

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

YAMADA SERVICER SYNTHETIC OFFICE CO., LTD. **(security code: 4351)**

<Affirmation>

Special Servicer: S3

A servicer rating is an evaluation of a servicer for its capacity to carry out servicing operations, which is different from evaluations of financial instruments or credit standing of corporations. An act to assign, provide or make available for inspection a servicer rating is different from an act pertaining to JCR's credit rating business.

Rationale

YAMADA SERVICER SYNTHETIC OFFICE CO., LTD. (the "Company") is an independent servicer listed on the JASDAQ market. Its earnings capacity will decline because it failed to acquire new large-scale revitalization projects in tandem with close of existing large-scale revitalization projects and thus cannot avoid drop of revenue from the highly profitable servicer business. JCR sees, on the other hand, that the Company can change its earnings structure to the one with smaller fluctuation risk of business performance by reducing size of servicer business where there is a risk of provision of allowance for doubtful accounts at a time of delay of receivables' collection, despite the high profitability. Given also that it will maintain its financial soundness by the debt-free management, JCR affirmed rating for the Company with Stable outlook. JCR is paying attention to whether it can increase its earnings capacity by strengthening an ability to acquire projects through external professionals in which it has strength, in the face of the continued tough business environment.

Hajime Oyama, Junichi Tanaka

Rating

Servicer: YAMADA SERVICER SYNTHETIC OFFICE CO., LTD.

<Affirmation>

Special Servicer: S3

Glossary:

A servicer rating is an evaluation of a servicer for its overall capacity to carry out servicing operations. Servicer rating definitions are as follows:

S1: A very high level of capacity to carry out servicing operations

S2: A high level of capacity to carry out servicing operations

S3: An adequate level of capacity to carry out servicing operations

S4: Although the capacity to carry out servicing operations is adequate, there are some points in capacity to carry out servicing operations that should be improved.

S5: The capacity to carry out servicing operations is inadequate and should be improved.

(There might be notch differences that are indicated by a plus (+) or minus (-) sign for ratings from S2 to S4.)

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