



NEWS RELEASE

Jun 30, 2021

【Monitoring】

AAG Private Placement-1 LLC

Tranche A Notes: (BBB) with a view to downgrading → BBB

Tranche B Notes: (BB+) with a view to downgrading → BB+

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

1. RATIONALE

These ratings are for the aircraft finance backed by monetary receivables from an airline company and aircraft (EETC).

R&I notches up the ratings for the instruments from the Issuer Rating (Undisclosed) for the airline company based on an assessment of the probability (1) that the payments on the underlying loan will continue even if the airline company falls into bankruptcy; and (2) that the rated instruments will be repaid by the maturity date with the funds collected through means such as the sale of the aircraft.

The airline company recorded a large loss in FY2020 due to the coronavirus-induced decline in passenger flight demand. The earnings environment is on an improving trend thanks to a rapid rebound of demand for domestic passenger flights in the company's domicile country that reflects the progress of vaccination. Even so, it will likely take some time before its weakened financial base recovers.

In consideration of the above, R&I affirmed the Issuer Rating for the airline company and removed it from the Rating Monitor with a view to downgrading. With these rating actions factored in, R&I has taken the following rating actions for the instruments.

2. CREDIT RATING

INSTRUMENT NAME	Tranche A Notes
RATING ACTION	Affirmation of a rating, Removal from the Rating Monitor
R&I RATING	Long-term Issue Rating / (BBB) with a view to downgrading → BBB
NOTE	The rating is an assessment of the probability that the principal will be paid fully by the final redemption date and the interest will be paid fully by 18 months after the scheduled payment date.

INSTRUMENT NAME	Tranche B Notes
RATING ACTION	Affirmation of a rating, Removal from the Rating Monitor
R&I RATING	Long-term Issue Rating / (BB+) with a view to downgrading → BB+
NOTE	The rating is an assessment of the probability that the principal will be paid fully by the final redemption date and the interest will be paid fully by 18 months after the scheduled payment date.

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3. ABOUT INSTRUMENT

ISSUER	AAG Private Placement-1 LLC	UNDERLYING ASSET	Monetary receivables from an airline company and aircraft
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INSTRUMENT NAME	AMOUNT (CURRENCY)	Sub. Ratio (*1)	Date of Issue Scheduled Maturity Legal Maturity	Redemption (*2)	Coupon Type/Rate
Tranche A Notes	\$58,000,000 (USD)	—	Nov 30, 2016 Nov 28, 2028 May 28, 2030	—	Fixed —
Tranche B Notes	\$8,000,000 (USD)	—	Nov 30, 2016 Nov 28, 2024 May 28, 2026	—	Floater —

(*1) Sub. Ratio: Subordination Ratio

(*2) Redemption Method

4. RATING METHODOLOGY

The primary rating methodologies applied to these ratings are:

Announced in	TITLE
April 2020	Chapter 1: General
April 2020	Chapter 2: Particulars: Risks regarding structure
April 2020	Chapter 3: Particulars: Risks regarding underlying assets Subchapter 22: Monetary receivables from airline companies and aircraft
April 2020	Chapter 4: Particulars: Cash flow risk Subchapter 11: Analysis method for aircraft finance
April 2020	Chapter 5: Particulars: Monitoring Subchapter 1: Monitoring of credit ratings of underlying assets and parties involved in the structure Subchapter 7: Monitoring of transactions backed by monetary receivables from airline companies and aircraft

The above rating methodologies are available at R&I's website:

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

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