

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

## **National University Corporation Tohoku University (security code: -)**

<Affirmation>

Long-term Issuer Rating: AAA

Outlook: Stable

### *Rationale*

- (1) National University Corporation Tohoku University (the “University”) is a national university founded in 1907 and mainly based in Sendai City, Miyagi Prefecture. As a designated national university, it plays a leading role in higher education and research in Japan and has a strong international presence, particularly in the fields of materials science, spintronics, futuristic medicine and disaster science. Its ability to recruit undergraduate and graduate students and to produce human resources for society is strong. The University is also one of the best in Japan at obtaining external funds. It is promoting the “Tohoku University Vision 2030,” which aims to achieve a virtuous cycle of education, research and social collaboration through management innovation based on the basic principles of “Research First,” “Open Door” and “Practice Orientation.”
- (2) The continuity and stability of the national university corporation system remains unchanged. However, as the principle of competition is reflected more strongly in the government’s financial measures, the business environment is severe. Amid these circumstances, the University has an outstandingly high ability to generate cash flow. It is striving to promote the virtuous cycle of education, research and social collaboration through strategic resource allocation, thereby expanding the scale of its business. As a growing public good, it will likely be able to keep seizing numerous business opportunities and secure the stability and growth potential of revenue going forward, too. JCR rates national university corporations in a comprehensive manner by taking into consideration credit enhancement provided by the government, etc., as well as the individual conditions of corporations on a stand-alone basis. Based on the above, JCR affirmed the rating on the University with Stable outlook. On a separate note, the government has established an internationally eminent research university system to create world-class research universities and will provide large-scale subsidies from investment gains on the university fund. JCR will therefore keep an eye on the University’s response to the system and the status of certification.
- (3) The President’s Discretionary Fund overseen by the University’s Provost is one of the largest among Japan’s national universities. The University has established a cycle in which it revitalizes educational and research activities by expanding and strategically allocating the discretionary budget based on abundant management resources, which in turn leads to new business opportunities. As regards external funds, its ability to acquire competitive funds from the Ministry of Education, Culture, Sports, Science and Technology, etc. and funds for joint research with companies, etc. ranks high in Japan. Recently, the University is gaining greater amounts of external funds by taking advantage of the co-creation research center scheme to set up cooperation bases with companies on the campus to increase large contracts for industry-academia partnerships and also to value research activities appropriately. Growth in the life science field is particularly remarkable. Moreover, the University is pressing ahead with the Science Park Project to attract research institutions and companies to its Aobayama New Campus and make it a place for co-creation, as part of which the construction of a next-generation synchrotron radiation facility is scheduled to complete in 2023. With large room for growth in joint research revenue, property loan income, etc., the University’s ability to acquire external funds will probably be strengthened.
- (4) The Tohoku University Hospital (the “Hospital”) contributes to community medicine as Miyagi’s only advanced treatment hospital and also plays a key role as a core hospital for clinical research and an institution for training doctors. Despite being affected by the COVID crisis since FY2020, its management remains sturdy thanks in part to financial support from the government and others. While attention must be paid to the impact of inflation at present, given the importance of its functions, the Hospital will most likely be able to receive necessary support. Also, by striving to improve clinical indicators, including raising the bed occupancy rate, it can maintain stable management in JCR’s view. With no plans for major capital investments for a while, steady debt repayment is projected.

Shigenobu Tonomura, Masaki Abe

## Rating

Issuer: National University Corporation Tohoku University

<Affirmation>

Long-term Issuer Rating: AAA      Outlook: Stable

Rating Assignment Date: October 31, 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 "National University Corporations" (August 1, 2022) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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

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