

Canadian Solar Infrastructure Fund, Inc.

Independent Auditor's Report

5th Period

Grant Thornton Taiyo LLC

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Canadian Solar Infrastructure Fund, Inc.**

We have audited the accompanying financial statements of Canadian Solar Infrastructure Fund, Inc., which comprise the balance sheet as at December 31, 2019, the statement of income, the statements of changes in net assets, the statement of cash distributions, the statement of cash flows for fiscal year then ended, notes to financial statements, and supplementary schedules all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canadian Solar Infrastructure Fund, Inc. as at December 31, 2019, and its financial performance and its cash flows for fiscal year then ended in accordance with accounting principles generally accepted in Japan.

April 10, 2019
Tokyo, Japan

Grant Thornton Taiyo LLC.

Summary of Financial Results for Fiscal Period Ended December 31, 2019

(5th Fiscal Period: from July 1, 2019 to December 31, 2019)

Balance Sheet
Statement of Income and Retained Earnings
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements

1 [Financial Statement]

(1) Balance Sheet

(Unit : thousand yen)

	4 th Period (June 30, 2019)	5 th Period (December 31, 2019)
Assets		
Current Assets		
Cash and bank deposit	2,466,624	2,474,056
Operating accounts receivable	426,756	268,927
Prepaid expenses	71,805	157,523
Consumption taxes receivable	-	329,815
Other current assets	215	860
Total current assets	2,965,401	3,231,182
Fixed Assets		
Property and equipment		
Structures	835,726	1,040,844
Accumulated depreciation	(45,417)	(63,543)
Structures, net	790,308	977,300
Machinery and equipment	38,610,034	42,726,985
Accumulated depreciation	(2,191,437)	(3,002,153)
Machinery and equipment, net	36,418,597	39,724,832
Tools, furniture and fixtures	521,176	592,249
Accumulated depreciation	(32,570)	(43,368)
Tools, furniture and fixtures, net	488,605	548,881
Land	4,466,771	4,469,653
Total property and equipment	42,164,283	45,720,667
Intangible assets		
Leasehold rights	512,411	753,139
Software	2,746	2,353
Total intangible assets	515,158	755,492
Investments and other assets		
Long-term prepaid expenses	307,424	316,119
Deferred tax assets	12	12
Long term deposits	7,800	-
Guarantee deposits	21,021	37,790
Total investment and other assets	336,258	353,922
Total fixed assets	43,015,700	46,830,082
Deferred Assets		
Investment corporation bond issuance cost	-	8,536
Total deferred assets	-	8,536
Total assets	45,981,101	50,069,801
Liabilities		
Current liabilities		
Operating Accounts payable	26,344	32,988
Current portion of long-term loans payable	1,286,149	1,512,196
Accounts payable – other	83,003	67,471
Accrued expenses	112,673	102,033
Income taxes payable	868	860
Consumption tax payable	49,904	8,317
Deposits received	1,750	1,562
Total current liabilities	1,560,694	1,725,429
Non-current liabilities		
Investment corporation bond	-	1,100,000
Long-term loan payable	22,227,007	25,360,810
Total non-current liabilities	22,227,007	26,460,810
Total liabilities	23,787,702	28,186,239
Net assets		
Unitholders' equity		
Unitholders' capital	22,050,175	22,050,175
Deduction from unitholders' capital	(567,281)	(700,678)
Unitholders' capital, net	21,482,893	21,349,496
Surplus		
Unappropriated retained earnings	710,506	534,065
(Accumulated deficit)	-	-

Total surplus
Total unitholders' equity
Total net assets
Total liabilities and net assets

	710,506	534,065
	22,193,399	21,883,561
	*1 22,193,399	*1 21,883,561
	45,981,101	50,069,801

(2) 【Statement of Income】

(Unit: thousand yen)

	4 th period (from January 1, 2019 to June 30, 2019)	5 th period (from July 1, 2019 to December 31, 2019)
Operating revenues		
Rental revenues of renewable energy power generation facilities, etc.	*1 2,185,392	*1 2,088,116
Total operating revenues	2,185,392	2,088,116
Operating expenses		
Rental expenses of renewable energy power generation facilities, etc.	*1 1,234,114	*1 1,261,805
Asset management fee	55,979	52,213
Administrative service fees	18,945	18,542
Director's compensation	2,400	2,400
Taxes and duties	399	772
Other operating expenses	56,352	55,412
Total operating expenses	1,368,191	1,391,146
Operating income	817,201	696,970
Non-operating incomes		
Interest income	15	13
Insurance income	27,146	-
Interest on refund	1,355	-
Total non-operating income	28,517	13
Non-operating expenses		
Interest expenses	106,345	107,285
Interest on investment corporation bond	-	1,176
Amortization of Investment corporation bond issuance cost	-	263
Borrowing-related expenses	28,083	53,389
Total non-operating expenses	134,428	162,115
Ordinary income	711,290	534,868
Income before income taxes	711,290	534,868
Income taxes – current	870	862
Income tax – deferred	0	0
Total income taxes	870	862
Net income	710,419	534,005
Retained earnings (deficit) brought forward	86	59
Unappropriated retained earnings (Accumulated deficit)	710,506	534,065

(3) 【Statements of Changes in Unitholders' Equity】

4th Fiscal Period (From January 1, 2019 to June 30, 2019)

(Unit: thousand yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Capital surplus or loss	Total surplus		
Balance as of January 1, 2019	22,050,175	(147,209)	21,902,965	412,298	412,298	22,315,263	22,315,263
Changes of items during the period							
Distribution in excess of earnings	-	(420,072)	(420,072)	-	-	(420,072)	(420,072)
Dividend of surplus	-	-	-	(412,211)	(412,211)	(412,211)	(412,211)
Net Income	-	-	-	710,419	710,419	710,419	710,419
Total changes of items during the period	-	(420,072)	(420,072)	298,208	298,208	(121,864)	(121,864)
Balance as of June 30, 2019	*1 22,050,175	(567,281)	21,482,893	710,506	710,506	22,193,399	22,193,399

5th Fiscal Period (From July 1, 2019 to December 31, 2019)

(Unit: thousand yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Capital surplus or loss	Total surplus		
Balance as of July 1, 2019	22,050,175	(567,281)	21,482,893	710,506	710,506	22,193,399	22,193,399
Changes of items during the period							
Distribution in excess of earnings	-	(133,396)	(133,396)	-	-	(133,396)	(133,396)
Dividend of surplus	-	-	-	(710,446)	(710,446)	(710,446)	(710,446)
Net Income	-	-	-	534,005	534,005	534,005	534,005
Total changes of items during the period	-	(133,396)	(133,396)	(176,441)	(176,441)	(309,837)	(309,837)
Balance as of December 31, 2019	*1 22,050,175	(700,678)	21,349,496	534,065	534,065	21,883,561	21,883,561

(4) 【Statements of Cash Distribution】

	Fiscal Period under Review (From January 1, 2019 to June 30, 2019) Unit: Yen	Fiscal Period under Review (From July 1, 2019 to December 31, 2019) Unit: Yen
I Unappropriated retained earnings (accumulated deficit)	710,506,353	534,065,162
II Distributions in excess of retained earnings		
Deduction from unitholders' capital	133,396,630	309,794,600
III Cash distributions	843,843,500	843,843,500
(Cash distributions per unit)	(3,650)	(3,650)
Profit distributions	710,446,870	534,048,900
(Profit distributions per unit)	(3,073)	(2,310)
Distributions in excess of retained earnings	133,396,630	309,794,600
(Distributions in excess of retained earnings)	(577)	(1,340)
IV Retained earnings (deficit) carried forward	59,483	16,262
Calculation method for cash distributions	<p>In accordance with Articles 47, Paragraph 1 of Canadian Solar Infrastructure Fund, Inc. ("CSIF")'s Articles of Incorporation, the amount of cash distributions shall be the amount of profit in excess of an amount equivalent to 90% of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, CSIF decided to make distributions of ¥710,506,353 which is the entire amount equivalent to the unappropriated retained earnings for the fiscal period under review of ¥710,446,870 excluding fractions of the distribution per unit that are less than ¥1.</p> <p>CSIF distributes cash in excess of retained earnings every fiscal period based on the cash distribution policy prescribed in Article 47, Paragraph 2 of CSIF's Articles of Incorporation. Based on this policy, CSIF decided to make cash distributions in excess of earnings (return of capital categorized as a distribution of the reduction in capital for Japanese tax purposes) in the amount of ¥133,396,630 which is equivalent to 16.4% of the amount of depreciation expenses recorded for the fiscal period under review of</p>	<p>In accordance with Articles 47, Paragraph 1 of Canadian Solar Infrastructure Fund, Inc. ("CSIF")'s Articles of Incorporation, the amount of cash distributions shall be the amount of profit in excess of an amount equivalent to 90% of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, CSIF decided to make distributions of ¥534,065,162 which is the entire amount equivalent to the unappropriated retained earnings for the fiscal period under review of ¥534,048,900 excluding fractions of the distribution per unit that are less than ¥1.</p> <p>CSIF distributes cash in excess of retained earnings every fiscal period based on the cash distribution policy prescribed in Article 47, Paragraph 2 of CSIF's Articles of Incorporation. Based on this policy, CSIF decided to make cash distributions in excess of earnings (return of capital categorized as a distribution of the reduction in capital for Japanese tax purposes) in the amount of ¥309,794,600 which is equivalent to 36.9% of the amount of depreciation expenses recorded for the fiscal period under review of</p>

	¥813,434,738. Accordingly, the distribution per unit is ¥3,650.	¥840,031,795. Accordingly, the distribution per unit is ¥3,650.
--	---	---

(Note) Distributions in excess of retained earnings per unit will generally be based on the cash distribution policy prescribed in CSIF's Articles of Incorporation and the Asset Manager's asset management guideline. CSIF intends to make cash distributions of NCF within the FCF generated from the renewable energy power generation facilities. The amount available for distribution shall be calculated by multiplying NCF by the payout ratio.

Further, CSIF intends to make distributions in excess of retained earnings for each fiscal period in order to realize such policy.

CSIF's forecasts (including revised forecasts) for each fiscal period are based on the assumption of the Forecast Power Generation (P50) provided in the independent technical report which is used as a basis for calculating rents for renewable energy power generation facilities and if actual NCF calculated based on actual power generation during the applicable fiscal period exceeds forecast NCF, CSIF's policy is to set "forecast NCF multiplied by the payout ratio" as the upper limit of the amount of cash distributions for the applicable fiscal period.

On the other hand, if actual NCF is less than forecast NCF, CSIF's policy is to set "actual NCF multiplied by the payout ratio" as the amount of cash distributions for the applicable fiscal period.

Based on this policy, CSIF decided to make distributions for the previous fiscal period of ¥843,843,500 which is equivalent to 48.0% of forecast NCF amount for the fiscal period under review of ¥1,758,007,291. Of this, ¥133,396,630 which is the amount less of distributions of profit of ¥710,446,870 is distributions in excess of retained earnings.

Based on this policy, CSIF decided to make distributions for the current fiscal period of ¥843,843,500 which is equivalent to 82.0% of forecast NCF amount for the fiscal period under review of ¥1,029,345,000. Of this, ¥309,794,600 which is the amount less of distributions of profit of ¥534,048,900 is distributions in excess of retained earnings.

(5) [Statement of Cash Flow]

(unit: thousand yen)

	4 th period (From January 1, 2019 to June 30, 2019)	5 th period (From July 1, 2019 to December 31, 2019)
Cash flows from operating activities		
Income before income taxes	711,290	534,868
Depreciation cost	813,434	840,031
Investment corporation bond expenses	-	263
Interest income	(15)	(13)
Interest expenses	106,345	108,461
Decrease (Increase) in operating accounts receivable	(217,843)	157,829
Decrease (Increase) in consumption taxes receivable	793,148	(329,815)
Decrease (Increase) in consumption taxes payable	49,904	(41,587)
Decrease (Increase) in prepaid expenses	35,909	(85,718)
Decrease (Increase) in long-term prepaid expenses	17,075	(8,695)
Increase (Decrease) in operating accounts payable	1,053	6,644
Increase (Decrease) in accounts payable - other	26,686	(15,532)
Increase (Decrease) in accrued expenses	39,839	(11,331)
Other, net	(3,024)	(833)
Sub-total	2,373,805	1,154,572
Interest received	15	13
Interest paid	(106,961)	(107,769)
Income taxes paid	(859)	(870)
Net cash provided by (used in) operating activities	2,265,998	1,045,945
Cash flows from investing activities		
Purchases of property and equipment	(1,387,663)	(4,396,022)
Purchases of intangible fixed assets	(18,294)	(240,727)
Payment of guarantee deposits	-	(16,769)
Net cash provided by (used in) investing activities	(1,405,958)	(4,653,519)
Cash flows from financing activities		
Proceeds from long-term loans payable	700,000	4,800,000
Repayment of long-term loans payable	(1,483,938)	(1,440,151)
Proceeds from issuance of investment units	-	1,100,000
Payments for investment unit issuance expenses	-	(8,800)
Dividends paid	(412,211)	(710,446)
Surplus earning distribution paid	(420,072)	(133,396)
Net cash provided by (used in) financing activities	(1,616,222)	3,607,205
Net increase (decrease) in cash and cash equivalents	(756,182)	(368)
Cash and cash equivalents at the beginning of the fiscal period	3,222,807	2,466,624
Cash and cash equivalents at the end of the fiscal period	*1 2,466,624	*1 2,466,256

- (6) **【NOTES to Financial Statements】**
【NOTES ON GOING CONCERN PREMISE】
 Not applicable.

【SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES】

<p>1.Method of depreciation and amortization of non-current assets</p>	<p>(1) Property and equipment The straight-line method is adopted. In addition, the useful lives of major property and equipment are as shown below: Structures 22 - 25 years Machinery and equipment 22 - 25 years Tools, furniture and fixtures 22 - 25 years</p> <p>(2) Intangible assets The straight-line method is adopted. In addition, the useful life is as shown below: Software 5 years</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>
<p>2.Method of amortization of deferred assets</p>	<p>(1) Investment corporation bond issuance expenses Amortized by the straight-line method over the life of the bonds.</p>
<p>3.Standards for revenue and expense recognition</p>	<p>Accounting for fixed assets tax With respect to fixed assets tax, city planning tax and depreciable assets tax, among other taxes, on the infrastructure assets held, of the tax amount assessed and determined, the amount corresponding to the calculation period is accounted as rental expenses. In addition, reimbursement such as fixed assets tax, which is paid to the seller and other persons on the acquisition of infrastructure assets and other assets (“the amount equivalent to the fixed assets taxes and other taxes”) is not recognized as rental expenses but included in the acquisition cost of the concerned infrastructure assets and other assets. In the fiscal period under review, the amount equivalent to the fixed assets tax and other taxes included in the acquisition cost of infrastructure assets and other assets is 504 thousand yen.</p>
<p>4.Scope of funds in statement of cash flows</p>	<p>Funds (cash and cash equivalents) in statement of cash flows consist of cash on hand, demand deposits and short-term investments with a maturity of three months or less at the date of acquisition that can readily be converted into cash and that are subject to insignificant risks of changes in value.</p>
<p>5.Method of hedge accounting</p>	<p>(1) Method of hedge accounting Special treatment is adopted for the interest rate swap that meets the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items: ·Hedging instruments.....Interest rate swap transaction ·Hedged items.....Interest rate on loans</p> <p>(3) Policy for hedging CSIF conducts derivative transactions to hedge risks as set forth in the CSIF's Articles of Incorporation according to the rules for risk management.</p> <p>(4) Method of evaluation of effectiveness of hedging The interest rate swap meets the requirements for special treatment, and thus the evaluation of effectiveness is omitted.</p>
<p>6.Other significant matters serving as the basis for preparation of financial statements</p>	<p>Accounting for Consumption tax Consumption tax and local consumption tax are excluded from the corresponding transaction amount.</p>

【NOTES REGARDING CHANGE OF PRESENTATION METHOD】
 Not applicable.

[NOTES ON UNAPPLIED ACCOUNTING STANDARDS]

(Unapplied Accounting Standards)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 published on March 30, 2018 by the Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30 published on March 30, 2018 by the Accounting Standards Board of Japan)

1. Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have jointly developed a converged accounting standard on revenue recognition and issued "Revenue from Contracts with Customers" (IFRS 15 by IASB and Topic 606 by FASB) in May 2014. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018 and Topic 606 is effective for annual reporting periods beginning on or after December 15, 2017. In this connection, the ASBJ developed a converged accounting standard on revenue recognition and issued the standard together with its implementation guidance.

The ASBJ followed two policies in developing accounting standard for revenue recognition. That is, to incorporate all basic IFRS 15 requirements to ensure comparability of financial statements, but also to consider additional alternative treatments based on practices applied by Japanese companies so that the standards would not significantly impair comparability.

2. Planned date of application

CSIF will apply the standard at the beginning of the fiscal period ending December 2021.

3. Effect of application of the standard

The effect that the application of Accounting Standard for Revenue Recognition will have on the financial statements is currently under evaluation.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No.30 published on 4 July by the Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31 published on 4 July by the Accounting Standards Board of Japan)

1. Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have established detailed guidelines for the measurement of fair value (IFRS 13 "Fair Value Measurement" and "Fair Value Measurement (Topic 820)" of the FASB). In order to facilitate the comparison of the provisions in these international accounting standards, the Accounting Standards Board of Japan (ASBJ) has carefully examined the guidance and disclosure primarily for the market prices of financial instruments and announced the accounting standard for the calculation of market prices and guidelines.

2. Planned date of application

CSIF will apply the standard at the beginning of the fiscal period ending February 2022.

3. Effect of application of the standard

The effect that the application of Accounting Standard for Fair value Measurement will have on the financial statements is currently under evaluation.

[NOTES TO BALANCE SHEET]

*1 Minimum net assets stipulated in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: thousand yen)

	As of June 30, 2019	As of December 31, 2019
	50,000	50,000

[NOTES TO STATEMENT OF INCOME]

*1 Breakdown of profits and losses from the rental business of renewable energy power generation facilities, etc.

	From January 1, 2019 to June 30, 2019	From July 1, 2019 to December 30, 2019
A. Operating revenue from the rental business of renewable energy power generation facilities, etc.		
Rental revenue of renewable energy power generation facilities, etc.		
(Basic rent)	1,478,843	1,567,010
(Variable rent linked to actual output)	706,346	520,930
(Incidental income)	202	176
Total operating revenue from the rental business of renewable energy power generation facilities, etc.	2,185,392	2,088,116
B. Operating expenses from the rental business of renewable energy power generation facilities, etc.		
Rental expenses of renewable energy power generation facilities, etc.		
(Management entrustment expenses)	144,616	146,524
(Repair and maintenance costs)	8,560	1,768
(Taxes and duties)	217,138	217,112
(Uilities expenses)	-	-
(Insurance expenses)	17,023	19,571
(Depreciation expenses)	813,047	839,638
(Land rent)	33,727	37,190
(Other rental expenses)	-	-
Total operating expenses from the rental business of renewable energy power generation facilities, etc.	1,234,114	1,261,805
C. Profits and losses from the rental business of renewable energy power generation facilities, etc. (A-B)	951,278	826,311

[NOTES TO STATEMENT OF CHANGES IN NET ASSETS]

*1 Total number of authorized investment units and the total number of investment units issued and outstanding

	From January 1, 2019 to June 30, 2019	From July 1, 2019 to December 31, 2019
Total number of authorized investment units	10,000,000 unit	10,000,000 unit
Total number of investment units issued and outstanding	231,190 unit	231,190 unit

[NOTES TO STATEMENT OF CASH FLOWS]

*1 Relationship between the ending balance of cash and cash equivalents and the amounts on the balance sheet

(Unit: thousand yen)

	From January 1, 2019 to June 30, 2019	From July 1, 2019 to December 31, 2019
Cash and deposits	2,466,624	2,474,056
Fixed Term deposits exceeding 3 months	-	(7,800)
Cash and cash equivalents	2,466,624	2,466,256

[NOTES ON LEASE TRANSACTIONS]

Operating lease (as the lessor)
Future minimum lease payments

(Unit: thousand yen)

	Fiscal period ended June 30, 2019	Fiscal period ended December 31, 2019
Within one year	3,039,681	3,329,182
Longer than one year	48,276,834	51,816,828
Total	51,316,516	55,146,011

[NOTES ON FINANCIAL INSTRUMENTS]

1. Situation of financial instruments

(1) Policy for financial instruments

CSIF procures funds for acquiring new assets or repaying loans through loans from financial institutions, issuing investment corporation bonds or issuing investment units. The basic policy is to build stable and sound financial operations to maintain and increase earnings in the medium to long term and grow the size and value of assets.

(2) Details of the financial instruments and their risks and the risk management system

Long-term loans payables are one of the means to procure the funds for the acquisition of managed assets and are exposed to interest rate fluctuation risk and liquidity risk, among other risks. However, this risk is deducted through the appropriate balancing of the loan period and the interest rate type, and diversification of lenders, and the appropriate management of various types of indexes, especially the general application of the upper limit of the ratio of interest-bearing, which is 60%.

(3) Supplementary explanation on fair value of financial instruments

The fair values of financial instruments are values based on market prices, or if there are no market prices, values are reasonably calculated. Since certain assumptions are used for the calculation of fair values, they may change if different assumptions are used.

2. Matters relating to fair values of financial instruments

The table below shows the book value and fair values of financial instruments as of June 30, 2019 and the difference between them. Financial instruments whose fair values are extremely difficult to estimate are not included in the table.

(Unit: thousand yen)

	Book value	Fair value	Difference
(1) Cash and deposits	2,466,624	2,466,624	-
(2) Operating accounts receivable	426,756	426,756	-
(3) Long-term time deposits	7,800	7,800	-
Total assets	2,901,181	2,901,181	-
(4) Current portion of long-term loans payable	1,286,149	1,287,698	1,548
(5) Long-term loans payable	22,227,007	22,491,852	264,844
Total liabilities	23,513,157	23,779,551	266,393
(6) Derivative transaction	-	-	-

(Note 1) Methods used for estimating the fair values of financial instruments and matters related to derivative transactions

Assets

(1) Cash and deposits (2) Operating accounts receivable

These financial instruments are settled in the short term, and their fair values are deemed to approximate their book value. Therefore, the book values are used as the values.

(3) Long-term time deposits

These financial instruments are time deposits, and their fair values are deemed to be close to their book value as there is no significant variance between the deposit and the contracted interest rates that are assumed upon a new cash deposit. Therefore, the book values are used as the values.

Liabilities

(4) Current portion of long-term loans payable (5) Long-term loans payable

With respect to long-term loans payable at variable interest rates, the condition that the interest rates are renewed every certain period is applied to loans, and thus the market value is considered to be close to the book value. Accordingly, the book value is used. In addition, for the long-term loans payable at variable interest rates subject to the special treatment of interest rate swap (refer to the "Notes on derivative transactions" below), the fair value is measured by discounting the total sum of the principal and interest treated together with the said interest rate swap as one at the interest rate that is applied when the similar loan is obtained and that is reasonably estimated.

(6) Derivative transaction

Please refer to the "Notes on derivative transactions" below.

The table below shows the book value and fair values of financial instruments as of December 31, 2019, and the difference between them. Financial instruments whose fair values are extremely difficult to estimate are not included in the table.

(Unit: thousand yen)

	Book value	Fair value	Difference
(1) Cash and deposits	2,474,056	2,474,056	-
(2) Operating accounts receivable	268,927	268,927	-
Total assets	2,742,983	2,742,983	-
(3) Current portion of long-term loans payable	1,512,196	1,513,923	1,726
(4) Long-term loans payable	25,360,810	25,651,566	290,756

(5) Investment corporation bond	1,100,000	1,100,000	-
Total liabilities	27,973,006	28,265,489	292,482
(6) Derivative transaction	-	-	-

(Note 1) Methods used for estimating the fair values of financial instruments and matters related to derivative transactions

Assets

(1) Cash and deposits (2) Operating accounts receivable

These financial instruments are settled in the short term, and their fair values are deemed to approximate their book value. Therefore, the book values are used as the values.

Liabilities

(3) Current portion of long-term loans payable (4) Long-term loans payable

With respect to long-term loans payable at variable interest rates, the condition that the interest rates are renewed every certain period is applied to loans, and thus the market value is considered to be close to the book value. Accordingly, the book value is used. In addition, for the long-term loans payable at variable interest rates subject to the special treatment of interest rate swap (refer to the "Notes on derivative transactions" below), the fair value is measured by discounting the total sum of the principal and interest treated together with the said interest rate swap as one at the interest rate that is applied when the similar loan is obtained and that is reasonably estimated.

(5) Investment corporation bond

The fair value of investment corporation bonds is determined based on market prices.

(6) Derivative transaction

Please refer to the "Notes on derivative transactions" below.

(Note 2) Scheduled redemption amounts of monetary receivable after the closing date (June 30, 2019)

(Unit: thousand yen)

	Within one year	Longer than one year, within two years	Longer than two years, within three years	Longer than three years, within four years	Longer than four years, within five years	Longer than five years
(1) Cash and deposits	2,466,624	-	-	-	-	-
(2) Operating accounts receivable	426,756	-	-	-	-	-
(3) Long-term time deposits	-	7,800	-	-	-	-
Total	2,893,381	7,800	-	-	-	-

Scheduled redemption amounts of monetary receivable after the closing date (December 31, 2019)

(Unit: thousand yen)

	Within one year	Longer than one year, within two years	Longer than two years, within three years	Longer than three years, within four years	Longer than four years, within five years	Longer than five years
(1) Cash and deposits	2,474,056	-	-	-	-	-
(2) Operating accounts receivable	268,927	-	-	-	-	-
Total	2,742,983	-	-	-	-	-

(Note 3) Scheduled redemption amount of loans payable after the closing date (June 30, 2019)

(Unit: thousand yen)

	Within one year	Longer than one year, within two years	Longer than two years, within three years	Longer than three years, within four years	Longer than four years, within five years	Longer than five years
(4) Current portion of long-term loans payable	1,286,149	-	-	-	-	-
(5) Long-term loans payable	-	2,053,702	1,862,492	1,286,533	1,285,273	15,739,005
Total	1,286,149	2,053,702	1,862,492	1,286,533	1,285,273	15,739,005

Scheduled redemption amount of loans payable after the closing date (December 31, 2019)

(Unit: thousand yen)

	Within one year	Longer than one year, within two years	Longer than two years, within three years	Longer than three years, within four years	Longer than four years, within five years	Longer than five years
(3) Current portion of long-term loans payable	1,512,196	-	-	-	-	-
(4) Long-term loans payable	-	5,836,435	1,860,238	1,292,889	1,254,936	15,116,310
(5) Investment corporation bond	-	-	-	-	1,100,000	-
Total	1,512,196	5,836,435	1,860,238	1,292,889	2,354,936	15,116,310

[NOTES ON SECURITIES]

Prior fiscal period (as of June 30, 2019)

Not applicable.

Current fiscal period (as of December 31, 2019)

Not applicable.

[NOTES ON DERIVATIVE TRANSACTIONS]

1. Those to which hedge accounting is not applied

Prior fiscal period (as of June 30, 2019) and current fiscal period (as of December 31, 2019)

Not applicable.

2. Those to which hedge accounting is applied

Prior fiscal period (as of June 30, 2019)

(Unit: thousand yen)

Method of hedge accounting	Type of derivative transactions and other matters	Major items hedged	Contract amount and other amounts		Fair value	Method of calculation of said market value
				Longer than one year		
Special treatment of interest rate swap	Interest rate swap transaction Fixed payment/variable receipt	Long-term loans payable	22,012,204	20,811,569	(Note)	-

(Note) Those that are subject to special treatment of interest rate swap are treated together with the current portion of long-term loans payable and the long-term loans payable to be hedged as one, and thus their fair value is presented together with the fair value of (Note 1) (4) Current portion of long-term loans payable and (5) Long-term loans payable in "Notes on financial instruments 2. Matters relating to fair values of financial instruments, among other matters".

Current fiscal period (as of December 31, 2019)

(Unit: thousand yen)

Method of hedge accounting	Type of derivative transactions and other matters	Major items hedged	Contract amount and other amounts		Fair value	Method of calculation of said market value
				Longer than one year		
Special treatment of interest rate swap	Interest rate swap transaction Fixed payment/variable receipt	Long-term loans payable	21,411,430	20,187,606	(Note)	-

(Note) Those that are subject to special treatment of interest rate swap are treated together with the current portion

of long-term loans payable and the long-term loans payable to be hedged as one, and thus their fair value is presented together with the fair value of (Note 1) (3) Current portion of long-term loans payable and (4) Long-term loans payable in "Notes on financial instruments 2. Matters relating to fair values of financial instruments, among other matters".

[NOTES ON RETIREMENT BENEFITS]

Prior fiscal period (as of June 30, 2019)

Not applicable.

Current fiscal period (as of December 31, 2019)

Not applicable.

[NOTES ON TAX EFFECT ACCOUNTING]

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Unit: thousand yen)

	Fiscal period ended June 30, 2019	Fiscal period ended December 31, 2019
Accrued business tax not deductible from taxable income	12	12
Total deferred tax assets	12	12
Net amount of deferred tax assets	12	12

2. Breakdown of each major item that causes a significant difference between the effective statutory tax rate and the rate of the burden of corporate tax and other taxes after the application of tax effect accounting

	Fiscal period ended June 30, 2019	Fiscal period ended December 31, 2019
Effective statutory tax rate	31.51%	31.51%
(Adjustment)		
Dividends paid deductible for tax purpose	(31.47)%	(31.46)%
Others	0.08%	0.11%
Rate of burden of corporate tax and other taxes after the application of tax effect accounting	0.12%	0.16%

[NOTES ON SHARE OF PROFIT (LOSS) OF ENTITIES ACCOUNTED FOR USING EQUITY METHOD, ETC.]

Prior fiscal period (as of June 30, 2019)

Not applicable.

Current fiscal period (as of December 31, 2019)

Not applicable.

[NOTES ON RELATED PARTY TRANSACTIONS]

1. Major corporate unitholders

Prior fiscal period (from January 1, 2019 to June 30, 2019)

Not applicable.

Current fiscal period (from July 1, 2019 to December 31, 2019)

Not applicable.

2. Affiliates

Prior fiscal period (from January 1, 2019 to June 30, 2019)
Not applicable.

Current fiscal period (from July 1, 2019 to December 31, 2019)
Not applicable.

3. Fellow Subsidiaries

Prior fiscal period (from January 1, 2019 to June 30, 2019)
Not applicable.

Current fiscal period (from July 1, 2019 to December 31, 2019)
Not applicable.

4. Officers and major individual unitholders

Prior fiscal period (from January 1, 2019 to June 30, 2019)
Not applicable.

Current fiscal period (from July 1, 2019 to December 31, 2019)
Not applicable.

[NOTES ON ASSET RETIREMENT OBLIGATIONS]

Prior fiscal period (from January 1, 2019 to June 30, 2019)
Not applicable.

Current fiscal period (from July 1, 2019 to December 31, 2019)
Not applicable.

[NOTES ON INVESTMENT AND RENTAL PROPERTY]

CSIF has renewable energy power generation facilities, etc. The book value, change during the period and fair value at the end of the period are as shown below.

(Unit: thousand yen)

	Prior fiscal period From January 1, 2019 to June 30, 2019	Current fiscal period From July 1, 2019 to December 31, 2019
Book value (Note 2)		
Beginning balance	42,077,910	42,676,695
Change during the period (Note 3)	598,784	3,797,111
Ending balance	42,676,695	46,473,806
Fair value at the end of the period (Note 4)	50,026,000	51,498,500

(Note 1) The real estate that CSIF holds is real estate to be provided for the use of renewable energy power generation facilities, and thus with respect to the book value and the fair value, the amount of the renewable energy power generation facilities and real estate are stated together as one.

(Note 2) The book value is the amount at acquisition cost less the accumulated depreciation.

(Note 3) The change during the period ended June 30, 2019 primarily consisted of the increase due to acquisition of two photovoltaic power generation facilities (1,357,292 thousand yen), and the decrease due to depreciation expenses (813,047 thousand yen). And the change during the period ended December 31, 2019 primarily consisted of the increase due to acquisition of one photovoltaic power generation facilities (4,629,532 thousand yen), and the decrease due to depreciation expenses (839,638 thousand yen).

(Note 4) The fair value is the total sum of the intermediate values according to Article 41, paragraph 1 of the CSIF's Articles of Incorporation on the basis of the appraised value in the range stated in the valuation report with the date of the value opinion on June 30, 2019 and December 31, 2019, which was obtained from PricewaterhouseCoopers Sustainability LLC or Ernst & Young Transaction Advisory Services Co., Ltd..

In addition, profits and losses from the renewable energy power generation facilities, etc. for the fiscal period ended June 30, 2019 (the 4th period) and the fiscal period ended December 31, 2019 (the 5th period) are as stated in the "Notes to statement of income" above.

[NOTES ON SEGMENT INFORMATION]

1. Segment information

Since CSIF has a single segment of the rental business of infrastructure assets, the segment information is omitted.

2. Related Information

Prior fiscal period (from January 1, 2019 to June 30, 2019)

(1) Information on products and services

Information is omitted because operating revenue from a single product/service to outside customers exceeds 90% of the operating revenue on the statement of income.

(2) Information on regions

① Operating revenue

Information is omitted because operating revenue from outside customers in Japan exceeds 90% of the operating revenue on the statement of income.

② Property and equipment

Information is omitted because the amount of property and equipment located in Japan exceeds 90% of the amount of property and equipment on the balance sheet.

(3) Information on major customers

(unit: thousand yen)

Name of customer	Total net revenue	Name of related segment
Tida Power 01 G.K.	2,038,531	Renewable energy power generation facilities, etc. rental business
CLEAN ENERGIES XXI G.K.	99,893	Renewable energy power generation facilities, etc. rental business
Univerty 01 G.K.	17,006	Renewable energy power generation facilities, etc. rental business
CLEAN ENERGIES SOLUTIONS K.K.	29,758	Renewable energy power generation facilities, etc. rental business

Current fiscal period (from July 1, 2019 to December 31, 2019)

(1) Information on products and services

Information is omitted because operating revenue from a single product/service to outside customers exceeds 90% of the operating revenue on the statement of income.

(2) Information on regions

① Operating revenue

Information is omitted because operating revenue from outside customers in Japan exceeds 90% of the operating revenue on the statement of income.

② Property and equipment

Information is omitted because the amount of property and equipment located in Japan exceeds 90% of the amount of property and equipment on the balance sheet.

(3) Information on major customers

(unit: thousand yen)

Name of customer	Total net revenue	Name of related segment
Tida Power 01 G.K.	2,061,357	Renewable energy power generation facilities, etc. rental business
LOHAS CLEAN ENERGIES WORLD K.K.	26,582	Renewable energy power generation facilities, etc. rental business

[NOTES ON PER UNIT INFORMATION]

	Prior fiscal period From January 1, 2019 to June 30, 2019	Current fiscal period From July 1, 2019 to December 31, 2019
Net assets per unit	95,996 yen	94,656 yen
Net income (Net loss) per unit	3,072 yen	2,309 yen

(Note 1) Net income (Net loss) per unit is calculated by dividing net income (net loss) by the average number of investment units during the period. In the previous fiscal period, a loss was posted and there were no dilutive investment units, and thus diluted loss per unit is not stated. With respect to diluted profit per unit for the period under review, there are no dilutive investment units, and thus the statement is omitted.

(Note 2) The basis of calculation of net income (net loss) per unit is as follows.

	Prior fiscal period From January 1, 2019 to June 30, 2019	Current fiscal period From July 1, 2019 to December 31, 2019
Net income (Net loss) (Thousand yen)	710,419	534,005
Amount not attributable to common unit holders (Thousand yen)	-	-
Net income (Net loss) attributable to Common unit holders (Thousand yen)	710,419	534,005
Average number of investment units during the period (Units)	231,190	231,190

[NOTES ON FACTS ARISING AFTER THE SETTLEMENT OF ACCOUNTS]

Not applicable

(7) [Supplementary Schedules]

1. Schedule of Securities

Not applicable.

2. Status of Contract Amounts, etc. and Estimated Fair Value of Derivative Transactions and Forward Exchange Transactions

(Unit: thousand yen)

Category	Type	Contract amount, etc. (Note 1)		Fair value (Note 2)
			Longer than one year	
OTC (over-the-counter)	Interest rate swap transactions pay-fixed, receive-variable	21,411,430	20,187,606	-
Total		21,411,430	20,187,606	-

(Note 1) The contract amount, etc. of interest rate swap transactions is based upon Notional principal amount.

(Note 2) Fair value is omitted because the transaction meets the requirement for special treatment based on the Accounting Standard for Financial Statements

3. Schedule of Assets Related to Real Estate

Not applicable.

4. Schedule of Assets Related to Renewable Energy Power Generation Facilities

(Unit: million yen)

Asset Type	Balance as of July 1, 2019	Increase during the period	Decrease during the period	Balance as of December 31, 2019	Accumulated depreciation or accumulated amortization		Net balance as of December 31, 2019	Remarks
						Depreciation during the period		
Property and equipment	Structures	835	205	-	1,040	63	18	977 (Note)
	Machinery and equipment	38,610	4,116	-	42,726	3,002	810	39,724 (Note)
	Tools, furniture and fixtures	521	71	-	592	43	10	548 (Note)
	Land	4,466	2	-	4,469	-	-	4,469 (Note)
	Total	44,433	4,396	-	48,829	3,109	839	45,720
Intangible assets	Leasehold rights	512	240	-	753	-	-	753 (Note)
	Software	3	-	-	3	1	0	2
	Total	516	240	-	757	1	0	755

(Note) The "Increase during the Period" is entirely due to the acquisition of Photovoltaic power generation facilities (November 29, 2019).

5. Schedule of Other Specified Assets

Not applicable.

6. Schedule of Investment corporation bond

(Unit: million yen)

Name of bond	Issue date	Balance as of July 1, 2019 (million yen)	Decrease during the period (million yen)	Increase during the period (million yen)	Interest rate (%)	Repayment date	Use	Remarks
First Series of Unsecured Investment Corporation Bond	November 6, 2019	-	-	1,100	0.71	November 6, 2024	(Note1)	Unsecured/ Unguaranteed
Total		-	-	1,100				

(Note 1) The proceeds shall be allocated for part of the funds for repayment of existing borrowing, acquisition of specified assets in the future repairing works, capital expenditure and operating expenses.

(Note 2) Scheduled redemption amounts of Investment corporation bond within five years after the date of the balance sheet are as follows.

(Unit: million yen)

	Within one year	Longer than one year within two years	Longer than two years within three years	Longer than three years within four years	Longer than four years within five years
Investment corporation bond	-	-	-	-	1,100

7. Schedule of Loans Payable

Category	Lender	Balance as of July 1, 2019 (million yen)	Increase during the period (million yen)	Decrease during the period (million yen)	Balance as of December 31, 2019 (million yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Shinsei Bank, Limited.	2,201	-	60	2,140	0.84500 (Note 2)	October 31, 2027	Repayment in partial installments	For acquisition of the acquired assets and other related costs. (Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,375	-	37	1,337					
	Sumitomo Mitsui Banking Corporation.	1,375	-	37	1,337					
	MUFG Bank, Ltd.	917	-	25	891					
	Resona Bank, Limited.	1,650	-	45	1,605					
	ORIX Bank Corporation.	917	-	25	891					
	The Hiroshima Bank, Ltd.	1,650	-	45	1,605					
	The Nanto Bank, Ltd.	1,650	-	45	1,605					
The Oita Bank, Ltd.	825	-	22	802						

Long-term loans payable	The Shonai Bank, Ltd.	825	-	22	802					
	The Mie Bank, Ltd.	183	-	5	178					
	The Tochigi Bank, Ltd.	825	-	22	802					
	Sumitomo Mitsui Banking Corporation.	820	-	820	-	0.57636	February 1, 2021	Repayment in partial installments (Note4)	(Note 3)	Unsecured Unguaranteed
	Shinsei Bank, Limited.	1,647	-	44	1,603					
	Sumitomo Mitsui Banking Corporation.	1,647	-	44	1,603					
	MUFG Bank, Ltd.	1,903	-	51	1,851	1.04200 (Note2)	September 6, 2028	Repayment in partial installments	(Note 3)	Unsecured Unguaranteed
	The Nanto Bank, Ltd.	951	-	25	925					
	The Ashikaga Bank, Ltd.	975	-	26	948					
	The Hiroshima Bank, Ltd.	487	-	13	474					
	Shinsei Bank, Limited.	680	-	19	661	0.57636	March 29, 2022	Repayment in partial installments	(Note3)	Unsecured Unguaranteed
	Shinsei Bank, Limited.	-	1,000	-	1,000					
	MUFG Bank, Ltd.	-	700	-	700					
	The Ashikaga Bank, Ltd.	-	500	-	500	0.52085	November 29, 2021	Repayment in partial installments	(Note3)	Unsecured Unguaranteed
	The Shonai Bank, Ltd.	-	1,000	-	1,000					
	The Nanto Bank, Ltd.	-	500	-	500					
	The Hiroshima Bank, Ltd.	-	800	-	800					

Long-term loans payable	MUFG Bank, Ltd.	-	300	-	300	0.26738	The earlier date of November 29, 2021 or the first interest payment date after the consumption tax refund date	Bullet	(Note3)	Unsecured Unguaranteed
Total		23,513	4,800	1,440	26,873	-	-	-	-	-

(Note 1) The average interest rate is the weighted-average figure during the period and is rounded to the sixth decimal place.

(Note 2) CSIF conducts interest rate swaps which fix interest rates to hedge interest rate risk, and the average interest rate is the weighted-average figure during the period taking the effect of interest rate swaps into consideration.

(Note 3) Funds are used mainly for acquisition of renewable energy power generation facilities.

(Note 4) CSIF repaid the funds borrowed on November 7, 2019 by the part of Investment corporation bond.

(Note 5) Scheduled redemption amounts of long-term loans payable within five years after the date of the balance sheet are as follows.

(Unit: thousand yen)

	Within one year	Longer than one year within two years	Longer than two years within three years	Longer than three years within four years	Longer than four years within five years	Longer than five years
Long-term loans payable	1,512,196	5,836,435	1,860,238	1,292,889	1,254,936	15,116,310

