

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

BCPG Fukushima Yabuki Green Project Bond Trust Trust ABL

<Assignment>

ABL:

BBB

Rationale

1. Outline of Project and Scheme

This is a rating for project finance for a solar power generation project in Yabuki-machi, Nishishirakawa District, Fukushima Prefecture, sponsored by BCPG Japan Corporation. Yabuki PV G.K. (Project GK) has been established as the SPC for this project. In this project, Mitsubishi HC Capital Trust Corporation is the trustee, and a trust ABL backed by a loan (Project Loan) to the Project GK was created. The Project GK will finance the necessary project costs and others by accepting this loan, silent partnership investments, etc. The rating is assigned to the trust ABL. At the time of the preliminary rating, it was planned to raise the funds through trust beneficial interest and trust ABL, but now it has been decided to raise only by ABL. Accordingly, the preliminary rating for the trust beneficial interest is terminated.

The Project GK will make principal and interest payments on the Project Loan twice a year, using the proceeds from electricity sales. 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. 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 one year is provided in advance as a tail period thereafter. With respect to the 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 factors including the following factors: (i) revenue is based on the feed-in tariff system; (ii) financing is provided after start of commercial operation, and (iii) highly reliable solar panels and PCSs 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.

Although there will be some possible earnings volatility factors, such as changes in solar radiation quantity, output curtailment, greater-than-expected deterioration of power generation performance and a rise in operating costs, JCR has confirmed that even when a strong stress is applied by combining

multiple factors, the project's ability to repay debt will be maintained thanks to the reserve, dividend suspension trigger, and other mechanisms.

Based on the above, JCR has assigned a rating of "BBB" to the trust ABL.

Kiichi Sugiura, Keiji Takiguchi, Hiroki Ishizaki

Rating

<Assignment>

Instrument Name	Initial Execution Amount	Trust Termination Date	Coupon Type	Rating
Trust ABL	JPY10,900,000,000	Oct. 1, 2040	Fixed	BBB

<Information on Outline of Issue>

Trust Establishment Date:	November 4, 2022
ABL Execution Date:	November 4, 2022
Repayment Method:	Scheduled 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:	Mizuho Securities Co., Ltd.
Trustee:	Mitsubishi HC Capital Trust Corporation
Mega Solar Project Company:	Yabuki PV G.K.
Asset Manager:	BCPG Japan Corporation
Arranger:	Mizuho Securities Co., Ltd.

<Information on Underlying Assets>

Outline of Underlying Assets:	Loan claims against the mega solar project company
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Rating Assignment Date: November 4, 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 "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.

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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