

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

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

<Affirmation>

Long-term Issuer Rating: AAA  
Outlook: Stable

### *Rationale*

- (1) Kyushu University (the “University”) is one of Japan’s leading universities. It has a strong ability to recruit students both domestically and internationally, and its faculty’s research skills rank among the top in Japan. Celebrating its 100th anniversary in 2011, the University developed a basic philosophy, which is to “continue autonomous reform as well as to ensure an international quality of education, and to become a center of research and education of the highest standards, full of vitality, and constantly addressing future challenges.” With 12 undergraduate schools and 18 graduate schools, it has approximately 18,600 students and 8,000 faculty and staff members in total. In FY2018, it completed relocation to the Ito Campus which has continued since FY2005.
- (2) The management expenses grants of national university corporations have been flat in recent years. However, competition principles such as the allocation of the grants based on achievements and track record of individual universities are becoming stronger. There are also no changes to the situation where universities are required to have abilities to acquire its own financial sources. As shown by these conditions, business environment surrounding national university corporations is tough. The University keeps stability of management through obtaining outside research funds and increased revenues from the affiliated hospital, etc. on the strength of its rich academic resources and proactive management capability. With finish of its large-scale investments, its interest-bearing debt will be reduced going forward. Taking the above into consideration, JCR affirmed the rating on the University with Stable outlook. JCR rates a national university corporation in a comprehensive manner by factoring in credit enhancements by the government, etc. in addition to the stand-alone conditions as a corporation.
- (3) The central government for its higher education policy expects educational institutions to manage their organizations in a diverse and a flexible manner in anticipation of the expected social changes around 2040. Some of national universities have already started moves towards integration. The University is important for the country in its role of directly assuming the country’s higher education and its strong ability to acquire its own financial sources remains unchanged. Based on its “Action Plan 2015 – 2020,” it is promoting contributions through provisions of state-of-the-art healthcare to the regional and international communities, while working on world top-class academic research and innovation creation. JCR will pay attention to whether it can further increase its competitive strength by increasing opportunities for acquiring funds.
- (4) Although its interest-bearing debt is high due to the upfront expenditures partly related to the relocation to the Ito Campus, it plans to allocate proceeds from sale of the Hakozaki Campus to the debt repayment. Based on “Grand Design for Former Site of Kyushu University Hakozaki Campus” formulated jointly with Fukuoka City in July 2018, consideration on the delivery scheduled for FY2022 to FY2024 has been steadily progressing. With stable revenue and expenditure backed by its ability to manage medical fee revisions, its repayments of debts for the redevelopment have been steady. The redevelopment project of the Beppu Hospital is taking shape. JCR sees that the impact on the creditworthiness will be limited.

Shigenobu Tonomura, Masaki Abe

### *Rating*

Issuer: Kyushu University

<Affirmation>

Long-term Issuer Rating: AAA      Outlook: Stable

Rating Assignment Date: March 25, 2020

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 (<https://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 (<https://www.jcr.co.jp/en/>).

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