

Canadian Solar Infrastructure Fund, Inc.

Independent Auditor's Report

7<sup>th</sup> Period

Grant Thornton Taiyo LLC

## INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

We have audited the financial statements of Canadian Solar Infrastructure Fund, Inc.(the Company), which comprise the balance sheet as at December 31, 2020, and the statement of income, the statement of changes in Unitholders' Equity, the statement of cash distributions, the statement of cash flows for the six months then ended, notes to the financial statements, and supplementary schedules all expressed in Japanese yen.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the six months then ended in accordance with the Ordinance on Accountings of Investment Corporations and accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to “Significant subsequent events” that describes that Canadian Solar Infrastructure Fund, Inc. issued investment corporation bonds, issued new investment units, obtained additional borrowings, acquired assets, made an early repayment of the existing borrowing and entered into the interest rate swap agreement.

**Responsibilities of Management and Supervisory Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Ordinance on Accountings of Investment Corporations and 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.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Supervisory Directors are responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Supervisory Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide an Executive Director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Keita Kawashima* 

Keita Kawashima  
Designated Engagement Partner  
Certified Public Accountant

*Takayoshi Ishikura* 

Takayoshi Ishikura  
Designated Engagement Partner  
Certified Public Accountant

*Grant Thornton Taiyo LLC*

Grant Thornton Taiyo LLC  
Tokyo, Japan  
14 June ,2021

Summary of Financial Results for Fiscal Period Ended  
December 31, 2020

(7th Fiscal Period: from July 1 to December 31, 2020)

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

# 1 [Financial Statement]

## (1) Balance Sheet

(Unit : thousand yen)

	6th Period (June 30, 2020)	7th Period (December 31, 2020)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and bank deposit	2,627,638	2,828,532
Operating accounts receivable	477,976	362,206
Prepaid expenses	109,917	155,628
Consumption taxes receivable	-	26,241
Other current assets	1,799	2,130
<b>Total current assets</b>	<b>3,217,332</b>	<b>3,374,740</b>
<b>Fixed Assets</b>		
<b>Property and equipment</b>		
Structures	1,041,843	1,043,042
Accumulated depreciation	(85,025)	(106,526)
Structures, net	956,818	936,515
Machinery and equipment	*2 42,736,685	*2 42,426,996
Accumulated depreciation	(3,880,573)	(4,716,860)
Machinery and equipment, net	38,856,111	37,710,136
Tools, furniture and fixtures	592,249	590,418
Accumulated depreciation	(55,331)	(66,933)
Tools, furniture and fixtures, net	536,917	523,485
Land	4,469,653	4,485,144
Construction in progress	10,560	17,017
Structures in trust	-	33,071
Accumulated depreciation	-	(341)
Structures in trust, net	-	32,729
Machinery and equipment in trust	-	776,471
Accumulated depreciation	-	(8,017)
Machinery and equipment in trust, net	-	768,453
Tools, furniture, and fixtures in trust	-	3,204
Accumulated depreciation	-	(33)
Tools, furniture and fixtures in trust, net	-	3,171
Land in trust	-	116,748
<b>Total property and equipment</b>	<b>44,830,061</b>	<b>44,593,402</b>
<b>Intangible assets</b>		
Leasehold rights	753,139	753,139
Software	1,960	1,566
<b>Total intangible assets</b>	<b>755,099</b>	<b>754,706</b>
<b>Investments and other assets</b>		
Long-term prepaid expenses	284,425	269,287
Deferred tax assets	15	13
Long-term deposit	-	15,600
Guarantee deposits	37,790	37,790
<b>Total investment and other assets</b>	<b>322,230</b>	<b>322,690</b>
<b>Total fixed assets</b>	<b>45,907,391</b>	<b>45,670,799</b>
<b>Deferred Assets</b>		
Investment corporation bond issuance cost	7,656	6,776
<b>Total deferred assets</b>	<b>7,656</b>	<b>6,776</b>
<b>Total assets</b>	<b>49,132,379</b>	<b>49,052,315</b>

	6th Period (June 30, 2020)	7th Period (December 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating Accounts payable	29,958	67,910
Current portion of long-term loans payable	1,534,806	6,517,867
Accounts payable – other	78,655	109,145
Accrued expenses	155,410	102,519
Income taxes payable	922	879
Consumption tax payable	203,692	33,948
Deposits received	301	3,085
<b>Total current liabilities</b>	<b>2,003,746</b>	<b>6,835,355</b>
<b>Non-current liabilities</b>		
Investment corporation bond	1,100,000	1,100,000
Long-term loan payable	24,297,106	19,524,374
<b>Total non-current liabilities</b>	<b>25,397,106</b>	<b>20,624,374</b>
<b>Total liabilities</b>	<b>27,400,853</b>	<b>27,459,730</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	22,050,175	22,050,175
Deduction from unitholders' capital	(1,010,472)	(1,174,155)
Unitholders' capital, net	21,039,702	20,876,019
<b>Surplus</b>		
Unappropriated retained earnings (Accumulated deficit)	691,823	716,565
<b>Total surplus</b>	<b>691,823</b>	<b>716,565</b>
<b>Total unitholders' equity</b>	<b>21,731,525</b>	<b>21,592,585</b>
<b>Total net assets</b>	<b>*1 21,731,525</b>	<b>*1 21,592,585</b>
<b>Total liabilities and net assets</b>	<b>49,132,379</b>	<b>49,052,315</b>



## (2) Statements of Income

	(Unit: thousand yen)	
	6th period (From January 1, 2020 to June 30, 2020)	7th Period (From July 1, 2020 to December 31, 2020)
Operating revenues		
Rental revenues of renewable energy power generation facilities, etc.	*1 2,331,291	*1 2,413,625
Total operating revenues	<u>2,331,291</u>	<u>2,413,625</u>
Operating expenses		
Rental expenses of renewable energy power generation facilities, etc.	*1 1,362,007	*1 1,409,487
Asset management fee	59,407	61,062
Administrative service fees	19,402	18,994
Director's compensation	2,400	2,400
Taxes and duties	101	436
Other operating expenses	47,603	62,912
Total operating expenses	<u>1,490,922</u>	<u>1,555,292</u>
Operating income	<u>840,369</u>	<u>858,332</u>
Non-operating incomes		
Interest income	13	14
Insurance income	-	1,219
Interest on refund	400	-
Other non-operating income	*2 -	*2 35,501
Total non-operating income	<u>413</u>	<u>36,735</u>
Non-operating expenses		
Interest expenses	112,576	111,324
Interest on investment corporation bond	3,894	3,937
Amortization of Investment corporation bond issuance cost	879	879
Borrowing-related expenses	30,701	56,792
Loss on retirement of non-current assets	-	4,787
Total non-operating expenses	<u>148,053</u>	<u>177,721</u>
Ordinary income	<u>692,729</u>	<u>717,346</u>
Income before income taxes	<u>692,729</u>	<u>717,346</u>
Income taxes – current	924	881
Income taxes – deferred	(2)	2
Total income taxes	<u>921</u>	<u>883</u>
Net income	<u>691,807</u>	<u>716,462</u>
Retained earnings (Deficit) brought forward	16	103
Unappropriated retained earnings (Accumulated deficit)	<u>691,823</u>	<u>716,565</u>

## (3) Statements of Changes in Unitholders' Equity

6th Fiscal Period (From January 1, 2020 to June 30, 2020)

(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, 2020	22,050,175	(700,678)	21,349,496	534,065	534,065	21,883,561	21,883,561
Changes of items during the period							
Distribution in excess of earnings	-	(309,794)	(309,794)	-	-	(309,794)	(309,794)
Dividend of surplus	-	-	-	(534,048)	(534,048)	(534,048)	(534,048)
Net Income	-	-	-	691,807	691,807	691,807	691,807
Total changes of items during the period	-	(309,794)	(309,794)	157,758	157,758	(152,035)	(152,035)
Balance as of June 30, 2020	*1 22,050,175	(1,010,472)	21,039,702	691,823	691,823	21,731,525	21,731,525

7th Fiscal Period (From July 1, 2020 to December 31, 2020)

(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, 2020	22,050,175	(1,010,472)	21,039,702	691,823	691,823	21,731,525	21,731,525
Changes of items during the period							
Distribution in excess of earnings	-	(163,682)	(163,682)	-	-	(163,682)	(163,682)
Dividend of surplus	-	-	-	(691,720)	(691,720)	(691,720)	(691,720)
Net Income	-	-	-	716,462	716,462	716,462	716,462
Total changes of items during the period	-	(163,682)	(163,682)	24,742	24,742	(138,940)	(138,940)
Balance as of December 31, 2020	*1 22,050,175	(1,174,155)	20,876,019	716,565	716,565	21,592,585	21,592,585

## (4) Statements of Cash Distribution

(Unit: yen)

	6th Fiscal Period (From January 1, 2020 to June 30, 2020)	7th Fiscal Period (From July 1, 2020 to December 31, 2020)
I Unappropriated retained earnings (Accumulated deficit)	691,823,858	716,565,873
II Distributions in excess of retained earnings	163,682,520	138,945,190
Deduction from unitholders' capital		
III Cash distributions		
(Cash distributions per unit)	855,403,000	855,403,000
Profit distributions	(3,700)	(3,700)
(Profit distributions per unit)	691,720,480	716,457,810
Distributions in excess of retained earnings	(2,992)	(3,099)
(Distributions in excess of retained earnings)	163,682,520	138,945,190
	(708)	(601)
IV Retained earnings (Deficit) carried forward	103,378	108,063
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 ¥691,823,858 which is the entire amount equivalent to the unappropriated retained earnings for the fiscal period under review of ¥691,720,480 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 ¥163,682,520 which is equivalent to 17.9% 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 ¥716,565,870 which is the entire amount equivalent to the unappropriated retained earnings for the fiscal period under review of ¥716,457,810 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 ¥138,945,190 which is equivalent to 15.2% of the amount of depreciation expenses recorded for the fiscal period under review of</p>

	¥912,259,006. Accordingly, the distribution per unit is ¥3,700.	¥914,309,028. Accordingly, the distribution per unit is ¥3,700.
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(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 ¥855,403,000 which is within the limitation of 95% of forecast NCF amount for the fiscal period of ¥902,632,000 and equivalent to 94.7% of that. Of this, ¥163,682,520 which is the amount less of distributions of profit of ¥691,720,480 is distributions in excess of retained earnings.

Based on this policy, CSIF decided to make distributions for the current fiscal period of ¥855,403,000 which is equivalent to 89.0% of forecast NCF amount for the fiscal period of ¥960,272,000. Of this, ¥138,945,190 which is the amount less of distributions of profit of ¥716,457,810 is distributions in excess of retained earnings.

## (5) Statements of Cash Flows

(Unit: thousand yen)

	6th period (From January 1, 2020 to June 30, 2020)	7th Fiscal Period (From July 1, 2020 to December 31, 2020)
<b>Cash flows from operating activities</b>		
Income before income taxes	692,729	717,346
Depreciation cost	912,259	914,309
Investment corporation bond expenses	879	879
Interest income	(13)	(14)
Interest expenses	116,471	115,261
Other non-operating income	-	(35,501)
Loss on retirement of non-current assets	-	4,787
Decrease (Increase) in operating accounts receivable	(209,049)	115,770
Decrease (Increase) in consumption taxes receivable	329,815	(26,241)
Decrease (Increase) in consumption taxes payable	195,374	(169,743)
Decrease (Increase) in prepaid expenses	47,606	(45,710)
Decrease (Increase) in long-term prepaid expenses	31,694	15,137
Increase (Decrease) in operating accounts payable	(3,030)	37,951
Increase (Decrease) in accounts payable - other	11,184	30,490
Increase (Decrease) in accrued expenses	54,026	(53,510)
Other, net	(2,200)	2,453
Sub-total	2,177,748	1,623,665
Interest received	13	14
Interest paid	(117,120)	(114,642)
Income taxes paid	(862)	(925)
Net cash provided by (Used in) operating activities	2,059,778	1,508,112
<b>Cash flows from investing activities</b>		
Deposit into fixed deposits	-	(7,800)
Purchases of property and equipment	*1 (21,259)	*1 (646,543)
Net cash provided by (Used in) investing activities	(21,259)	(654,343)
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	-	1,000,000
Repayment of long-term loans payable	(1,041,093)	(789,671)
Dividends paid	(534,048)	(691,720)
Surplus earning distribution paid	(309,794)	(163,682)
Net cash provided by (Used in) financing activities	(1,884,936)	(645,074)
Net increase (Decrease) in cash and cash equivalents	153,581	208,694
Cash and cash equivalents at the beginning of the fiscal period	2,466,256	2,619,838
Cash and cash equivalents at the end of the fiscal period	*2 2,619,838	*2 2,828,532

(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              Structures in trust ..... 25 years              Machinery and equipment in trust 25 years              Tools, furniture and fixtures in trust 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, the amount equivalent to the fixed assets tax and other taxes included in the acquisition cost of infrastructure assets and other assets is 527 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>(1) Accounting treatment with regard to trust beneficiary interest in real estate</p> <p>With regards to trust beneficial interest in equipment of renewable energy power plants, all assets and liabilities within entrusted assets as well as all revenue and expense items which occur to entrusted assets are recorded as the respective account titles on the balance sheet and statements of income. The following important account titles among the entrusted assets which are recorded as the respective account titles are separately indicated on the balance sheet:</p> <p>Structures in trust, Machinery and equipment in trust, Tools, furniture and fixtures in trust, Land in trust.</p> <p>(2) Accounting for Consumption tax</p> <p>Consumption tax and local consumption tax are excluded from the corresponding transaction amount.</p>
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[NOTES ON UNAPPLIED ACCOUNTING STANDARDS]

(Unapplied Accounting Standards)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 published on March 31, 2020 by the Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30 published on March 31, 2020 by the Accounting Standards Board of Japan)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19 published on March 31, 2020 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 July 4, 2019 by the Accounting Standards Board of Japan)
- Accounting Standard for Financial Instruments (ASBJ Statement No.10 published on July 4, 2019 by the Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31 published on July 4, 2019 by the Accounting Standards Board of Japan)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19

published on March 31, 2020 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 December 2021.

#### 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.

• Accounting Standard for Disclosure of Accounting Estimates (Corporate Accounting Standard No. 31, March 31, 2020, the Accounting Standards Board of Japan)

#### 1. Overview

Regarding "source of uncertainty of estimate" disclosure, which is required in Clause 125 of the International Accounting Standard (IAS) No. 1, "Presentation of Financial Statements (hereinafter "IAS No. 1")" announced by the International Accounting Standards Board (IASB) in 2003, there have been requests to consider the requirement to disclose useful information to users of financial statements as notes in the Japanese standard as well, and it has been published.

In developing the Accounting Standards, the basic policy on which the Accounting Standards Board of Japan relies is not to expand individual notes but to require companies to make a judgment on the disclosure of specific content in light of the disclosure purpose after demonstrating the principle (disclosure purpose). The provision of Clause 125, IAS No. 1 shall be referenced when developing the Accounting Standards.

#### 2. Planned date of application

This shall apply from the end of the fiscal period ending June 2021.

• Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (Corporate Accounting Standard No. 24, March 31, 2020, the Accounting Standards Board of Japan)

#### 1. Overview

It was recommended to consider expanding notes related to "accounting principles and procedures used when provisions of the relevant accounting standards, etc., are unclear." Subsequently, the Accounting Standards Board of Japan has made the necessary revisions and published the Accounting Standard for Accounting Policy Disclosure, Accounting Changes and Error Corrections.

In expanding notes related to "accounting principles and procedures used when provisions of the relevant accounting standards, etc., are unclear," provisions for annotations in the Corporate Accounting Principles (Note 1-2) shall continue to apply, to avoid disrupting existing practice in cases where the provisions of the relevant accounting standards, etc., are clear.

#### 2. Planned date of application

This shall apply from the end of the fiscal period ending June 2021.



[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, 2020	As of December 31, 2020
	50,000	50,000

\*2 JPY amount of a decrease in acquisition price for machine and equipment of S-13 CS Mashiki-machi PV Power Plant

	(Unit: thousand yen)	
	As of June 30, 2020	As of December 31, 2020
	-	332,606

[NOTES TO STATEMENT OF INCOME ]

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

	(Unit: thousand yen)	
	From January 1, 2020 to June 30, 2020	From July 1, 2020 to December 31, 2020
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)	1,646,317	1,698,289
(Variable rent linked to actual output)	684,879	715,325
(Incidental income)	94	11
Total operating revenue from the rental business of renewable energy power generation facilities, etc.	2,331,291	2,413,625
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)	159,491	191,463
(Repair and maintenance costs)	98	8,585
(Taxes and duties)	223,768	223,744
(Utility expenses)	-	-
(Insurance expenses)	22,112	24,676
(Depreciation expenses)	911,865	913,915
(Land rent)	44,670	46,502
(Trust fees)	-	600
(Other rental expenses)	-	-
Total operating expenses from the rental business of renewable energy power generation facilities, etc.	1,362,007	1,409,487
C. Profits and losses from the rental business of renewable energy power generation facilities, etc. (A-B)	969,284	1,004,138

\*2 Breakdown of other non-operating income

(Unit: thousand yen)

	As of June 30, 2020	As of December 31, 2020
JPY Amount of reversal of accumulated depreciation corresponding to a decrease in acquisition price for S-13 CS Mashiki-machi PV Power Plant	-	35,478

[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, 2020 to June 30, 2020	From July 1, 2020 to December 31, 2020
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 Breakdown of purchases of property and equipment

(Unit: thousand yen)

	From January 1, 2020 to June 30, 2020	From July 1, 2020 to December 31, 2020
Consideration of property and equipment purchased for the fiscal period end	(21,259)	(980,537)
Refund of a part of consideration of property and equipment purchased before the previous fiscal period	-	333,993
Purchases of property and equipment	(21,259)	(646,543)

\*2 Relationship between the ending balance of cash and cash equivalents and the amounts on the balance sheet

(Unit: thousand yen)

	From January 1, 2020 to June 30, 2020	From July 1, 2020 to December 31, 2020
Cash and deposits	2,627,638	2,828,532
Fixed Term deposits exceeding 3 months	(7,800)	-
Cash and cash equivalents	2,619,838	2,828,532

[NOTES ON LEASE TRANSACTIONS]

Operating lease (as the lessor)  
Future minimum lease payments

(Unit: thousand yen)

	Fiscal period ended June 30, 2020	Fiscal period ended December 31, 2020
Within one year	3,320,471	3,367,129
Longer than one year	50,176,820	49,423,243
Total	53,497,291	52,790,373

[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, 2020, 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	2,627,638	2,627,638	-
(2) Operating accounts receivable	477,976	477,976	-
Total assets	3,105,615	3,105,615	-
(3) Current portion of long-term loans payable	1,534,806	1,536,238	1,432
(4) Long-term loans payable	24,297,106	24,526,517	229,410
(5) Investment corporation bond	1,100,000	1,086,690	(13,310)
Total liabilities	26,931,912	27,149,446	217,533
(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.

The table below shows the book value and fair values of financial instruments as of December 31, 2020, 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	2,828,532	2,828,532	-
(2) Operating accounts receivable	362,206	362,206	-
(3) Long-term Cash and deposits	15,600	15,600	-
Total assets	3,206,339	3,206,339	-
(4) Current portion of long-term loans payable	6,517,867	6,509,162	(8,704)
(5) Long-term loans payable	19,524,374	19,684,965	160,591
(6) Investment corporation bond	1,100,000	1,088,120	(11,880)
Total liabilities	27,142,241	27,282,248	140,006
(7) 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 Cash and deposits

These financial instruments are fixed deposits and there is no significant fluctuation between estimated interest rates upon new deposit and engaged rates of interest and their fair market values approximate their book values. 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) Investment corporation bond

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

(7) 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, 2020)

(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	2,627,638	-	-	-	-	-
(2) Operating accounts receivable	477,976	-	-	-	-	-
Total	3,105,615	-	-	-	-	-

Scheduled redemption amounts of monetary receivable after the closing date (December 31, 2020)

(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	2,828,532	-	-	-	-	-
(2) Operating accounts receivable	362,206	-	-	-	-	-

(3) Long-term cash and deposits	-	-	15,600	-	-	-
Total	3,190,739	-	15,600	-	-	-

(Note 3) Scheduled redemption amount of loans payable after the closing date (June 30, 2020)

(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	1,534,806	-	-	-	-	-
(4) Long-term loans payable	-	5,986,293	1,286,533	1,285,273	1,242,792	14,496,212
(5) Investment corporation bond	-	-	-	-	1,100,000	-
Total	1,534,806	5,986,293	1,286,533	1,285,273	2,342,792	14,496,212

Scheduled redemption amount of loans payable after the closing date (December 31, 2020)

(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	6,517,867	-	-	-	-	-
(5) Long-term loans payable	-	1,860,238	1,292,889	1,254,936	1,291,266	13,825,044
(6) Investment corporation bond	-	-	-	1,100,000	-	-
Total	6,517,867	1,860,238	1,292,889	2,354,936	1,292,266	13,825,044

[NOTES ON SECURITIES]

Prior fiscal period (as of June 30, 2020)

Not applicable.

Current fiscal period (as of December 31, 2020)

Not applicable.

[NOTES ON DERIVATIVE TRANSACTIONS]

1. Those to which hedge accounting is not applied

Prior fiscal period (as of June 30, 2020) and current fiscal period (as of December 31, 2020)

Not applicable.

2. Those to which hedge accounting is applied

Prior fiscal period (as of June 30, 2020)

(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	20,811,569	19,568,757	(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".

Current fiscal period (as of December 31, 2020)

(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	20,187,606	18,939,441	(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".

[NOTES ON RETIREMENT BENEFITS]

Prior fiscal period (as of June 30, 2020)

Not applicable.

Current fiscal period (as of December 31, 2020)

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, 2020	Fiscal period ended December 31, 2020
Deferred tax assets		
Accrued business tax not deductible from taxable income	15	13
Total deferred tax assets	15	13
Net amount of deferred tax assets	15	13

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, 2020	Fiscal period ended December 31, 2020
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Dividends paid deductible for tax purpose	(31.41)%	(31.42)%
Others	0.09%	0.08%
Rate of burden of corporate tax and other taxes after the application of tax effect accounting	0.14%	0.12%

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

Prior fiscal period (from January 1, 2020 to June 30, 2020)

Not applicable.

Current fiscal period (from July 1, 2020 to December 31, 2020)

Not applicable.

[NOTES ON RELATED PARTY TRANSACTIONS]

1. Major corporate unitholders

Prior fiscal period (from January 1, 2020 to June 30, 2020)

Not applicable.

Current fiscal period (from July 1, 2020 to December 31, 2020)

Not applicable.

2. Affiliates

Prior fiscal period (from January 1, 2020 to June 30, 2020)

Not applicable.

Current fiscal period (from July 1, 2020 to December 31, 2020)

Not applicable.

3. Fellow Subsidiaries

Prior fiscal period (from January 1, 2020 to June 30, 2020)

Not applicable.

Current fiscal period (from July 1, 2020 to December 31, 2020)

Not applicable.

4. Officers and major individual unitholders

Prior fiscal period (from January 1, 2020 to June 30, 2020)

Not applicable.

Current fiscal period (from July 1, 2020 to December 31, 2020)

Not applicable.

[NOTES ON ASSET RETIREMENT OBLIGATIONS]

Prior fiscal period (from January 1, 2020 to June 30, 2020)

Not applicable.

Current fiscal period (from July 1, 2020 to December 31, 2020)

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, 2020 to June 30, 2020	Current fiscal period From July 1, 2020 to December 31, 2020
Book value (Note 2)		
Beginning balance	46,473,806	45,572,640
Change during the period (Note 3)	(901,166)	(243,115)
Ending balance	45,572,640	45,329,524
Fair value at the end of the period (Note 4)	49,588,000	48,890,000

(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, 2020 primarily consisted of the increase due to capital expenditure for one photovoltaic power generation facility (10,699 thousand yen), and the decrease due to depreciation expenses (911,865 thousand yen). And the change during the period ended December 31, 2020 primarily consisted of the increase due to acquisition of two photovoltaic power generation facilities (929,496 thousand yen), and the decrease due to depreciation expenses (913,915 thousand yen).

(Note 4) The fair value is the total sum of the median amount that we calculated 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, 2020 and December 31, 2020, which was obtained from PricewaterhouseCoopers Sustainability LLC (for S-01 to S-18). And, the fair value is the total sum of the median amount on the basis of the appraised value stated in the valuation report with the date of the value opinion on June 30, 2020 and December 31, 2020, which was obtained from Ernst & Young Transaction Advisory Services Co., Ltd. or Ernst & Young Strategy and Consulting Co., Ltd. (for S-19 to S-23). Please note that Ernst & Young Transaction Advisory Services Co., Ltd. and Ernst & Young Advisory and Consulting Co., Ltd. have been integrated and those were incorporated as Ernst & Young Strategy and Consulting Co., Ltd. as of October 1, 2020.

In addition, profits and losses from the renewable energy power generation facilities, etc. for the fiscal period ended June 30, 2020 (the 6th period) and the fiscal period ended December 2020 (the 7th 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, 2020 to June 30, 2020)

(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.	2,331,196	Renewable energy power generation facilities, etc. rental business

Current fiscal period (from July 1, 2020 to December 31, 2020)

## (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.	2,395,335	Renewable energy power generation facilities, etc. rental business
CS Hokkaido Ishikari G.K.	13,862	Renewable energy power generation facilities, etc. rental business
CS Miyagi Kejonuma G.K.	4,416	Renewable energy power generation facilities, etc. rental business

## [NOTES ON PER UNIT INFORMATION]

(Unit: yen)

	Prior fiscal period From January 1, 2020 to June 30, 2020	Current fiscal period From July 1, 2020 to December 31, 2020
Net assets per unit	93,998	93,397
Net income (Net loss) per unit	2,992	3,099

(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.

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

	Prior fiscal period From January 1, 2020 to June 30, 2020	Current fiscal period From July 1, 2020 to December 31, 2020
Net income (Net loss) (Thousand yen)	691,807	716,462
Amount not attributable to common unit holders (Thousand yen)	-	-
Net income (Net loss) attributable to Common unit holders (Thousand yen)	691,807	716,462
Average number of investment units during the period (Units)	231,190	231,190

[NOTES ON FACTS ARISING AFTER THE SETTLEMENT OF ACCOUNTS]

1. Issuance of Investment Corporation Bonds (Green Bonds)

CSIF issued investment corporation bonds ("Green Bonds") on January 26, 2021.

Name	Canadian Solar Infrastructure Investment Corporation / The 1st Unsecured Bond (Green Bonds)
Total issue amount	3,800 million yen
Form of the bond certificate	Subject to the provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc. bond certificates will not be issued.
Issue price	100 yen per par value of 100 yen for each bond
Redemption price	100 yen per par value of 100 yen for each bond
Interest rate	0.80% per annum
Denomination of each bond	100 million yen
Offering method	Public offering
Offering period	January 20, 2021
Payment date	January 26, 2021
Collateral / Guarantee	No collateral or guarantee is provided for the Green Bonds. None of CSIF's assets are secured for the Green Bonds.
Redemption method and date	The total amount of the Green Bonds will be redeemed on January 26, 2026 (5-year bond) Early redemption is possible any time after the payment date, except for the case separately determined by the depository.
Interest payment date	January 26 and July 26 of every year (Initial interest payment date will be July 26, 2021)
Credit rating	A (Japan Credit Rating Agency, Ltd.)
Special financial covenant	Collateral provision restriction clause is added.
Depository	Japan Securities Depository Center, Inc.
Fiscal agent, issuing agent and payment agent	Mizuho Bank, Ltd.
Underwriter for private placement	Mizuho Securities Co., Ltd. and SMBC Nikko Securities Inc.

2. Issuance of new investment units

At a board of the CSIF directors' meeting held on February 17, 2021, it resolved to issue new investment units of CSIF ("Investment Units") and the payment has received on March, 5, 2021. As a result, total number of investment units issued and outstanding after the issuance of new investment units through public offering are

382,690 units and total amount to be paid in through Public Offering is ¥38,982,845,000 (as of March 5, 2021)

Issuance of new investment units through public offering

Number of investment units to be offered	151,500units	Japanese public offering:	110,595units
		International offering:	40,905units
Issue Price (Offer Price)	¥125,115 per unit		
Total Issue Price (Total Offer Price)	¥18,954,922,500		
Amount to be paid in (Issue Value)	¥119,517 per unit		
Total amount to be paid in (Total Issue Value)	¥18,106,825,500		
Payment Date	March 5, 2021		
Use of Proceeds	it shall be used as a part of the funds for the acquisition of specified assets (as set forth in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (1951, No. 198, including revisions thereafter), the same applies hereinafter)		

At a board of the CSIF directors' meeting held on February 17, 2021 and March 1, 2021, it resolved to issue new investment units through third-party allotment collectively with the Investment Units. A subscription notice from the allottee was received on April 2, 2021 for a part of the new investment units to be issued through third-party allotment.

Issuance of new investment units through third-party allotment

Number of investment units to be offered	3,966 units		
Issue Price to be paid	¥119,517 per unit		
Total amount to be paid in (Total Issue Value)	¥474,004,422		
Allottee and number of investment units to be allotted	Mizuho Securities	3,966units	
Payment Date	April 7, 2021		
Use of Proceeds	The net proceeds from the issuance of new investment units through the Third-Party Allotment (maximum cash proceeds of shall be used for partial payment for the future acquisition of specified assets or partial repayment of borrowings.		

[Note] Unitholders equity deduction from Unitholders capital

Change in the number of investment units issued and outstanding associated with the issuance of new investment units through public offering and third-party allotment as follows;

- Total number of investment units issued and outstanding as of December 31, 2020 231,190 units
  - Increase in the number of investment units associated with the issuance of new investment units through public offering 151,500 units
  - Increase in the number of investment units associated with the issuance of new investment units through third-party allotment 3,966 units
- Total number of investment units issued and outstanding after the issuance of new investment units through public offering and third-party allotment 386,656 units

### 3. Borrowings of the Funds

CSIF decided to borrow funds for the purpose of the appropriation of the funds obtained as set forth in "4. Acquisition of assets" below at the meeting of the board of directors held on February 17, 2021. The borrowed funds were applied to partial fund for acquisition of the newly acquired assets described in "4. Acquisition of assets" below and expenses related thereto (including consumption taxes).

Type (Note 1)	Lenders	Borrowing Amount (million yen)	Interest Rate (Note 2) (Note 3)	Drawdown Date	Repayment Date	Repayment Method (Note 4)	Use of Source	Security
Long-term	Syndicate of lenders arranged by Shinsei Bank, Limited, Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers, MUFG Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited. as co-arranger	17,000	Base rate plus 0.45%	March 8, 2021	Corresponding date in ten years from the drawdown date	Partial installment (Note 5)	A part of the funds for the acquisition of specified assets and the costs	Unsecured, unguaranteed (Note 6)
Long-term	Shinsei Bank, Limited, Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.	2,300	Base rate plus 0.20%	March 8, 2021	The earlier date of (i) March 8, 2023 or (ii) the first interest payment date on or after the consumption taxes refund date	Lump-sum payment	Consumption tax payment for acquisition of assets and the acquisition costs	Unsecured, unguaranteed (Note 6)

(Note 1) Long-term refers to borrowings that have a period of over a year from the drawdown date to the repayment date.

(Note 2) Finance related costs paid to the lenders are not included.

(Note 3) The applicable base rate is TIBOR (Tokyo Interbank Offered Rate) announced by the General Incorporated Association JBA (Japanese Bankers Association) TIBOR Administration.

(Note 4) CSIF can make an early repayment during the period from the drawdown date to the maturity date of all or part of our borrowings subject to certain conditions, such as prior written notice to the relevant lenders.

(Note 5) The first principal repayment date will be June 30, 2021, and subsequent principal repayment dates will be the last days of June and December (if a principal repayment date is not a business day, then the payment will be made on the immediately succeeding business day; provided, however, that if such payment day falls into the following month, then the payment will be made on the immediately preceding business day) and the remaining principal on the Maturity Date will be repaid in a single instalment (balloon amortization). The rate of capital redemption planned on June 30, 2021 is 2.30736% of each the Anticipated Borrowing Amount if the loan takes the Balloon Payment method.

(Note 6) The loan agreements contain restrictive financial covenants to be applied on each settlement date of CSIF, such as the total amount of interest-bearing liabilities to the total asset value (LTV), debt-to equity ratio and debt service coverage ratios(DSCR) as indicators to determine the ability of CSIF to repay the loan. Breaches of such covenants for 2 successive fiscal periods or an occurrence of an acceleration event could result in being required to grant security interests in favor of the lenders.

### 4. Acquisition of assets

CSIF decided to acquire the following assets with the funds of "2. Issuance of new investment units" and "

3. Borrowings of the Funds" above according to the basic policy for asset management set forth in the Articles of Incorporation at the meeting of the board of directors held on February 17, 2021 and acquired the said assets on March 8, 2021. CSIF completed the acquisition of assets, as described below, on March 8, 2021.

Asset Number (Note 1)	Project Name (Note 2)	Asset Type	Location (Note 3)	Acquisition Price (million yen) (Note 4)	Acquired from
S-24	CS Hiji-machi Dai-ni Power Plant	Trust beneficiary interest	Hayami-gun, Oita	27,851	LOHAS ECE2 G.K.
S-25	CS Ogawara-machi Power Plant	Trust beneficiary interest	Shibata-gun, Miyagi	2,745	Tida Power 45 G.K.
Total				30,596	-

(Note 1) Asset number is the number that we have assigned to our projects, based on the classification of the renewable energy project. The S denotes a solar energy project. The same applies herein.

(Note 2) "CS" is the abbreviation for Canadian Solar. The same applies herein. The names of anticipated acquisitions differ from their names registered under the Renewable Energy Act, and the names of the solar energy projects we are currently hold may also differ.

(Note 3) Based on the location of the land or one of the lands upon which the photovoltaic power generation is installed, as described in the property registry. In either case, the address is described up to the city or district.

(Note 4) Anticipated acquisition price is as described in the purchase agreements (excluding acquisition expenses such as the payment of outsourcing service fees related to acquisition, property-related taxes, urban planning taxes, consumption taxes and other fees) and its price rounds down less than one million yen.

#### 5. Early Repayment of Existing Borrowing

CSIF has made an early repayment of the existing borrowing on March 8, 2021, May 14, 2021 and May 31, 2021 as follows.

(Unit: million yen)

Type	Lender	Balance before payment	Repayment Amount	Balance after repayment	Drawdown date	Maturity date	Early repayment date
Current portion of long-term loans payable	Mizuho Bank Ltd.	981	981	-	September 28, 2020	September 28, 2021	March 8, 2021
Current portion of long-term loans payable	Shinsei Bank, Limited.	623	623	-	March 29, 2019	March 29, 2022	May 14, 2021
Current portion of long-term loans payable	Syndicate of lenders arranged by Shinsei Bank, Limited. as an arranger and MUFG Bank, Ltd. as a co-arranger	4,249	4,249	-	November 29, 2019	November 29, 2021	May 31, 2021

#### 6. Interest Rate Swap Agreement

CSIF entered into the interest rate swap agreement related to "3. Borrowings of the Funds" above on March 25, 2021 as follows.

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional Principal	JPY 17,000 million (Note 1)
Interest Rate	Fixed interest rate payable: 0.8199% (Note 2) Floating interest rate receivable: JBA 6-month JPY TIBOR + 0.45% (0.58636% for the first interest payment and higher of JBA 1 month JPY TIBOR or JBA 3-month JPY TIBOR + 0.45% for the last interest payment)
Commencement Date	March 29, 2021
Termination Date	March 8, 2031
Interest Payment Date	The last day of June and December every year (Note 3) (The first interest payment date will be the last day of June 2021 and the last interest payment date will be the termination date)

(Note 1) The notional principal amount stated above is as of the commencement date of the interest rate swap agreement, and the notional principal amount for each relevant interest payment date will be the initial notional principal amount less the total amortization of notional principal up until each relevant interest payment date. The total amount deducted from the notional principal amount will match the Term Loan principal repayment amount.

(Note 2) The interest rate for the full amount of the Term Loan will be effectively fixed at 0.8199% with the execution of the interest rate swap agreement.

(Note 3) If a payment date is not a business day, then the payment will be made on the immediately succeeding business day; provided, however, that if such day falls into the following month, then the payment will be made on the immediately preceding business day.

## (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

Category	Type	Contract amount and other amounts (Note 1)		Fair value (Note 2)
			Longer than one year	
OTC (over-the-counter)	Interest rate swap transactions pay-fixed, receive-variable	20,187,606	18,939,441	-
Total		20,187,606	18,939,441	-

(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, 2020	Increase during the period	Decrease during the period	Balance as of Dec. 31,2020	Accumulated depreciation or accumulated amortization		Net balance as of Dec. 31,2020	Remarks
						Depreciation during the period		
Property and equipment	Structures	1,041	1	-	1,043	106	21	936 (Note 1)
	Machinery and equipment	42,736	27	336	42,426	4,716	872	37,710 (Note 1)
	Tools, furniture and fixtures	592	0	2	590	66	11	523
	Land	4,469	15	-	4,485	-	-	4,485 (Note 1)
	Construction in progress	10	12	6	17	-	-	17 (Note 2)
	Structures in trust	-	33	-	33	0	0	32 (Note 3)
	Machinery and equipment in trust	-	776	-	776	8	8	768 (Note 3)
	Tools, furniture and fixtures in trust	-	3	-	3	0	0	3 (Note 3)
	Land in trust	-	116	-	116	-	-	116 (Note 3)

	Total	48,850	986	345	49,492	4,898	913	44,593	
Intangible assets	Leasehold rights	753	-	-	753	-	-	753	
	Software	3	-	-	3	2	0	1	
	Total	757	-	-	757	2	0	754	

(Note 1) The "Increase during the 7th period" is entirely due to the capital expenditure of the power plants. And, the decrease for 7th FP is mainly for the decrease adjustment of the acquisition price for S-13 CS Mashiki-machi Power Plant.

(Note 2) The increases for the 7th FP are entirely related to the disaster recovery constructions for S-12 CS Kannami-cho PV. Further construction plan for S-12 CS Kannami-cho PV is not determined.

(Note 3) The increase for the 7th FP is entirely due to the acquisition of the power plants etc. on September 28, 2020.

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, 2020	Decrease during the period	Increase during the period	Balance as of Dec. 31, 2020	Interest rate (%)	Repayment date	Use	Remarks
First Series of Unsecured Investment Corporation Bond	November 6, 2019	1,100	-	-	1,100	0.71	November 6, 2024	(Note 1)	Unsecured, Unguaranteed
Total		1,100	-	-	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
Investment corporation bond	-	-	-	1,100

7. Schedule of Loans Payable

(Unit: million yen)

Category	Lender	Balance as of July 1, 2020	Increase during the period	Decrease during the period	Balance as of Dec. 30, 2020	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Shinsei Bank, Limited.	2,079	-	63	2,016	0.84500 (Note 2)	October 31, 2027	Repayment in partial installments	(Note 3)	Unsecured, Unguaranteed
	Mizuho Bank, Ltd.	1,299	-	39	1,260					
	Sumitomo Mitsui Banking Corporation.	1,299	-	39	1,260					
	MUFG Bank, Ltd.	866	-	26	840					

Long-term loans payable	Resona Bank, Limited.	1,559	-	47	1,512					
	ORIX Bank Corporation.	866	-	26	840					
	The Hiroshima Bank, Ltd.	1,559	-	47	1,512					
	The Nanto Bank, Ltd.	1,559	-	47	1,512					
	The Oita Bank, Ltd.	779	-	23	756					
	The Shonai Bank, Ltd.	779	-	23	756					
	The Mie Bank, Ltd.	173	-	5	168					
	The Tochigi Bank, Ltd.	779	-	23	756					
	Shinsei Bank, Limited.	1,560	-	45	1,514					
	Sumitomo Mitsui Banking Corporation.	1,560	-	45	1,514					
	MUFG Bank, Ltd.	1,802	-	52	1,749					
	The Nanto Bank, Ltd.	901	-	26	874					
	The Ashikaga Bank, Ltd.	923	-	27	896					
	The Hiroshima Bank, Ltd.	461	-	13	448					
	Shinsei Bank, Limited.	643	-	19	623	0.57646	March 29, 2022	Repayment in partial installments	(Note 3)	Unsecured, Unguaranteed
	Shinsei Bank, Limited.	972	-	28	944	0.57646	November 29, 2021	Repayment in partial installments	(Note 3)	Unsecured, Unguaranteed
	MUFG Bank, Ltd.	680	-	19	661					
	The Ashikaga Bank, Ltd.	486	-	14	472					
	The Shonai Bank, Ltd.	972	-	28	944					



	The Nanto Bank, Ltd.	486	-	14	472					
	The Hiroshima Bank, Ltd.	778	-	22	755					
Current portion of long-term loans payable	Mizuho Bank, Ltd.	-	1,000	18	981	0.36893	September 28, 2021	Repayment in partial installments	(Note 3)	Unsecured, Unguaranteed
	Total	25,831	1,000	789	26,042	-	-	-	-	-

(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.

(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
Long-term loans payable	6,517,867	1,860,238	1,292,889	1,254,936	1,291,266

