

Jan 14, 2022

R&I Assigns AA+, Stable: University of Tsukuba

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: University of Tsukuba
Issuer Rating: AA+, Assigned
Rating Outlook: Stable

RATIONALE:

The University of Tsukuba, whose predecessor was the Tokyo University of Education, is a research-oriented comprehensive university established in the Science City in the Tsukuba area (Tsukuba City, Ibaraki Prefecture) in 1973. The university has its origin in a normal school established in 1872 and is known as the educational institution served by Dr. Jigoro Kano as principal, who founded Kodokan Judo. The University of Tsukuba has developed a wide area of academic disciplines ranging from humanities and social sciences, medicine, health and sport sciences to art and design. With strength in its interdisciplinary and international nature, the university has splendid achievements in the fields of education and research. It is fully funded by the government as a national university corporation under the jurisdiction of the Ministry of Education, Culture, Sports, Science and Technology (MEXT). Given the university's robust business base and its very high importance for the government's educational policy, R&I has assigned an Issuer Rating of AA+, the same as the sovereign rating for Japan.

Higher education institutions, mainly universities, play a vital role as public property that contributes to education, research and society. Especially national universities, as executive agencies responsible for higher education, are very important for government policy. Although the government's financial support, including management expenses grants, is weakening gradually, university operations will be backed up through various measures and the easing of regulations toward autonomy in universities and their growth. The national university corporation as a government agency retains remarkably high creditworthiness, since its close relationship with the government is unlikely to be undermined.

The University of Tsukuba pursues the philosophy of being open and promoting constant reforms. Led by the government, it was born as a new concept university with the Tokyo University of Education at its core and provided with a faculty organization and education and research systems which are different from organizations and management systems of conventional universities. Its education and research enjoy an enormous reputation, as it is ranked ninth among Japanese universities in the number of theses cited frequently for 2021 according to an external assessment organization and its educational programs were adopted for various educational projects of MEXT. Partly because the University of Tsukuba and Tsukuba Science City were designed together historically, many governmental and private research facilities are located in the neighborhood of the university campus. Capitalizing on its close relationships with public institutions and industries, the university is placed fourth in the number of university-originated ventures and seeing an increasing trend in the amount of funds for joint and commissioned research projects with companies every year. It also occupies one of the top positions in Japan in terms of the number and amount of external funds raised, which implies its excellent management capabilities.

An affiliated hospital plays a key role in providing state-of-the-art medical service as the only Special Functioning Hospital in Ibaraki Prefecture and is well known as a local hospital that accepts patients with difficult diseases. It also provides advanced acute care proactively and in 2020, started the operation of the first advanced critical care center accredited by Ibaraki Prefecture. Despite the impact of the COVID-19 pandemic, the affiliated hospital remained profitable in the fiscal year ended March 2021, supported by its management effort and subsidies. As such, revenue/expenditure of the university's hospital operations is stable.

Taking advantage of its broad academic disciplines and internationality, the University of Tsukuba has contributed to society through education and research based on its multidimensional approach. It is

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working on innovation by creating knowledge and nurturing human resources toward solving a variety of global issues such as resource saving, decarbonization and the realization of a next-generation mobility society. An industry-academia collaboration center with a large experiment facility attached is being prepared near Tsukuba Station. R&I will examine details and progress of the project, since research results at the center and the effects of practical implementation in society may enhance the reputation of the University of Tsukuba further.

The university has taken pioneering initiatives under its policy to promote constant reforms. It was the first university in Japan that put vice presidents and executive officers in place, which was followed by other national universities. The university maintains sound governance in terms of both organizational structure and actual practices. It will establish a Bureau of University Management Promotion (tentative) in 2022 to enhance the capacity to control the organization and intends to plan and monitor strategic university management. Eyes will be on specific activities and results.

The primary rating methodologies applied to this rating are provided at "R&I's Analytical Approach to Government Agencies", "R&I's Basic Methodology for Corporate Credit Ratings" and "School Corporations". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: University of Tsukuba
Issuer Rating

RATING: AA+, Assigned

RATING OUTLOOK: Stable

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