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## **Fitch Affirms Capital Servicing's Special Servicer Rating at 'CSS1-(JPN)'**

Fitch Ratings-Tokyo/Hong Kong-15 June 2010: Fitch Ratings has today affirmed Capital Servicing Co., Ltd.'s (Capital) Commercial Mortgage Special Servicer rating at 'CSS1-(JPN)'. The affirmation reflects Capital's continued strengths, such as its experienced senior management and asset managers, a highly flexible and well-integrated servicing system, and comprehensive and well-structured risk management.

In 2009 Capital's servicing portfolio declined, reflecting the progress in the liquidation of assets of Lehman Brothers and related companies. Fitch notes that Capital has implemented staff reduction and various cost-saving initiatives, as well as adjusted the team structures of its primary and special servicing operations. Also Capital has reinforced efforts to expand its third-party customer base; there has been a robust increase in new third-party servicing business in the first five months of 2010. The agency believes as a result of these developments the impact on Capital from a reduction in its Lehman-related servicing portfolio has been largely mitigated. Fitch will monitor Capital's new business volume development.

Capital commenced its servicing operations in 1999 after receiving a license from Japan's Ministry of Justice, and has grown to be a leading independent CMBS servicer, providing both primary and special servicing. As at the end of 2009, the servicer provided servicing for about 16,700 loans, the unpaid principal balance of which amounted to JPY 1,164bn.

Fitch rates primary, special and master servicers in Japan based on its asset types on a scale of one through five, with one being the highest rating. In addition, Fitch may attach a plus (+) or minus (-) sign to the rating, indicating a relative position within each rating category. "JPN" appears in the Japanese ratings to reflect their relevance in Japan's legal, economic and social context.

Applicable Criteria available on Fitch's website at [www.fitchratings.com](http://www.fitchratings.com): "Rating Criteria for Japanese Servicers", dated 4 September 2009; and "Global Rating Criteria for Structured Finance Servicers", dated 30 September 2009. These reports are also available in Japanese at '[www.fitchratings.co.jp](http://www.fitchratings.co.jp)'.

The report on Capital in both English and Japanese will be available shortly on Fitch's websites, or through Fitch Market Services at +1 800 853 4824 in New York, or Fitch's Tokyo office at +81 3 3288 2628.

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Additional Information is available at [www.fitchratings.com](http://www.fitchratings.com).

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