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For Immediate Release

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### Notice Concerning Signing of an Agreement with PanaHome Corporation

The board of AD Investment Management Co., Ltd. (ADIM), the asset manager of Advance Residence Investment Corporation (ADR) has approved at today's board meeting to sign an agreement between ADIM and PanaHome Corporation (PHC) regarding current PHC's property holdings and properties PHC will acquire in the future (PHC properties).

#### 1. The Content of the Agreement and the Effect on ADR

The agreement stipulates that PHC will offer to ADR through ADIM a first-look on PHC properties, at the time PHC decides to dispose any of the PHC properties, and that ADR will give good considerations on acquiring the PHC property based on the offer.

By enabling ADR to have a first look on disposition information on recently built high-grade properties, the agreement will promote ADR's drive to secure stable revenues and achieve asset growth over the medium and long term by investing in residential real estate through diversified investments throughout Japan in all types of residential properties, in accordance to the asset management target and investment policy of the Articles of Incorporation of ADR.

On signing the agreement, ADR has decided to acquire a rental multi-family housing property from PHC.

For more details on the acquisition please refer to the press release dated today, titled "Notice Concerning Acquisition of Asset (RESIDIA Machiya)".



## 2. Company Profile of PHC and Its Future Plans on Multi-family Housing Development

PHC is a subsidiary of Panasonic Corporation which is listed on the First Section of the Tokyo Stock Exchange.

Its main businesses are building custom built homes, for-sale multi-family housing, rental multi-family housing, medical/nursing care facilities and home remodeling. The PHC group consists of 17 consolidated subsidiaries and 13 equity-method affiliates.

PHC has been pursuing ideal housing with a constant focus on the future of energy and environment in order to help customers bring their dream homes to life. By marshaling its exceptional design capabilities and the advanced energy technologies of the Panasonic Group, PHC enable people to live comfortably while preserving the environment. And in recent years PHC has expanded its business from its core “housing industry” to “smart lifestyle living industry”.

Although, PHC has a wealth of experience and track-record in building rental combined housings and low-rise rental multi-family housings through its land usage solution business, with the signing of the agreement PHC plans to further expand and focus on lucrative urban rental multi-family housing developments (including the developments of rental housing with services for the elderly).

ADIM on the other hand will be able to receive a first-look on sales information on such properties mentioned above that will be developed and held by PHC, from which ADR expects it will enable it to profitably expand its assets.

Trade name	PanaHome Corporation
Head office location	1-1-4 Shinsenrinishi-machi, Toyonaka-shi, Osaka
Representative	Yasuteru Fujii, President and Director
Principal business	<u>Building and Contracting Division</u> Building and contracting of single-family houses, multi-family housings and remodeling works <u>Real Estate Division</u> Sales of land, buildings and condominiums, brokerage & rental management <u>Housing Parts Sales Division</u> Manufacturing and sales housing parts for “PanaHome” industrialized house
Capital	28.4 billion yen (as of March 31, 2014)
Date of the establishment	July 1, 1963
Total Assets	245.9 billion yen (as of March 31, 2014)
Net Assets	129.1 billion yen (as of March 31, 2014)
Major Stock Holder	Panasonic Corporation
Relationship with ADR or its asset management company	None

### 3.Future Outlook

The effect of the signing of the agreement to the management performance forecasts announced on September 8, 2014 in the 8th Period Tanshin preliminary financial report for the fiscal period ending January 2015 (from August 1, 2014 to January 31, 2015) and the fiscal period ending July 2015 (from February 1, 2015 to July 31, 2015) is negligible. Therefore the forecasts remain unchanged.

- *The original Japanese version of this material is released today to the Kabuto Club (the press club of the Tokyo Stock Exchange), the ministry of Land, Infrastructure and Transport Press Club, and the Ministry of Land, Infrastructure and Transport Press Club for Construction Publications.*
- URL: <http://www.adr-reit.com/en/>

*[Provisional Translation Only]*

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*Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.*