



Announcement: Moody's comments on Advance Residence's de-collateralization of loans

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Tokyo, May 18, 2011 -- Moody's Japan K.K. sees as credit positive for Advance Residence Investment Corporation's (ADR) May 17 announcement on the de-collateralization of its loans.

ADR's 169 properties, except for those purchased after March 2010, currently act as collateral. Moody's has reflected subordination in ADR's unsecured long-term debt ratings (Baa3 stable) .

According to the announcement, ADR has requested its financial institutions for de-collateralization in mid-June. If implemented, Moody's may upgrade the ratings of some of ADR's bonds as subordination will be therefore ended.

However, about JPY 4.5 billion in loans by three financial institutions will be early repaid by ADR. This is because the institutions have refused to agree to de-collateralization. Moody's will monitor the effect on their relationships with ADR after this de-collateralization action.

The principal methodology used in this rating was Moody's Global Rating Methodology for REITs and Other Commercial Property Firms published on October 1, 2010, and available on www.moody.co.jp.

Please see ratings tab on the issuer/entity page on the Moody's website for the last rating action and the rating history.

Advance Residence Investment Corporation, headquartered in Tokyo, is a Japanese REIT that invests in and manages residential properties. Its operating revenue for the fiscal period that ended in January 2011 was approximately JPY 20.9 billion.

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