

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

## **Kyushu University (security code: -)**

<Affirmation>

Long-term Issuer Rating: AAA  
Outlook: Negative

### *Rationale*

- (1) Established in 1911, Kyushu University (“Kyushu U”) is one of Japan's core universities and became an independent administrative entity in 2004. With 11 undergraduate schools and 18 graduate schools, it has approximately 19,000 students and 8,000 faculty & staff members in total. It is at the nation's highest level in terms of ability to recruit students and acquire large external research funds. Kyushu U aims at establishing a world-class research and education center by taking advantage of its historical relations with and geographical proximity to Asian nations as a fundamental goal.
- (2) There was no change to the declining trend of management expenses grants in the period of the Third Mid-term Plan, which started in the academic year of 2016. In addition, the Japanese government introduced a structure where gaps among national universities are easily shown by allocating the grants in line with each university's functions and achievements in their initiatives. Although a national university corporation's importance in its role of directly assuming the country's higher education remains unchanged and the framework of corporate system is maintained, it is increasingly required to increase its own generating revenue. Considering that Kyushu U enjoys high stability of cash flow that is generated based on the affluent academic resources and proactive management capability and that it will keep this condition, however, JCR affirmed rating for Kyushu U. JCR rates national university corporations in a comprehensive way by factoring in effects of credit enhancements by the Japanese government, etc. in addition to the stand-alone conditions as a corporation. Reflecting Japan's Negative outlook for the long-term issuer rating, Kyushu U's rating outlook is Negative.
- (3) Kyushu U formulated “Action Plan 2015 – 2020” as specific objectives and initiatives for the Third Mid-term Plan, setting forth its goals such as a fostering of global human resources including opening of new faculty School of Interdisciplinary Science and Innovation scheduled for April 2018 and contributions through provisions of state-of-the-art healthcare to the regional and international communities, while working on the world's highest level academic research and creation of innovation. JCR sees that Kyushu U's importance as one of the nation's higher education center will increase and that its opportunities to acquire research funds will increase, and will pay attention to the future achievements.
- (4) Its project of facilities relocation to the Ito Campus has been steadily progressing. Although interest-bearing debt is increasing with upfront expenses, its plan of Hakozaki Campus' sale as a resource of repayment is crystallizing based on its plan of use of site of a demolished building with Fukuoka City. Despite the increasing effects from reform of the medical system and revision of medical fees and drug prices, Kyushu University Hospital will ensure revenue/expenditure balance through initiatives for an increase of revenue and thorough cut of expenses.

Norio Yoshida, Shigenobu Tonomura

### *Rating*

Issuer: Kyushu University

<Affirmation>

Long-term Issuer Rating: AAA      Outlook: Negative

Rating Assignment Date: March 24, 2017

The criteria used for identifying matters which serve as assumptions for the assessment of the credit status, and the criteria used for setting of grades indicating the results of the assessments of the credit status are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<http://www.jcr.co.jp/en/>).



Outline of methodology for determination of the credit rating is shown as "FILP Agencies, etc." (March 13, 2014) and "Incorporated Educational Institutions" (April 23, 2015) in Information about JCR Ratings on JCR's website (<http://www.jcr.co.jp/en/>).

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