

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

BRS Mega Solar Project Bond Trust 1 Beneficial Interest and Trust ABL

<Assignment>

Beneficial Interest:	Preliminary BBB-
ABL:	Preliminary BBB-

Rationale

1. Outline of Project and Scheme

This is a rating for project finance for a solar power generation project in Nihonmatsu-shi, Fukushima Prefecture, sponsored by Banpu Renewable Singapore. Nihonmatsu Taiyoko Hatsuden G.K. (Project GK) has been established as the SPC for this project. In this project, Mitsubishi HC Capital Trust Corporation will be the trustee, and it plans to form a beneficiary interest and a trust ABL backed by a loan (Project Loan) to the Project GK. The Project GK will repay the bridge loan by Project Loan. Commercial operation of the power plant has already started on November 13, 2021 and the loan is to be drawn down after the completion of the EPC. The ratings are assigned to these beneficial interest and trust ABL.

The Project GK will make principal and interest payments on the Project Loan twice a year, using the proceeds from electricity sales and other sources. The Project GK's dividend payments to the investors are subordinated to the principal and interest payments on the Project Loan, and if the DSCR (latest 12 months combined basis) falls below a certain level, the Project GK will withhold dividend payments for the corresponding period. Furthermore, if dividend suspension events are triggered for a certain number of consecutive times, all of the cash for the retained dividend payments will be forced to be mandatorily early repaid. The Project Loan is scheduled to be fully repaid over a period of approximately 17 years and 9 months. However, if there is a shortfall in the scheduled principal and interest payments on each repayment date, the contract allows for the deferral of the payment of the shortfall to a subsequent date thereafter. If there is a shortfall on the scheduled final repayment date, a deferrable period of 14 months is provided in advance as a tail period thereafter. With respect to the beneficial interest and trust ABL, the principal and interest payments will be made from the principal and interest payments on the Project Loan less trust fees. The principal repayment schedule, scheduled repayment date and tail period will be structured to reflect the terms of the Project Loan.

2. Inherent Risks of Mega Solar Project and Cash Flow Analysis

JCR applies its rating methodology for project finance to evaluation of creditworthiness of a mega solar project. Risk factors for mega solar projects that are considered to be very important include risks related to location (including shadow and snow effects), development and construction, variability of solar radiation quantity, maintenance and operation, output curtailment, and performance of solar power generation equipment. In terms of costs, although initial expenses are large, their annual expenses except those for maintenance are relatively small and less volatile. JCR thinks that it is important to check the impact on cash flow, focusing on stress factors such as variability of solar radiation quantity, output curtailment, impact on power generation of aging of power generation performance, and certain cost increases.

3. Rating

The project is expected to generate relatively stable cash flow over the life of the project thanks to the following factors: (i) revenue is based on the feed-in tariff (FIT) system, (ii) financing is provided after the EPC is delivered and there is no completion risk, and (iii) highly reliable solar panels and PCS manufactured by major manufacturers are used. On the other hand, major risk factors are that revenue is strongly affected by fluctuations in solar radiation quantity and that there is an obligation to comply with output curtailment for up to 30 days per year.

JCR has confirmed that even when a stress is applied by combining multiple earnings volatility factors such as fluctuations in solar radiation quantity, output curtailment, unexpectedly low power generation

performance, and rising operating costs, a reasonable level of certainty in principal and interest payments is recognized, thanks to the reserve, dividend suspension trigger, and other mechanisms.

Kiichi Sugiura, Keiji Takiguchi

Rating

<Assignment>

Instrument Name	Scheduled Initial Issue/ Execution Amount	Trust Termination Date (Scheduled)	Coupon Type	Preliminary Rating
Beneficial Interest	TBD*	Nov. 30, 2040	Fixed	BBB-
Trust ABL		Nov. 30, 2040	Fixed	BBB-

*Total amount of Beneficial Interest and Trust ABL is scheduled to reach 4.7 billion yen.

<Information on Outline of Issue>

Trust Establishment Date:	February 28, 2022 (Scheduled)
Beneficial Interest Assignment/ ABL Execution Date:	February 28, 2022 (Scheduled)
Redemption/Repayment Method:	Scheduled Redemption/Repayment
Credit Enhancement & Liquidity Facility:	NA
Cash Reserve and Senior-subordinated Structure as Credit Enhancement & Liquidity Facility with respect to loan claims, which are the underlying assets	

<Information on Structure and Stakeholders>

Entrustor:	SMBC Nikko Securities Inc.
Trustee:	Mitsubishi HC Capital Trust Corporation
Mega Solar Project Company:	Nihonmatsu Taiyoko Hatsuden G.K.
Asset Manager:	Amp Co., Ltd.
Arranger:	SMBC Nikko Securities Inc.

<Information on Underlying Assets>

Outline of Underlying Assets:	Loan claims against the mega solar project company
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Rating Assignment Date: November 26, 2021

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "Project Finance" (August 28, 2012) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>). Rating methodologies for other ancillary points such as eligible deposit accounts and bankruptcy remoteness are also shown within the same page.

A preliminary rating is a credit rating assigned as a preliminary evaluation while material terms for issue to be rated are not yet finalized. When the issuing terms are finalized, JCR will confirm them and will assign a credit rating anew. The rating level of the final rating may be different from that of the preliminary rating, depending on the final content of the terms, etc.

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