

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

Renewable Trust

<Assignment>

Fund Portfolio Rating: Preliminary A (fp)

A Fund Portfolio Rating is an evaluation of the quality of a fund's assets and not an evaluation of the redeemability of its liabilities. An act to assign, provide or make available for inspection a fund portfolio rating is different from an act pertaining to JCR's credit rating business. The results of this evaluation do not promise to provide or make publicly available a predetermined credit rating. The results of this evaluation are also not intended to provide advice to the fund rated or its related parties regarding the organizational structure or the composition of the fund's major assets and liabilities.

Rationale

This is a preliminary fund portfolio rating for "Renewable Trust" (the Fund), a performance-based dividend jointly-managed designated money trust, for which Mitsubishi UFJ Trust and Banking Corporation ("MUTB") conducts asset management and administration as the trustee and fund manager. The preliminary rating will shift to a final rating upon the commencement of the Fund's management, subject to JCR's confirmation that the final investment policy and information provided before the final rating will not require change in the rating.

The Fund will invest in loan claims for renewable energy facilities. By continuously soliciting short-term (6-month and 1-year) investment funds for long-term investment assets (over 10 years), the Fund aims to achieve a yield that exceeds the deposit interest rate for short-term investments. Therefore, in principle, principal redemptions will be funded by new trust funds, but in the event that trust funds are insufficient, MUTB will provide liquidity facility.

The Fund's investment policy is to maintain JCR's fund portfolio rating of "A (fp)," and its investment objective is to ensure the stability of principal redemption and scheduled dividends by investing in safe assets under conservative internal standards. While the portfolio is mainly composed of solar power generation projects, the share of the same projects and the share of projects connected to the same general power transmission and distribution companies are capped in consideration of diversification. JCR will monitor factors that may affect cash flow, such as the operating status of power generation facilities during the period.

After confirming the Fund's investment policy regarding the quality of assets under management, JCR conducted a risk assessment of individual investment targets that are currently scheduled for inclusion in the portfolio using a method equivalent to or similar to credit ratings. Specifically, the main items of consideration were cash flow generation capacity of power generation business, scheme's provisions for disaster risk and operational risk, leverage level and liquidity facility measures, creditworthiness and track record in the power generation business of the parties involved in the scheme. As a result, JCR evaluated the average asset quality of the Fund as a whole at a preliminary fund portfolio rating of "A (fp)."

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Rating

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<Outline of Fund>

Name:	Renewable Trust
Scheduled Start Date of Management:	November 25, 2021
Scheme:	Performance-based Dividend Jointly-Managed Designated Money Trust
Trustee:	Mitsubishi UFJ Trust and Banking Corporation
Investment Target:	Loan claims with a limited liability clause executed for renewable energy power generation projects that meet the following conditions using project finance method.

- The project must be located in Japan.
- The project must have been completed.
- The project must be covered by the FIT system.

Credit Enhancement & Liquidity

Facility: Liquidity Facility provided by Mitsubishi UFJ Trust and Banking Corporation

Glossary:

Fund Portfolio Rating: an evaluation of average quality of fund investment target

AAA (fp): Average quality of fund portfolio is equivalent to AAA Long-term Issue Rating

AA (fp): Average quality of fund portfolio is equivalent to AA Long-term Issue Rating

A (fp): Average quality of fund portfolio is equivalent to A Long-term Issue Rating

BBB (fp): Average quality of fund portfolio is equivalent to BBB Long-term Issue Rating

N (fp): Not included in any of the upper grades

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