

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

Amp Green Project Bond Trust (Miyazaki) 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 Kushima-shi, Miyazaki Prefecture, sponsored by Amp Co., Ltd. AC23 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 forms a trust ABL backed by a loan (Project Loan) to the Project GK. The Project GK finances the necessary project costs, etc. by accepting this loan and silent partnership investments, etc. Parts of the loan are to be drawn down during the construction period in light of the construction status. The rating is assigned to this trust ABL.

The Project GK will make principal and interest payments on the Project Loan twice a year, using the proceeds from electricity sales and other sources. 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 20 years and 3 months. 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. With respect to the trust ABL, the principal and interest payments will be made from the principal and interest payments on the Project Loan less trust fees. The principal repayment schedule, scheduled repayment date and tail period are structured to reflect the terms of the Project Loan.

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) highly reliable solar panels and PCSs manufactured by major manufacturers are used, and (iii) an EPC contractor with good credit standing and construction capabilities is in charge of the construction of the power plants. On the other hand, main risk factors are that revenues are strongly affected by fluctuations in solar radiation and that it is obliged to comply with the "Shitei" rules in the feed-in tariff system and to accept unlimited output curtailment without compensation.

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 a rise in operating costs, 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 mechanisms such as the reserve, dividend suspension trigger, and Cash Full Sweep for output curtailment.

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

Kiichi Sugiura, Hiroki Ishizaki

Rating

<Assignment>

Instrument Name	Initial Execution Amount	Trust Termination Date	Coupon Type	Rating
Trust ABL	JPY 9,230,000,000	Apr. 1, 2043	Fixed	BBB

<Information on Outline of Issue>

Trust Establishment Date:	December 22, 2021
ABL Execution Date:	December 22, 2021
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:	AC23 G.K.
Asset Manager:	Amp Co., Ltd.
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: December 22, 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 "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.

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