

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

Kyushu University (security code: -)

<Affirmation>

Long-term Issuer Rating: AAA

Outlook: Stable

Rationale

- (1) Kyushu University (the "University") is one of Japan's leading universities. It has a strong ability to recruit students both domestically and internationally, and its faculty's research skills rank among the top in Japan. Celebrating its 100th anniversary in 2011, the University set forth a basic philosophy, which is to "continue autonomous reform as well as to ensure an international quality of education, and to become a center of research and education of the highest standards, full of vitality, and constantly addressing future challenges". With 12 undergraduate schools and 18 graduate schools, it has approximately 18,600 students and 8,000 faculty and staff members in total. In the academic year ended March 2019 (academic year 2018), the Ito Campus (Nishi-ku, Fukuoka City, Fukuoka Prefecture) with world-standard education and research facilities was completed. In November 2021, the University was selected as Designated National University Corporation, and at the same time, it published "Kyushu University VISION 2030", which indicates the University's future direction. It aims to be a university that drives social change with integrative knowledge.
- (2) There are no changes in the continuity and stability in the system of the national university corporations. However, competition principles have been increasingly reflected in the government's fiscal measures, and the business environment is severe. Amid such circumstances, the University keeps stability of management on the basis of wealth of academic resources and its unique governance. Going forward, the University will likely rise the education and research level and expand the independent funding sources through working on initiatives based on the vision. In addition, the University's large scale investments have come to the end, and a reduction in interest-bearing debt can be expected. JCR evaluates a national university corporation in a comprehensive manner by factoring in credit enhancements by the government, etc. in addition to the stand-alone conditions as a corporation. Taking above into consideration, JCR has affirmed the rating on the University with Stable outlook. JCR will monitor the status of deregulation for and consideration of providing fiscal support to world-class research universities.
- (3) The University's capability of acquiring external funds is high in Japan, and it has a stable track record. As major initiatives in the future, the University is scheduled to create a system to consistently promote from research strategy formulation to actual implementation of the output in the society starting from the areas such as decarbonization, medical/health and environment/food. The University has started concluding institutional partnership agreements with organizations; therefore, expansion of its ability to gain funds can be expected. On the other hand, in connection with raising funds for integration and relocation to Ito Campus, interest-bearing debt is at a high level. The University plans to allocate proceeds of sale of Hakozaki Campus to the source of repayment. At this point, there is no large delay in the consideration on the delivery scheduled for academic year 2022 through academic year 2024 based on the "Grand Design for Former Site of Kyushu University Hakozaki Campus".
- (4) Stability of the management remains firm for the university hospitals. While the end of the pandemic is unforeseeable, the university hospitals are handling both the treatment of the infection and highly advanced medical treatment backed by their high positions in the medical districts and response capabilities to the medical policies. JCR views the university hospitals will likely secure stable earnings as they can expect securing subsidies and an improvement in hospital function indicators. With respect to the debt for the hospital redevelopment, it is making steady progress in repayments. The University can expect an increase in earnings from the redevelopment project of Beppu Hospital; therefore, it will not increase the financial risk.

Shigenobu Tonomura, Masaki Abe



Rating

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<Affirmation>

Long-term Issuer Rating: AAA Outlook: Stable

Rating Assignment Date: March 15, 2022

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 "FILP Agencies, etc." (May 29, 2020) and "Incorporated Educational Institutions" (April 23, 2015) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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