

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

## National University Corporation Tohoku University

(security code: -)

<Assignment>

Long-term Issuer Rating: AAA  
Outlook: Stable

### Rationale

- (1) National University Corporation Tohoku University (the "University") is a national university founded in 1907 with its main campus located in Sendai, 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. The University has a strong ability to attract undergraduate and graduate students and to produce human resources for society. It is also one of the best in Japan at obtaining external funds. The University is promoting the "Tohoku University Vision 2030," which aims to achieve a virtuous cycle of education, research, and social cooperation through management innovation based on the basic principles of "Research First," "Open Door" and "Practice Orientation."
- (2) National university corporations are directly responsible for the national higher education policy. Their policy importance is high, and the corporate system is recognized for its continuity and stability. However, the government's financial measures are increasingly competitive, and the business environment is severe. In this environment, the University is particularly important among national university corporations, and its ability to generate cash flow is outstanding. It is expanding the scale of its business by making efforts to revitalize education and research activities and strengthen social cooperation through strategic resource allocation. By working to create social value as a growing public good, the University can seize numerous business opportunities and secure stable and growing revenue in the future. JCR rates national university corporations in a comprehensive manner by incorporating credit enhancement provided by the government, etc. into their ratings in addition to their individual conditions as a single corporation. For this reason, the University's rating is affected by Japan's long-term issuer rating and outlook. Taking the above into consideration, JCR assigned a rating of AAA to the University with Stable outlook. In addition, deregulation and financial support for world-class research universities are under consideration. JCR will follow the moves toward specific system design and legislation.
- (3) With the President's Discretionary Fund overseen by the University's Provost being one of the largest among national universities, the University is expanding its financial resources year by year by strengthening its own revenues including indirect expenses, donations, and asset management. A cycle is being established in which resources are in an accelerated manner invested in measures that contribute to the "Tohoku University Vision 2030," including the formation of world-class research centers, which will lead to further business opportunities. At the same time, budgetary allocations are being made so that each department can develop its strengths and characteristics autonomously. This type of management system seems to support the University's ability to generate cash flow.
- (4) The University is one of the best in Japan at acquiring competitive funds from the Ministry of Education, Culture, Sports, Science and Technology and joint research funds with companies. Based on its abundant academic resources, the University has been increasing the number of external funds obtained by working to improve its research environment, reform its employment system, expand its international network, and promote co-creation between industry and academia, thereby strengthening its research capabilities and implementing its research results in society. At present, the University is promoting the Science Park plan, which aims to attract research institutions and companies to the new Aobayama campus, which was built with its own funds in 2017, and make it a place for co-creation. There is large room for growth in joint research revenue in the future, and the ability to acquire external funds will be strengthened.
- (5) The University Hospital contributes to regional medical care as the only hospital with special functions in Miyagi Prefecture, and also plays an important role as a core hospital for clinical research and an institution for training doctors. The hospital is highly responsive to medical policy and has maintained

a revenue growth trend since its incorporation. Although it is affected by the COVID-19 pandemic, the stability of its management has not been significantly shaken partly through financial support from the government and others. For the time being, there are no plans for major capital investments, and the debt redemption cost ratio is expected to remain at a certain level.

Shigenobu Tonomura, Masaki Abe

### Rating

Issuer: National University Corporation Tohoku University

<Assignment>

Long-term Issuer Rating: AAA      Outlook: Stable

Rating Assignment Date: November 12, 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 "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/>).

### Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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