

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

BCPG Nagano Komagane 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 Komagane City, Nagano Prefecture, sponsored by BCPG Japan Corporation. Komagane 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 it has created a trust ABL backed by a loan (Project Loan) from the trustee to the Project GK. The Project GK will finance the necessary project costs, etc. by accepting the proceeds and silent partnership investments, etc. The rating is assigned to the trust ABL. Funds for the project were scheduled to be procured through a beneficial interest and trust ABL at the time of preliminarily assigning ratings; however, it was determined that they would be raised through the trust ABL alone this time. In relation to this, a rating preliminarily assigned to the 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 18 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.

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) construction has already been completed and the project has a track record of operating results, and (iii) highly reliable solar panels and PCS 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, that the project is expected to be affected to some extent by shadows and snowfall, and that there is an obligation to comply with output curtailment for up to 360 hours 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 an increase in operating expenses, 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, cash sweep, and other mechanisms in addition to the high DSCR of the initial plan.

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

Kiichi Sugiura, Tomohiko Iwasaki and Yudai Matsumoto

Rating

<Assignment>

Instrument Name	Initial Execution Amount	Trust Termination Date	Coupon Type	Rating
Trust ABL	JPY 13,400,000,000	Apr. 1, 2042	Fixed	BBB

<Information on Outline of Issue>

Trust Establishment Date:	April 14, 2023
ABL Execution Date:	April 14, 2023
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:	Komagane 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: April 14, 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.

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