



NEWS RELEASE

No.2008-C-343
Apr 22, 2008

R&I Upgrades to A+, Stable: Advance Residence Investment

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

ISSUER: Advance Residence Investment Corp. (Sec. Code: 8978)
Issuer Rating

R&I RATING: A+ (Upgraded from A)
RATING OUTLOOK: Stable

RATIONALE:

Advance Residence Investment Corp. (ADR) is a real estate investment trust (J-REIT) that became listed in November 2005. Its investment specializes in residential property and its sponsors include Itochu Corp., Itochu Property Development Ltd., and Nippon Tochi-Tatemono Ltd.

The rating upgrade reflects following aspects: ADR (1) performed steady external growth through continuous acquisition of properties developed by sponsors; (2) enhanced fund procurement by deepening and increasing transaction with domestic financial institutions; and (3) diversified funding base through public offerings and issuing investment trust bonds.

ADR has continuously invested in the "Artis" series, the rental housing brand developed by Itochu Group, and has maintained a steady external growth while retaining profitability. ADR's portfolio mostly consists of relatively new rental housings in a highly convenient location in Tokyo's 23 wards where high leasing demand can be expected. It has generally been maintaining a high occupancy rate. Furthermore, its rentable properties are well diversified with more than 4500 units, and these are also contributing to operational stability.

There is no change to the Itochu Group's supporting stance and ADR can expect a wide range of support from the group including the supply of properties, dispatch of workforce to asset management companies and property management.

ADR has also enhanced funding base by deepening and increasing transaction with domestic financial institutions. With three main banks at its core, it has increased trading banks to ten and maximum credit line was expanded from 10 billion yen to 20 billion yen. ADR has continued unsecured borrowings since its listing, and its debts mainly consist of long-term fixed rate borrowings. The redemption date is well diversified. In January 2008, ADR procured a total of 10 billion yen in unsecured long-term fixed rate loan of 4-5 years.

ADR has also diversified its financing means by tapping the capital market. It has embarked on capital increase through public offering in March 2007, and issued investment trust bonds in November 2007. On the other hand, its debt ratio has currently risen to the latter half of 50% level. ADR intends not to maintain such funding level in the future.

The Rating Outlook is Stable. ADR is expected to acquire properties developed and held by sponsors continuously, maintain the quality and profitability of the portfolio and adhere to sound financial management.

R&I RATINGS:

ISSUER: Advance Residence Investment Corp. (Sec. Code: 8978)
ISSUER RATING: A+ (Upgraded from A)
RATING OUTLOOK: Stable

ISSUE: Preliminary Rating for the Shelf Registration scheme
Bonds to be Rated: Corporate Bonds
Issue Amount: Yen 100,000 million (Shelf Amount)
Issue Period: Two years from Oct 18, 2007

R&I RATING: A+ (Upgraded from A)

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Ratings are statements of R&I's opinion shown in certain symbols regarding an Issuer's general capacity (credit quality) to repay its financial obligation and individual debts (bonds and loans, etc.) and it is not a statement of recommendations to buy, hold, or sell any securities. Information has been obtained by R&I from sources believed to be reliable, however, its accuracy, adequacy, or completeness is not guaranteed. Therefore, R&I is not responsible for any errors or omissions or the result obtained from the use of the rating. As a general rule, R&I provides the rating services for a rating fee paid by the Issuer.



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LONG-TERM ISSUE RATING:	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 1	Nov 21, 2007	Nov 21, 2011	Yen 5,000
Unsec. Str. Bonds No. 2	Nov 21, 2007	Nov 21, 2012	Yen 5,000
R&I RATING:	A+ (Upgraded from A)		

Issuer Rating is R&I's opinion regarding an issuer's overall capacity to repay its entire financial obligation, and will be assigned to all issuers. The rating of individual obligations (i.e. bonds and loans etc.) includes the prospect of recovery and reflects the terms and conditions of the agreement and may be lower or higher than the Issuer Rating.