

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

SPARX Biomass Green Project Bond Trust (Toki) Beneficial Interest and Trust ABL

<Credit Monitor Placement> <Rating Change>

Beneficial Interest: from BBB to #BBB-/Negative
ABL: from BBB to #BBB-/Negative

Rationale

This is a rating for the project finance for the biomass power generation project in Toki City, Gifu Prefecture by SGET Toki Biomass G.K. While both the latest actual result and near-term outlook fall short of the plan, expenses are expected to rise for many items. Given also that cash flow is projected to remain below the plan and the margin for debt repayment has narrowed, JCR downgraded the rating by one notch to BBB-. Even though the business plan is currently being reviewed, including cost reductions, there are numerous factors constraining the rating at present, suggesting that the rating may be downgraded further depending on the content of the revised business plan. Hence, JCR placed the rating under Credit Monitor with Negative outlook.

Yoshinori Namioka, Emi Koyama

Rating

<Credit Monitor Placement> <Rating Change>

| Instrument Name | Initial Issue Amount / Execution Amount (mn) | Trust Termination Date | Coupon Type | Rating |
|---------------------|--|------------------------|-------------|----------------|
| Beneficial Interest | JPY 3,160 | Dec. 30, 2042 | Fixed | #BBB-/Negative |
| Trust ABL | JPY 2,500 | Dec. 30, 2042 | Fixed | #BBB-/Negative |

<Information on Outline of Issue>

Trust Establishment Date: November 11, 2021
Beneficial Interest Assignment / ABL Execution Date: November 11, 2021
Redemption/Repayment Method: Scheduled Redemption/Repayment
Credit Enhancement & Liquidity Facility: NA
Cash Reserve and Senior-subordinated Structure as Credit Enhancement & Liquidity Facility with respect to loan claims, which are underlying assets

<Information on Structure and Stakeholders>

Entrustor: Goldman Sachs Japan Co., Ltd.
Trustee: J-Value Trust Company, Limited
Biomass Power Generation Project Operator: SGET Toki Biomass G.K.
Sponsor, Asset Manager (Management Advisor): SPARX Green Energy & Technology Co., Ltd.
O&M Operator: SPARX Bio Fuel Co., Ltd.
Arranger: Goldman Sachs Japan Co., Ltd.

<Information on Underlying Assets>

Outline of Underlying Assets: Loan claims against a biomass power generation project operator

Rating Assignment Date: January 5, 2026

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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