

Canadian Solar Infrastructure Fund, Inc.

Independent Auditor's Report

4th Period

Grant Thornto 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 June 30, 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 June 30, 2019, and its financial performance and its cash flows for fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Grant Thornton Taiyo LLC

October 18, 2019

Tokyo, Japan

Summary of Financial Results for Fiscal Period Ended June 30, 2019

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

	3 rd Period (December 31, 2018)	4 th Period (June 30, 2019)
Assets		
Current Assets		
Cash and bank deposit	3,222,807	2,466,624
Operating accounts receivable	208,913	426,756
Prepaid expenses	107,714	71,805
Consumption taxes receivable	793,148	-
Other current assets	685	215
Total current assets	4,333,268	2,965,401
Fixed Assets		
Property and equipment		
Structures	797,621	835,726
Accumulated depreciation	(28,399)	(45,417)
Structures, net	769,221	790,308
Machinery and equipment	37,427,871	38,610,034
Accumulated depreciation	(1,405,797)	(2,191,437)
Machinery and equipment, net	36,022,074	36,418,597
Tools, furniture and fixtures	505,287	521,176
Accumulated depreciation	(22,181)	(32,570)
Tools, furniture and fixtures, net	483,106	488,605
Land	4,309,021	4,466,771
Construction in progress	6,244	-
Total property and equipment	41,589,667	42,164,283
Intangible assets		
Leasehold rights	494,487	512,411
Software	2,763	2,746
Total intangible assets	497,250	515,158
Investments and other assets		
Long-term prepaid expenses	324,500	307,424
Deferred tax assets	12	12
Long term deposits	7,800	7,800
Guarantee deposits	21,021	21,021
Total investment and other assets	353,333	336,258
Total fixed assets	42,440,252	43,015,700
Total assets	46,773,521	45,981,101
Liabilities		
Current liabilities		
Operating Accounts payable	25,290	26,344
Current portion of long-term loans payable	1,239,176	1,286,149
Accounts payable – other	56,317	83,003
Accrued expenses	73,449	112,673
Income taxes payable	857	868
Consumption tax payable	-	49,904
Deposits received	5,246	1,750
Total current liabilities	1,400,337	1,560,694
Non-current liabilities		
Long-term loan payable	23,057,919	22,227,007
Total non-current liabilities	23,057,919	22,227,007
Total liabilities	24,458,257	23,787,702
Net assets		
Unitholders' equity		
Unitholders' capital	22,050,175	22,050,175
Deduction from unitholders' capital	(147,209)	(567,281)
Unitholders' capital, net	21,902,965	21,482,893
Surplus		
Unappropriated retained earnings (Accumulated deficit)	412,298	710,506
Total surplus	412,298	710,506
Total unitholders' equity	22,315,263	22,193,399
Total net assets	*1 22,315,263	*1 22,193,399
Total liabilities and net assets	46,773,521	45,981,101

(2) 【Statement of Income】

(Unit: thousand yen)

	3 rd period (from July 1, 2018 to December 31, 2018)	4 th period (from January 1, 2019 to June 30, 2019)
Operating revenues		
Rental revenues of renewable energy power generation facilities, etc.	*1 1,785,374	*1 2,185,392
Total operating revenues	1,785,374	2,185,392
Operating expenses		
Rental expenses of renewable energy power generation facilities, etc.	*1 1,035,958	*1 1,234,114
Asset management fee	43,934	55,979
Administrative service fees	17,066	18,945
Director's compensation	2,400	2,400
Taxes and duties	1,346	399
Other operating expenses	39,928	56,352
Total operating expenses	1,140,634	1,368,191
Operating income	644,739	817,201
Non-operating incomes		
Interest income	17	15
Insurance income	18,815	27,146
Interest on refund	1,942	1,355
Total non-operating income	20,775	28,517
Non-operating expenses		
Interest expenses	97,912	106,345
Borrowing-related expenses	103,408	28,083
Investment unit issuance expenses	51,132	-
Total non-operating expenses	252,452	134,428
Ordinary income	413,062	711,290
Income before income taxes	413,062	711,290
Income taxes - current	860	870
Income tax - deferred	14	0
Total income taxes	874	870
Net income	412,187	710,419
Retained earnings (deficit) brought forward	110	86
Unappropriated retained earnings (Accumulated deficit)	412,298	710,506

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

3rd Fiscal Period (From July 1, 2018 to December 31, 2018)

(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, 2018	17,315,550	-	17,315,550	281,047	281,047	17,596,597	17,596,597
Changes of items during the period							
Issuance of new investment unit	4,734,625	-	4,734,625	-	-	4,734,625	4,734,625
Distribution in excess of earnings	-	(147,209)	(147,209)	-	-	(147,209)	(147,209)
Dividend of surplus	-	-	-	(280,936)	(280,936)	(280,936)	(280,936)
Net Income	-	-	-	412,187	412,187	412,187	412,187
Total changes of items during the period	4,734,625	(147,209)	4,587,415	131,250	131,250	4,718,666	4,718,666
Balance as of December 31, 2018	*1 22,050,175	(147,209)	21,902,965	412,298	412,298	22,315,263	22,315,263

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

(4) 【Statements of Cash Distribution】

	Fiscal Period under Review (From July 1, 2018 to December 31, 2018) Unit: Yen	Fiscal Period under Review (From January 1, 2019 to June 30, 2019) Unit: Yen
I Unappropriated retained earnings (accumulated deficit)	412,298,211	710,506,353
II Distributions in excess of retained earnings		
Deduction from unitholders' capital	420,072,230	133,396,630
III Cash distributions	832,284,000	843,843,500
(Cash distributions per unit)	(3,600)	(3,650)
Profit distributions	412,211,770	710,446,870
(Profit distributions per unit)	(1,783)	(3,073)
Distributions in excess of retained earnings	420,072,230	133,396,630
(Distributions in excess of retained earnings)	(1,817)	(577)
IV Retained earnings (deficit) carried forward	86,441	59,483
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 ¥412,211,770 which is the entire amount equivalent to the unappropriated retained earnings for the fiscal period under review of ¥412,298,211 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 ¥420,072,230 which is equivalent to 58.9% 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 ¥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>

	¥713,524,700. Accordingly, the distribution per unit is ¥3,600.	¥813,434,738. Accordingly, the distribution per unit is ¥3,650.
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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 ¥832,284,000 which is equivalent to 79.1% of forecast NCF amount for the fiscal period under review of ¥1,052,089,734. Of this, ¥420,072,230 which is the amount less of distributions of profit of ¥412,211,770 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 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.

(5) 【Statement of Cash Flow】

(unit: thousand yen)

	3 rd period (From July 1, 2018 to December 31, 2018)	4 th period (From January 1, 2019 to June 30, 2019)
Cash flows from operating activities		
Income before income taxes	413,062	711,290
Depreciation cost	713,524	813,434
Investment unit issuance expenses	51,132	-
Interest income	(17)	(15)
Interest expenses	97,912	106,345
Decrease (Increase) in operating accounts receivable	109,517	(217,843)
Decrease (Increase) in consumption taxes receivable	1,316,672	793,148
Decrease (Increase) in consumption taxes payable	-	49,904
Decrease (Increase) in prepaid expenses	(92,669)	35,909
Decrease (Increase) in long-term prepaid expenses	(94,581)	17,075
Increase (Decrease) in operating accounts payable	7,073	1,053
Increase (Decrease) in accounts payable - other	13,846	26,686
Increase (Decrease) in accrued expenses	(6,021)	39,839
Other, net	3,228	(3,024)
Sub-total	2,532,681	2,373,805
Interest received	17	15
Interest paid	(96,340)	(106,961)
Income taxes paid	(1,468)	(859)
Net cash provided by (used in) operating activities	2,434,890	2,265,998
Cash flows from investing activities		
Payments into time deposits	(7,800)	-
Purchases of property and equipment	(11,679,932)	(1,387,663)
Purchases of intangible fixed assets	(4,885)	(18,294)
Net cash provided by (used in) investing activities	(11,692,617)	(1,405,958)
Cash flows from financing activities		
Proceeds from long-term loans payable	8,850,000	700,000
Repayment of long-term loans payable	(2,656,191)	(1,483,938)
Proceeds from issuance of investment units	4,734,625	-
Payments for investment unit issuance expenses	(51,132)	-
Dividends paid	(280,936)	(412,211)
Surplus earning distribution paid	(147,209)	(420,072)
Net cash provided by (used in) financing activities	10,449,154	(1,616,222)
Net increase (decrease) in cash and cash equivalents	1,191,427	(756,182)
Cash and cash equivalents at the beginning of the fiscal period	2,031,379	3,222,807
Cash and cash equivalents at the end of the fiscal period	*1 3,222,807	*1 2,466,624

- (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: Structures22 - 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.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 6,063 thousand yen.</p>
<p>3.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>4.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>5.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.

[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 December 31, 2018	As of June 30, 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 July 1, 2018 to December 31, 2018	From January 1, 2019 to June 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)	1,322,669	1,478,843
(Variable rent linked to actual output)	462,578	706,346
(Incidental income)	127	202
Total operating revenue from the rental business of renewable energy power generation facilities, etc.	1,785,374	2,185,392

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)	127,128	144,616
(Repair and maintenance costs)	2,055	8,560
(Taxes and duties)	154,262	217,138
(Utilities expenses)	-	-
(Insurance expenses)	12,900	17,023
(Depreciation expenses)	713,168	813,047
(Land rent)	26,444	33,727
(Other rental expenses)	-	-

Total operating expenses from the rental business of renewable energy power generation facilities, etc.	1,035,958	1,234,114
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C. Profits and losses from the rental business of renewable energy power generation facilities, etc.
(A-B)

	749,416	951,278
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[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 July 1, 2018 to December 31, 2018	From January 1, 2019 to June 30, 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 July 1, 2018 to December 31, 2018	From January 1, 2019 to June 30, 2019
Cash and deposits	3,222,807	2,466,624
Cash and cash equivalents	3,222,807	2,466,624

[NOTES ON LEASE TRANSACTIONS]

Operating lease (as the lessor)
Future minimum lease payments

(Unit: thousand yen)

	Fiscal period ended December 31, 2018	Fiscal period ended June 30, 2019
Within one year	2,957,963	3,039,681
Longer than one year	48,222,398	48,276,834
Total	51,180,362	51,316,516

[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 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 December 31, 2018 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	3,222,807	3,222,807	-
(2) Operating accounts receivable	208,913	208,913	-
(3) Long-term time deposits	7,800	7,800	-
Total assets	3,439,520	3,439,520	-
(4) Current portion of long-term loans payable	1,239,176	1,241,069	1,892
(5) Long-term loans payable	23,057,919	23,391,454	333,534
Total liabilities	24,297,096	24,632,523	335,427
(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 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.

(Note 2) Scheduled redemption amounts of monetary receivable after the closing date (December 31, 2018)

(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	3,222,807	-	-	-	-	-
(2) Operating accounts receivable	208,913	-	-	-	-	-
(3) Long-term time deposits	-	7,800	-	-	-	-
Total	3,431,720	7,800	-	-	-	-

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	-	-	-	-

(Note 3) Scheduled redemption amount of loans payable after the closing date (December 31, 2018)

(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	1,239,176	-	-	-	-	-
(5) Long-term loans payable	-	2,122,610	1,995,867	1,275,305	1,292,889	16,371,247
Total	1,239,176	2,122,610	1,995,867	1,275,305	1,292,889	16,371,247

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

[NOTES ON SECURITIES]

Prior fiscal period (as of December 31, 2018)

Not applicable.

Current fiscal period (as of June 30, 2019)

Not applicable.

[NOTES ON DERIVATIVE TRANSACTIONS]

1. Those to which hedge accounting is not applied

Prior fiscal period (as of December 31, 2018) and current fiscal period (as of June 30, 2019)

Not applicable.

2. Those to which hedge accounting is applied

Prior fiscal period (as of December 31, 2018)

(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	22,603,027	21,411,430	(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 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".

[NOTES ON RETIREMENT BENEFITS]

Prior fiscal period (as of December 31, 2018)

Not applicable.

Current fiscal period (as of June 30, 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 December 31, 2018	Fiscal period ended June 30, 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 December 31, 2018	Fiscal period ended June 30, 2019
Effective statutory tax rate	31.51%	31.51%
(Adjustment)		
Dividends paid deductible for tax purpose	(31.45)%	(31.47)%
Others	0.15%	0.08%
Rate of burden of corporate tax and other taxes after the application of tax effect accounting	0.21%	0.12%

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

Prior fiscal period (as of December 31, 2018)

Not applicable.

Current fiscal period (as of June 30, 2019)

Not applicable.

[NOTES ON RELATED PARTY TRANSACTIONS]

1. Major corporate unitholders

Prior fiscal period (from July 1, 2018 to December 31, 2018)

Not applicable.

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

Not applicable.

2. Affiliates

Prior fiscal period (from July 1, 2018 to December 31, 2018)

Not applicable.

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

Not applicable.

3. Fellow Subsidiaries

Prior fiscal period (from July 1, 2018 to December 31, 2018)

Not applicable.

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

Not applicable.

4. Officers and major individual unitholders

Prior fiscal period (from July 1, 2018 to December 31, 2018)

Not applicable.

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

Not applicable.

[NOTES ON ASSET RETIREMENT OBLIGATIONS]

Prior fiscal period (from July 1, 2018 to December 31, 2018)

Not applicable.

Current fiscal period (from January 1, 2019 to June 30, 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 July 1, 2018 to December 31, 2018	Current fiscal period From January 1, 2019 to June 30, 2019
Book value (Note 2)		
Beginning balance	31,110,561	42,077,910
Change during the period (Note 3)	10,967,348	598,784
Ending balance	42,077,910	42,676,695
Fair value at the end of the period (Note 4)	47,099,500	50,026,000

(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 December 31, 2018 primarily consisted of the increase due to acquisition of three photovoltaic power generation facilities (11,651,820 thousand yen), and the decrease due to depreciation expenses (713,168 thousand yen). And 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).

(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 December 31, 2018 and June 30, 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 December 31, 2018 (the 3rd period) and the fiscal period ended June 30, 2019 (the 4th 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 July 1, 2018 to December 31, 2018)

(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.	1,529,305	Renewable energy power generation facilities, etc. rental business
Univergy 23 G.K.	10,868	Renewable energy power generation facilities, etc. rental business
CLEAN ENERGIES XXI G.K.	241,089	Renewable energy power generation facilities, etc. rental business
Univergy 10 G.K.	3,984	Renewable energy power generation facilities, etc. rental business

Current 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
Univergy 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

[NOTES ON PER UNIT INFORMATION]

	Prior fiscal period From July 1, 2018 to December 31, 2018	Current fiscal period From January 1, 2019 to June 30, 2019
Net assets per unit	96,523 yen	95,996 yen
Net income (Net loss) per unit	1,932 yen	3,072 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 July 1, 2018 to December 31, 2018	Current fiscal period From January 1, 2019 to June 30, 2019
Net income (Net loss) (Thousand yen)	412,187	710,419
Amount not attributable to common unit holders (Thousand yen)	-	-
Net income (Net loss) attributable to Common unit holders (Thousand yen)	412,187	710,419
Average number of investment units during the period (Units)	213,246	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	22,012,204	20,811,569	-
Total		22,012,204	20,811,569	-

(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 January 1, 2019	Increase during the period	Decrease during the period	Balance as of June 30, 2019	Accumulated depreciation or accumulated amortization		Net balance as of June 30, 2019	Remarks
							Depreciation during the period		
Property and equipment	Structures	797	38	-	835	45	17	790	(Note)
	Machinery and equipment	37,427	1,182	-	38,610	2,191	785	36,418	(Note)
	Tools, furniture and fixtures	505	15	-	521	32	10	488	(Note)
	Land	4,309	157	-	4,466	-	-	4,466	(Note)
	Construction in progress	6	-	6	-	-	-	-	
	Total	43,046	1,393	6	44,433	2,269	813	42,164	
Intangible assets	Leasehold rights	494	17	-	512	-	-	512	(Note)
	Software	3	0	-	3	1	0	2	
	Total	498	18	-	516	1	0	515	

(Note) The "Increase during the Period" is entirely due to the acquisition of Photovoltaic power generation facilities (March 1, 2019 and March 29, 2019).

5. Schedule of Other Specified Assets

Not applicable.

6. Schedule of Investment Corporation Bonds

Not applicable.

7. Schedule of Loans Payable

Category	Lender	Balance as of January 1, 2019 (million yen)	Increase during the period (million yen)	Decrease during the period (million yen)	Balance as of June 30, 2019 (million yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Shinsei Bank, Limited	2,261	-	60	2,201	0.84500 (Note 2)	October 31, 2027	Repayment in partial installments	For acquisition of the acquired assets and other related costs. (Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,413	-	37	1,375					
	Sumitomo Mitsui Banking Corporation	1,413	-	37	1,375					
	MUFG Bank, Ltd.	942	-	25	917					
	Resona Bank, Limited	1,696	-	45	1,650					
	ORIX Bank Corporation	942	-	25	917					
	The Hiroshima Bank, Ltd.	1,696	-	45	1,650					
	The Nanto Bank, Ltd.	1,696	-	45	1,650					
	The Oita Bank, Ltd.	848	-	22	825					
	The Shonai Bank, Ltd.	848	-	22	825					
	The Mie Bank, Ltd.	188	-	5	183					
	The Tochigi Bank, Ltd.	848	-	22	825					
	Sumitomo Mitsui Banking Corporation	844	-	23	820	0.57636	February 1, 2021	Repayment in partial installments	(Note 4)	Unsecured Unguaranteed
	Shinsei Bank, Limited	1,689	-	41	1,647	1.04200 (Note2)	September 6, 2028	Repayment in partial installments	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,689	-	41	1,647					
MUFG Bank, Ltd.	1,951	-	48	1,903						

The Nanto Bank, Ltd.	975	-	24	951					
The Ashikaga Bank, Ltd.	1,000	-	24	975					
The Hiroshima Bank, Ltd.	500	-	12	487					
Shinsei Bank, Limited	318	-	318	-	0.06183	The earlier date of (i) June 30, 2020 or (ii) the first interest payment date on or after the consumption tax refund date	Lump-sum repayment at maturity (Note 3)	(Note 4)	Unsecured Unguaranteed
Sumitomo Mitsui Banking Corporation	318	-	318	-					
MUFG Bank, Ltd.	212	-	212	-					
Shinsei Bank, Limited	-	700	19	680	0.52091	March 29, 2022	Repayment in partial installments	(Note 4)	Unsecured Unguaranteed
Total	24,297	700	1,483	23,513	-	-	-	-	-

(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) CSIF repaid the funds borrowed on April 26, 2019.

(Note 4) Funds are used mainly for acquisition of renewable energy power generation facilities

(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	1,286,149	2,053,702	1,862,492	1,286,533	1,285,273	15,739,005