RISK FACTORS

An investment in our units involves significant risks. You should consider carefully the factors described below as well as the other information contained in this offering circular before making any investment decision.

Property and Business Risks

We have a limited operating history and this offering circular contains limited financial data regarding our portfolio and results of operations, which makes it difficult to evaluate our prospects and future financial results

We were established on May 18, 2017, acquired our initial portfolio of 13 solar energy projects on October 31, 2017 and acquired two additional solar energy projects on February 1, 2018. We therefore have limited operating history and you should not rely upon the past performance of other Canadian Solar Group companies to predict our future results. Accordingly, an investment in our units will be subject to a number of risks generally associated with a new business. We may not be able to implement our investment strategy or otherwise operate successfully, which could have a material adverse effect on our ability to generate earnings to make distributions to our unitholders, and the value of our units may decline.

We have not received audited historical financial statements for any of the solar energy projects in our anticipated portfolio and have not been able to, and are not required to, prepare pro forma combined or consolidated financial statements for our portfolio. Therefore, this offering circular contains only unaudited financial information for the 15 solar energy projects we currently own and no financial information for the three anticipated solar energy project acquisitions, and does not include historical or pro forma combined or consolidated financial statements for our portfolio as a whole.

Our actual performance may be worse than the performance anticipated by the forecasted financial information contained in this offering circular

This offering circular contains our forecasts for our revenues, net income and the distributions to be made on our units for the fiscal periods ending December 31, 2018, June 30, 2019 and December 31, 2019. We prepared the forecasts primarily for the purpose of complying with the listing requirements of the Tokyo Stock Exchange. See "Forecasts for the Fiscal Periods Ending December 31, 2018, June 30, 2019 and December 31, 2019". These forecasts, which consist of forward-looking statements, are qualified by and subject to the assumptions underlying the projections and the other information contained in this offering circular. Our forecasts are necessarily based on estimates and assumptions that are inherently subject to significant business, economic, competitive and other uncertainties and contingencies. Financial forecasts are necessarily speculative, and one or more of the assumptions underlying the projections may not materialize. For example, we may from time to time purchase projects during our fiscal periods, not in connection with any offering of our units, using bank borrowings and other sources of funds. We intend to make such purchases in the future as attractive opportunities arise. Any additional purchases of assets not assumed in these forecasts would result in our actual results varying from these forecasts. For these reasons, actual results achieved during the fiscal periods covered may materially and adversely vary from the projections.

The Asset Manager has limited experience in operating an infrastructure fund

The Asset Manager will have day-to-day responsibility for our management. While employees of the Asset Manager have experience in the real estate and infrastructure industry, they have limited experience in operating an infrastructure fund in accordance with the laws and regulations applicable to infrastructure funds and asset managers. As a result, there is no guarantee that the Asset Manager will perform its duties owed to infrastructure funds in a manner that will help achieve expected results. See "— Management and Government Risks — Infrastructure funds and their asset managers are subject to tight supervision by regulatory authorities".

We prepared the financial forecasts included in this offering circular without the benefit of audited financial statements for the 15 solar energy projects we currently own or full financial statements for any of the three anticipated solar energy project acquisitions and the financial forecasts are necessarily speculative

We prepared the financial forecasts included in this offering circular under the caption "Forecasts for the Fiscal Periods Ending December 31, 2018, June 30, 2019 and December 31, 2019" based partially upon certain assumptions and the limited information available to us about the 15 solar energy projects we currently own and the three anticipated solar energy project acquisitions. While we believe the bases for the forecasts and the assumptions underlying our forecasts are reasonable, one significant limitation with respect to the information for these projects is that only unaudited historical financial statements exist for the 15 solar energy projects we

currently own and no historical financial statements exist for the three anticipated solar energy project acquisitions. In the absence of audited historical financial statements, we used limited information we obtained from the current or former owner or title holder of each solar energy project or, in the case of the 15 solar energy projects we currently own, unaudited financial information to prepare the forecasts. Such limited information for the three anticipated solar energy project acquisitions contains substantially less detail than would be contained in audited financial statements, the notes thereto, supporting schedules and related financial disclosures. In addition, although such limited information is typically subject to the seller's representation as to their accuracy, the absence of an audit may enhance the risk that they are materially inaccurate. Had audited financial statements for all of the 15 solar energy projects we currently own and full financial statements for the three anticipated solar energy project acquisitions existed or been available to us, the financial forecasts included herein may have been materially different. Without such audited financial statements or full financial statements, prospective investors may not have sufficient information to evaluate the reasonableness of the forecasts contained in this offering circular, the assumptions underlying these forecasts and the merits and risks of an investment in our units.

Financial forecasts are necessarily speculative, and one or more of the assumptions underlying the projections may turn out to be incorrect. Other potential risks and uncertainties that could cause our actual results to differ materially from our forecasts are set forth in "Forecasts for the Fiscal Periods Ending December 31, 2018, June 30, 2019 and December 31, 2019", as well as elsewhere in "Risk Factors".

Additionally, we may from time to time purchase renewable energy projects at various times during our fiscal periods, in addition to the acquisitions we currently anticipate. We may also dispose of our projects. However, because of the uncertainties relating to any acquisitions or dispositions, we have assumed for purposes of these forecasts that we will not make any acquisitions or dispositions of renewable energy projects during the fiscal periods ending December 31, 2018, June 30, 2019 and December 31, 2019 other than the three anticipated solar energy project acquisitions as described in this offering circular. Any additional purchases or dispositions of renewable energy projects not assumed in these forecasts would result in our actual results varying significantly from these forecasts. For these reasons, actual results achieved during the fiscal periods covered may materially and adversely vary from the forecasts.

Our unaudited financial information for the fiscal period ended June 30, 2018 may be of limited use

Our unaudited financial information for the fiscal period ended June 30, 2018 contained in this offering circular is likely to be of limited use for the following reasons. The unaudited financial information for the fiscal period ended June 30, 2018 is unaudited. The unaudited financial information included in this offering circular may not reveal matters of significance to an investor regarding our operations, the renewable energy projects in our anticipated portfolio, or their historical results of operations or business prospects that would have been revealed if audited historical financial statements were included herein. Accordingly, investors should not unduly rely on the unaudited financial information included in this offering circular.

We may not close all or any of our anticipated acquisitions of solar energy projects

As of the date of this offering circular, we have entered into conditional purchase agreements for the acquisition of the three anticipated solar energy projects, subject to satisfaction of certain customary closing conditions provided in the respective purchase agreements. Although we currently expect to acquire each of these projects, there can be no assurance these conditions will all be satisfied. Any such non-satisfaction of a closing condition may prevent us from completing all or any acquisitions of the three anticipated solar energy projects. A delay in or failure to close the acquisition of some or all of these projects, or our inability to locate suitable alternative projects in a timely manner or at all, may have a material adverse effect on our business, financial condition and results of operations.

Many of the solar energy projects in our anticipated portfolio have a limited operating history

All of the 18 solar energy projects in our anticipated portfolio have been in operation for less than three years. In addition, six of these solar energy projects have been in operation for less than two years, and two of these projects have been in operation for less than one year. These solar energy projects thus have a limited operating history on which to base an evaluation of our business and prospects. In addition, we expect that many of the solar energy projects that we may acquire in the future will either not have commenced operations, have recently commenced operations or otherwise have a limited operating history. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stages of operation.

We may not complete the expected debt financing as contemplated in this offering circular, in which case we may not be able to acquire some or all of the three anticipated solar energy projects, or we may be forced to accept alternative financing with less advantageous terms

We intend to finance the acquisition of the three anticipated solar energy projects in part through term loans to be entered into with a syndicate arranged by Shinsei Bank, Limited and Sumitomo Mitsui Banking Corporation as arrangers and MUFG Bank, Ltd. as co-arranger, as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Resources and Requirements — Funds for Operations and Acquisitions". While we have entered into a master loan agreement as of the date of this offering circular, and plan to enter into individual agreements by August 30, 2018, we will likely not receive the proceeds of the debt financing until after the closing of the offerings. In addition, we expect that the loan agreements will include customary closing conditions. Thus, there is a risk that we will not be able to complete the debt financing as described in this offering circular. If we are not able to procure debt financing, we may not be able to acquire some or all of the anticipated acquisitions. Moreover, even if we are able to procure alternative debt financing, such financing may be on terms that are less advantageous than those that are described in this offering circular. Among other things, such alternative loan arrangements may include higher interest rates, or impose more covenants or restrictions, than the loan arrangements. Any such failure to complete the debt financing as currently contemplated may have a material adverse effect on our business, financial condition and results of operations.

Increases in prevailing market interest rates would increase our interest expense and may result in a decline in the market price of our units

Interest rates in Japan have remained low following downward adjustments by the BOJ as a result of the global financial crisis in 2008. However, on April 4, 2013 the BOJ announced the introduction of a major policy for quantitative and qualitative monetary easing. This policy included an inflation target to achieve price stability of 2% in terms of the year-on-year rate of change in the consumer price index in Japan. To achieve this inflation target, the BOJ announced that it would double the yen monetary base as well as the amounts of outstanding Japanese government bonds, exchange-traded funds, or ETFs, and J-REIT units on the BOJ's balance sheet and more than double the average remaining maturity of Japanese government bond purchases by the BOJ. On September 4, 2014, the BOJ announced its intention to continue purchasing Japanese government bonds so their amount outstanding would increase at an annual pace of ¥50 trillion. The BOJ also announced that the BOJ will continue to purchase ETFs and J-REIT units so that their amounts outstanding on the BOJ's balance sheet will increase at an annual pace of approximately ¥1 trillion and ¥30 billion, respectively. On October 31, 2014, the BOJ announced its intention to further purchase Japanese government bonds so that their amount outstanding on the BOJ's balance sheet would increase at an annual pace of approximately ¥80 trillion. The BOJ also announced its intention to purchase ETFs and J-REIT units so that their amounts outstanding on the BOJ's balance sheet would increase at an annual pace of approximately ¥3 trillion and ¥90 billion, respectively. On December 18, 2015, in addition to reaffirming its current market operations, the BOJ announced new supplementary measures to its monetary easing, including a new program for purchasing ETFs at an annual pace of about ¥300 billion composed of stocks issued by firms that are proactively making investments in physical and human capital and an increase in the maximum amount of J-REIT units of a single J-REIT that the BOJ can purchase from 5% to 10% of the total amount of outstanding units of the J-REIT. Further, the BOJ announced on January 29, 2016 that it will apply a negative interest rate of -0.1% to certain balances of current accounts that financial institutions hold at the BOJ. The negative interest rate took effect on February 16, 2016, and the BOJ has announced its intention to further reduce interest rates if such action is deemed necessary. In addition, the BOJ announced on July 29, 2016, that the BOJ would further purchase ETFs so that their amounts outstanding on the BOJ's balance sheet would increase at an annual pace of approximately ¥6 trillion. On September 21, 2016, the BOJ announced a series of measures, which include purchasing 10-year Japanese government bonds to control their yield at around 0% in an effort to allow yields on longer-term bonds to continue expansion of the monetary base. These measures also include a continuing expansion of the monetary base until inflation exceeds the BOJ's target of 2% and continuing purchases of J-REIT units at an annual pace of roughly ¥90 billion. On July 31, 2018 the BOJ, as a measure targeted at interest rate fluctuation in the marketplace, announced its intent to purchase government bonds in order to keep the 10-year government bond interest rate close to 0%, as well as to maintain the target that the amount of government bonds outstanding on the BOJ's balance sheet would increase at an annual pace of approximately ¥80 trillion. These initiatives may, among other factors, increase market volatility and result in increased interest rates in Japan. While interest rates are now historically low, these rates could increase if the BOJ ceases these initiatives or loses market confidence.

To the extent that we have any debt with unhedged floating rates of interest or we borrow new debt, our interest payments may increase, which in turn could reduce the amounts available for distributions to unitholders.

Higher interest rates may also limit our capacity for short-and long-term borrowings, which would in turn limit our ability to acquire projects. Thus, higher market interest rates could cause the market price of our units to decline.

We attempt to mitigate our exposure to interest rate volatility by using interest rate hedging arrangements and diversifying our debt to include more long-term borrowings and investment corporation bonds with varying maturity dates in the mid- to long-term. However, these measures may not be effective in reducing our exposure to interest rate changes. For example, the counterparties to our hedging arrangements may not honor their obligations. Failure to effectively mitigate our exposure to interest rate volatility may have a material adverse effect on our financial condition and results of operations, as well as our ability to pay distributions on our units.

Certain major countries have also engaged in dramatic monetary easing in recent years as an economic stimulus measure. The vast global monetary easing affecting the U.S. dollar, Japanese yen and Euro could potentially result in rapid inflation, which the BOJ or other central banks may not be able to control. This in turn could result in rapid and significant increases in interest rates, which could have an even more pronounced adverse effect on our financial condition and results of operations, as well as our ability to pay distributions on our units. In addition, such rapid and significant increases in interest rates or market instability in major markets may occur when quantitative easing is scaled back or ends, such as when the U.S. Federal Reserve tapered its economic stimulus near the end of 2014, or when central banks raise interest rates, such as when the U.S. Federal Reserve raised the target range for the federal funds rate by a quarter of a percentage point in December 2015, raised the benchmark interest rate to between 0.50% and 0.75% as of December 14, 2016, and further successively raised the benchmark interest rate to between 0.75% and 1.00% on March 5, 2017, between 1.00% and 1.25% on June 14, 2017, between 1.25% and 1.50% on December 13, 2017, between 1.50% and 1.75% on March 21, 2018 and to between 1.75% and 2.00% on June 13, 2018.

In addition, we believe that investors consider the distribution yield on infrastructure fund units relative to market interest rates as an important factor in deciding whether to buy or sell infrastructure fund units. If market interest rates rise, prospective purchasers of infrastructure fund units may expect a higher distribution yield, and the market price of our units could decline if our distribution yields do not increase. Higher interest rates would not, however, result in more funds being available for us to distribute to unitholders and, in fact, would likely increase our borrowing costs and might decrease our profits and our funds available for distribution on our units.

Our anticipated portfolio consists exclusively of solar energy projects and our rental revenues are linked partially to revenues from the sale of electricity while our operating expenses are largely fixed

Our anticipated portfolio consists exclusively of solar energy projects, and our investment policies contemplate that solar energy projects will continue to account for at least 90% of our portfolio under our future investment strategy. Under our lease agreements, the portions of the rental revenues we receive from leasing solar energy facilities in these solar energy projects are linked partially to the revenues from the sale of electricity earned by the lessees that lease these projects. The primary factor determining the amount of aggregate rental revenues we receive from our anticipated portfolio is the amount of electricity revenues earned by our lessees from operating the renewable energy facilities we own and lease. As a result, we bear a substantial share of the business risks of our lessees, and any decline in the electricity revenues of the lessees will adversely impact our rental revenues. Since most of our operating expenses, such as O&M fees, depreciation and property taxes, are largely fixed or scheduled, any decrease in rental revenues may have a material adverse effect on our business, financial condition or results of operations.

Fluctuations in our revenues and expenses may decrease our distributions to unitholders and reduce the market value of our units

A substantial portion of our revenues derive from the rental revenues of renewable energy facilities. Under the lease agreements of solar energy facilities in our anticipated portfolio, our rental revenues consist of basic rent that is based on forecasted energy output and revenue-linked rent based on actual electricity revenues. As such, our revenue-linked rent may be less than anticipated due to factors such as the operational status of the power generation facilities and fluctuations of electricity revenues. This rent fluctuation risk is greater if the revenue-linked rent is proportionately higher under the lease agreements. The amount of power generated by the solar energy projects is dependent on the amount of sunlight, or irradiation, where the solar energy projects are located, and is expected to vary depending on the season, which will affect our monthly basic rent and revenue-linked rent.

When electricity revenues of the special purpose companies (*tokubetsu mokuteki kaisha*), or SPCs, who lease the solar energy facilities in our anticipated portfolio are insufficient to cover basic rent, the SPCs may default on their payment of basic rent to us as SPCs generally have limited reserve capital. Although we obligate

SPCs to set aside funds under the lease agreements to secure reserve capital for rent payments, if the reserve fund is insufficient to cover the balance of the basic rent, we may not be able to prevent the default of basic rent payments to us. Furthermore, rent may be reduced through negotiations with the lessees, or there may be periods of time where we receive no rental revenue following the expiration of the lease term with the current lessee, or rent may be reduced following negotiations with a new lessee. Moreover, the rent amount under the lease agreements of our solar energy facilities may not be comparable to market rent amounts of other similar solar energy facilities.

In addition, our expenses for maintenance, management and repair of the solar energy projects (including property-related taxes, taxes on depreciable assets, capital expenditure, costs for replacing or renewing equipment and parts of solar energy facilities, O&M service fees and insurance fees related to our renewable energy projects) as well as other expenditures related to our solar energy projects may increase and reduce our cash flow.

As a result of such decline in revenues or increase in expenditures related to our solar energy projects, our cash distributions to our unitholders may decrease and the market price of our units may decline. Additionally, the actual amount of electricity sold by the solar energy projects in our anticipated portfolio, as disclosed in this Offering Circular, was in some cases obtained from the current or former owners of the solar energy projects. Such data has not been reviewed nor audited by a qualified third party and has been provided for reference purposes without warranty or guarantee of any kind as to their accuracy or completeness. The set of assumptions used to derive such data may differ from the set of assumptions that we use following the acquisition of the solar energy projects. As a result, such data for the solar energy projects in our anticipated portfolio may be significantly different from the past performance of such solar energy projects.

The amount of electricity generated by the solar energy projects in our anticipated portfolio is difficult to forecast and may be lower than expected

If the solar energy projects in our anticipated portfolio fail to generate the amount of electricity we expect due to such issues as declines in performance, defects, malfunctions or adverse weather conditions, the electricity revenues generated by our lessees from operating these projects may be lower than anticipated. The amount of electricity generated by the solar energy projects in our anticipated portfolio fluctuates depending on the amount of irradiation to which these projects are exposed. Exposure to sunlight may be impaired due to the construction of new buildings or plant growth in the surrounding areas of the solar energy projects, as well as adverse weather conditions such as snowfall. As a result, the electricity revenues earned by our lessees may be lower than anticipated, which may result in a decline in our revenue-linked rent or non-payment of basic rent and have a material adverse effect on our business, financial condition and results of operations. In addition, if the exposure to sunlight is impaired for extended periods of time, the electricity revenues earned by our lessees may be significantly lower than anticipated, causing them to become insolvent, or which may result in a decline in our revenue-linked rent or non-payment of basic rent to us.

In some cases, the EPC agreements may contain performance warranties or there may be manufacturers' warranties under which we or our lessees can require EPC service providers or manufacturers to perform repairs or replacements of photovoltaic modules, or PV modules, or inverters, or alternatively pay compensatory damages. However, the scope of such warranties, which do not include coverage for adverse weather conditions, and the warranty period covered are limited, and we may incur unexpected costs related to repairs, restoration or maintenance of the solar energy projects and may be unable to maintain the level of performance we currently anticipate. The cost of such maintenance and repairs may moreover be affected by inflation, which may lead to increases in the costs of materials and human resources.

In addition, all of the solar energy projects in our anticipated portfolio have a limited operating history of four years or less as of the date of this offering circular, which makes it difficult to accurately forecast age deterioration and the frequency of future malfunctions. Due to the difficulty of making accurate forecasts, the amount of electricity generated by these projects may be lower than we currently expect. As a result, the electricity revenues earned by our lessees may be lower than anticipated, which may result in a decline in our revenue-linked rent and have a material adverse effect on our business, financial condition or results of operations.

Renewable energy projects are subject to unique risks of defects, breakdowns and accidents that may adversely affect our financial condition and results of operations

Renewable energy projects in our anticipated portfolio may have design, materials, construction, or other defects or problems that may require significant unexpected capital expenditures, repairs or maintenance expenses or result in payment or other obligations to third parties, despite our due diligence investigations of

these potential issues prior to our acquisitions. In particular, renewable energy projects are subject to risks of defects and accidents that are unique to such projects, such as accidents caused by dangerous items in electric equipment or by the electricity generated, or breakdowns of solar modules. If such accidents or breakdowns occur at the renewable energy projects in our anticipated portfolio, these projects may be damaged, degraded, rendered temporarily inoperable, or permanently destroyed.

EPC service providers may make certain warranties under the EPC contracts to us or the operators of the solar energy projects, or such warranties may be made by the manufacturers of components such as PV modules, inverters and frames. We or the operators may be able to bring claims under such warranties and demand repairs, replacements or payments. However, the scope and period of these warranties are limited and may not cover the relevant defects. We may also under certain circumstances request that warranties on certain matters be provided by former owners or former title holders, but we may not succeed in obtaining such warranties or, even if we succeeded, the warranty period and amount covered may be limited. Former owners or former title holders may have gone out of business or become insolvent so that they are unable to satisfy their liabilities under such warranties, which is especially relevant and may limit our protection when such former owners or former title holders are special purpose companies.

Moreover, the soil contamination, seismic and other reports that we rely upon as part of our investigation of a project are subject to potential inaccuracies or deficiencies. This is because many of these types of problems may be difficult or impossible to detect or ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used therein and other factors. In addition, the boundaries of land may not be completely settled when we purchase a project, potentially causing us to incur expenses to resolve and perfect our rights in such land. Any or all of these factors could give rise to significant expenses, which may, in turn, have a material adverse effect on our business, financial condition and results of operations and result in decreases in the amounts available for distributions on our units and the market price of our units.

Moreover, statutory or negotiated representations and warranties made by the sellers of solar energy facilities in our anticipated portfolio may not protect us from liabilities arising from property defects. The seller may make contractual representations and warranties for the benefit of the purchaser. However, we may not be able to negotiate for such representations or warranties, and accordingly, we may be unable or limited in our ability to bring a claim against the initial seller under any such representations or warranties. Our ability to enforce claims under representations and warranties may also be subject to contractual and statutory limitations, including with respect to properties purchased from an insolvent owner. The initial owner's financial condition, and the possibility that we may only be able to assert a claim against a limited liability special purpose entity with immaterial assets, which may have been liquidated and dissolved following the sale of its properties, may also limit our protection under statutory and contractual warranty obligations. These factors limiting our ability to assert or enforce statutory or contractual warranty obligations could subject us to potentially significant liability for property defects, which would have a material adverse effect on our business, financial condition and results of operations and result in decreases in the amounts available for distributions on our units and the market price of our units.

In addition, when we sell a property, there is a risk that defects in the property may subject us to claims from the purchaser. Any liability we incur to a third party from selling a property with defects could result in potentially significant expenses. Moreover, if the property is a deemed building lot under the Building Lots and Building Transactions Business Act, we are considered to be a registered real estate transaction manager. Unless the counterparty in the transaction is also a registered real estate transaction manager, we are not permitted to exclude certain terms from the transaction if doing so would be disadvantageous to the purchaser, including terms relating to warranties for defects under the Building Lots and Buildings Transaction Business Act. These factors could have a material adverse effect on our business, financial condition and results of operations and result in decreases in the amounts available for distributions on our units and the market price of our units.

The land on which the solar energy projects in our anticipated portfolio are located may have defects that cannot be ascertained at the time of acquisition

The land on which the solar energy projects in our anticipated portfolio are located may have defective title, defective foundations or other geological defects which may be discovered only after our acquisition. We may under certain circumstances request that former owners or the former title holders of the solar energy projects provide warranties on certain matters, but we may not succeed in obtaining such warranties or, even if we succeeded, the warranty period and amount may be limited. Former owners or the former title holders may have gone out of business or become insolvent so that they are unable to satisfy their liabilities under such warranties, especially when such former owners or former title holders are special purpose companies, which may limit our protection. Depending on the scope of defects, we, as purchaser, may have no choice but incur unexpected expenses for repairs to prevent a decline in the value of the solar energy project.

Due to the complexity of rights and obligations relevant to the land on which the solar energy projects in our anticipated portfolio are located, we may find that our rights with respect to such land are limited by the rights of third parties or by administrative orders and regulations, or that we are infringing on the rights of a third party. Even if our purchase is based on appropriate due diligence including review of the real estate register of the land, we may fail to acquire appropriate rights with regard to such land since the actual circumstances regarding the ownership of such land may differ from those recorded in the real estate register. We will seek that sellers or other appropriate party indemnify us to the extent legally or contractually permissible, but the indemnifying party may ultimately fail to satisfy the liabilities that it may have to us under such indemnification.

Due to time constraints and other specific issues that arise in connection with the acquisition of land for solar energy project, land is often acquired before it is possible to ascertain the boundaries of such land or obtain consents from adjoining land owners. In such a case, and where a boundary dispute arises under which it is determined that the land area held by us is less than originally anticipated, the neighboring land owners may possess land that is required for the operation of our assets. Litigation expenses and damages in connection with boundary disputes may result in unexpected expenses, and failure to ascertain boundaries at the time of acquisition may lead to problems when trying to dispose of such land.

Any obstructive objects located on the land by owners of adjacent land may inhibit the operation of our solar energy projects and have an adverse effect on our business. We may also incur additional costs in connection with the removal of such objects.

If we are unable to secure rights to land for electricity transmission lines in the locations we require, we may incur additional expenses in acquiring such rights in alternative locations, or we may be unable to transmit the electricity generated by our solar energy projects to purchasers

The right to use land for electricity transmission lines can be obtained by securing permits to use public roads or by acquiring registrable rights of lease or easement. In either case, we may be unable to perfect such right through registration. In addition, permits to use public roads are often valid for relatively short periods and renewable only at the discretion of the relevant administrative authority. The permit may expire while the solar energy project is in operation and make it impossible for the operator of the project to continue using the transmission lines that had been in use up to the time of expiration of the permit. If the right to use land for transmission lines has not been perfected and the owner of such land sells its title or leases such land to a third party under another lease in addition to ours, we may not be able to assert our rights to use such land. As a result, we may incur additional expenses in order to acquire rights to land for transmission lines in alternative locations or, if we cannot identify any locations, may be unable to transmit the electricity generated by our solar energy projects to purchasers.

There may be a lack of maintenance or damage to the electricity transmission facilities used by our lessees to sell the electricity from the solar energy projects in our anticipated portfolio

Our lessees are generally able to sell electricity only as long as our solar energy projects are electrically connected to electricity transmission facilities that are operated and properly maintained by interconnection utilities. Our lessees will therefore be unable to sell electricity generated by the solar energy projects in our anticipated portfolio during periods when such electricity transmission facilities are damaged or otherwise not functional. As a result, the electricity revenues earned by our lessees may decrease, which may result in a decline in our revenue-linked rent and have a material adverse effect on our business, financial condition and results of operations.

Disputes with neighbors may result in unexpected expenses and may make it difficult for our lessees to continue their solar energy business

We may become involved in disputes with neighboring residents of the solar energy projects in our anticipated portfolio regarding such issues as inadequacy of land development or water control, reflections of light from solar panels or impairment of views. If we are forced to bear the costs of litigation or pay damages related to such disputes, this may result in unexpected expenses and losses. In addition, depending on the outcome of such disputes, we may be forced to take measures such as the redevelopment of land or the removal of solar panels, which may make it difficult or impossible for our lessees to continue their solar energy business. As a result, such disputes may have a material adverse effect on our business, financial condition and results of operations.

The Japanese government may change or abolish Japan's FIT scheme for renewable energy

All of the solar energy projects in our anticipated portfolio are currently eligible for Japan's FIT scheme under which electricity business operators that sell electricity generated from certain renewable sources are paid

cost-based prices that are fixed for the length of a pre-determined purchase period (subject to various qualifications and exceptions as further described in "— The Japanese government may take regulatory action to decrease the FIT purchase price and purchase period for electricity under Japan's FIT scheme" and "Eligibility for Japan's FIT scheme requires our lessees to obtain certification of their renewable energy business plans, and METI has the authority to revoke such certification"). However, the Japanese government may decide to change or abolish the current FIT scheme or other economic incentives related to solar energy in Japan and, as a result, the electricity business operators that are expected to lease the solar energy projects in our anticipated portfolio may be unable to maintain stable electricity revenues as would be expected if the FIT scheme were to continue in its current form. In addition, if the current FIT scheme is changed or abolished, the need to comply with the relevant regulatory changes may result in increased costs and expenses for the operation and maintenance of solar energy projects. For these reasons, any changes to or the abolition of the current FIT scheme may cause a decrease in the electricity revenues earned by our lessees, which in turn may result in a decline in our revenue-linked rent and have a material adverse effect on our business, financial condition and results of operations.

In addition, modification or abolition of the current FIT scheme for renewable energy in Japan may reduce the number of new solar energy projects that will be constructed or may make newly constructed solar energy projects unsuitable for our investment. This may reduce our ability to identify and acquire additional solar energy projects in accordance with our investment policy, slow our portfolio growth and prevent us from successfully executing our investment strategy. See "— We may not be able to acquire projects to execute our growth and investment strategy in a manner that is accretive to earnings".

The Japanese government may take regulatory action to decrease the FIT purchase price and purchase period for electricity under Japan's FIT scheme

Under Japan's FIT scheme, electricity generated at solar energy projects is generally sold at a fixed price that is applicable on the date on which the project commences operations and remains valid for a pre-determined purchase period that is also applicable on that date. However, Japan's Ministry of Economy, Trade and Industry ("METI") has the authority under Japanese law to revise such FIT purchase prices and purchase periods if METI considers such action necessary in light of fluctuations in general price levels, a likelihood that such fluctuations will occur, or other economic circumstances. Any downward revisions of the FIT purchase price of electricity or modifications of the purchase period by METI with respect to the solar energy projects in our anticipated portfolio may result in a decrease in electricity revenues for our lessees and a decline in our rental revenues.

In addition, such revisions of the FIT purchase price or modifications of the purchase period may reduce the number of new solar energy projects that will be constructed or may make newly constructed solar energy projects unsuitable for our investment. This may reduce our ability to identify and acquire additional solar energy projects in accordance with our investment policy, slow our portfolio growth and prevent us from successfully executing our investment strategy. See "— We may not be able to acquire projects to execute our growth and investment strategy in a manner that is accretive to earnings".

Eligibility for Japan's FIT scheme requires our lessees to obtain certification of their renewable energy business plans, and METI has the authority to revoke such certification

In order for an electricity business operator to be eligible for Japan's FIT scheme, the renewable energy business plan of the operator must be certified under the Act on Special Measures for Renewable Energy. METI has the authority to revoke such certification if the operator fails to operate its renewable energy business in accordance with the certified plan, if the plan fails to conform to the standards prescribed in relevant laws and regulations, or if the operator violates a business improvement order from METI.

If the certification of a renewable energy business plan relating to a solar energy project is revoked, the electricity business operator will not be able to use the FIT scheme in selling electricity generated by that project. Even if certification is later reacquired, the applicable FIT purchase price and purchase period will be determined as of the time of recertification, which may result in a FIT purchase price that is lower than the price at the time the certification was revoked. For these reasons, revocation by METI of the certification of a renewable energy business plan may result in a significant decrease in electricity revenues for our lessees, which in turn may result in a decline in our rental revenues and have a material adverse effect on our business, financial condition and results of operations.

PPAs and interconnection agreements may be revised or terminated, which may result in a decline in the electricity revenues of our lessees

The PPAs entered into by electricity business operators and purchasers of electricity under the FIT scheme provide, in principle, for purchase prices that are fixed for the length of the PPA's pre-determined purchase

period. However, the terms and conditions set forth in a PPA may be revised when the purchase period expires and the PPA is renewed, or during the purchase period if permitted under the PPA. If the purchase price for electricity set forth in a PPA is higher than the FIT purchase price required under the FIT scheme, the purchase price in a renewed or revised PPA may be adjusted downward.

In addition, PPAs may be terminated or the parties may choose to not renew PPAs at expiration. If a PPA is terminated or not renewed by the parties, the operators that sold electricity under the PPA have the option of seeking out electricity distributors as new purchasers. However, until an electricity distributor willing to act as a purchaser has been found, the electricity revenues of the operator may decline. In addition, if the purchase price for electricity set forth in the PPA is higher than the price required under the FIT scheme, the electricity distributors may only be willing to pay a price that is lower than the price in the current PPA as long as it exceeds the purchase price under the FIT scheme. Due to these factors, termination or non-renewal of a PPA may result in a decrease in electricity revenues for our lessees, which in turn may result in a decline in our revenue-linked rent.

Under the FIT scheme, electricity business operators also need to enter into interconnection agreements with interconnection utilities which, as in the case of PPAs, may be terminated or not renewed by the parties. Upon such termination or non-renewal, an operator will not be able to use interconnection utilities to sell electricity and generate electricity revenues until a new interconnection agreement has been concluded. In addition, the purchase price, rules regarding output control and other conditions in a new interconnection agreement may be less favorable to the operator than those in the original agreement.

These factors may result in a decrease in electricity revenues for our lessees, which in turn may result in a decline in our rental revenues and have a material adverse effect on our business, financial condition and results of operations.

Electricity business operators may be required to reduce electricity output

Under the Ordinance for Enforcement of the Act on Special Measures for Renewable Energy, interconnection utilities may require electricity business operators to limit their output of electricity under certain circumstances, including when the electricity supply within the interconnection utility is expected to exceed demand, connected electric facilities cease operation due to breakdowns, interconnection facilities stop supplying electricity to connected electric facilities to prevent bodily harm to individuals, inspections or necessary repairs of connected electric facilities are carried out, and during certain types of construction. Output controls imposed to adjust the balance between supply and demand are subject to certain limits, and interconnection utilities may be liable for compensation for imposing output controls that exceed these limits.

Any limitations imposed on the output of electricity as described above may result in a decrease in electricity revenues for our lessees, which in turn may result in a decline in our revenue-linked rent and have a material adverse effect on our business, financial condition and results of operations. See “Regulation — Laws and Regulations Relating to Renewable Energy Power Generation Facilities in Japan — The Renewable Energy Act — Output Curtailment”.

Since the amounts paid per kWh for electricity from renewable sources are fixed under the FIT scheme, the purchasing power of such amounts may be eroded by inflation

Because the amounts paid per kWh for electricity from renewable sources are fixed under the FIT scheme for the duration of the purchase period, if general price levels rise due to inflation, the purchasing power of these amounts may be eroded, which may lead to a decline in the value of the solar energy projects in our anticipated portfolio. Because our lease agreements link the amount of rent we receive to the electricity revenues of our lessees, we may be unable to increase rent in step with the rise in general price levels, and as a result the purchasing power of our rental revenues may decline. In addition, if general price levels rise due to inflation, the costs of maintaining and operating the solar energy projects in our anticipated portfolio may increase. As a result, inflation may have a material adverse effect on our business, financial condition and results of operations.

The purchase price of electricity and other contractual terms may become less favorable once the purchase period under the FIT scheme has expired

Once the purchase period under the FIT scheme for the purchase of electricity from a solar energy project has expired, the price that purchasers will be obligated to pay for electricity from that project will no longer be fixed under the FIT scheme. To continue selling electricity after the expiration of the purchase period, electricity business operators must either negotiate and agree on the terms of such sale with the operators of electric utilities, or sell the electricity on a market such as the Japan Electric Power Exchange. However, even if electricity business operators are able to find new purchasers of electricity, renew their agreements with parties

that previously purchased electricity under the FIT scheme, or sell their electricity on a market such as the Japan Electric Power Exchange, it is possible that the terms and conditions of such sales, including the purchase price, will be substantially less favorable than those under the FIT scheme. If for any of these reasons our lessees are forced to sell electricity under less favorable conditions than under the FIT scheme, their electricity revenues may decrease, which in turn may result in a decline in our rental revenues and have a material adverse effect on our business, financial condition and results of operations.

In addition, the risks related to the sale of electricity after the expiration of the purchase period may adversely impact the value of the solar energy projects in our anticipated portfolio, and we may not be able to sell such projects at a price or time of our choosing, or subject to such conditions as would be desirable in terms of our investments' profitability.

Electricity business operators may be forced to supply electricity in a manner specified by METI or the Organization for Cross-Regional Coordination of Transmission Operators

Operators of electricity facilities of a certain scale or larger are required to file a regulatory notification under the Electricity Business Act of Japan and submit plans for the provision of electricity to METI through the Organization for Cross-Regional Coordination of Transmission Operators ("OCCTO") for each fiscal year. METI may recommend changes to such plans and has the power to order operators to supply electricity in a manner specified by METI in order to ensure the stable supply of electricity on a cross-regional basis. In addition, electricity business operators that have made the notification may be subject business improvement and other administrative orders from METI. Electricity business operators that have made the notification are also required to become members of OCCTO and must supply electricity in accordance with OCCTO's directions during times when the balance of supply and demand of electricity is unstable.

If our lessees are forced to adjust the supply of electricity under directions from METI or OCCTO, their electricity revenues may decrease, which in turn may result in a decline in our rental revenues and have a material adverse effect on our business, financial condition and results of operations.

Our operating revenues may decrease if the electric utility operators are unable to purchase electricity generated by us

The electric utility operators that purchase electricity from the SPCs pursuant to the PPAs may default in their payments due to deterioration of their financial condition or involvement in bankruptcy proceedings. In such a case, the SPCs may, pursuant to the FIT scheme, request that a transmission company purchase the renewable energy that the electric utility operators are no longer able to purchase. The SPCs will not receive electricity revenues until the transmission company is able to purchase electricity from the SPCs and the SPCs' aggregate electricity revenues for the procurement period may be less than anticipated. Although the purchase price to be paid by the transmission company, pursuant to the FIT scheme, is at least equal to the FIT rate, it may be less than the purchase price from the electric utility operator, in cases where a higher purchase price was agreed to with the electric utility operator. In such a case, we will receive a lower purchase price under the arrangement with the transmission company. As a result, our operating revenues may be adversely affected because our rental revenues are based partially on electricity revenues.

We may not be able to acquire projects to execute our growth and investment strategy in a manner that is accretive to earnings

A major component of our business strategy is to achieve medium- to long-term growth by building a high-quality portfolio of renewable energy projects with a focus on solar energy projects. See "Our Business — Our Investment Objective". Our ability to achieve profitable rental revenues and asset growth thus depends in large part on our ability to identify and acquire additional solar energy projects on favorable terms. Like other infrastructure funds, we may face increases in values of renewable energy projects, as well as interest rates, making it difficult for us to continually identify suitable projects that can be purchased on acceptable terms. Such an increase in values of renewable energy projects could also decrease capitalization rates and capital gains from property dispositions. In addition, if the current FIT scheme for renewable energy in Japan were to be modified or abolished, or if Japanese regulatory authorities were to modify FIT purchase prices or purchase periods under the current FIT scheme in ways that are unfavorable to electricity business operators, the number of new solar energy projects that will be constructed may decline, or newly constructed solar energy projects may become unsuitable for our investment.

In addition, FIT purchase prices under the FIT scheme are continually decreasing on a yearly basis. In particular, the revised FIT scheme seeks to decrease the burden on taxpayers in connection with the implementation of renewable energy resources by implementing various cost-reducing measures, such as setting

mid- to long-term purchase price targets and establishing a reverse auction system for solar energy projects with a total output capacity of 2 MW or greater under which developers can bid on a per kW basis to obtain the qualification for application of METI for new projects. Such measures may have the effect of continuously decreasing FIT purchase prices and, consequently, the profitability of future renewable energy projects may also be negatively affected. See "Regulation — Laws and Regulations Related to Renewable Energy Power Generation Facilities in Japan — The Renewable Energy Act — FIT Scheme".

Moreover, we face significant competition for attractive acquisition opportunities from other renewable energy investors focusing on solar energy projects. Our competitors for desirable projects may have greater financial and other resources than we do. Other investors could enjoy significant competitive advantages that result from, among other things, a lower cost of capital or tolerance for lower returns, stronger industry relationships and enhanced operating efficiencies. This competition may result in increased prices paid for projects, and as a result we may not be able to acquire attractive projects on favorable terms in the future. In addition, the types of projects we expect to acquire have a limited supply in the market, which may result in increased prices paid for such projects or difficulties in finding suitable acquisition targets. Such factors could impede our ability to profitably expand our portfolio and thus could have a material adverse effect on our business, financial condition or results of operations and result in decreases in amounts available to make distributions on our units.

Illiquidity in the market for solar energy projects may limit our ability to grow or adjust our portfolio

Solar energy project investments can be illiquid, and we may be limited in our ability to purchase or sell assets promptly in order to grow or adjust our portfolio as we deem appropriate. As compared to other asset types, solar energy projects are especially illiquid due to the fact that the market for sale and leasing of such projects is still in the early stages of development.

In addition, projects held in the form of partial ownership interests, such as a form of co-ownership interest (*kyōyū-mochibun*), may be difficult to purchase or sell due to the difficulty in achieving consensus with other holders of such partial ownership interests. See "— Legal and Regulatory Risks — We may hold interests in properties in the form of co-ownership (*kyōyū*) and our rights relating to such properties may be affected by the actions of other owners". If liquidity in the Japanese renewable energy market is not sufficient for us to acquire suitable projects on acceptable terms, or to sell projects promptly on acceptable terms in response to changes in the economy or our investment guidelines, our business, financial condition and results of operations could be materially adversely affected.

Further, the acquisition or disposal of renewable energy projects may be subject to various approval or consent requirements pursuant to applicable laws, ordinances, regulations or agreements. Such approval or consent requirements may also contribute to illiquidity in the renewable energy market.

There are a limited number of purchasers of utility-scale quantities of electricity in Japan, which exposes us and our solar energy projects to additional risks

The operators of the 15 solar energy projects we currently own and the three anticipated solar energy project acquisitions entered into PPAs with five counterparties. In general, since the transmission and distribution of electricity is highly concentrated in Japan, there are a limited number of possible purchasers for utility-scale quantities of electricity. As a result, there is a concentrated pool of potential buyers for electricity generated by our solar energy projects, which may restrict the ability of the lessees who lease our renewable energy facilities to negotiate favorable terms under new PPAs and could impact our ability to find new customers for the electricity generated by our generation projects should this become necessary. Furthermore, if the financial condition of these utilities or electricity purchasers deteriorates or government policies or regulations to which they are currently subject that compel them to source renewable energy supplies change, demand for electricity produced by our solar energy projects could be negatively impacted. If the lessees that lease our renewable energy facilities cannot enter into PPAs on terms favorable to us, or at all, or if the purchaser under the PPAs were to exercise its curtailment or other rights to reduce purchases or payments under such arrangements, our revenues and our ability to develop additional solar energy projects may be adversely affected.

There are additional risks associated with investments in non-solar renewable energy projects

Our investment policies contemplate that we invest in renewable energy projects, with solar energy projects accounting for at least 90% of our portfolio. We may, however, acquire renewable energy projects other than solar energy projects, including wind, hydroelectric, geothermal and biomass projects under the FIT scheme.

Although many of the risks associated with solar energy projects are applicable to other types of renewable energy projects, there are additional risks associated with non-solar energy projects. For example, we may face

difficulties in acquiring or disposing of projects on desirable terms due to lower liquidity of such projects compared to solar energy projects as a result of factors such as a limited number of power generation companies, a limited supply of suitable sites and an undeveloped trading market for non-solar energy projects. We may also be unable to select operators or O&M service providers that are sufficiently competent and specialized in non-solar renewable energy projects due to the limited number of service providers who are able to perform maintenance and operation on such projects, which are often more complicated than solar energy projects. For example, wind power generation projects are vulnerable to fluctuations in power generated due to wind conditions, damage caused by storm or lightning and potential disputes with neighbors over noise or accidents generated by windmills. Electricity generated by hydroelectric projects fluctuates depending on the volume of water utilized by the facility. With respect to geothermal energy projects, we may not be able to secure adequate usage rights for hot springs due to uncertainties under the laws, and the term of such usage rights may not be compatible with contemplated electricity procurement periods. Additionally, there may be depletion or significant reductions in extractions due to continued usage by the project or by its neighbors. Biomass power generation projects may suffer from difficulties in securing a steady supply of fuel, from exchange rate fluctuations where imported biomass is used, from providing a profitable stream of energy and from the possibility of curtailment to supplying energy to electric utility operators for an unlimited period of time without compensation. Any or all of these factors could have a material adverse effect on our business, financial condition and results of operations.

Our reliance on the Sponsor as the operator of all solar energy projects in our anticipated portfolio creates risks for our business

We lease all of the 15 solar energy projects we currently own and intend to lease all of the three anticipated solar energy project acquisitions to special purpose companies that will, as a general rule, outsource the operation of these projects to the Sponsor. If the Sponsor were to cease operating the solar energy projects and the lessees were to terminate their leases, have difficulty in making rent payments or default on their rent, the pool of potential substitute operators or lessees for these projects would be limited due to the specialized nature of the solar energy business. As a consequence, we may be forced to decrease rent in order to secure substitute operators of these projects, which may adversely affect our business, financial condition and results of operations.

Most solar energy projects in our anticipated portfolio will be concentrated in the Kyushu and Okinawa areas, and our portfolio will be heavily concentrated in a single project in terms of anticipated annual rental revenue

We expect that nine of the 18 solar energy projects in our anticipated portfolio, which account for 65.55% of its total value (calculated using estimated value for the solar energy projects we currently own and using anticipated acquisition price for anticipated solar energy project acquisitions), will be located in the Kyushu and Okinawa areas. In addition, a single project located in the Kyushu area, CS Mashiki-machi Power Plant, is expected to account for 49.25% of the total value of our anticipated portfolio by total median project valuation report amount or anticipated acquisition price. See "Our Portfolio — Anticipated Acquisitions" and "Land Appraisals and Project Valuation, Technical, Soil Contamination and Seismic Reports — Project Valuation Reports". As a result, our business will be highly susceptible to conditions or developments that adversely impact the areas in which our solar energy projects are concentrated, including natural disasters such as earthquakes, volcanic eruptions, ash fall and weather conditions that affect the amount of electricity generated by our solar energy projects. Any unfavorable conditions or developments in these areas may have a material adverse effect on our business, financial condition and results of operations.

Further, we expect that CS Mashiki-machi Power Plant will account for 44.9% of our anticipated portfolio by annual rental revenues. As a result, our business will be highly susceptible to conditions or developments that adversely impact CS Mashiki-machi Power Plant, including deterioration of the financial condition of the lessee, operator or O&M service provider, or if we face difficulties in finding suitable replacements for such parties following the expiration of agreements related thereto. Any unfavorable conditions or developments to CS Mashiki-machi Power Plant may have a material adverse effect on our business, financial condition and results of operations.

We may suffer large losses if any of our projects incur damage from a natural or man-made disaster or other casualty event, or acts of vandalism, violence or war

Damage to any one or more of our projects due to fire, earthquake, land liquidation, tsunami, volcanic eruption, ash fall, high tide, gale, storm, snow, heavy rain, flood, lightening, tornado, landslide, war, riot, disturbance, terrorism, vandalism, theft, damage from animals or plants, or other natural or man-made disaster or casualty event could adversely affect our business, financial condition and results of operations.

Electricity projects are usually unmanned, not easily monitored by security cameras and sensors, and susceptible to thefts, vandalism, or damage caused by animals and plants. When a solar energy project or an electricity transmission facility that is owned either by us, an electricity business operator or an interconnection utility is damaged or destroyed in a natural or man-made disaster or another casualty event, the generation of electricity may decrease or cease altogether, and may not resume until the disaster has ended and necessary repairs have been completed. When recovery is difficult, the electricity revenues earned by the electricity business operators that lease the solar energy projects may be lower than anticipated, which may result in a decline or complete loss of our rental revenues and have a material adverse effect on our business, financial condition or results of operations.

In addition, Japan is earthquake-prone and has historically experienced numerous large earthquakes that have resulted in extensive property damage in areas where our projects are located. An earthquake, tsunami or other large-scale disaster could severely damage or otherwise adversely affect any one of our projects, or a number of our projects simultaneously. Although we have obtained customary seismic risk reports to which we refer in the acquisition and management of our projects, these reports are highly speculative and subject to numerous assumptions that severely limit our ability to evaluate or mitigate these risks. See "Land Appraisals and Project Valuation, Technical, Soil Contamination and Seismic Reports — Soil Contamination and Seismic Review — Seismic Reviews" for a further discussion of seismic risk analysis. Therefore, a large disaster may have a material adverse effect on any or all of our projects and, in turn, our business, financial condition and results of operations.

Recent geopolitical tensions in the Asian region, may, if they continue to escalate, result in a deterioration of political and economic conditions in the region and adversely impact the value of assets. We may be impacted by various disputes between Japan and some of its neighboring countries, such as China and North Korea, or by disputes between countries in East Asia or Southeast Asia, which may result in acts of violence or war if they continue or escalate. These events may directly impact the value of our projects through damage, destruction, loss or increased security costs. More generally, any act of violence or war, including armed conflicts, could result in increased volatility in, or damage to, the worldwide financial markets and economy. Increased economic volatility could adversely affect our rental revenues or our ability to borrow money or issue new units at acceptable prices and have a material adverse effect on our financial condition, results of operations and ability to pay distributions to unitholders.

We intend to carry casualty insurance covering all of our projects for many types of casualty losses, with policy specifications and insured limits that we believe will be adequate and appropriate under current circumstances, but there is no guarantee that we will be able to carry casualty insurance at all times for projects that we acquire in the future. Despite the availability of insurance, however, certain types of losses are partially or completely uninsurable, or are not generally insured against, because of restrictions under relevant laws or regulations or because insuring such losses is not economically feasible due to the policies of insurers and reinsurers. Examples of such losses are those resulting from natural disasters, nuclear incidents, intentional or grossly negligent violations of law, war or acts of terrorism and mismanagement or ordinary wear and tear of the projects. We exercise discretion in selecting the types of losses and the maximum amounts to be insured, considering the likelihood and extent of potential damage and the amount of insurance premiums. The insurance policies we intend to carry are not intended to cover all conceivable losses, and it is possible that no insurance contract can be arranged for reasons specific to solar energy projects or the land on which such projects are constructed, or that damage to our projects will be in excess of insured limits.

Should any of our projects suffer an uninsured loss or a loss in excess of insured limits, or if an insurance company delays or refuses payment for insured damages to a project, we could lose our capital invested in that project, as well as the anticipated future revenue from that project, while remaining liable for any debt or other financial obligations related to that project. Even if an insurance payment is made, it may not be possible to fully restore the project to its original state due to administrative regulations or for other reasons. In addition, if we rebuild a major part of a damaged solar energy facility with an insurance payment, the resulting facility may be treated as a new installation that is no longer subject to the terms and conditions of the relevant PPA, which may result in a loss of favorable terms regarding the electricity purchase price and purchase period.

The past experience of the Sponsor Group in the Japanese solar energy market is not an indicator or guarantee of our future results

The past experience of the Sponsor Group in the Japanese solar energy market does not imply or guarantee any level of our future performance. Although the Sponsor Group is a solar power developer in Japan with a portfolio that includes eight operational solar energy projects in Japan as of July 31, 2018 (including the three anticipated solar energy project acquisitions), our business and that of the Asset Manager differ from the

businesses operated by the Sponsor Group. See "Our Business — Support from the Canadian Solar Group including the Sponsor Group". Our performance is dependent on future events and market conditions that may be different from or inconsistent with those faced by the Sponsor Group in its business, including varying business strategies, different supply and demand characteristics, varying degrees of competition and other circumstances.

Our reliance on the Sponsor Group could have a material adverse effect on our business

We rely, and expect to continue to rely following the completion of the offerings, on the Sponsor Group in a number of important ways. For example:

- We currently outsource the operations of all 15 solar energy projects we currently own to the Sponsor, and we expect that the operations of all three anticipated solar energy project acquisitions will be outsourced to the Sponsor;
- Some of the officers and employees of the Asset Manager have been seconded from the Sponsor Group and concurrently hold positions at the Sponsor Group;
- We and the Asset Manager have entered into a sponsor support agreement with the Sponsor. Under this agreement, the Sponsor will, among other things:
  - provide us with information on a preferential basis and preferential negotiation rights when the Sponsor Group seeks to dispose of a renewable energy project owned by it in Japan that meets the Asset Manager's and our investment criteria;
  - provide us with information with respect to potential dispositions of renewable energy projects criteria that are owned, developed or operated by third parties, and that meet the Asset Manager's and our investment criteria;
  - provide operational support, when requested by the Asset Manager, for acquisitions of renewable energy projects from third parties outside of the Sponsor Group;
  - if requested by us or the Asset Manager, provide support by "warehousing" projects for potential acquisition;
  - provide other support, including lease agreement negotiations, support for sale of electricity following expiration of the purchase period under the FIT scheme, support for managing boundary disputes, support for dealing with soil contamination and other support, including personnel support and provision of knowhow;
- We and the Asset Manager have entered into a trademark license agreement with Canadian Solar Inc. Under this agreement, Canadian Solar Inc. will, among other things, provide us with a license to certain trademarks free of charge.
- We currently outsource all of our O&M services for the 15 solar energy projects we currently own to CSOM Japan, a wholly owned subsidiary of the Sponsor, and we expect that we will generally outsource all of our O&M services in connection with the three anticipated solar energy project acquisitions to CSOM Japan, and the Sponsor is and will be a guarantor on O&M service agreements that we have executed or will execute with CSOM Japan.

We expect to continue to rely on the Sponsor for key support of our business and activities, including to some extent with respect to acquisitions of assets or interests therein. As a result, if our relationship with the Sponsor deteriorates or the Sponsor otherwise ceases or reduces its support to us, including due to a deterioration in its own business condition or change in its business strategy, our business, financial condition and results of operations may be materially and adversely affected. We may also suffer reputational damage, and our lenders' perception of the financial position and creditworthiness of the Sponsor may impact their willingness to lend to us, which could constrain our liquidity and adversely affect our business, financial condition or results of operations. In such cases, the amounts available for distributions on our units and the market price of our units could decrease.

Our agreement with the Sponsor does not ensure that we will be able to purchase attractive projects from the Sponsor Group at a competitive price or at all

We and the Asset Manager have entered into an agreement with the Sponsor pursuant to which we receive certain support from the Sponsor. This sponsor support agreement grants the Asset Manager and us certain rights to receive information regarding project acquisition opportunities on a preferential basis and preferential negotiation rights in respect to renewable energy projects that the Sponsor Group seeks to dispose. See "Our

Business — Our Investment Strategies" However, the support that we are entitled to receive under the sponsor support agreement is limited in a number of respects. The Sponsor Group is not obligated to sell renewable energy projects to us at our desired price or at all under the sponsor support agreement. In addition, if projects that the Sponsor develops with a view to selling to us are not completed on time or at all, we might lose this source of potential acquisitions. Moreover, there is no assurance that projects under construction, which refer to solar energy projects that have obtained licenses and permits necessary for development of the project and have entered into construction services agreements with EPC service providers with respect to the solar energy project as of July 31, 2018, or projects under development, which refer to solar energy projects that have obtained certification from METI under the FIT scheme with respect to their business plan and have initiated detailed development plans, will reach completion or COD. The Sponsor Group is also under no obligation to develop projects for us. Further, there is no guarantee that we will be able to acquire the renewable energy projects described in "Our Business — Support from the Canadian Solar Group including the Sponsor Group — Sponsor Group's Portfolio". If the Sponsor Group does not continue to develop projects suitable for our investment portfolio, we may not be able to acquire projects that we desire from the Sponsor Group, which may materially and adversely affect our business, financial condition or results of operations.

Projects located on reclaimed land are subject to unique risks, including land liquefaction

Projects we acquire may be located on reclaimed land, and such projects may be affected by potential risks associated with the use of reclaimed land, such as contamination caused by pollutants in the soil. In addition, reclaimed land is commonly located near coastline areas and exposed to damage caused by tidal surges, rising sea water and flooding. These factors could also lead to subsidence due to an increase in soil liquidity as well as an increased risk of damage in the event of an earthquake. If any of our projects were to suffer damage due to any of these factors, the value of such project would be adversely affected, which would have a material adverse effect on our business, financial condition and results of operations.

Projects located on artificially developed land are subject to unique risks

Projects we acquire may be located on land that has been artificially developed by methods such as cutting and embankment, and such projects may be affected by potential risks associated with the use of artificially developed land. Such risks include substantial damage to large portions of slopes due to heavy rainfall, subsidence of renewable energy facilities, land liquefaction and contamination caused by pollutants in the soil used to construct embankments. If any of our projects or the land underlying the projects were to suffer damages due to any of these factors, the value of such project or land underlying the projects would be adversely affected, which would have a material adverse effect on our business, financial condition and results of operations.

We may incur unexpected expenses, expenditure or other losses for repair or maintenance of our projects

We may incur significant unexpected expenses or expenditure to repair any damage, loss, deterioration or other impairment to the projects in our portfolio or to maintain these projects to ensure that they remain competitive and attractive to lessees. In addition, we may find it difficult or impossible to carry out such repair or maintenance because of their unexpected nature, as a result of which the value of the project may decrease. Furthermore, because the daily operation of our projects is generally in the hands of the Sponsor, careless or imprudent management of our projects may negatively impact the value of our projects and hinder our ability to re-let or sell an affected project on favorable terms or at all.

Our costs of complying with laws and regulations applicable to land underlying our projects could adversely affect our results of operations

The land underlying our renewable energy projects may be subject to various approval or consent requirements pursuant to applicable laws, ordinances or regulations. In such cases, we may face difficulties in disposing of the underlying land or need to incur additional costs to comply with the requirements. Moreover, if the underlying land is located in an urban planning area and the underlying land is subject to urban development plans, such as construction of roads, we may be subject to building restrictions that may adversely affect the profitability of our projects.

We may be strictly liable for an unforeseen loss, damage or injury suffered by a third party at our projects

We may be liable for any unforeseen loss, damage or injury suffered by a third party at our projects. Pursuant to the Civil Code of Japan, the owner of a structure or property attached to the land is strictly liable to any third party who suffers a loss, damage or injury due to a defect in such structure or property as long as the property's occupier exercised due care to prevent such loss, damage or injury. We will be adversely affected by

such event unless we are adequately protected by insurance. Although we seek to carry insurance with policy specifications and insured limits that we believe are adequate and appropriate for our projects, there is no guarantee that we can obtain such insurance and such loss, damage or injury suffered by a third party will not exceed the insured limits or that adequate insurance payments will always be made on a timely basis upon the occurrence of such event.

Our relatively small asset size exposes us to certain risks

Due to our relatively small asset size, any fees or expenses that we incur may have a relatively significant impact on our business, financial condition and results of operations.

Entering into forward commitment contracts may expose us to contractual penalties and market risks

Although none of the three anticipated solar energy project acquisitions will be purchased pursuant to a forward commitment contract, we may enter into such contracts from time to time in relation to future acquisitions of projects. A forward commitment contract in this context is defined as a purchase and sale agreement signed one month or more in advance of the actual date on which the purchase price is paid and the property is transferred to the purchaser, as well as certain other similar contracts. Under such contracts, in principle, the purchaser must indemnify the seller for losses in the event that the agreement is cancelled by the purchaser. In addition, some forward commitment contracts include a penalty provision under which a certain proportion of the sale price is charged to the purchaser in the event of cancellation by the purchaser. Our financial condition may therefore be adversely affected if we, as purchaser, are forced to cancel a forward commitment contract.

We rely on expert reports for land appraisals, project valuation reports, energy output projections and PML percentages, and these reports are subject to significant uncertainties

In accordance with regulations and customary practice in Japan, we disclose certain information relating to appraisal values and "probable maximum loss" at projects due to an earthquake, or PML, based on reports we receive from third parties. See "Land Appraisals and Project Valuation, Technical, Soil Contamination and Seismic Reports — Soil Contamination and Seismic Review — Seismic Reviews". In addition, we disclose project valuation reports provided to us by PricewaterhouseCoopers Sustainability LLC and technical reports provided to us by E&E Solutions Inc. These reports are highly speculative and based on numerous assumptions and, as a result, are subject to significant uncertainties. These uncertainties limit the value of this information to the Asset Manager and us, and it should not be referred to or relied upon in making a decision whether or not to invest in the international units.

Land appraisals are largely based on forward-looking information that is inherently speculative and difficult to verify. We cannot represent to you or guarantee that the appraisal values provided to us reflect the prices that we could obtain upon the sale of the relevant land. The appraisal values of such land provided to us represent the analysis and determination of the relevant appraiser based on its particular assumptions, estimations and judgments about the value of the land appraised, which include subjective elements. Different sets of assumptions and/or different estimations and judgments based on a set of assumptions may result in significantly different appraisal values of the same land. Thus, other qualified appraisers could reach materially different conclusions than those reached by the appraisers in their reports to us with respect to the value of land we own or intend to acquire. We thus provide the values to you "as is" without warranty or guarantee of any kind as to their accuracy or usefulness to us, the Asset Manager or you.

Project valuation reports are largely based on forward-looking information that is inherently speculative and difficult to verify. The valuation conducted by PricewaterhouseCoopers Sustainability LLC is not an assurance engagement and does not guarantee the value of the project. Therefore, we cannot represent to you or guarantee that the values provided to us reflect the prices that we could obtain upon the sale of the relevant project. The values of the solar energy projects provided to us represent the analysis and determination of PricewaterhouseCoopers Sustainability LLC based on its particular assumptions, estimations and judgments about the value of the solar energy projects, which include subjective elements. Different sets of assumptions and/or different estimations and judgments based on a set of assumptions may result in significantly different values of the same project. Thus, other qualified analysts could have reached materially different conclusions than those reached by PricewaterhouseCoopers Sustainability LLC in their reports to us with respect to the value of the solar energy projects in our anticipated portfolio. We thus provide the values to you "as is" without warranty or guarantee of any kind as to their accuracy or usefulness to us, the Asset Manager or you. In addition, PricewaterhouseCoopers Sustainability LLC has relied on information provided by the Asset Manager and has not independently verified the accuracy of such information.

Technical reports are largely based on forward-looking information that is inherently speculative and difficult to verify. The figures provided to us represent the analysis and determination of E&E Solutions Inc. based on its particular assumptions, estimations and judgments about the solar energy projects, which include subjective elements. Different sets of assumptions and/or different estimations and judgments based on a set of assumptions may result in significantly different figures of the same project. Thus, other service providers could have reached materially different conclusions than those reached by E&E Solutions Inc. in their reports to us with respect to the solar energy projects in our anticipated portfolio. We thus provide the values to you "as is" without warranty or guarantee of any kind as to their accuracy or usefulness to us, the Asset Manager or you.

PML percentages are based on earthquake risk analysis reports that are complicated and include many subjective factors. Neither the Asset Manager nor we are experts in earthquake risk and analysis, nor do we have the ability to assess or independently verify the analysis of PML percentages provided to us. Therefore, these PML percentages are not intended to provide, nor should they be interpreted as providing, any facts regarding, or any guarantee or prediction or forecast of, the likelihood of losses on our projects due to earthquake events. They are not, nor could they be, representations of reality or predictions of future events.

As a result, information we disclose relating to appraisal, project valuation, PML or technical reports in accordance with regulations and customary practice in Japan should not be referred to or relied upon in making a decision whether to invest in the international units.

We rely on industry and market data that are subject to significant uncertainties

In addition to expert appraisals, soil contamination, project valuation, technical and seismic reports, we rely on industry and market data, certain market reports and analyses obtained from independent third-party industry sources in order to make investment and operating decisions. We generally do not independently verify the data or analyses obtained from these sources, and such data or analyses reflect the particular assumptions, estimates and judgments used by these sources at such times. Thus, there is no assurance that any industry and market data and analyses obtained from these sources are accurate evaluations of the relevant market conditions at the time we use them to make investment or operating decisions. If any of these data or analyses proves to be incorrect, misleading or incomplete, any decisions we make in reliance on such data or analyses expose us to potential risks. For example, we may be induced to make certain investments at prices that are too high, to sell certain other investments at prices that are too low or to miss favorable opportunities altogether.

The soil contamination assessments of our projects made prior to our ownership may not have uncovered all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities

Prior to our acquisition of a project, we arrange for soil contamination assessments of the project conducted by an independent engineering firm. See "Land Appraisals and Project Valuation, Technical, Soil Contamination and Seismic Reports — Soil Contamination and Seismic Review — Soil Contamination Reviews". These assessments include, at a minimum, an on-site visual inspection of the project, an examination of current and historical uses of the project and the surrounding areas and a review of relevant historical documents. However, these assessments may not be adequate to identify all potential environmental problems, which are often hidden or otherwise impossible to detect without special expertise and equipment, or at all.

Under the Soil Contamination Countermeasures Act of Japan, a current owner of real estate may be held strictly liable for the removal or remediation of hazardous or toxic substances, such as lead, arsenic and trichloroethylene, on or under such property, whether or not the current owner knew of or was responsible for the presence of such hazardous or toxic substances. We may also be required by local authorities to conduct investigations and provide reports with respect to the presence of such hazardous or toxic substances. We may also be held liable for costs for the removal or remediation of hazardous or toxic substances we discover at our properties even in cases where the Soil Contamination Countermeasures Act of Japan is inapplicable. In addition, the presence of hazardous or toxic substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to dispose of the real estate or borrow using the real estate as collateral. If we discover any unidentified environmental liabilities at our projects, the value of our projects could decrease, and we might be required to incur substantial costs to remediate the underlying hazard and discharge the related environmental liabilities. As a result, our business, financial condition or results of operations could be materially and adversely affected, and distributions that we make on our units and our unit price could decrease.

We may also become liable if, directly or indirectly, a third party is injured or otherwise suffers a loss as a result of the presence of toxic substances on our properties, and in such a case it is unclear whether we can be indemnified by those who are actually responsible. In such event, unanticipated clean-up costs that we may incur, the adverse effect on the ability to sell properties, and the risk of prosecution by governmental authorities may materially adversely affect our business, financial condition and results of operations.

Any inability to obtain financing for future acquisitions, or any restrictions on our activities under our financing arrangements, could adversely affect us

Our ability to use our cash flows from operations to finance acquisitions is severely limited because we must distribute in excess of 90% of our distributable profits as defined in the Special Taxation Measures Act for each fiscal period to our unitholders in order to receive and maintain certain favorable tax treatment. Therefore, we depend on outside financing for our acquisitions, including borrowings from financial institutions, issuance of investment corporation bonds and funds obtained from equity offerings. Our reliance on outside financing to expand our portfolio creates potentially significant risks for our business and the value of our units, including the following:

- Based on factors such as a negative assessment of our financial prospects by potential financing sources or adverse conditions in capital or other financial markets, any of our sources of external funding could cease to be available to us on terms satisfactory to us.
- If we are unable to refinance our existing indebtedness, if required, or are otherwise unable to obtain financing at times and on terms satisfactory to us or at all, we might be forced to abandon potential acquisitions or sell assets on unattractive terms or at unfavorable times.
- Restrictions on our activities under debt financing arrangements may prevent us from borrowing additional funds as needed or on favorable terms for project acquisitions, capital expenditures or general corporate purposes, or to refinance our existing indebtedness at maturity on terms as favorable as those of our original indebtedness.
- We may lose acquisition opportunities to our competitors if our cost of capital increases compared to that of our competitors, making us particularly vulnerable during times of economic downturn.

We cannot assure you that financing will continue to be available to us at attractive rates or at all, particularly if economic conditions in Japan worsen or do not continue to improve. Moreover, the financial position and creditworthiness of the Sponsor, could be considered a factor by our lenders in providing loans to us. Any or all of these factors could in turn have a material adverse effect on our business, financial condition and results of operations.

Limitations on our activities under debt financing arrangements may adversely affect our business, financial condition and results of operations

As of June 30, 2018, we had an aggregate principal amount of ¥17.9 billion in long-term borrowings, and we intend to enter into loan agreements in connection with the anticipated unsecured borrowings. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Resources and Requirements — Commitments". We may also incur significant additional indebtedness to finance future acquisitions under further loans or issuance of investment corporation bonds. The limitations imposed on us by the agreements for any such borrowings or the terms and conditions of investment corporation bonds could have significant adverse consequences, including the following:

- We may be subject to restrictive covenants in connection with any future indebtedness that may restrict our operations and limit our ability to make cash distributions to unitholders, to dispose of projects or to acquire additional projects. Furthermore, we may violate restrictive covenants contained in the loan agreements we execute or the terms and conditions of the investment corporation bonds we issue, such as the maintenance of debt service coverage ratio, debt-to-equity ratio or loan-to-value ratios, or LTV ratios, which may entitle the lenders or bondholders to require us to collateralize our projects or demand that the entire outstanding balance be immediately paid.
- Our cash flow may be insufficient to meet our required principal and interest payments, which may trigger events of default that also entitle lenders or bondholders to require us to collateralize our projects or demand that the entire balance be immediately paid.

While we have not collateralized and currently do not intend to collateralize any of the solar energy projects in our anticipated portfolio, if we were to encumber any of our projects and were unable to meet interest or principal payments of such indebtedness, such projects could be foreclosed upon by or otherwise transferred to lenders or bondholders. Furthermore, we may be prevented from arranging debt financing quickly, or at all, due to the tax laws, which require that any lender or bondholder of ours must be a certain qualified institutional investor as specified by such tax laws in order for us to maintain favorable tax treatment. Any or all of these factors could have a material adverse effect on our business, financial condition and results of operations.

Cash distributions to our unitholders and unit repurchases are subject to potential risks

Although we intend to make cash distributions to our unitholders, there is no guarantee of the amount of cash distributions or that such cash distributions will be made at all. The amount of cash distributions or whether such cash distributions will be made at all is dependent on the leasing status of our solar energy projects, the status of electricity generation and electricity sales related thereto, and repair, maintenance and management fees, among other factors. As a result, the amount of cash distributions may fluctuate and we may be unable to make cash distributions at all.

Our policy to make distributions to our unitholders in excess of our retained earnings or repurchase our units could adversely affect us

In accordance with our articles of incorporation, we will, in principle, make cash distributions in excess of retained earnings on a regular basis up to the maximum amount calculated in accordance with the standards set by the Investment Trusts Association, Japan. However, we may decide not to make any amount of cash distributions in excess of retained earnings for a particular fiscal period based on a consideration of factors such as economic or renewable energy market conditions, the leasing status of our solar energy projects, the status of electricity generation and electricity sales related thereto, or our financial condition, after taking into account our financial situation and alternative uses of cash such as the execution of repair plans and capital expenditures, the payment of repair, maintenance and management fees, the repayment of borrowings and property acquisition opportunities.

In addition, from time to time, we may also make additional distributions in excess of our retained earnings when we consider it appropriate up to the maximum amount set forth in the relevant laws and regulations, including the standards set by the Investment Trusts Association, Japan. While we believe that the policy is in the best interests of our unitholders, we may encounter unexpected adverse consequences. For example, equity investors in Japan may not view the policy favorably and our units may trade at a lower price than what would normally be the case, or our lenders or rating agencies may perceive us to be at a greater credit risk as a result of the policy as cash distributions in excess of retained earnings are, in substance, a return of capital, which will cause our net assets to decrease. Furthermore, because the policy entails reduction in our capital, if we do not manage our cash effectively, we may not have sufficient cash for unexpected capital expenditures or acquisition of attractive properties when the acquisition opportunities arise. If we fail to accurately anticipate our capital expenditures or depreciation expense, there also may not be sufficient funds to make any distributions in excess of our retained earnings. In addition, any amendments to the standards set by the Investment Trusts Association, Japan, with respect to distributions in excess of retained earnings may prohibit or restrict us from making distributions in excess of our retained earnings in accordance with our current policy or at all over the short or long term.

We may from time to time acquire our own units, but we are required to dispose of or cancel the units within a reasonable period of time. In such cases, there is no guarantee that we can resell the units at a time or price of our choosing.

In addition, unit repurchases are recorded as a deduction from net assets on the balance sheet, and may decrease the distributable amount from income before taxes by the value of the units repurchased. As a result, we may not be able to maintain our current favorable tax treatment if we own repurchased units beyond the end of a fiscal period.

Any of the above factors could have a material adverse effect on our business, financial condition and results of operations, as well as on the price of our units and the distributions we can make on our units.

A high LTV ratio may increase our exposure to changes in interest rates and have a material adverse effect on our results of operations

We have set an upper limit of 60% as a general rule for our LTV ratio (based on project valuation report amount). However, we may not be able to maintain this LTV ratio (based on project valuation report amount) at all times. For example, large transactions, such as a large acquisition or debt financing, could directly or indirectly increase our LTV ratio (based on project valuation report amount). An increase in our LTV ratio (based on project valuation report amount) may also increase our interest expense and exposure to changes in interest rates, which in turn may adversely affect our results of operations. Furthermore, even if we maintain a conservative LTV ratio (based on project valuation report amount), macroeconomic factors or market conditions beyond our control could increase our interest expense or exposure to changes in interest rates. Any such change may reduce or increase the volatility of the amount of cash distribution to our unitholders. See “Our Business — Financing Policies — Fixed Interest Ratio and LTV Ratio”.

We may suffer impairment losses relating to our projects and may also suffer adverse tax effects upon recognizing impairments

Pursuant to Japanese GAAP, we may from time to time be required to recognize impairment losses in relation to certain long-lived assets, including land and buildings, which will be recorded as charges to our income statement during the periods to which any such impairments relate. Because any such impairments would correspondingly reduce our net income and retained earnings for the period in which they occur, our distributions to unitholders may be significantly reduced for any such period as a result of such impairment.

Any future borrowings or issuances of investment corporation bonds would be senior to our units upon liquidation, which could adversely affect the market price of our units

Upon closing of the offerings, we anticipate new borrowings of up to ¥8,850 million from financial institutions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Resources and Requirements — Commitments". We may, at any time in the future, decide to increase our capital resources through further borrowings. Our decision to do so will depend on market conditions and other factors beyond our control, and we cannot predict or estimate the amount, timing or nature of such borrowings or issuances. Because, upon liquidation, our lenders and the holders of our investment corporation bonds will be entitled to receive our available assets prior to distribution to the holders of our units, any such future borrowings or issuances may adversely affect the market price of our units.

A downgrading of our credit rating may affect payments of principal or interest if we issue investment corporation bonds

We currently do not have a credit rating that enables us to issue investment corporation bonds. If we obtain a sufficient credit rating and issue investment corporation bonds, and the credit ratings on us or our investment corporation bonds are downgraded, we may be unable to refinance or newly issue investment corporation bonds at terms acceptable to us or at all, which could materially and adversely affect our business, financial condition and results of operations.

Our financial statements are prepared in accordance with Japanese GAAP, which differs in certain material respects from IFRS, U.S. GAAP and generally accepted accounting principles and financial reporting standards in other jurisdictions

Our financial statements are prepared and presented in accordance with Japanese GAAP, which differs in certain material respects from IFRS, U.S. GAAP and generally accepted accounting principles and financial reporting standards in other jurisdictions. Thus, our financial statements may differ from those prepared for companies outside of Japan. This offering circular does not include a reconciliation of our financial statements to IFRS, U.S. GAAP or to any other generally accepted accounting principles or reporting standards. It is likely that such reconciliation would identify material quantitative differences between Japanese GAAP and IFRS or U.S. GAAP, or between Japanese GAAP and such other generally accepted accounting principles or reporting standards.

Adverse conditions in the Japanese economy could adversely affect our business

Our business performance and the distributions we make are affected by the performance of the Japanese economy as a whole, the outlook for which remains highly uncertain and involves factors beyond our control. General economic conditions may affect our business in a number of ways, such as:

- The execution of our growth strategy depends upon our ability to borrow money or issue new units at acceptable prices, which is affected by general economic conditions. Tight credit markets could impede our expansion and materially affect our results of operations. In light of the uncertainty in the global credit and lending environment, we cannot make assurances that financial institutions will continue to offer funding to solar energy project developers at reasonable costs.
- Solar energy projects compete for capital with other forms of fixed income investments such as government and corporate bonds. Some classes of investors compare the returns of solar energy projects with bond yields and expect a similar or higher internal rate of return, adjusted for risk and liquidity.
- The cash flow of a solar energy project is derived from the FIT scheme introduced by the Japanese government. Consequently, the availability and cost of funding solar energy projects is determined in part based on the perceived sovereign credit risk of Japan.
- Weakness in the Japanese economy may cause the Japanese government to revise, reduce or eliminate subsidies and economic incentives for renewable energy, which could have an adverse effect on the electricity revenues of our lessees.

- The economic climate may cause inflation, rising costs for human resources and materials, increases in administration and maintenance costs for solar energy projects and power generation sites, rising insurance premiums, taxation, and others, which in turn, increase the cost for operation of solar energy project.
- The demand for solar power is influenced by macroeconomic factors, such as global economic conditions, demand for electricity, supply and prices of other energy products, such as oil, coal and natural gas, as well as government regulations and policies concerning the electric utility industry, the solar and other alternative energy industries and the environment. As a result of global economic conditions, some governments may implement measures that reduce the FITs and other subsidies designed to benefit the solar industry. Reductions in oil and coal prices may reduce the demand for and the prices of solar energy.

Technological advances and innovations may decrease the competitiveness of our renewable energy facilities

Technological advances and innovations may improve the existing energy conversion efficiency of solar and other energy facilities and reduce power generation costs. Commercialization of newer and more cost-efficient power generating technology could reduce the competitiveness of the electricity generated by our solar energy projects following the FIT period. This may in turn reduce our electricity revenues and decrease the relative value of our renewable energy facilities. As a result, we may be unable to dispose of our renewable energy facilities at a price or time of our choosing. Any or all of these factors could have a material adverse effect on our business, financial condition and results of operations.

Management and Governance Risks

Our success depends on the performances of our executive director, supervisory directors and the operator and service providers to which we are required to assign various key functions

Under the ITA, we are not permitted to have employees and must outsource substantially all of our activities to third parties, which may be our related parties, including our investment and financing activities, the management and custody of our assets and certain administrative functions. As a result, our business success depends on the performances of our executive director, supervisory directors and the operator and service providers we engage to perform these functions and our ability to maintain our relationships with these parties.

In particular, we will rely on the Asset Manager to achieve our business objectives. Although the Asset Manager will be subject to supervision by our board of directors, the Asset Manager will have broad discretion in carrying out its activities and is the party primarily responsible for the formation and implementation of our business strategy, including our acquisition and financing activities and the oversight of our day-to-day operations. We and the Asset Manager will also rely on the operator to provide operating services for our renewable energy projects. In addition, we and the Asset Manager will rely on O&M service providers for on-site property management to support us and the Asset Manager in coordinating the management of the solar energy projects in our portfolio.

Our reliance on third parties to conduct our business activities exposes us to potential risks. The Asset Manager, the operator, the O&M service providers, the custodian and general administrator, the transfer agent or other third-party service providers may not provide adequate services to us or remain in business. Also, the Asset Manager may have difficulty managing its growth, to be able to manage our portfolio effectively. Even if a third party's performance is favorable, that party may seek to terminate its agreement with us or may not renew its agreement with us at the end of its term. In such a case, we may not be able to appoint appropriate replacements on terms satisfactory to us in a timely manner or at all.

As a result of these risks, we may face difficulties in managing our projects and conducting our business which may have a material adverse effect on our business, financial condition and results of operations.

There are potential conflicts of interest between us and certain Sponsor Group companies, including the Asset Manager

The Asset Manager owes us fiduciary duties under the ITA and its asset management agreement with us. However, the fact that the Asset Manager is a wholly owned subsidiary of the Sponsor and that some of the members of its management team have been seconded from the Sponsor gives rise to potential conflicts of interest in performing its obligations to us. Further, while the Asset Manager has various arrangements with Sponsor Group companies pursuant to which they will provide support to us, none of these companies have any non-compete or similar obligations that would prevent them from pursuing their own interests in the renewable energy business in a manner that may conflict with our interests. In addition, the Sponsor will hold a minority

interest of approximately 14.7% of our units upon the completion of the offerings, assuming the over-allotment option is exercised in full. Therefore, there may be conflicts of interest if the Sponsor's interests are not aligned with those of our other unitholders. If the Asset Manager or any Sponsor Group company acts or is caused to act in the interest of the Sponsor or other Sponsor Group companies or affiliates in a manner compromising our interests or those of our other unitholders, there may be a material adverse effect on our business, financial condition and results of operations. Such conflicts of interest may include the following:

- We purchased all of the 15 solar energy projects we currently own and expect to purchase all three anticipated solar energy project acquisitions from the special purpose companies in which the Sponsor Group has an interest, and we may purchase additional projects from the Sponsor Group companies in the future, including from special purpose companies associated with the Sponsor Group. See "Related-party Transactions". In connection with such purchases, there may be conflicts of interest when the Asset Manager negotiates the purchase price and other terms with the Sponsor or any Sponsor Group company, and the Asset Manager's rules on related-party transactions may not be sufficient to prevent the Asset Manager from acting against our best interest (see "Asset Manager — Investment Guidelines and Acquisition Approval Process — Policies Regarding Related-party Transactions").
- We currently lease all of the 15 solar energy projects we currently own and will lease each of the three anticipated solar energy project acquisitions to SPCs which, as a general rule, outsource their operation to the Sponsor. There may be conflicts of interest for the Asset Manager in negotiating the lease agreement and the terms under which the Sponsor will operate the renewable energy projects, as well as in any decision to renew such agreements based on evaluation of the performance of the Sponsor as the operator of the renewable energy projects in our anticipated portfolio.
- There may be conflicts of interest if the Asset Manager seeks to enforce on our behalf any claims we or the Asset Manager may have against a Sponsor Group company under various agreements. For example, the Asset Manager may need to enforce claims under the purchase agreements for the projects if such projects later turn out to have defects. See "— Property and Business Risks — Renewable energy projects are subject to unique risks of defects, breakdowns and accidents that may adversely affect our financial condition and results of operations".
- We may compete with certain other Sponsor Group companies for acquisition opportunities in various ways. Although the sponsor support agreement states that the Sponsor will provide us with information regarding the sale of certain projects, as well as preferential negotiation rights with regard to such projects, the Sponsor has no obligation to actually sell any projects to us. Thus, it could compete for acquisition opportunities while simultaneously providing us with acquisition-related information. In addition, the sponsor support agreement expires on September 22, 2020, and there can be no assurance that the Sponsor will continue to renew such agreement and continue to provide us with its support. See "Our Business — Ownership and Organization of the Projects — Key Agreements".
- There may be conflicts of interest for the Asset Manager or the Sponsor as the operator of the renewable energy projects in our portfolio, if the Asset Manager or the Sponsor competes for purchasers of electricity on our behalf against other Sponsor Group companies. See "— Property and Business Risks — There are a limited number of purchasers of utility-scale quantities of electricity in Japan, which exposes us and our solar energy projects to additional risks".
- We outsource our O&M services for all of the 15 solar energy projects we currently own and generally intend to outsource our O&M services for the three anticipated solar energy project acquisitions to CSOM Japan, a wholly owned subsidiary of the Sponsor. There may be conflicts of interest in the outsourcing criteria for O&M service to CSOM Japan. See "Our Business — Ownership and Organization of the Projects — Key Agreements" and "Related-party Transactions — Transactions with the Sponsor or Sponsor Group — Outsourcing of O&M Services for Our Current Projects" and "Related-party Transactions — Transactions with the Sponsor or Sponsor Group — Outsourcing of O&M Services for Anticipated Acquisitions".

Consistent with prevailing practice in our industry, the Asset Manager has implemented policies and procedures for the management of conflicts of interest. See "Asset Manager — Investment Guidelines and Acquisition Approval Process — Policies Regarding Related-party Transactions". However, despite these policies and procedures and vigilant monitoring, conflicts may still arise for the Asset Manager. We will have no recourse against the Sponsor if it pursues its own interests in developing, acquiring or operating projects in Japan in a manner that conflicts with our strategy of investing primarily in renewable energy projects. If any conflict of interest resulting in favorable treatment to the Sponsor or Sponsor Group companies over our interests were to arise, or if we were to incur any reputational losses as a result, our business, financial condition and results of operations may be materially adversely affected.

Our performance depends on the efforts of key personnel of the Asset Manager and our executive director

Our performance is dependent on the efforts of key personnel of the Asset Manager and our executive director to make appropriate judgments and decisions regarding the operation of our business, including the formulation of strategies for implementing our business goals and the acquisition, management and disposal of projects. See "Our Business — Management — Our Executive and Supervisory Directors", "Asset Manager — Management of the Asset Manager". We rely on the Asset Manager to retain directors and employees with relevant professional experience and knowledge in real estate, renewable energy and finance in order to continue to grow our business. However, competition for such highly skilled business personnel exists not only from other real estate companies, including infrastructure funds, J-REITs and other real estate investment funds, but also from investment banks, commercial banks and asset managers of other infrastructure funds. There can be no assurance that the Asset Manager will be successful in retaining sufficient numbers of appropriately qualified personnel to help manage and grow our business. Failure to retain qualified personnel could have a material adverse effect on our business, financial condition and results of operations, thereby decreasing the market price of our units and the amounts available for cash distributions.

Deteriorations in the financial conditions of the lessees may adversely affect our revenues

We lease and will lease the solar energy facilities in our anticipated portfolio to lessees and receive rent from the lessees pursuant to the lease agreements. The lessees may default on their rent payments to us due to deterioration of financial condition or involvement in bankruptcy proceedings. Although we may be able to recover deficient rent payments from tenant leasehold and security deposits, we did not receive any tenant leasehold or security deposits in connection with the 15 solar energy projects we currently own and we do not anticipate receiving any tenant leasehold or security deposits in connection with the three anticipated solar energy project acquisitions. As a result, a default in rent payments from the lessees will adversely impact our revenues, which would have a material adverse effect on our business, financial condition and results of operations.

Although we lease and will lease our solar energy facilities, including the three anticipated solar energy project acquisitions, to SPCs whose business operations consist solely of leasing such facilities, engaging in power-generating operations and selling electricity, the SPCs may default in their rent payments to us due to decreases in revenues from electricity generation and unexpected expenses. We may implement measures to reduce the bankruptcy risks of the SPCs, but such measures may be ineffective and may not reduce or prevent the risk that the SPCs will become subject to bankruptcy.

Our reliance on the operator to manage and operate our solar energy projects exposes us to potential risks

The management and operation of solar energy projects depend heavily on the competence, professional experience and knowledge of the operator. Since the amount of rental revenues we receive from our solar energy facilities is linked to the amount of electricity revenues generated by such projects, our rental revenues will decline if the operator is unable to properly manage and operate the solar energy projects, which may adversely affect our results of operations. As such, the operator must have a requisite level of competence, professional experience and knowledge, but there is no guarantee that the operator can retain qualified personnel or secure its financial foundation in the future. In addition, the operator may face financial difficulties or become subject to insolvency proceedings such as bankruptcy, and may not be able to provide adequate services to us. As a result, the value of our solar energy projects, financial condition or results of operations may be adversely affected.

The operator may also manage and operate its own solar energy projects or solar energy projects owned by third parties. In such case, the operator may pursue its own interests or the interests of third parties in a manner that could conflict with our interests, which could result in adverse effects on our financial condition or results of operations.

The operator provides its services to the lessees pursuant to an asset management services agreement. However, such agreement may be cancelled, terminated or may not be renewed at the end of its term. Although these agreements may set forth that the agreement cannot be cancelled by the operator, a court may refuse to enforce all or a part of the provision. Upon cancellation, termination or non-renewal, we may not have an operator for our projects and may face reduced operating capacity at our projects, which could result in a temporary loss of rental revenues or deterioration in operating conditions at our projects. Additionally, there is no guarantee that we will be able to find new operators that are equally or more qualified in a timely manner or on substantially similar terms since the operator must have the requisite competence, professional experience and knowledge to operate our solar energy projects.

The Sponsor acts as the operator for all of the 15 solar energy projects we currently own and will act as the operator for the three anticipated solar energy project acquisitions. However, the materialization of any of the

risks discussed above with respect to the Sponsor could adversely affect all of our assets and may have a material adverse effect on our business, financial condition or results of operations.

Our reliance on O&M service providers to provide O&M services to our solar energy projects exposes us to potential risks

Solar energy facilities are generally monitored, maintained and repaired by O&M service providers. As such, the successful operation and maintenance of solar electricity facilities is largely dependent on the O&M service provider's competence, professional experience and knowledge. Since the amount of rental revenues we receive from the solar energy projects in our anticipated portfolio is linked partially to the amount of electricity revenues generated by such projects, our rental revenues will decline if the O&M service providers are not able to properly maintain and repair the solar energy facilities, which may adversely affect our results of operations. As such, the O&M service provider must have a requisite level of competence, professional experience and knowledge, but there is no guarantee that the O&M service provider can retain qualified personnel or secure its financial foundation in the future. In addition, the O&M service provider may face financial difficulties or become subject to insolvency proceedings such as bankruptcy, and may not be able to provide adequate services to us. As a result, the value of our solar energy projects, financial condition or results of operations may be adversely affected.

The O&M service providers may also provide maintenance services to its own solar energy projects or solar energy projects owned by third parties. In such case, the O&M service provider may pursue its own interests or the interests of third parties in a manner that could conflict with our interests, which could result in adverse effects on our financial condition or results of operations.

The O&M service providers monitor, maintain and repair the solar energy projects pursuant to O&M service agreements that it executes with us or the lessees. However, such agreement may be cancelled, terminated or may not be renewed at the end of its term. Although these agreements may set forth that the agreement cannot be cancelled by the O&M service provider, a court may refuse to enforce all or a part of the provision. Upon cancellation, termination or non-renewal, we may not have O&M service providers for our projects and may face reduced operating capacity at our projects, which could result in a deterioration of management conditions at our projects. Additionally, there is no guarantee that we will be able to find new O&M service providers that are equally or more qualified in a timely manner or on substantially similar terms since the O&M service provider must have the requisite competence, professional experience and knowledge to provide services to our solar energy projects.

Although we will seek damages from O&M service providers, as provided under the O&M service agreements, who are negligent in their performance of O&M services to us or damage our solar energy facilities, their liability may be limited under the O&M service agreements and we may not be able to recover the entire amount of damages or losses, which could have an adverse effect on our unitholders.

CSOM Japan, a wholly owned subsidiary of the Sponsor, acts as the O&M service provider for all of the 15 solar energy projects we currently own and we generally expect CSOM Japan to act as the O&M service provider for the three anticipated solar energy project acquisitions. In addition, the Sponsor is a guarantor on the O&M service agreements that we have executed with CSOM Japan, and we expect that the Sponsor will be a guarantor on the O&M service agreements that we will execute with CSOM Japan. However, the materialization of any of the risks discussed above with respect to the Sponsor or O&M service provider could adversely affect all of our assets and may have a material adverse effect on our business, financial condition or results of operations.

Unitholders have limited control over our investment policies

Amendment of the investment policies set forth in our articles of incorporation requires a vote of our unitholders. However, such investment policies are comprised only of broad principles, and the manner in which we implement our investment objective may be determined by our board of directors or delegated by our board of directors to the Asset Manager without a vote of our unitholders. Because of this broad authority, strategies for implementing our investment objective may be changed without the vote of our unitholders in a way that could have a material adverse effect on our business, financial condition and results of operations and result in decreases in the market price of our units and the amounts available for distributions on our units.

Infrastructure funds and their asset managers are subject to tight supervision by regulatory authorities

The Japanese regulatory authorities have implemented measures to oversee and supervise infrastructure funds and their asset managers, and from time to time may take enforcement action against them. For example, the Financial Services Agency, or FSA, has in the past taken action against several J-REITs, which are structured

similarly to infrastructure funds, for corporate governance breakdowns, such as the failure to convene board meetings, incorrectly dating board meeting minutes and other matters. The FSA has also issued a business suspension order to the asset manager of a J-REIT for not submitting proper materials to the appraiser and not checking an appraisal report when arranging for the J-REIT to purchase properties. Although we believe our and the Asset Manager's internal controls are adequate and that we and the Asset Manager are in material compliance with all applicable regulations, given the tight regulatory scrutiny, there can be no assurance that we or the Asset Manager will not be the subject of investigations in the future, and such regulatory investigations and their results could have a material adverse effect on the market price of our units. In addition, in the event of any administrative order or other sanction being imposed on the Asset Manager as a result of any inappropriate action taken with respect to its management of our assets, the Asset Manager's management of our assets may also be adversely affected, and there may be harm to the reputation of both the Asset Manager and us.

Taxation Risks

Our failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify us from certain taxation benefits and significantly reduce our distributions to our unitholders

We intend to maintain our current favorable tax treatment available to infrastructure funds that comply with Japanese tax laws. Most importantly, we expect to be able to treat our distributions as a deductible expense from our taxable income, provided that we satisfy all the requirements for such treatment under Japanese tax regulations. See "Taxation — Taxation of Infrastructure Funds under Japanese Law — General Taxation". If we are unable to meet such requirements, some of which are very complex or difficult to interpret or apply, or if the relevant governmental agencies fail to interpret certain tax laws and regulations in a manner consistent with our interpretation, we will not be able to take advantage of this favorable tax treatment. In such a case, we would not be able to deduct our distributions from our taxable income as expenses. Instead, we would have to pay distributions after our taxable income has been subject to Japanese corporate income tax at a regular rate.

Some of the significant tax requirements, all of which must be met to qualify for this favorable tax treatment, and the associated risks are as follows:

- *We must make distributions to our unitholders in each fiscal period in excess of 90% of our distributable profits, as defined in the Special Taxation Measures Act.* Our articles of incorporation require that we make distributions for each fiscal period in excess of 90% of our distributable profits, as defined in the Special Taxation Measures Act. Our distributable profits, as defined in the Special Taxation Measures Act, are generally calculated based on the amount of our income before taxes under Japanese GAAP. However, if our distributable profits are significantly higher than our retained earnings for any fiscal period, we may not be able to pay distributions in excess of 90% of our distributable profits. Such an event may arise, for example, where we incur corporate taxes due to possible discrepancies between the treatment of certain transactions under Japanese GAAP and Japanese tax laws. Moreover, we may not be able to borrow funds or dispose of assets in order to generate the cash necessary for distributions. In such a case, we may not be able to make distributions in an amount sufficient to maintain our favorable tax treatment, even if we wished to do so. The Act on Partial Amendment to the Income Tax Act, etc., or the 2015 Tax Reform Act, enables any surplus cash distributions in excess of retained earnings that are accounted as allowance for temporary difference adjustment to be treated as profits distributions and deductible for tax purposes. As a result of these Japanese tax law changes, we do not expect to incur corporate taxes due to any temporary differences between the treatment of certain transactions under Japanese GAAP and Japanese tax laws. This treatment of temporary differences under the 2015 Tax Reform Act applies for fiscal periods beginning on or after April 1, 2015.
- *We must comply with certain additional requirements in order to qualify for the favorable tax treatment while we invest a majority of our assets in renewable energy power generation facilities, and after 2038, such special treatment will not be available at all.* An infrastructure fund must invest in specified assets as defined in the ITA, except for renewable energy power generation facilities and concessions to operate public facilities, in excess of 50% of its total assets. Namely, the total book value of specified assets, except for renewable energy power generation facilities and concessions to operate public facilities, must be more than fifty-percent (50%) of the total book value of all assets of an infrastructure fund at the end of the relevant fiscal period under the tax requirements. However, the book value of our renewable energy power generation facilities may be included in such calculation at the end of the relevant fiscal period on or before the fiscal period ending of June 30, 2037, provided that we comply with certain additional tax requirements. If we are unable to meet any of these additional tax requirements or our fiscal period ending is on or after December 31, 2037, we will be unable to include the book value of our renewable energy power generation facilities in the calculation and meet the requirement for the ratio of specified assets to exceed 50% of our total assets. As a result, we would fail to satisfy this tax requirement.

- *Our largest unitholder and its affiliates must not collectively hold more than 50% of our outstanding units or voting rights*. Under the ITA, we are not permitted to restrict the transfer of our units and therefore, we have no control over the trading and ownership of our units or whether we satisfy this tax requirement. Furthermore, we may not be able to ascertain the identity of all of our unitholders or determine whether any of them are affiliates, rendering it difficult to accurately determine whether this tax requirement is being satisfied.
- *Our borrowings must be from institutional investors as defined in the FIEA and the Special Taxation Measures Act*. If we are unable to borrow funds from institutional investors or our borrowings are transferred to non-institutional investors for any reason, we would fail to satisfy this requirement.
- *Our units must be held only by institutional investors as defined in the FIEA and the Special Taxation Measures Act or by 50 or more investors at the end of each fiscal period.* As stated above, we have no control over the trading and ownership of our units. Hence, we have no control over whether we will satisfy this tax requirement.
- *A majority of our units must be offered to Japanese investors*. We must allocate a majority of our investment units determined on an aggregate basis (compared to a per-offering basis) of all issued units in offerings to investors legally domiciled in Japan.

If the Japanese tax authorities disagree with the interpretations we used for prior periods, we may be forced to pay additional taxes for those periods

The Japanese tax authorities may from time to time investigate the basis of the determinations we make to satisfy relevant Japanese tax laws and regulations. If the tax authorities audit us and order us to retroactively change our determination related to the requirements for the deductions of distributions, such deductions claimed in prior periods may be reclassified as taxable income in respect of the relevant prior period. In such a case, our tax burden would increase for the fiscal period in which we recognize this additional tax expense and force us to reduce the amounts of distributions to our unitholders for the fiscal period in which we recognize the additional tax expense or for subsequent periods.

Changes in Japanese tax laws may significantly increase our tax burden

The legal and regulatory framework governing infrastructure funds continues to evolve, subject to review by lawmakers and regulators. Additionally, the Japanese taxation system is undergoing significant changes in connection with reform measures designed to stimulate the overall economy in Japan. These and other factors could lead to unanticipated changes in the tax laws and regulations relating to infrastructure funds, which may significantly increase our tax burden for any fiscal period and, consequently, force us to reduce the amounts of distributions to our unitholders.

Legal and Regulatory Risks

Our ownership rights in some of our projects may be declared invalid or limited

We registered the title of the properties in our name for the 15 solar energy projects we currently own and intend to do so for all three anticipated solar energy project acquisitions. However, under Japanese law such registration of title does not guarantee absolute ownership under Japanese law. For example, if the former owner or former title holder of a project owned by us subsequently becomes subject to bankruptcy, corporate reorganization or civil rehabilitation proceedings, we could face a claim for avoidance or fraudulent conveyance. In such a case, if we acquired the property while the seller or a former owner or former title holder was insolvent, or if as a result of the sale of the property to us, the seller becomes insolvent, we may be required to return the property to the seller or a former owner or former title holder, or we may have to pay significant amounts to settle such claims. Further, if the former owner or former title holders of a project owned by us was or becomes unable to pay its debts at the time of the acquisition by us, the acquisition may be denied by the creditors of the former owner or former title holder. Although we believe that none of the 15 solar energy projects we currently own and the three anticipated solar energy project acquisitions are currently subject to significant risks of this type, these risks cannot be completely eliminated. As a result, future changes in the conditions of any former owners or former title holders of our projects could jeopardize our ownership of the properties.

There is no title insurance available in Japan, which limits our ability to obtain protection from property ownership risks. Moreover, because the rights and obligations attached to some of our projects are complicated, in part because of the manner in which we acquire and hold our projects, our ownership rights in some of our projects may be declared invalid, or the rights held by third parties may limit our rights in the projects. Any of these circumstances could have a material adverse effect on our business, financial condition and results of

operations and result in decreases in the market price of our units and the amounts available to make distributions on our units.

We may lose our rights in a property we own if the purchase of the property is recharacterized as a secured financing

Depending on the underlying facts and circumstances surrounding the purchase of a property, the purchase may not meet "true sale" requirements under Japanese law and be recharacterized as a secured financing. In such a case, the relevant property would be deemed to be an asset of the seller, and we would lose our ownership interest in the property. We would instead hold only a security interest in the property. Recharacterization could occur when the seller becomes insolvent by way of bankruptcy, corporate reorganization or civil rehabilitation proceedings. Under Japanese law, whether a purchase may be recharacterized as a secured financing is determined through a consideration of various factors, including without limitation the intention of the seller and purchaser, whether the seller recorded the purchased property on its balance sheet, whether the seller transferred the economic risk to the purchaser and whether the seller and purchaser contracted a buy-back arrangement permitting the seller to reacquire the property. Although we have no reason to believe that any of the acquisitions of the three anticipated solar energy projects would be recharacterized as a secured financing, an acquisition may be so recharacterized following a legal or regulatory proceeding.

There are special risks associated with ownership structures in which we hold the underlying land for our solar energy projects in the form of a leasehold interest or surface rights

In principle, our strategy is to invest in electricity generation projects, for which rights of ownership, lease (including sublease) and surface rights are perfected through registration in the public real estate register or other appropriate procedures.

In the case of a lease of land we may, at expiration or cancellation of the lease contract or cancellation of the permit for using the site for electricity generation, forfeit rights relevant to electricity generation and may be required to remove solar energy projects at our expense before returning the site to the owner. Because the term of a lease of a site for electricity generation cannot exceed 20 years, the term of such lease may expire before expiration of the purchase period under the FIT scheme. Leases of land may also be terminated for other reasons, such as for defaults in rental payments.

In addition, the owner of land leased to us may sell title to such land to a third party, or such title may be transferred to a third party as a result of foreclosure if the owner had mortgaged the land before entering into the lease. Transfer of surface rights of the electricity generation site requires, where provided by contract, the consent from the owner of the surface rights. If our leasehold is not duly protected under applicable law, or the land is subject to foreclosure of higher priority, such as in an auction sale, we may not be able to prevail in asserting our leasehold interest against the new owner of land and may be obligated to vacate the land. Since an electricity generation site usually has no buildings, the Act on Land and Building Leases is not applicable and the registration of buildings on the land to protect such rights is not available. The only way to protect our leasehold interest is to request that the owner of the land register the lease of the electricity generation site over the land, but cooperation of the owner with such a request is not assured.

Transfer of a leasehold or sublease of the electricity generation site requires, in principle, consent from the owner of the land. To assign title of solar energy projects built on a leasehold, as this entails assignment of the leasehold as well, in principle requires consent from the owner. Consent from the owner is conditional to payment of a consent fee as provided by contract, or even if the contract is silent, the owner may demand such payment as a customary condition of giving consent (though a right of the owner to require payment for consent is not prescribed by law). We may fail to obtain the owner's consent for disposition of the solar energy project, and by not being able to obtain the owner's consent at our convenience and may not be able to dispose of the solar energy project at a time or under terms we consider appropriate. This risk is especially significant if the electricity generation site is owned by multiple owners. Moreover, even where the owner has consented to a sublease, if the lease agreement between the owner and the lessee is terminated due to a breach of contract or other reasons, the sublease agreement between the lessee and the sub-lessee will also be terminated.

In addition, the deterioration of the financial condition or bankruptcy of an owner of land may affect the return of all or part of the leasehold or security deposit. It is customary that no leasehold or security deposits are pledged and that no guarantee is given for return of leasehold or security deposits held by owners of land.

If the owner of land becomes subject to insolvency proceedings, unless the lease is duly protected under the applicable laws and regulations regarding the leasehold, the owner, its trustee in bankruptcy or administrator is able to cancel the lease contract. Since there are generally no buildings on solar energy generation sites, the Act

on Land and Building Leases does not apply to such sites and we will not be able to rely on the protections afforded for owners of leaseholds under the Act on Land and Building Leases.

Unlike ownership structures under which both the land and the facilities on the land are owned together, solar energy generation projects on land that has been leased are especially exposed to the risks and limitations described above. As a result, such projects may take longer or be costlier to acquire or dispose of, which may adversely affect their value.

We may hold interests in properties in the form of co-ownership (kyōyū) and our rights relating to such properties may be affected by the actions of other owners

We may hold interests in some properties in the form of co-ownership (*kyōyū*) with third parties. In general, a co-owner has the right to demand that such property be partitioned. Although special provisions may be included in an agreement among co-owners to contractually prohibit the exercise of such right of partition, such provisions are only valid for a period of five years. If a co-owner of one of our properties becomes subject to a bankruptcy, corporate reorganization or civil rehabilitation proceeding, the trustees in such proceeding may have the right to demand that such property be partitioned. Upon receiving such demand of partition, we may be forced to sell our co-ownership interests in the property on unfavorable terms. However, in such a case, we can acquire the co-owner's co-ownership interest in the property by paying reasonable compensation.

In addition, although a co-owner of property has the right to sell its interest in the property without the consent of the other co-owners under Japanese law, co-owners sometimes enter into an agreement that requires such consent or grants a right of first refusal. A sale of our co-ownership interests under such circumstances may result in liquidation proceeds that are less than the appraisal value of the property or interests being sold, which would have an adverse effect on our business and results of operations.

A co-owner of a property may mortgage its interest in the property. However, such mortgage becomes applicable to the entire property when the co-owned property is partitioned. Accordingly, each of the co-owners in such case would be subject to such mortgage in proportion to its ownership interests. There is a risk that our interests in properties that were formerly owned through co-ownership and owned by us independently following a partition may be subject to a mortgage that was placed by another co-owner.

Management of co-owned properties is conducted by a majority of the co-owners, weighted according to ownership proportion, unless otherwise agreed among the co-owners. Thus, if we do not own a majority interest in a property, our policies concerning management and operation of the property may not be executed. Furthermore, since co-owners can in some instances use the entire co-owned property, depending on the proportion of the ownership, our ownership or use of the property may be prevented if a co-owner possesses and exercises such right.

When an underlying property that is co-owned is leased to tenants, the obligation of the co-owners to hold and refund the tenant leasehold deposits may be considered to be joint and several. The rent receivable by the co-owners may also be considered to be joint and several. As a result, a co-owner may be adversely affected by the credit risk of the other co-owners.

Tax increases or adverse changes in applicable laws may affect our potential liabilities relating to our properties and operations

Increases in property taxes, and income, service and transfer taxes cannot always be passed through to all lessees in the form of higher rents. As a result, any tax increase may adversely affect our ability to pay amounts due on our debt and the amount of cash available for distributions on our units. Similarly, changes in laws that increase the potential liability for existing environmental conditions, tighten restrictions on discharges or other conditions, or affect development, construction and safety requirements may result in significant unanticipated expenditures that could have a material adverse effect on us, our ability to pay amounts due on our debt and our ability to make distributions to the holders of our units.

There are important differences regarding the rights of unitholders in an infrastructure fund compared to those of shareholders in a corporation

Under the ITA and our articles of incorporation, unitholders who do not attend and exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at the meeting, except in the case of proposals for which contrary proposals are also being submitted. Accordingly, unitholders who do not properly exercise their voting rights may have their votes counted by us in favor of the proposals submitted to the meeting, regardless of their actual wishes.

Additionally, under the ITA, the rights of our unitholders and management are different from what might be expected in a non-infrastructure fund corporation. For instance, our financial statements, which will contain statements regarding our making of cash distributions, will be approved solely by our board of directors without unitholder approval. As such, a general meeting of our unitholders may not necessarily be held every fiscal period.

Moreover, we entrust the management of our projects and other operations to third parties. As a result, our unitholders may be unable to control the operations of our projects.

Our costs of complying with regulations applicable to our projects could adversely affect our results of operations

Although we believe that our projects will be substantially in compliance with current requirements imposed by applicable administrative laws and local ordinances, the enactment of new or additional regulations, including those relating to maintenance or management of solar energy projects could force us to incur costs in modifying our projects to comply with any such regulations, or could prevent us from disposing of our projects or from making improvements to our projects without also incurring costs to make these modifications. The ultimate amount of these compliance costs is not currently ascertainable but, if significant, could have a material adverse effect on our business, financial condition and results of operations and result in decreases in the market price of our units and the amounts available to make distributions on our units.

The EU directive on AIFMs may increase our regulatory and compliance costs and limit our ability to attract investors based in Europe

On July 21, 2011, an EU directive on AIFMD to regulate AIFMs came into force with member states of the EU required to implement it into national legislation by July 22, 2013, subject to a transitional period of twelve months which expired on July 21, 2014. We qualify as an alternative investment fund, or AIF, under the AIFMD and the Asset Manager is our AIFM.

The AIFMD currently regulates (i) AIFMs based in the EU and (ii) the marketing in the EU of any AIF, whether conducted by an EU AIFM or a non-EU AIFM. "Reverse solicitation", where an EU investor approaches a non-EU AIFM regarding interests in a non-EU AIF, is outside the scope of the AIFMD and, broadly, remains permissible in EU jurisdictions.

Although the Asset Manager is not an authorized AIFM, it has to meet certain conditions in order to market (within the meaning given to the term "marketing" under the law of the relevant EU jurisdiction implementing the AIFMD) our units to professional investors in the EU (except where the marketing of our units is at the initiative of the investor). For example, the Asset Manager will be required to, among other things: (i) confirm to the regulators of the EU Member States where such units are to be marketed that the relevant Japanese regulatory authorities have each entered into a cooperation agreement for information exchange with the regulators of such EU Member States and that Japan is not listed as a Non-Cooperative Country and Territory by the Financial Action Task Force; (ii) comply with pre-investment and post-investment investor disclosure requirements and regulatory reporting requirements relating to us and the Asset Manager; and (iii) disclosure obligations concerning the acquisition of major holdings and control of unlisted companies which have their registered offices in the EEA (based on the level of voting rights held by us). Depending on the level of voting rights held by us in any portfolio company which has its registered office in the EEA, there are certain limitations on the extent to which we can bring about or support distributions, acquisition of shares or reductions in the capital of that portfolio company. A range of suitable co-operation agreements is already in place between relevant Japanese regulators such as the Japan Ministry of Agriculture, Forestry and Fisheries, FSA and Ministry of Economy, Trade and Industry and the regulators in almost all EU Member States.

As of the date of this offering circular, the Asset Manager has made the relevant filings under the AIFMD only in the United Kingdom and the Netherlands to market our units under their respective private placement regimes, and the Asset Manager currently does not intend to market (within the meaning given to the term "marketing" under the law of the relevant EU jurisdiction implementing the AIFMD) our units in any other Member States of the EU. Member States may in future introduce a "passporting regime" applicable to non-EU AIFMs under which the Asset Manager may become subject to different and additional marketing restrictions and disclosure requirements. It is difficult to predict the precise impact of the AIFMD on us and the Asset Manager. The restrictions, requirements and conditions under the current private placement regimes and under any future passporting regime may adversely affect the Asset Manager's ability to market our units to EU investors in connection with these offerings and in connection with any future offerings.

Although the AIFMD requires EU member states to implement private placement regimes that meet the requirements of the AIFMD, it does allow member states to impose stricter requirements and certain Member

States have done so. It is possible that we or the Asset Manager may be required to take significant measures beyond those expressly set out in the AIFMD to comply with national rules implementing the AIFMD in certain EU Member States where units are to be marketed or not market the units in such jurisdictions.

As a result, it is not currently possible to ascertain the precise impact that the AIFMD will have on us or the Asset Manager. Any limitations on the Asset Manager's ability to market our units to and raise capital from EU investors may have an adverse effect on the range of investment strategies that we are able to pursue. Furthermore, the restrictions, requirements and conditions imposed by the AIFMD may materially increase directly or indirectly our compliance costs associated with the marketing of our units in the EU. As a result, the AIFMD may adversely affect the returns that investors might otherwise have received from an investment in units.

Offering Risks

Our unitholders generally cannot require that we redeem their units

Under the ITA, infrastructure funds may be either open-end or closed-end. In an open-end infrastructure fund, unitholders are able to require that their existing units be redeemed at a predetermined price at fixed intervals. Under a closed-end infrastructure fund, unitholders cannot require that their existing units be redeemed. Because we are a closed-end infrastructure fund, our unitholders cannot require that we redeem their units, except in the event of liquidation.

Our unitholders may be unable to recover all or part of their investments in our units in the event of our bankruptcy, reorganization, dissolution or deregistration

If we become subject to bankruptcy, reorganization or dissolution proceedings under Japanese bankruptcy or related laws, or if our registration under the ITA is cancelled and our units are delisted from the Tokyo Stock Exchange, investors would only be able to recover their investment through the distribution of residual property after all creditors have been satisfied. In the event of the distribution of residual property following our liquidation, unitholders may not recover the entire principal of the units they own.

Future sales of units by our existing unitholders could adversely affect the market price of our units, and issuance of additional units may cause dilution to our existing unitholders

The sale or potential sale of significant numbers of additional units by our existing unitholders following the offerings, including sales by the Sponsor after the lock-up period expires, as described elsewhere in this offering circular, could adversely affect the market price of our units. We may also issue additional units, as necessary, to fund future property acquisitions and other business activities. The price at which we issue any new units in the future may adversely affect the net asset value per unit. There may be a material adverse effect on the amounts available for cash distributions if the net proceeds from any new issuance of units and revenues from future property acquisitions are not large enough to offset the dilutive effect of such issuance.

Daily price range limitations imposed by the Tokyo Stock Exchange may prevent you from selling our units at a particular price on a particular trading day, or at all

Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the balance between bids and offers. The Tokyo Stock Exchange is an order-driven market without specialists or market makers to guide price formation. To prevent excessive volatility, the Tokyo Stock Exchange sets daily upward and downward price range limitations for each listed stock (including investment units of infrastructure funds), based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a particular price may not be able to effect a sale at such price on a particular trading day, or at all. See "Clearance and Settlement of the Units — Daily Price Fluctuation Limits under Tokyo Stock Exchange Rules".

Investors should not place undue reliance on the appraisal values of the land or estimated project valuations for the solar energy projects in our anticipated portfolio because such values may not reflect the fair value of the solar energy projects in our portfolio

In this offering circular, we have included appraisal values of the land and estimated project valuations for the 15 solar energy projects we currently own and the three anticipated solar energy project acquisitions. The appraisals for the land and the estimated project valuations for our solar energy projects are largely based on forward-looking information that is inherently speculative and difficult to verify. We cannot represent to you or

guarantee that the appraisal values of the land or the estimated project valuations provided to us reflect the prices that we could obtain upon the sale of the relevant land or project. The appraisal values of the land and the estimated project valuations of the solar energy projects provided to us represent the analysis and determination of the relevant appraiser or analyst based on his or her particular assumptions, estimations and judgments about the value of the land or projects appraised, which necessarily include subjective elements. Different sets of assumptions or different estimations and judgments could result in significantly different appraisal values or estimated project valuations for the same land or projects. Thus, other qualified appraisers or analysts could reach materially different conclusions regarding the appraised values of the land or estimated project valuations of the solar energy projects in our anticipated portfolio. In addition, the appraisal values and estimated project valuations we obtain reflect the analysis and determination of the relevant appraiser or analyst as of the date of the relevant appraisal report or project valuation report, which in some cases may be a significant period of time prior to the date of this offering circular, and have not been updated to reflect any new analysis or currently available information. See "Land Appraisals and Project Valuation, Technical, Soil Contamination and Seismic Reports — Land Appraisals". As a result, any appraisal values or estimated project valuations may not reflect the fair value of the relevant land or projects, and investors should not place undue reliance on such values.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately ¥4.50 billion from the offerings (or approximately ¥4.73 billion, assuming full exercise of the over-allotment option), in each case after deducting an estimated aggregate amount of the underwriting compensation to be received by the international joint lead managers and Japanese underwriters. The above estimated net proceeds do not take into account, and are before the deduction of, certain additional expenses that we expect to incur in connection with the offerings.

We intend to use the net proceeds from the offerings together with anticipated borrowings as described in this offering circular, toward the acquisition price of the three anticipated solar energy projects with an aggregate anticipated acquisition price of approximately ¥11.53 billion. We intend to reserve the net proceeds received upon the exercise of the over-allotment option (approximately ¥0.22 billion assuming full exercise of the over-allotment option) as cash on hand for partial payment for future project acquisitions and the partial repayment of borrowings.