

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

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

<Assignment>

Beneficial Interest: Preliminary BBB
ABL: Preliminary BBB

Rationale

JCR has assigned a preliminary rating to the project finance for a biomass power generation project for which SPARX Green Energy & Technology Co., Ltd. acts as the asset manager. The project is expected to generate relatively stable cash flow throughout the life span, given, among others, that: (i) power sales are based on the feed-in tariff system; (ii) the plant is manufactured by a highly reliable major manufacturer, and an O&M operator with a proven track record is involved; and (iii) with respect to fuel procurement, a trading company affiliated with a major logistics group builds the network of fuel procurement from primary suppliers and supplies, in principle, the required amount at a fixed price by contract. The project is currently in the development stage, but, with no particular concerns about the EPC's track record or creditworthiness, JCR considers that the risk of construction completion is limited. However, there are major risk factors including operating rates, securing of fuels and fluctuations in operating costs. Regarding earnings volatility factors such as fuel procurement prices, the number of operation days of power generation facilities, rises in maintenance/operating costs and output control, JCR has confirmed that, even when stress is applied by combining multiple factors, the project's certainty for principal/interest repayment will be ensured thanks to such mechanisms as reserves and dividend suspension triggers.

Yoshinori Namioka, Tetsuya Nakagawa

Rating

<Assignment>

Instrument Name	Scheduled Initial Issue / Execution Amount	Trust Termination / Final Repayment Date	Coupon Type	Preliminary Rating
Beneficial Interest		Nov. 1, 2044	Fixed	BBB
Trust ABL	JPY 9,770,000,000	Nov. 1, 2044	Fixed	BBB

*The breakdown into the Beneficial Interest and Trust ABL is to be determined.

<Information on Outline of Issue>

Trust Establishment Date: May 30, 2024
Beneficial Interest Assignment / ABL Execution Date: May 30, 2024
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: ORIX Bank Corporation
Project GK: SGET Kasama Biomass G.K.
Asset Manager: SPARX Green Energy & Technology 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: March 28, 2024

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

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

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.)
