

The increased global focus on anti-bribery and corruption enforcement may also lead to more investigations in this area, the results of which cannot be predicted. For example, we are currently facing anti-bribery and corruption investigations by the SEC and U.S. Department of Justice (“DOJ”) related to a Brazilian subsidiary of ours that allegedly made payments to certain third parties in Brazil and those payments were, in turn, used, with our knowledge, to pay certain municipal officials to obtain permits and other benefits. A civil action against our Brazilian subsidiary has been commenced by a public prosecutor in Brazil. All involved have denied the allegations. The SEC and DOJ are seeking information from us and we are cooperating with both authorities in this regard. In 2012, we engaged a leading international law firm to conduct an independent investigation into the allegations. Based on the results of that investigation, we have no reason to believe that our Brazilian subsidiary engaged in any wrongdoing and hope to resolve this matter in due course. We do not expect that any legal outcome will be financially material to the Corporation.

In addition, a legal action in Brazil has resulted in the arrest of four City of São Paulo officials for corruption. The four officials allegedly perpetrated an extortion scheme that forced real estate developers to make illicit payments in order to obtain occupancy permits necessary to complete development projects and other benefits. One of our affiliates is a real estate development company in Brazil that builds residential high-rise condominiums and was one of many developers targeted by this extortion. We have been cooperating fully with the public prosecutor’s office in São Paulo and providing relevant information and witness testimony. There are no charges against our affiliate or any of its employees in connection with this matter and none are expected.

Litigation

In the normal course of our operations, we become involved in various legal actions, including claims relating to personal injury, property damage, property taxes, land rights and contract and other commercial disputes. Further, we have significant operations in the U.S., which may, as a result of the prevalence of litigation in the U.S., be more susceptible to legal action than certain of our other operations. The final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and the resolution of such actions may have an adverse effect on our financial position or results of our operations in a particular quarter or fiscal year. Any litigation may consume substantial amounts of our management’s time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. Even if ultimately unsuccessful, litigation could adversely affect our business, including by damaging our reputation.

Health, Safety and the Environment

As an owner and operator of real property, we may become liable for the costs of removal and remediation of certain hazardous substances released or deposited on or in our properties, or disposed of at other locations regardless of whether or not we were responsible for the release or deposit of such hazardous materials. These costs could be significant and could reduce cash available for our business. The failure to remove or remediate such substances, if any, could adversely affect our ability to sell our real estate or to borrow using real estate as collateral, and could potentially result in claims or other proceedings against us. Environmental laws and regulations can change rapidly and significantly and we may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations and the associated costs could adversely affect our business, financial condition or results of operations.

The ownership and operation of our assets carry varying degrees of inherent risk or liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and potential civil liability. Compliance with health, safety and environmental standards and the requirements set out in our licenses, permits and other approvals are material to our business. We have incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental standards and to obtain and comply with licenses, permits and other approvals and to assess and manage potential liability exposure. Nevertheless, we may be unsuccessful in obtaining or maintaining an important license, permit or other approval or become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to, or more rigorous enforcement of, health, safety and environmental standards, licenses, permits or other approvals could have a significant impact on our operations and/or result in material expenditures. As a consequence, no assurance can be given that additional environmental and workers’ health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to our business and operations.

Insurance

We carry various insurance policies on our assets. These policies contain policy specifications, limits and deductibles that may mean that insurance may not provide coverage or sufficient coverage against all potential material losses. We may also self-insure a portion of certain of these risks. There are certain types of risk (generally of a catastrophic nature such as war or environmental contamination) which are either uninsurable or not economically insurable. Further, there are certain types of risk for which insurance coverage is not equal to the full replacement cost of all of the assets. Should any uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our assets or operations, and would continue to be obligated to repay any mortgage or other indebtedness on any related properties to the extent the borrowers have recourse beyond the specific asset or operations being financed, which could have an adverse effect on our results of operations and financial position.