintenance. During the terms of the MD Solar Lease Agreement, the Maryland Solar Project continues to be operated and maintained by Belectric pursuant to the Maryland Solar O&M Agreement, at the Lessee’s cost. Except for alterations or improvements required under applicable law or the terms of the Maryland Solar Project agreements, the Lessee is prohibited from making any alterations, modifications, additions or improvements to the Maryland Solar Project without the prior written consent of the Maryland Solar Project Entity.

Credit Support. Under the terms of the MD Solar Lease Agreement, the Maryland Solar Project Entity is required to provide and maintain all credit support required to operate the Maryland Solar Project (including letters of credit and surety bonds), subject to reimbursement by the Lessee of the actual cost incurred by the Maryland Solar Project Entity in providing and maintaining such instruments.

Termination. The MD Solar Lease Agreement will terminate upon any termination of the power purchase agreement for the Maryland Solar Project or the site ground lease. Upon any such early termination, the Lessee is obligated to return the facility in its then current condition and location, without any warranties, and no rent shall thereafter be payable by the Lessee. Please read Part I, Item 1A. “Risk Factors—Risks Related to Our Project Agreements—We rely on a limited number of offtake counterparties and we are exposed to the risk that they are unwilling or unable to fulfill their contractual obligations to us or that they otherwise terminate their offtake agreements with us.”

In addition, either party has the right to terminate the MD Solar Lease Agreement upon the occurrence of certain specified events of default, including:

- a failure by the other party to pay amounts due when such failure to pay is not cured within the cure period;
 - a failure by the other party to perform any material obligation under the MD Solar Lease Agreement or the failure of any representation or warranty by the other party to be true and correct in any material respect (in each case, unless due to a force majeure event or attributable to a default by the other party), when such failure is not remedied within the applicable cure period;
 - certain bankruptcy or insolvency events related to the other party;
 - a final, non-appealable judgment is rendered against the other party that is not covered by an insurance policy and remains unsatisfied for a period of 60 days (unless such judgment is subject to indemnification or is being contested);
- or

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any of the MD Solar Lease documents become unenforceable against the other party or the performance of the material obligations of the other party under any of the MD Solar Lease documents is declared in a final non-appealable judgment by a court of competent jurisdiction to be illegal.

In addition, the Maryland Solar Project Entity has the right to terminate the MD Solar Lease Agreement if the Lessee (i) abandons the Maryland Solar Project and such abandonment is not remedied within a specified cure period or (ii) sells, leases or disposes all or substantially all of the Lessee's assets without the prior written consent of the Maryland Solar Project Entity.

Return of the Maryland Solar Project. At the end of the lease term, or upon an early termination of the MD Solar Lease Agreement, the Maryland Solar Project, the facility site and the project agreements assigned under the MD Solar Lease documents are expected to revert back to the Maryland Solar Project Entity. Subject to compliance by the Maryland Solar Project Entity with its obligations under the MD Solar Lease Agreement, including its obligation regarding replacement of equipment, property insurance and rebuilding upon a casualty, the Lessee is required to return the Maryland Solar Project free and clear of all liens and in good repair, operating condition and working order (other than ordinary wear and tear).

Management Services Agreements

We, our general partner, OpCo and Holdings have entered into an MSA with an affiliate of SunPower and a separate, but similar, MSA with an affiliate of First Solar, each as amended. Hereinafter we refer to such affiliates of SunPower and First Solar under the respective MSAs as "Service Providers". Under each MSA, the Service Provider agreed to provide or arrange for other persons, including affiliates of First Solar or SunPower, as appropriate, to provide certain management and administrative services to our general partner, OpCo, Holdings and us (each, under each MSA, a "Service Recipient").

The following is a summary of certain provisions of the MSAs and is qualified in its entirety by reference to all of the provisions of the agreement. Because this description is only a summary of each MSA, it does not necessarily contain all of the information that you may find useful. We therefore urge you to review each MSA in its entirety.

Services Rendered

Under its MSA, the SunPower Service Provider provides, or arranges for an appropriate service provider to provide, the following services:

- providing advice with respect to the carrying out of services to be delivered under the MSA with the First Solar Service Provider;
 - causing or supervising the carrying out of all day-to-day management of the below referenced services;
- preparing and coordinating the preparation of the approved budgets for the Service Recipients, including promptly notifying us of any material variances from the approved budget;
- collecting all payments due to the Service Recipients;
- arranging to pay on behalf of any Service Recipient any amounts required to be paid by such Service Recipient (including all expenses incurred by such Service Recipient or that are due and payable under contracts to which such Service Recipient is a party);
- approving invoices;
- responding to billing inquiries, disputes and late payments;
- collecting and reviewing monthly revenue reconciliation reports;
- administering such Service Recipient's cash management requirements under, and monitoring its compliance with the terms and conditions of, any financing document (including any revolving loan facility or term loan facility);

- collecting and transmitting required account set up information;
- managing foreign currency, if any;
- administering all hedging programs;
- assisting in the raising of funds and making recommendations regarding the same;
- maintaining each Service Recipient's deposit accounts at a bank or other financial institution;

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preparing and forwarding for deposit to the appropriate account payments received and a summary transmittal;
maintaining complete and accurate financial books and records of the operation of such Service Recipients;
instituting and maintaining an insurance program covering each Service Recipient's assets, including directors and officers insurance, and collecting, maintaining and distributing required insurance certificates;
filing insurance claims on behalf of each Service Recipient with the appropriate insurance carrier for any loss;
assisting in the distribution of any prospectus or offering memorandum and assisting with communications support in connection therewith;
assisting the Service Recipients in connection with communications with investors and lenders, including presentations, conference calls and other related matters, and investor relations generally;
managing the investor relations section of our website;
assisting our general partner in the administration of a long-term incentive plan;
satisfying all periodic reporting requirements (including any financial reporting requirements) of the Service Recipients; and
supervising the preparation and submission of unaudited U.S. GAAP balance sheets and statements of operations and annual audited financial statements for each Service Recipient.

These activities are subject to the supervision by the governing body of the relevant Service Recipient.

On January 20, 2017, the parties thereto amended the SunPower MSA to include Kingbird Solar, LLC and the Kingbird Project Entities under certain aspects of SunPower's scope of managerial services effective April 30, 2016 in return for the associated AMA fee payable by First Solar Asset Management.

Under its MSA, the First Solar Service Provider provides, or arranges for an appropriate service provider to provide, the following services:

providing advice with respect to the carrying out of services to be delivered under the MSA with the SunPower Service Provider;

- causing or supervising the carrying out of all day-to-day management of the below referenced services;

supervising the preparation and filing of all federal, state, city and county tax returns;
causing to be paid all taxes and other governmental charges;
performing additional tax-related services including the calculation of tax accounts, the determination of any tax reserves, the determination of a tax rate for planning and forecasting purposes and the handling of tax audits or other similar proceedings;
advising and providing assistance related to the development and maintenance of each Service Recipient's information technology system applications;
creating, hosting and maintaining Service Recipients' external website and managing our website (except for the investor relations section of our website);
advising and providing remote assistance to each Service Recipient related to design, maintenance and operation of the computing environment, including business and network applications;
negotiating contracts with third-party vendors and suppliers of network infrastructure and communications support;
managing the purchase and maintenance of information technology software and software services;
developing, and educating and training the user community regarding, management information systems procedures and policies;

providing internal audit, compliance and control services for each Service Recipient to comply with applicable law and regulations, including independent identification of risk factors, an evaluation of financial, managerial and operational controls throughout the business designed to address those risk factors and recommendations to improve related processes and controls; and

- summarizing all audit activities to the audit committee of our general partner.

These activities are subject to the supervision by the governing body of the relevant Service Recipient.

Management Fee

Under the MSAs, OpCo, on behalf of itself, our general partner and us, and Holdings, on behalf of itself, pays each Service Provider an annual management fee equal to \$600,000 and \$50,000, respectively, in the case of the First Solar MSA, and \$1,100,000 and \$50,000, respectively, in the case of the SunPower MSA, which amounts shall be adjusted annually for inflation. The management fee is paid in monthly installments.

Reimbursement of Expenses

In addition to the above-described management fees, to the extent not directly billed to OpCo, us or our general partner, OpCo, on behalf of itself, our general partner and us, is required to pay the Service Providers for all out of pocket fees, costs and expenses incurred by or on behalf of such Service Provider in connection with the provision of services on behalf of such Service Recipients (but excluding all such costs related to services provided to Holdings), including those of any third party. To the extent any such expenses relate to other purposes, each Service Provider will, in good faith, limit the amounts charged under its MSA solely to the portion of such expenses related to the services under such MSA. Each Service Provider must obtain the prior written consent of OpCo before incurring any expenses in excess of 110% of the amount included in the approved budget for such expense. Under each MSA, Holdings is subject to an analogous reimbursement obligation, which requires it to pay each Service Provider for the out of pocket amounts it incurs in connection with providing services directly to Holdings.

Such out of pocket fees, costs and expenses include, among other things:

- fees, costs and expenses as a result of a Service Recipient, to the extent applicable, becoming and continuing to be a publicly traded entity;
 - fees, costs and expenses relating to any equity financing or for arranging any debt financing;
 - taxes, licenses and other statutory fees or penalties levied against or in respect of a Service Recipient in respect of services provided under the MSA;
 - amounts owed under indemnification, contribution or similar arrangements;
 - fees, costs and expenses relating to our financial reporting, regulatory filings, investor relations and similar activities;
 - fees, costs and expenses of agents, advisors, consultants and other persons who provide services to or on behalf of a Service Recipient;
 - fees, expenses and costs incurred in connection with the investigation, acquisition, holding or disposal of any asset or business that is made or that is proposed to be made by the Service Recipients; provided that, where such acquisition or proposed acquisition involves an investment that is made alongside one or more other persons, including the Service Provider or its affiliates, such fees, costs and expenses are allocated in proportion to the notional amount of the investment made (or that would have been made in the case of an unconsummated acquisition) among the Service Recipients and their direct or indirect subsidiaries and such other persons; and
 - premiums, deductibles and other costs, fees and expenses for insurance policies covering assets of the Service Recipients and their direct and indirect subsidiaries, together with other applicable insurance against other risks.
- OpCo is also required to pay or reimburse the applicable Service Provider for all sales, use, value added, withholding or other similar taxes or customs duties or other governmental charges levied or imposed by reason of such Service

Provider's MSA or any agreement contemplated thereby, other than income taxes, corporate taxes, capital gains taxes or other similar taxes payable by any member of the applicable Service Provider Group.

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Indemnification and Limitation on Liability

Under each MSA, each member of the applicable Service Provider Group does not assume any responsibility other than to provide or arrange for the provision of the services described in such MSA in good faith and is not responsible for any action taken by a Service Recipient in following or declining to follow the advice or recommendations of the relevant member of the Service Provider Group. The maximum amount of the aggregate liability of the Service Provider in providing services under the applicable MSA is equal to the aggregate amount of the management fee received by such Service Provider in the most recent fiscal year.

We and the Service Recipients have also agreed to indemnify each Service Provider Group and any directors, officers, agents, members, partners, stockholders, employees and other representatives thereof to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses (including legal fees) incurred by them or threatened in connection with any and all actions, suits, investigations, proceedings or claims or any kind whatsoever arising in connection with the applicable MSA and the Services provided thereunder. However, no member of such Service Provider Group shall be so indemnified with respect to a claim that is finally determined by a final and non-appealable judgment entered by a court of competent jurisdiction or pursuant to a settlement agreement to have resulted from such indemnified person's bad faith, fraud or willful misconduct or, in the case of a criminal matter, conduct undertaken with knowledge that such conduct was unlawful.

Termination

The term of each MSA is five years and will automatically renew for successive five-year periods unless OpCo or the applicable Service Provider provides written notice that it does not wish for the agreement to be renewed. However, OpCo is able to terminate the MSA prior to the expiration of its term (i) with cause, upon 30 days' prior written notice or (ii) without cause, upon 90 days' prior written notice. OpCo may only terminate the MSA in such a manner with the prior written approval of our board of directors.

Each Service Provider may terminate its applicable MSA, effective 30 days after written notice:

- if any Service Recipient defaults in the performance or observance of any material term, condition or agreement contained in the agreement in a manner that results in a material harm to any member of the Service Provider Group and the default continues unremedied for a period of 60 days after written notice thereof;
- upon the occurrence of certain events relating to the bankruptcy or insolvency of us, our general partner, Holdings or OpCo; and
- if such Service Provider's Sponsor and its affiliates fail to own, directly or indirectly, at least 50% of the management units of Holdings.

Omnibus Agreement

We have entered into an omnibus agreement (the "Omnibus Agreement"), with First Solar, SunPower, our general partner, OpCo and Holdings. Pursuant to the Omnibus Agreement, (i) each Sponsor has an exclusive right to perform certain services not otherwise covered by an O&M agreement or AMA on behalf of the Project Entities contributed by such Sponsor, (ii) with respect to any project in the Portfolio that had not achieved commercial operation as of the date contributed to us, the Sponsor who contributed such project agreed to pay to OpCo all costs required to complete such project, as well as certain liquidated damages in the event such project fails to achieve operability pursuant to an agreed schedule (subject to certain adjustments), (iii) each Sponsor agreed to certain undertakings on the part of its affiliates who are members of the Project Entities or who provide asset management, construction, operating and maintenance and other services to the Project Entities contributed by such Sponsor, (iv) to the extent a Sponsor continues to post credit support on behalf of a Project Entity after it has been contributed to OpCo, OpCo agreed to reimburse such Sponsor upon any demand or draw under such credit support, and the Sponsor agreed to maintain such

support pursuant to the applicable underlying contractual or regulatory requirements, (v) each Sponsor agreed to indemnify OpCo for certain costs it incurs with respect to certain tax-related events and events in connection with tax equity financing arrangements, and (vi) the parties agreed to a mutual undertaking regarding confidentiality and use of names trademarks, trade names and other insignias.

Undertakings Related to Services; Credit Support

Each of First Solar and SunPower has the exclusive right to perform, itself or through one or more designees, certain construction, engineering, design and procurement services, and equipment supply services, in connection with any upgrade or expansion of any project owned by one of such Sponsor's contributed Project Entities, as well as any operation and maintenance services and administrative services required by any such project (except as otherwise provided by an existing agreement). Such services must be provided on market-based terms and the contract governing such services must be administered on an arm's-length basis. The right to provide such services shall cease to apply to any Sponsor that does not own, directly or indirectly, at least 50% of

the management units of Holdings. To the extent that an affiliate of a Sponsor provides asset management services (under AMAs or similar agreements, for example), or acts as the managing member (under a tax equity arrangement), of a Project Entity contributed by such Sponsor, each of First Solar and SunPower agreed it will not permit such affiliate to cause such contributed Project Entity to take, or fail to take, any action which action, or failure to act, would have required the approval by our general partner's board of directors or the project operations committee of our general partner's board pursuant to our general partner's limited liability company agreement. Each Sponsor also agreed to cause its above-described affiliates to cooperate with the Service Providers, as necessary, in connection with the services provided by the Service Providers under their respective MSAs between such Service Provider, us, our general partner, OpCo and Holdings. In addition, where an affiliate of either Sponsor is the contractor under an EPC contract, or the operator under an O&M agreement, with any contributed Project Entity of such Sponsor, each of First Solar and SunPower agrees to reimburse such contributed Project Entity for the amount of certain performance bonuses (or, in some cases, a portion thereof) paid by such contributed Project Entity under such agreements, or to cause such affiliate to waive its rights to receive certain future bonuses. Each Sponsor also agreed to ensure its contributed Project Entities are provided with tax support and related services.

Where a Sponsor continues to provide certain guarantees and other forms of credit support on behalf of any of its contributed Project Entities, OpCo agreed to reimburse such Sponsor for payments made upon any demand or draw (or, in some cases, a portion thereof) under such credit support. However, OpCo will have no such obligation to the extent any such demand or draw results from any action of the Sponsor. Each Sponsor agreed to continue to provide such guarantees and other credit support on behalf of its contributed Project Entities, as required pursuant to the applicable contract or permit that gives rise to such obligation.

Undertakings Related to Commercial Operation; Liquidated Damages

Pursuant to the Omnibus Agreement, to the extent any project in the Portfolio had not achieved commercial operation as of the date contributed to us, the contributing Sponsor is obligated to take all actions necessary for such project to become commercially operational, and to pay or reimburse OpCo and its subsidiaries for all related costs (except as otherwise provided below). The Omnibus Agreement also provides that, if a project in the Portfolio fails to achieve commercial operation on or prior to an agreed deadline (as set forth in the Omnibus Agreement), the applicable contributing Sponsor is required to pay OpCo delay liquidated damages, the amount of which are calculated based on the operating cash flow projected to have been generated by such project had it achieved commercial operation as expected, as well as the amount of cash flow such project was expected to generate during the period prior to its projected completion date, minus the amount of actual distributed cash attributable to such project during the same periods ("Delay Damages"). With respect to each project, any Delay Damages will be paid to OpCo following such projects' expected commercial operation date and thereafter on a quarterly basis.

Moreover, to the extent any such project has still not achieved its agreed minimum capacity or commercial operation within one year of its agreed commercial operation deadline, the contributing Sponsor of such project shall pay to OpCo:

in the event (i) such project's actual capacity as measured by the most recent capacity test performed under such project's construction contract (the "Actual Project Capacity") fails to equal an agreed minimum capacity amount for such project (as set forth in the Omnibus Agreement) or (ii) such project has not yet achieved commercial operation or a similar milestone under the interconnection agreement and power purchase agreements, lease or hedging agreements, as applicable, for such project, "buy-down" liquidated damages in an amount calculated based on the minimum capacity required to achieve substantial completion or a similar milestone under such project's construction contract (the "Guaranteed Project Capacity") and a "Capacity Buy-Down Amount" (in \$/MW) for such project, which was determined upon the closing of the IPO based on the portion of OpCo's total market value agreed to be attributable to such project (such damages, "Total Buy-Down Liquidated Damages"); or

in all other cases, “buy-down” liquidated damages equal to the product of (i) the positive difference of (x) the Guaranteed Project Capacity for such project less (y) such Project’s Actual Project Capacity, multiplied by (ii) the Capacity-Buy Down Amount for such project.

In either case, the amount of such damages are reduced by the amount of any capacity liquidated damages paid by the contractor under such project’s construction contract and which constitute distributed cash for OpCo. If a contributing Sponsor is required to pay Total Buy-Down Liquidated Damages in respect of a project, such Sponsor shall have the right to repurchase such project from OpCo without payment of any additional consideration. Moreover, with respect to each project, to the extent a contributing Sponsor becomes liable for the above-described “buy-down” liquidated damages, such Sponsor shall have no further obligation to incur costs related to achieving commercial operation or pay Delay Damages with respect thereto.

In addition, with respect to each of the North Star Project and the Quinto Project, the Sponsors agreed to pay to OpCo the difference, if any, between the amount of network upgrade refunds projected to be received in respect of the Sponsor’s contributed project at the time of our IPO and the amount of network upgrade refunds projected to be received in respect of such project at the commencement of commercial operation of such project.

Tax-Related Indemnification

Under the Omnibus Agreement, each of First Solar and SunPower agreed to indemnify OpCo from and against certain damages up to agreed limits incurred or sustained by us and our subsidiaries relating to the following, with respect to any of the Project Entities contributed by such Sponsor:

- the inapplicability or unavailability of any exclusion or exemption from or other reduction in the base of or liability for any property or similar tax, to the extent such exclusion, exemption or reduction has been reflected in the financial model included in the Master Formation Agreement between the Sponsors (the “Exemption Loss Indemnity”);
- any reassessment with respect to any property or similar tax assessment to the extent such reassessment is not reflected in the financial model included in the Master Formation Agreement between the Sponsors (the “Reassessment Indemnity”);
- any payment under any tax equity financing agreement that is made as a result of any breach of any representation, warranty, covenant or similar provision of such agreement or pursuant to any indemnification obligation under such agreement;
- any payment that is made pursuant to the indemnification obligation under that certain Second Amended and Restated Limited Liability Company Agreement of Kingbird Solar, LLC for special underpayment interest;
- any requirement under any tax equity financing agreement to divert distributions due to a determination by a governmental entity (i) regarding a project’s fair market value or the tax basis of a project or (ii) that a contract entered into by a Project Entity and any affiliate thereof is not on arm’s-length terms;
- with respect to any SunPower Project Entity, any event which results in the repayment of all or any portion of any cash grant received by such Project Entity under the Federal section 1603 cash grant program; and
- to the extent OpCo or its subsidiary is required to pay the purchase price in respect of the acquisition of a Project Entity or project in excess of tax equity or equity contribution proceeds received by OpCo or such subsidiary for the purpose of paying such purchase price (and such Sponsor also agrees to waive, or cause its affiliate to waive, all claims for payment of such purchase price to the extent of such excess).

The Exemption Loss Indemnity and the Reassessment Indemnity will cease to apply to the Residential Portfolio as of June 24, 2018. Each Sponsor’s damages payable under such indemnification claims do not apply to a Sponsor in any fiscal year if the cash distributed to OpCo in such fiscal year from such Sponsor’s contributed Project Entities exceeds the cash projected to be distributed from such Project Entities and any projects contributed at no cost by such Sponsor to make up distributed cash shortfalls from such Project Entities. In addition, each Sponsor’s indemnity obligation is limited to an agreed amount, for each project, which is determined based on the portion of the total market value of Holdings (as determined in the IPO) agreed to be attributable to such project.

Use of Names and Insignia

Under the Omnibus Agreement, we agreed not to, and to cause our subsidiaries not to, directly or indirectly use any service marks, trade names, domain names or insignia related thereto containing the words First Solar or SunPower without the prior written consent of such party.

Solar Gen 2 Working Capital Loan

On November 25, 2015, OpCo issued a Promissory Note to First Solar in the principal amount of \$1,964,148.48 (the “Short-term Note”), in exchange for First Solar’s loan of such amount to OpCo. Upon the receipt of certain payments by the Solar Gen 2 Project Entity from SDG&E under the power purchase agreement between the Solar Gen 2 Project Entity and SDG&E, which had been previously withheld pending completion of an administrative requirement (each, a “Specified Payment”), OpCo was obligated to repay a portion of the principal amount of the Short-term Note equal to such Specified Payment and the unpaid balance of all interest accrued under the Short-term Note to and including the date of such repayment. Interest under the Short-term Note accrued at a rate of 1% on the portion of the principal of

the Short-term Note equal to the amount of each Specified Payment from the date SDG&E remitted such payment to the Solar Gen 2 Project Entity through the date that OpCo repaid such amount to First Solar in accordance with the previous sentence. OpCo was permitted to prepay the Short-term Note at any time without penalty or premium.

On December 30, 2016, OpCo paid in full the Short-term Note with a balance of \$1,964,148 principal and no accrued interest.

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Stateline Promissory Note

In connection with the acquisition of the Stateline Project on December 1, 2016, OpCo issued a promissory note of OpCo to a subsidiary of First Solar in the principal amount of \$50,000,000. The promissory note is unsecured and matures on the date that is six months after the maturity date under OpCo's credit facility. Interest accrues at a rate of 4% per annum, except it will accrue at a rate of 6% per annum (i) upon the occurrence and during the continuation of a specified event of default and (ii) in respect of amounts accrued as payments-in-kind pursuant to the terms of the promissory note. OpCo is not permitted to prepay the promissory note without the consent of certain lenders under its existing credit agreement (except for certain mandatory prepayments).

Until OpCo has paid in full the principal and interest on the Stateline Promissory Note, OpCo is restricted in its ability to:

- acquire interests in additional projects (other than the acquisition of the Kern Phase 2(b) Assets);
- use the net proceeds of equity issuances except as prescribed in the Stateline Promissory Note;
- incur additional indebtedness to which the Stateline Promissory Note would be subordinate; and
- extend the maturity date under OpCo's credit facility.

Please read Part I, Item 1A. "Risk Factors—Risks Related to Our Financial Activities— OpCo is not permitted to acquire interests in projects until we pay in full the principal of and interest on the Stateline Promissory Note."

ROFO Agreements

OpCo has entered into a ROFO Agreement with each of First Solar and SunPower. Under the First Solar ROFO Agreement and the SunPower ROFO Agreement, each as amended, the applicable Sponsor granted OpCo a right of first offer to purchase any of its ROFO Projects in the event of any proposed sale, transfer or other disposition of such ROFO Projects until June 24, 2020. For an overview of our ROFO Projects as of November 30, 2016, please read Part I, Item 1. "Business—ROFO Projects."

Notwithstanding the above, certain sales and transfers of the ROFO Projects by the applicable Sponsor are exempt from OpCo's right of first offer. These exceptions include:

- mergers or consolidations of a Sponsor into a third party (or any sale by a Sponsor of all or substantially all of its assets);
 - sales of any ROFO asset that is a utility-scale project, which result in the monetization of tax incentives associated with such project or, with respect to projects outside of the United States, participation by development partners, in each case, so long as the applicable Sponsor retains interests that entitle it to at least 45% of the cash distributions of such ROFO asset; and
 - sales of a partial economic interest in any ROFO asset or any of its assets as part of a tax equity investment in such ROFO asset (including any partnership flip, sale leaseback or pass-through lease transaction);
- provided, that the terms of any such sale referred to in the second or third bullet points above will not impair or delay the ability of OpCo to acquire such ROFO Project from the Sponsor or its affiliate in accordance with the terms of the applicable ROFO Agreement if and when the Sponsor elects to sell, transfer or otherwise dispose of such ROFO Project to a third party.

Under each ROFO Agreement, the applicable Sponsor is not obligated to sell its respective ROFO Projects and, therefore, we do not know when, if ever, these projects will be made available to OpCo. Even if an offer is made to OpCo, OpCo and the applicable Sponsor may not reach an agreement on the terms for the sale of the applicable ROFO Project. In addition, each Sponsor has the right to remove a ROFO Project from their respective ROFO Agreement, to the extent such applicable Sponsor sells or contributes a non-ROFO Project to OpCo for which

forecasted distributed cash is projected to equal or exceed the forecasted distributed cash of such ROFO Project proposed for removal.

Exchange Agreement

We have entered into an Exchange Agreement with our Sponsors, our general partner and OpCo, under which a Sponsor can tender OpCo common units and an equal number of such Sponsor's Class B shares (together referred to as the "Tendered Units"), for redemption to OpCo and us. Each Sponsor has the right to receive, at the election of OpCo with the approval of the conflicts committee, either the number of our Class A shares equal to the number of Tendered Units or a cash payment equal to the number of Tendered Units multiplied by the then current trading price of our Class A shares. In addition, we have the right but not the obligation,

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to directly purchase such Tendered Units for, subject to the approval of our conflicts committee, cash or our Class A shares at our election.

The Exchange Agreement also provides that, subject to certain exceptions, a Sponsor does not have the right to exchange its OpCo common units if OpCo or we determine that such exchange would be prohibited by law or regulation or would violate other agreements to which we may be subject, and OpCo and we may impose additional restrictions on exchange that either of us determines necessary or advisable so that we are not treated as a “publicly traded partnership” for U.S. federal income tax purposes.

If OpCo elects to require the delivery of our Class A shares in exchange for such Sponsor’s Tendered Units, the exchange will be on a one-for-one basis, subject to adjustment in the event of splits or combinations of units, distributions of warrants or other unit purchase rights, specified extraordinary distributions and similar events. If OpCo elects to deliver cash in exchange for such Sponsor’s Tendered Units, or if we exercise our right to purchase Tendered Units for cash, the amount of cash payable will be based on the net proceeds received by us in a sale of an equivalent number of our Class A shares.

Registration Rights Agreement

We have entered into a Registration Rights Agreement with our Sponsors and certain of their respective affiliates under which each Sponsor and its affiliates are entitled to demand registration rights, including the right to demand that a shelf registration statement be filed, and “piggyback” registration rights, for our Class A shares that they may acquire.

Procedures for Review, Approval and Ratification of Related-Person Transactions

We have established procedures in our general partner’s limited liability company agreement, our Partnership Agreement and OpCo’s limited liability company agreement for the identification, review and approval of related person transactions. These procedures set forth certain transactions that must be approved by our general partner’s board of directors. If, after applying these standards, management determines that a proposed transaction is a related person transaction, management must present the proposed transaction to our general partner’s board of directors for review. The board must then either approve or reject the transaction in accordance with the terms of our Partnership Agreement. The board of our general partner may, but is not required to, seek the approval of the conflicts committee for the resolution of any related person transaction.

Director Independence

The NASDAQ does not require a listed publicly traded limited partnership, such as us, to have a majority of independent directors on the General Partner’s board of directors. For a discussion of the independence of the members of the General Partner’s board of directors, please read Part III, Item 10. “Directors, Executive Officers and Corporate Governance—Management—Director Independence.”

Item 14. Principal Accounting Fees and Services.

The following table presents fees for professional accounting and other related services rendered by PricewaterhouseCoopers LLP for the year ended November 30, 2016 and the eleven months ended November 30, 2015.

	Year Ended November 30, 2016	Eleven Months Ended November 30, 2015
Audit Fees	\$1,835,250	\$1,364,091
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	\$1,835,250	\$1,364,091

In accordance with the requirements of the Sarbanes-Oxley Act and the audit committee charter, all services performed by PricewaterhouseCoopers LLP are approved in advance by the audit committee. The audit committee is also responsible for confirming the independence and objectivity of PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP is given unrestricted access to the audit committee.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as a part of this Annual Report on Form 10-K.

(1) Financial Statements:

The financial statements and supplementary information listed in the Index to Financial Statements, which appears in Part II, Item 8. "Financial Statements and Supplementary Data," are filed as part of this Annual Report on Form 10-K.

(2) Financial Statement Schedule:

All financial statement schedules are omitted as the required information is inapplicable or the information is presented in the Consolidated Financial Statements or Notes to Consolidated Financial Statements under Part II, Item 8. "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

The consolidated financial statements of SG2 Holdings and North Star Holdings, 49% owned equity method investees, required pursuant to Rule 3-09 of the Securities and Exchange Commission's Regulation S-X will be filed when available by amendment to this Form 10-K on or before April 1, 2017. The consolidated financial statements of SG2 Holdings will be audited as of both December 31, 2016 and December 31, 2015 and prepared in accordance with U.S. GAAP. The consolidated financial statements of North Star Holdings will be unaudited as of December 31, 2016 and audited as of December 31, 2015 and prepared in accordance with U.S. GAAP.

(3) Exhibits: See Item 15(b) below.

(b) Exhibits: The exhibits listed on the accompanying Index to Exhibits on this Annual Report on Form 10-K are filed, furnished, or incorporated into this Annual Report on Form 10-K by reference, as applicable.

Exhibit Index

Exhibit

Number Description

- 2.1 Purchase, Sale and Contribution Agreement dated January 26, 2016 by and between SunPower Corporation and 8point3 Operating Company, LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 27, 2016).
- 2.2 Purchase and Sale Agreement dated March 31, 2016 by and among First Solar Asset Management, LLC, 8point3 Operating Company, LLC and First Solar, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2016).
- 2.3 Contribution Agreement dated March 31, 2016 by and among SunPower AssetCo, LLC, 8point3 Operating Company, LLC and SunPower Corporation (incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2016).
- 2.4 Contribution Agreement dated June 29, 2016 by and among SunPower AssetCo, LLC, 8point3 Operating Company, LLC and SunPower Corporation (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 29, 2016).
- 2.5 Contribution Agreement dated September 20, 2016 by and among SunPower AssetCo, LLC, 8point3 Operating Company, LLC and SunPower Corporation (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 22, 2016).
- 2.6 First Amendment to Purchase, Sale and Contribution Agreement dated September 28, 2016 by and between SunPower Corporation and 8point3 Operating Company, LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 3, 2016).
- 2.7 Purchase and Sale Agreement dated November 11, 2016 by and among First Solar Asset Management, LLC, 8point3 Operating Company, LLC and First Solar, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 14, 2016).
- 2.8 Second Amendment to Purchase, Sale and Contribution Agreement dated November 30, 2016, by and between SunPower Corporation and 8point3 Operating Company, LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 5, 2016).
- 3.1 Certificate of Limited Partnership of 8point3 Energy Partners LP dated March 2, 2015 (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 (SEC File No. 333-202634) filed with the Securities and Exchange Commission on March 10, 2015).
- 3.2 Amended and Restated Agreement of Limited Partnership of 8point3 Energy Partners LP dated June 24, 2015 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 30, 2015).
- 3.3 Certificate of Formation of 8point3 Operating Company, LLC dated April 8, 2015 (incorporated by reference to Exhibit 3.3 to the Registrant's Amendment No. 1 to the Registration Statement on Form S-1 (SEC File No. 333-202634) filed with the Securities and Exchange Commission on April 24, 2015).
- 3.4 Amended and Restated Limited Liability Company Agreement of 8point3 Operating Company, LLC dated June 24, 2015 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 30, 2015).
- 3.5

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Certificate of Formation of 8point3 General Partner, LLC dated March 2, 2015 (incorporated by reference to Exhibit 3.5 to the Registrant's Registration Statement on Form S-1 (SEC File No. 333-202634) filed with the Securities and Exchange Commission on March 10, 2015).

3.6 Amended and Restated Limited Liability Company Agreement of 8point3 General Partner, LLC dated June 24, 2015 (incorporated by reference to Exhibit 3.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 30, 2015).

10.1 Contribution, Conveyance, Assignment and Assumption Agreement dated June 24, 2015, by and among First Solar 8point3 Holdings, LLC, Maryland Solar Holdings, Inc., SunPower YC Holdings, LLC, 8point3 Energy Partners LP and 8point3 Operating Company, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 30, 2015).

Exhibit Index

Exhibit

Number Description

- 10.2 Omnibus Agreement dated June 24, 2015, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 30, 2015).
- 10.3 Amendment No. 1 to Omnibus Agreement dated August 11, 2015, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 17, 2015).
- 10.4 Amendment No. 2 to Omnibus Agreement dated November 30, 2015, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 4, 2015).
- 10.5 Amendment No. 3 to Omnibus Agreement dated January 26, 2016, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 27, 2016).
- 10.6 Amendment No. 4 to Omnibus Agreement dated March 31, 2016, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2016).
- 10.7 Amendment No. 5 to Omnibus Agreement dated April 1, 2016, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 7, 2016).
- 10.8 Amended and Restated Omnibus Agreement dated April 6, 2016, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 7, 2016).
- 10.9 Amendment No. 1 to Amended and Restated Omnibus Agreement dated July 1, 2016, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 6, 2016).
- 10.10 Amendment No. 2 to Amended and Restated Omnibus Agreement dated September 9, 2016, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 14, 2016).
- 10.11 Amendment No. 3 to Amended and Restated Omnibus Agreement dated September 29, 2016, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3 Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 3, 2016).
- 10.12 Amendment No. 4 to Amended and Restated Omnibus Agreement dated November 30, 2016, by and among 8point3 Operating Company, LLC, 8point3 General Partner, LLC, 8point3 Holding Company, LLC, 8point3

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Energy Partners LP, First Solar, Inc. and SunPower Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 5, 2016).

- 10.13 Right of First Offer Agreement dated June 24, 2015, by and between 8point3 Operating Company, LLC and First Solar, Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2015).
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Exhibit Index

Exhibit

Number Description

- 10.14 Amendment and Waiver to the Right of First Offer Agreement dated March 28, 2016, by and between 8point3 Operating Company, LLC and First Solar, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2016).
- 10.15 Amendment and Waiver No. 2 to Right of First Offer Agreement dated June 28, 2016, by and between 8point3 Operating Company, LLC and First Solar, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 29, 2016).
- 10.16 Right of First Offer Agreement dated June 24, 2015, by and between 8point3 Operating Company, LLC and SunPower Corporation (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2015).
- 10.17 First Amendment and Waiver to the Right of First Offer Agreement dated September 30, 2016, by and between 8point3 Operating Company, LLC and SunPower Corporation. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 3, 2016).
- 10.18# 8point3 General Partner, LLC Long-Term Incentive Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2015).
- 10.19 Management Services Agreement dated June 24, 2015, by and among 8point3 Operating Company, LLC, 8point3 Energy Partners LP, 8point3 General Partner, LLC, 8point3 Holding Company, LLC and First Solar 8point3 Management Services, LLC (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2015).
- 10.20 Amendment No. 1 to Management Services Agreement dated August 11, 2015, by and among 8point3 Operating Company, LLC, 8point3 Energy Partners LP, 8point3 General Partner, LLC, 8point3 Holding Company, LLC and First Solar 8point3 Management Services, LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on August 17, 2015).
- 10.21 Management Services Agreement dated June 24, 2015, by and among 8point3 Operating Company, LLC, 8point3 Energy Partners LP, 8point3 General Partner, LLC, 8point3 Holding Company, LLC and SunPower Capital Services, LLC (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2015).
- 10.22 Amendment No. 1 to Management Services Agreement dated August 11, 2015, by and among 8point3 Operating Company, LLC, 8point3 Energy Partners LP, 8point3 General Partner, LLC, 8point3 Holding Company, LLC and SunPower Capital Services, LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on August 17, 2015).
- 10.23 Exchange Agreement dated June 24, 2015, by and among SunPower YC Holdings, LLC, First Solar 8point3 Holdings, LLC, 8point3 Operating Company, LLC, 8point3 General Partner, LLC and 8point3 Energy Partners LP (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2015).
- 10.24 Registration Rights Agreement dated June 24, 2015, by and among 8point3 Energy Partners LP, First Solar 8point3 Holdings, LLC and SunPower YC Holdings, LLC (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2015).
- 10.25 Equity Purchase Agreement dated June 24, 2015, by and between 8point3 Energy Partners LP and 8point3 Operating Company, LLC (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2015).

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- 10.26 Credit and Guaranty Agreement dated as of June 5, 2015, among 8point3 Operating Company, LLC, 8point3 Energy Partners LP, certain subsidiaries of 8point3 Operating Company, LLC, various lenders party thereto and Credit Agricole Corporate and Investment Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.6 to the Registrant's Amendment No. 4 to the Registration Statement on Form S-1 (SEC File No. 333-202634) filed with the SEC on June 9, 2015).
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Exhibit Index

Exhibit

Number	Description
10.27	First Amendment and Consent to Credit and Guaranty Agreement dated April 6, 2016, among 8point3 Operating Company, LLC, 8point3 Energy Partners LP, certain subsidiaries of 8point3 Operating Company, LLC, various lenders party thereto and Credit Agricole Corporate and Investment Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 7, 2016).
10.28	Second Amendment and Consent to Credit and Guaranty Agreement dated September 30, 2016, among 8point3 Operating Company, LLC, 8point3 Energy Partners LP, certain subsidiaries of 8point3 Operating Company, LLC, various lenders party thereto and Credit Agricole Corporate and Investment Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 3, 2016).
10.29#	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2015).
21*	List of Subsidiaries.
23.1*	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 15(b).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

8point3 Energy Partners LP

By: 8point3 General Partner, LLC
its general partner

Date: January 26, 2017 By: /s/ CHARLES D. BOYNTON
Charles D. Boynton
Chairman of the Board, Chief Executive Officer and Director

(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	January 26, 2017
/s/ CHARLES D. BOYNTON Charles D. Boynton	8point3 General Partner, LLC	
	Chief Financial Officer (Principal Financial Officer)	January 26, 2017
/s/ BRYAN SCHUMAKER Bryan Schumaker	8point3 General Partner, LLC	
	Chief Accounting Officer (Principal Accounting Officer)	January 26, 2017
/s/ MANDY YANG Mandy Yang	8point3 General Partner, LLC	
/s/ ALEXANDER R. BRADLEY	Director	January 26, 2017

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Alexander R. Bradley	8point3 General Partner, LLC	
	Director	
/s/ TY P. DAUL Ty P. Daul	8point3 General Partner, LLC	January 26, 2017
	Director	
/s/ THOMAS C. O'CONNOR Thomas C. O'Connor	8point3 General Partner, LLC	January 26, 2017
	Director	
/s/ NORMAN J. SZYDLOWSKI Norman J. Szydlowski	8point3 General Partner, LLC	January 26, 2017
	Director	
/s/ MARK R. WIDMAR Mark R. Widmar	8point3 General Partner, LLC	January 26, 2017
	Director	
/s/ MICHAEL W. YACKIRA Michael W. Yackira	8point3 General Partner, LLC	January 26, 2017