

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

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

<Rating Change>

Beneficial Interest: from BBB+ to BBB
ABL: from BBB+ to BBB

Rationale

This is a rating for the project finance for the biomass power generation project in Toki City in Gifu Prefecture by SGET Toki Biomass G.K. The actual power output volume since the start of commercial operation until August 2024 fell short of the initial plan set by the sponsor. This was mainly because of output stoppages/reductions caused by malfunctions in power generation facilities, and JCR confirmed that the malfunctions resolved each time through maintenance measures. Regarding fuels, although the required amount is basically being procured, there has been a constant discrepancy between the initial plan and the actual results since the start of commercial operation in terms of the fuel type composition. Since the start of operation, cash flows generated have been below plan, mainly due to continued malfunctions in the power generation facilities and difficulties in procuring fuels in the proportions initially assumed. Although measures to improve fuel procurement have been formulated and are implemented accordingly, it will be difficult to procure fuel as initially planned, and cash flows are expected to continue to fall short of the plan. Taking these points into consideration, JCR has downgraded the ratings of the Beneficial Interests and Trust ABL to BBB. JCR will continue to monitor the operation, putting a focus on the stability of facilities operation and fuel procurement trends.

Yoshinori Namioka, Emi Koyama

Rating

<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
Trust ABL	JPY 2,500	Dec. 30, 2042	Fixed	BBB

<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 respect to loan claims, which are underlying assets	Credit Enhancement & Liquidity Facility with

<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
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Rating Assignment Date: October 29, 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/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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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.)
