

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

Clean Energy Connect Non-FIT Virtual PPA Low-voltage Solar Power Plant Green Project Bond Trust Trust ABL

<Assignment>

Beneficial Interest:	Preliminary BBB
ABL:	Preliminary BBB

Rationale

This is the project finance for projects sponsored by Clean Energy Connect Co., Ltd. to develop and operate approximately 450 low-voltage solar power plants in multiple regions covered by power companies in Japan. Beneficial Interest and Trust ABL backed by the project loan are rated hereunder. The projects are expected to flexibly generate relatively stable cash flows over their life thanks to factors including the following: (i) the projects mitigate the development risk by setting predetermined requirements when the power plants are handed over from the developers; (ii) the projects are based on contracts whereby highly creditworthy power consumers procure electric power and environmental value at fixed unit prices based on the virtual corporate PPA; and (iii) the power plants consist of multiple low-voltage projects and are well diversified. Although there are some possible earnings volatility factors, such as changes in solar radiation quantity and a rise in operating costs, a reasonable DSCR level is ensured even when certain stress is applied. Moreover, certainty of principal repayment and interest payment are raised by the mechanisms such as the reserve, dividend suspension trigger, and accelerated redemption. Based on the above, JCR has assigned a preliminary rating of BBB to Beneficial Interest and Trust ABL.

Kiichi Sugiura, Tetsuya Nakagawa, Emi Koyama

Rating

<Assignment>

Instrument Name	Scheduled Initial Issue/ Execution Amount*	Final Redemption/ Repayment Date	Coupon Type	Preliminary Rating
Beneficial Interest	JPY 4,770,000,000	Dec. 31, 2044 (scheduled)	Fixed	BBB
Trust ABL		Dec. 31, 2044 (scheduled)	Fixed	BBB

* The amount to be appropriated for Beneficial Interest and Trust ABL is to be decided.

<Information on Outline of Issue>

Trust Establishment Date:	July 31, 2023 (scheduled)
Beneficial Interest Assignment Date / ABL Execution Date:	TBD
Redemption/Repayment Method:	Scheduled Redemption/Repayment
Credit Enhancement & Liquidity Facility:	NA
	Cash reserves and senior-subordinated structure as a credit enhancement and liquidity facility with respect to loan claims, which are the underlying assets

<Information on Structure and Stakeholders>

Trustee / Senior Lender:	Mitsubishi HC Capital Trust Corporation
Mezzanine Lender:	Non-disclosed
Project Operating Company:	CN Solar Power No.3 LLC
Asset Manager:	CEC Asset Management, Inc.
Arranger:	Goldman Sachs Japan Co., Ltd.

<Information on Underlying Assets>

Outline of Underlying Assets:	Loan claims against the low-voltage solar power plant project operating company
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Rating Assignment Date: June 23, 2023

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.

A preliminary rating is a credit rating assigned as a preliminary evaluation while material terms for issue to be rated are not yet finalized. When the issuing terms are finalized, JCR will confirm them and will assign a credit rating anew. The rating level of the final rating may be different from that of the preliminary rating, depending on the final content of the terms, etc.

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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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.)
