

Launch of DREAM U.S. Mezzanine Debt Fund (USD 64 Mil)

Diamond Realty Management Inc. (DREAM) announces that it has launched DREAM US Mezzanine Debt Fund (the Fund), a private fund specializing in a mezzanine debt collateralized by a real estate asset under construction in the U.S.

The Fund closed at total equity commitment of approximately USD 64Mil. The Fund's investors include Japanese institutional investors such as financial institutions, corporates, and educational institutions.

The Fund features the followings:

a) A fully seeded fund

The Fund is designed to be a fully seeded fund with a single underlying mezzanine debt. DREAM aims to provide its investors a straight forward investment product as the Fund is DREAM's first U.S. mezzanine debt fund.

b) Mezzanine debt investment to a construction project

The underlying collateral asset is a 300,000 sqf, mixed-use property under construction in Brooklyn, New York City, a city recently experienced robust growths in its population for younger generation and its employment. Being highly accessible to the subway station and to Manhattan CBD, the real estate values in the submarket can be expected to remain stable.

c) Appointment of a local consultant

EverWest Real Estate Investors, LLC (EW), an existing local business partner of Mitsubishi Corporation Group, is appointed as DREAM's consultant. EW co-invested in the underlying mezzanine debt and gives DREAM advices in connection with U.S. mezzanine debt investments.

The Fund targets to achieve net IRR of 9%, a higher rate compared to returns recently generated by the private REITs and DREAM's mezzanine debt funds in

Japan, while keeping the LTV (Loan to Value) at approximately 70% to mitigate potential risk for principal loss.

Since its first launch of DREAM Mezzanine Debt Fund in October 2011 to the most recent launch of DREAM Mezzanine Debt Fund 6 in March 2018, DREAM has launched and managed six mezzanine debt funds in Japan. DREAM will continue its efforts in providing domestic and overseas mezzanine debt investment opportunities to its investors.

【Fund Summary】

Name	DREAM US Mezzanine Debt Fund (DUMFL.P.)
Asset Type	A mezzanine debt collateralized by a mixed use (residential, office, and retail) property under construction in Brooklyn, New York
LP Investment Commitment Size	USD 64Mil
Term	3 years with extension options
Investors	7 domestic institutional investors, etc

【Diamond Realty Management Inc. (DREAM)】

Head Office: 16-1, Hirakawacho 2-Chome, Chiyoda-ku, Tokyo, Japan

Shareholder: 100% subsidiary of Mitsubishi Corporation

Representative: Takashi Tsuji, President and Chief Executive Officer

Date Established: 2004

Number of Employees: 81 (as of February 2018)

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