

June 4, 2021

Diamond Realty Management Inc.

Launch of DREAM U.S. Special Situation Fund

Diamond Realty Management Inc. (DREAM) announces that it has launched DREAM US Special Situation Fund (the Fund), a private fund with single underlying debt collateralized by office and residential portfolio in the U.S.

The Fund was closed in March 2021. The Fund was invested by 2 Japanese institutional investors - financial institution and corporation.

The Fund has several features as follows:

a) A fully seeded fund

The Fund was designed to be a fully seeded fund with a single underlying debt for providing investors a straightforward investment product.

b) Debt investment to real estates affected by Covid-19.

The underlying collateral assets are located in top-tier cities such as Boston, NYC, Washington DC, San Francisco, and LA. In these cities, economies were temporarily softened due to Covid-19 spread. Additional capital needs came up for the subject portfolio in the existing property financings, and the Fund was raised in response to such needs, while U.S. economy was expected to recover in the long term.

The Fund targets to achieve net IRR of about 8%, 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 65% 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 7 in March 2020, DREAM has launched seven mezzanine debt funds in Japan. In addition, DREAM has also managed two mezzanine debt funds and one preferred equity fund in the United States. DREAM will continue its efforts in providing domestic and overseas mezzanine debt investment opportunities to its investors.

【Fund Summary】

Name	DREAM US Special Situation Fund
Asset Type	A loan collateralized by 5 office and residential properties such as the office in Manhattan, New York, etc.
Term	3 years
Investors	2 domestic institutional investors

[Diamond Realty Management Inc.]

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- Businesses: Real estate asset management business/advisory services
- Representative: Ryuta Takeuchi, President and Chief Executive Officer
- Date of Establishment: 2004
- Number of Employees: 94 (as of March 31, 2021)

【For Comments or Inquiries on this Press Release】

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