

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

Blue Energy Ishikawa Mega Solar Power Station Project Senior Loan

<Assignment>
ABL: BBB

Rationale

This is a case of financing for purchase of 3 solar power stations that are under development in Ishikawa Prefecture by Blue Energy Bridge Fund I Godo Kaisha (the "Project GK").

The Project GK will raise funds for the purchase through a senior loan, a senior investment in anonymous partnership, and a subordinated investment in anonymous partnership. During the 2 to 3-year operations of the stations, the Project GK plans to sell the stations to third parties. The period till the scheduled maturity date is 2 years (3 years to the final maturity date) for the senior loan with the principal being amortized for a period of 18 years. The proceeds from the sale that is scheduled within 2-3 years are to be allocated to redemption of the senior loan, senior and subordinated investments in anonymous partnerships.

As the purchase prices under the feed-in tariff system are relatively high at 32 yen/kWh (net of tax) and 36 yen/kWh (net of tax), this project will have a sufficient cash flow generation capacity. The candidate for purchaser who has the first refusal right has high creditworthiness. On the other hand, there is a risk inherent in the project that the Project GK will be unable to sell the 3 solar power stations by the maturity date due to factors such as changes in the market environment and will need to refinance the loan. Assuming this scenario, JCR simulated with stresses and confirmed that the project's debt service capacity can be maintained up to a considerable stress level. JCR assigned a preliminary BBB rating to the senior loan on May 18, 2018. JCR confirmed that there have been no changes that can have any impact on the project. Taking the above into consideration, JCR assessed the rating on the senior loan at BBB.

Fumihiko Honda, Kosuke Kajiwara

Rating

<Assignment>					
Instrument Name	Execution Amount (bn)	Final Maturity Date	Coupon Type	Rating	
Senior Loan	JPY 1.9	May 31, 2021	Fixed	BBB	

<Information on Outline of Issue>

Loan Execution Date:	May 31, 2018
Scheduled Maturity Date:	May 31, 2020
Repayment Method:	Repayment on every interest payment date till the Final Maturity Date by a certain amount. The balance is paid in full on the Final Maturity Date.
Credit Enhancement & Liquidity Facility:	Cash Reserve, Senior-subordinated Structure

<Information on Structure and Stakeholders>

Lender:	Blue Energy Loan Fund I Godo Kaisha
Mega Solar Project Company:	Blue Energy Bridge Fund I Godo Kaisha
Asset Manager:	Funds Marriage K.K. (administrative work) Axis Investment Advisors Co., Ltd. (facilities)
O&M:	Prospec Holdings Inc.
Arranger:	Mizuho Securities Co., Ltd.

<Information on Underlying Assets>

Outline of Underlying Assets:	Power generation facilities and right of land use of the mega solar project company
-------------------------------	-------------------------------------------------------------------------------------

Rating Assignment Date: May 30, 2018

The criteria used for identifying matters which serve as assumptions for the assessment of the credit status, and the criteria used for setting of grades indicating the results of the assessments of the credit status 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 methodology for determination of the credit rating 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.

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

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.