

**Item 1 – Cover Page**

**Form ADV Part 2 Brochure**

**June 27, 2013**

**Delancey Real Estate Asset Management Limited**

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*This brochure, dated June 27, 2013 (“**Brochure**”), provides information about the qualifications, investment strategies, and business practices of Delancey Real Estate Asset Management Limited and its advisory affiliates described herein (“**DREAM**”), an Investment Adviser registered with the U.S. Securities and Exchange Commission (the “**SEC**”).*

*Please note that SEC registration status does not indicate a particular level of skill or training of DREAM or its employees and that neither the SEC nor any state securities authority has approved this Brochure. The information in this brochure has not been approved or verified by the SEC or by any U.S. state securities authority.*

*If you have any questions about the contents of this Brochure, please contact us at +44 207 448 1448 or by e-mail: [rohit.patel@delancey.com](mailto:rohit.patel@delancey.com). Additional information about DREAM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Item 2 – Material Changes**

This Brochure has been amended since the previous Brochure dated June 30, 2012 in order to (i) update in Item 4 DREAM's regulatory assets under management; (ii) clarify in Item 4 the ownership structure of DREAM; and (iii) describe in Item 5 the fees from clients that are not Funds or JV Clients (both as defined herein) and how such clients are refunded to the extent there is a termination in their Management Agreements with DREAM and the fees have been paid in advance.

We will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. We may also provide other ongoing disclosure information about material changes as necessary and provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

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Item 4 – Advisory Business

Background and Ownership Structure

Delancey Real Estate Asset Management Limited (“**DREAM**”) was formed in 1995 and has its principal place of business in London, England. DREAM is owned by Delancey Real Estate Partners Limited (“**DREP**”), a British Virgin Islands (“**BVI**”) Private Company, and DV4 Group Membership Limited, a BVI Private Company, which is wholly-owned by DV4 Limited. DREP is primarily owned by two of the Principals of DREAM, Jamie Ritblat and Paul Goswell, and DV Holdings Trust (“**DV Trust**”) whose corporate trustee is Harneys Trustees Limited (the “**Trustee**”).

DREAM serves as the sub-investment adviser to DV3 Limited<sup>1</sup> and the investment adviser to DV4 Limited<sup>2</sup> and to several joint venture vehicles (the “**JV Clients**”). DV3 Limited and DV4 Limited (collectively, the “**Funds**”) are closed private real estate funds<sup>3</sup> comprised of institutional and high net worth individual investors. DREAM does not perform direct property management services for either of the Funds.

Advisory Services

*All descriptions of the Funds in this brochure, including, but not limited to, their investments, the strategies used in advising the Funds, the fees and other costs associated with an investment in the Funds, and conflicts of interest faced by DREAM and its affiliates in connection with advisement of the Funds are qualified in their entirety by reference to the Funds’ respective confidential information memoranda, advisory agreements and governing documents (collectively, the “**Fund Documents**”).*

DV3 Limited is in solvent voluntary liquidation and is managed by the officially appointed liquidator pursuant to BVI law. On this basis, it is not investing in any new assets or accepting any new investors. DREP is DV3 Limited’s primary adviser but does not provide any investment advice with respect to the investments or divestments of DV3 Limited. DREP has retained DREAM to act as a sub-investment adviser to DV3 Limited. Additionally, as part of the liquidation process, DV3 Limited’s Board of Directors no longer has any executive powers as these have been transferred to an independent third-party liquidating agent pursuant to BVI law with full discretionary authority over DV3 Limited’s winding down process.

DREAM is DV4 Limited’s primary investment adviser. DV4 Limited is an evergreen fund and has a designated Board of Directors which consists of DV4 Directors 1 Limited and DV4 Directors 2 Limited (the “**Fund Board**”). The Fund Board is an Advisory Affiliate (as defined in the Glossary for the Form ADV) of DREAM and is considered a relying adviser for purposes of this Brochure. DREAM provides continuous advice to the Funds regarding the investment of the assets of their investors and/or the divestment of assets based on each of the Funds’ stated investment objectives and strategies.

<sup>1</sup> DV3 Limited is reported to the SEC with the private fund identification number 805-6029135233.  
<sup>2</sup> DV4 Limited is reported to the SEC with the private fund identification number 805-4503200088.  
<sup>3</sup> DREAM advises real estate funds. The sole reason that the "hedge funds" category on the Form ADV Part 1 is applicable to DREAM is the result of the Form PF requirements such that the funds' potential to borrow to an extent deems the funds to be hedge funds. They are in all other respects real estate funds.

DREAM has non-discretionary authority with respect to the investment decisions of the Funds and its investment and divestment recommendations and advice are subject to the Fund's investment objectives and guidelines, as set forth in the Fund Documents. Therefore, it recommends investments to the Funds based on, and restricted to, these guidelines. DV4 Limited has the right to enter and has entered into agreements, such as side letters, with certain investors of the Fund which may impose further restrictions for legal, tax, regulatory or other reasons with respect to participation by such underlying investors in certain investments made by the Fund such as investor excusals, as described in the Investment Memorandum. See Item 16 for additional information.

DREAM's affiliates may serve on the Board of Directors of the JV Clients and DREAM provides investment advice to these entities on a discretionary basis. Each JV Client's stated objectives, (*i.e.*, maximum capital appreciation, growth, income and/or tax considerations) guide DREAM's and DREAM's affiliates' services to JV Clients. To the extent DREAM's affiliates do not serve on the Board of Directors of the JV Clients, DREAM provides investment advice on a non-discretionary basis. DREAM also has non-investment advisory asset management service agreements (the "**Management Agreements**") with certain JV Partners pursuant to which DREAM provides these services to the JV Clients as to the management of its investments, but DREAM does not advise these JV Clients on investment-making decisions.

DREAM does not participate in wrap fee programs.

### **Regulatory Assets Under Management**

As of March 31, 2013, DREAM actively advised the investment of \$1,829,731,760 of assets on a discretionary basis and \$3,817,481,863 of assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Advisory Services Compensation**

For its services to DV3 Limited, DREAM receives the following fees quarterly in arrears:

- A fixed advisory fee of \$1,138,875 per annum plus any value added tax applicable;

For its services to DV4 Limited, DREAM receives the following fees quarterly in advance:

- An advisory fee of 0.85% of the gross value of unrealized investments together with any value added tax applicable, or
- A minimum advisory fee of 1.5% of total subscriptions plus value added tax if applicable.

In addition, DREAM or its affiliates may receive a Carried Interest from the Funds, and such arrangements are further described in Item 6. Each Fund's Investment Memorandum identifies all applicable fees and the fees described above have been agreed between DREAM and the respective Funds. DREAM will invoice these fees directly to each Fund and these would be reviewed and formally approved by the Boards of Directors before fees are paid.

DREAM also provides non-investment advisory asset management services for the JV Clients through Management Agreements. For its services to these JV Clients, DREAM receives management fees

based upon an amount as agreed between the partner associated with the JV Client and DV4 Limited. DREAM also reimburses the relevant fund for its proportion of the fee as received by DREAM from the JV Client to avoid any double charging to the Fund.

For clients that are not Funds or JV Clients, fees are negotiated based on the amount of such clients' assets managed by DREAM and the services provided. Fees for such clients may be paid in advance or in arrears depending on the negotiated terms between DREAM and such clients.

### **Limited Negotiability of Advisory Fees**

The fees paid to DREAM by the Funds may only be amended by agreement between the parties. DREAM considers each JV Client's circumstances and needs in determining the fees applicable to each JV Partner.

### **Termination and Fees**

The events under which the Advisory Agreements with the Funds can be terminated are defined within the respective Fund Documents. Due to the nature of the real estate investments and the terms of the closed-end fund, an early termination would not result in a return of any fees to the Fund investors. The Management Agreements between the JV Clients and DREAM can be terminated as set forth in such agreements, but would not result in the return of any fees paid to DREAM due to the nature of the agreements. For clients that are not Funds or JV Clients and whose fees are paid in advance, upon the termination of their agreement with DREAM, any management fees prepaid with respect to a period following the termination of DREAM's services will be refunded to the client. Any refund will reflect the pro-rated portion of the fee previously charged by DREAM, based upon the number of days remaining in the period after the termination occurs.

### **Brokerage Fees or Costs**

DREAM's clients outsource all of their securities brokerage needs. Item 12 of this Brochure provides a detailed discussion of the clients' brokerage practices and related costs and fees.

### **Indemnification**

Under certain circumstances specified in the Fund Documents, the Funds are generally obligated under the Fund Documents to indemnify DREAM, and its affiliates, officers, directors, shareholders, agents or employees, against claims, liabilities and expenses incurred by reason of performance of duties under the Fund Documents, including any liability to pay "value-added taxes."

### **Other Fees and Expenses**

#### *Fund Expenses*

Apart from the Advisory Agreement fee payable to DREAM by the Funds, DREAM also provides accounting services for which it is reimbursed by the Funds together with fund-specific travel and subsistence related costs.

## Item 6 – Performance-Based Fees and Side-By-Side Management

The Fund Documents provide that DREAM and/or its affiliates may earn a performance-based fee. DREAM does not manage any account for which it or its affiliate does not charge a performance-based fee.

## Item 7 – Types of Clients

As noted in Item 4 above, DREAM provides non-discretionary investment advisory and asset management services to the Funds that are incorporated as BVI ‘Private Limited Companies’ that operate as closed-end funds. Interests in the Funds and the Funds themselves are not registered under the U.S. Securities Act of 1933, as amended (“**Securities Act**”) or the U.S. Investment Company Act of 1940, as amended (“**Investment Company Act**”), respectively. Accordingly, interests in the Funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions, and the Fund is excluded from the definition of an “investment company” under Section 3(1)(1) and/or 3(c)(7) of the Investment Company Act.

Investors in the Funds were required to complete and submit a Subscription Agreement binding them to the terms of the Fund Documents. The minimum original investment for DV3 Limited was £5 million. However, the minimum investment amount for investors in DV3 Limited could be modified at the discretion of the Fund. There was no minimum investment for participation in DV4 Limited.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

### Investment Strategies, Instruments and Certain Related Risks

#### *Methods of Analysis*

DREAM’s employees comprise individuals who have experience in a range of disciplines, including investment, development, asset management, financing and taxation. These individuals collectively utilise their expertise and experience to support DREAM in implementing the clients’ investment strategies (see below), providing a number of defined services as follows:

- identifying and selecting potential acquisition targets;
- performing rigorous pre-acquisition due diligence;
- advising on tax efficient investment structures;
- advising on the optimal capital structure for each investment;
- advising on appropriate financing and hedging strategies;
- identifying up-front investment and exit strategies;
- pro-actively managing investments to optimise the clients’ financial returns; and
- advising on and managing the disposal of each investment.

This approach helps DREAM to ensure optimal investment selection and performance, high transaction closing ratios and maximum liquidity of assets, on behalf of its clients.

### *Investment Strategy*

DREAM makes recommendations, consistent with the Funds' respective investment strategies, as described in its Information Memorandum document. In general, DREAM will seek to:

- make recommendations on wide ranging investments in direct real estate;
- advise the Funds to acquire real estate companies and other businesses with significant underlying real estate exposure;
- advise the Funds to inject both capital and business expertise to establish new business platforms; and
- recommend that the Funds tailor investments by establishing and investing in sub-funds, as normally advised by DREAM in the British Isles and Mainland Europe.

To effect this strategy, DREAM will actively seek out potential investments from a wide variety of sources, including some from outside the traditional real estate investment market.

Investment recommendations will generally be made by DREAM only if they meet the Funds' respective investment criteria, in terms of:

- underlying quality of assets;
- liquidity;
- provision of stable cash flows; and
- capital growth potential.

DREAM will seek to identify investments where returns can be enhanced through pro-active asset management, rent or yield improvement, efficient financing or credit arbitrage and through the creation of investment in operating platforms and sub-funds. It will also target underperforming businesses and synergistic or complementary real estate acquisitions where its extensive contacts and expertise can be utilized to unlock potential and add value.

### *Investment Methodology*

Once a specific investment opportunity has been identified, a defined investment acquisition process is rigorously followed. In summary, any potential conflicts of interest are considered, and if deemed necessary, addressed by convening a meeting of the Funds' related Shareholder Committee, whose role is to review any such conflicts, and in particular, transfers between DREAM's clients (the Funds).

Further investment analysis/appraisal and extensive due diligence will then be conducted, such that, if still deemed appropriate, DREAM is in a position to clearly present the transaction to the DREAM Investment Committee. This information will be presented in the form of the Investment Committee Memorandum, which will include an Executive Summary, Valuation Report, Heads of Terms for debt financing, etc.

The DREAM Investment Committee will meet to consider and appraise the viability of the acquisition proposal. Its role is to approve or reject the proposed opportunity made by DREAM for recommendation to the Fund. If the investment acquisition is approved by the DREAM Investment



Committee, it will advise DREAM who will then prepare Investment Committee Minutes together with a formal recommendation, which is submitted to the Fund Board.

The Fund Board will convene a Board Meeting to consider the information provided to them (including the Investment Committee Memorandum, meeting minutes and formal recommendation from DREAM), assess whether the transaction it is the best interests of the Fund, and will ultimately be responsible for accepting or declining the recommendation from DREAM. In cases where the DREAM Investment Committee does not approve a transaction, DREAM will not make any recommendation to the Fund Board.

### *Risk of Loss*

On the basis that DREAM advises clients that invest directly or indirectly in real estate interests, its clients' investments are subject to incidental risks of ownership and development of real estate risks associated with the Funds' respective investment strategies, including:

- risks associated with changes in the general economic climate;
- changes in the overall real estate market;
- local real estate conditions;
- the financial condition of tenants, buyers, and sellers of properties;
- supply of or demand for competing properties in an area;
- accelerated construction activity;
- technological innovations that dramatically alter space requirements;
- the availability of financing;
- changes in interest rates;
- competition based on rental rates;
- energy and supply shortages;
- operating cost increases;
- various uninsured and uninsurable risks; and
- government regulations.

The more significant risks associated with investing in real estate and real estate interests are:

Valuation. The Funds invest in properties in the United Kingdom, the Republic of Ireland and Mainland Europe. The value of any property or any investment can go down as well as up. The valuation of property is always, to an extent, based on the subjective approach of the appraisers involved;

Economic Volatility. The financial performance of the Funds may be adversely affected by the impact of general economic conditions, by conditions within the property market or by the particular financial condition of the parties doing business with the Funds. The returns achieved on an investment in the Funds, which have investments based in the British Isles and Mainland Europe, are likely to be materially affected by the political and economic climate of the respective countries. In particular, changes in the rate of inflation may materially affect the Funds' financial performances or

the value of an investment. Changes in landlord/tenant and planning law could also materially affect financial returns.

Deterioration of Credit Markets. The deterioration of the global credit markets has made it more difficult for financial sponsors to obtain favorable financing for their investments. The extent to which the Funds are able to obtain favorable financing terms for real estate investments by the Funds may affect the Funds' ability to generate attractive investment returns for clients. While the Funds do not intend to borrow, other than through a short term overdraft or revolver facilities, it is intended that investment holding companies established by the Funds for the purpose of making investments will finance part of their acquisitions by borrowing which may be secured against the investment holding company or against the underlying investments themselves or both. Borrowing exposes assets of the Funds to movements in loan interest rates and the possibility that, if the value of the investments falls, the principal repayment obligations may exceed the value of the security being granted.

Uncertainty of Projections for Investment Performance. The Funds' determinations to make a particular investment is based on a variety of projections, including projections regarding future growth rates and tenant demand in the applicable market, construction costs, rental and lease-up rates, and disposition timing and proceeds, all of which are inherently uncertain. The extent to which the actual outcome of any of these and other relevant events differs from the Funds' projections could materially affect actual returns to clients and could materially lower their returns. As the Funds generally expect to acquire investments with a view to holding them on a medium-to-long term basis, they are expected to take several years to mature. As a result, while long-term performance of the Funds may be satisfactory, it is not expected that any significant amount of income or proceeds will be distributed in the early years of the Funds.

Lack of Liquidity. Investments in real estate or interests in real estate are highly illiquid and subject to industry cycles, downturns in demand, market disruptions, and the lack of available capital from potential lenders or investors (whether to finance or refinance client investments or for potential purchasers of such investments). Shares in the Funds are not freely transferable and no market for such shares currently exists, nor is one expected to develop. Upon the termination of the Funds, certain investments in unquoted companies may be distributed in specie so that investors in the Funds may then become minority shareholders in a number of unquoted companies. Furthermore, it may prove necessary for the Funds to dispose of properties at values which the Funds consider to be reasonable in the circumstances, but which represent discounts to book value, in order to manage an orderly winding up.

Environmental Matters. The real properties underlying the investments are subject to certain environmental laws, regulations, and administrative rulings, which establish standards for the treatment, storage, and disposal of solid and hazardous waste. Real property owners are subject to certain environmental laws which impose joint and several liabilities on past and present owners and users of real property for hazardous substance remediation and removal costs. Therefore, investments in real estate properties involve a substantial risk of loss from environmental claims arising in respect to any real property underlying the investments, such as undisclosed or unknown environmental problems or inadequate reserves for such claims.

Competitive Business; Delays; Fluctuating Demand. Real estate development is a highly competitive business which involves significant risks. These risks include those normally associated with changes in general or local market conditions (which can result from political, regulatory, economic, or other factors), competition for purchasers and tenants, and the cyclical nature of real estate and capital markets.

Other factors may also adversely affect the value of a client's investments, including:

- the quality of a building's tenants;
- an economic decline in the business operated by the tenants;
- the physical attributes of the building in relation to competing buildings, such as age, condition, design, appearance, location, access to transportation, and ability to offer certain amenities (e.g., sophisticated building systems and/or business wiring requirements);
- the physical attributes of the building with respect to the technological needs of the tenants, including the adaptability of the building to changes in the technological needs of the tenants;
- the diversity of the building's tenants or the reliance on a single or dominant tenant;
- the desirability of the area as a business location;
- the strength and nature of the local economy, including labor costs and quality, tax environment, and quality of life for employees; and
- an adverse change in population or employment growth.

### **Regulatory Considerations**

The real estate development projects in which the Funds may invest may require the approval of or compliance with regulations of U.S., non-U.S. and other local governmental and regulatory authorities and, in some cases, consents of third parties. There can be no assurance that any required approvals and consents will be obtained on a timely basis, if at all. Further, regulatory enactments, including various permit or licensing requirements or changes in their interpretation by the applicable authorities, may limit the ability of a fund to manage or dispose of projects in a manner that would be most advantageous to the fund.

### **Item 9 – Disciplinary Information**

Form ADV Part 2 requires investment advisers such as DREAM to disclose legal or disciplinary events involving the firm or its partners, officers, or principals that are material to the evaluation of its advisory business or the integrity of its management. DREAM has no information to report that is applicable to this item.

### **Item 10 – Other Financial Industry Activities and Affiliations**

DREP is the parent company of DREAM. DREP has an Advisory Agreement with DV3 Limited, and has a Sub-Advisory Agreement with DREAM for the provision of investment advisory services to DV3 Limited. As a result of, and aside from, the Advisory Agreement, DREP does not provide any advisory services in relation to DV3 Limited. DREAM has entered into a direct Advisory Agreement with DV4 Limited.

As described in Item 4, DV4 Limited has investments which are set up as joint ventures, with partners who either possess specialist expertise in particular disciplines or simply provide additional investment capital opportunities. Any investment commitment by DV4 Limited with JV Partners may be substantial. Such investments may involve risks not present in investments where third parties are not involved, including the possibility that a JV Partner may experience financial, legal or regulatory difficulties, may at any time have economic or business interests or goals which

are inconsistent with those of the Fund that is co-investing, may take a different view from DREAM as to the appropriate strategy for an investment, or may be in a position to take action contrary to the Fund's investment objectives. In all cases, DREAM will ensure that any JV Partner it recommends to the Funds are synergistic with its own capabilities and with the interests of DV4 Limited.

DREAM enters into Management Agreements for the management of certain JV Partners' investments in their respective JV Clients with DV4 Limited. The services provided by DREAM under these Management Agreements are non-investment advisory asset management services. Additionally, in some cases, senior DREAM employees may serve on the Boards of such JV Clients entities in which the Funds invest, providing an oversight role on behalf of the Fund. Any recommendations made to a JV Client Board by such a DREAM employee is guided by the investment strategy of the Fund and approved by the Fund Board (either via an Approved Business Plan or specifically to address a certain decision) to avoid any conflict of interest that DREAM or its affiliates may have in advising the JV Client, on behalf of the Fund.

DREAM is indirectly owned, in part, by individuals who are also investors in the Funds. Therefore, fees paid to DREAM are shared in part with these individuals.

DREAM is indirectly controlled by Harneys Trustees Limited which is affiliated with a law firm that DREAM and its affiliates may use to provide legal services to the Funds and JV Clients. DREAM mitigates any potential conflict of interest that may be caused by this affiliation by enforcing policies that govern the supervision of service providers and by providing disclosure to its clients and investors.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### *Code of Ethics*

DREAM has adopted a Code of Ethics, which holds its employees to a high standard of integrity and business practice, in compliance with applicable U.S. and U.K. laws and regulations. In serving its clients, DREAM strives to avoid conflicts of interest or the appearance of conflicts in connection with the securities transactions of DREAM and its employees. DREAM and its personnel owe their clients a duty of honesty, good faith and fair dealing and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide it.

The Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports and initial and annual securities holdings reports submitted by all of DREAM's access persons. The Code of Ethics requires the prior approval or prohibition of certain securities transactions. It also contains oversight, enforcement, and recordkeeping provisions. DREAM designed the Code of Ethics to ensure that the personal securities transactions, activities, and interests of its employees will not interfere with (i) making decisions in the best interest of its clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

It is possible that related person(s) may have an interest or position in certain securities that DREAM recommends to a client. DREAM's express policy is that no employee may purchase or sell any security prior to implementing a transaction for an advisory account, which prevents benefits to employee(s) from transactions placed on behalf of advisory accounts. The Code of Ethics further includes DREAM's policy prohibiting the use of material non-public information. It informs all

employees that such information cannot be used in any capacity. A copy of DREAM's Code of Ethics is available to its clients via e-mail at rohit.patel@delancey.com or via telephone at +44 207 448 1448.

#### *Participation or Interest in Client Transactions and Personal Trading*

DREAM's principals are precluded under the Funds' Memorandum & Articles of Association from serving as principals to any other investment advisers aside from DREAM, and DREAM is precluded under DV4 Limited's Fund Documents from serving as an investment adviser to any other funds, aside from the current Funds and the current and/or future JV Clients or Partners. These prohibitions help mitigate the risk of creating a conflict of interest in which the time and effort of DREAM's personnel and employees will not be devoted exclusively to the business of its clients.

The Funds' respective Shareholder Committees may review any possible conflicts of interest, in particular transfers between Funds, which are both advised by DREAM. For example, if DREAM were to recommend to the Shareholder Committee and DV4 Limited that an investment held by DV3 Limited (also advised by DREAM) would be a suitable investment for DV4 Limited, the following process will be followed:

DREAM will, on behalf of both Funds, instruct a reputable and suitably qualified Valuations Agent to determine the open market value of the investment on a basis approved by the Shareholder Committee of each Fund. Adjustments will be made on an equitable basis for any cost mitigation actions taken. DV3 Limited and DV4 Limited Shareholder Committee's will convene meetings respectively to discuss and agree on the proposed course of action. This same process will be applied in the cases of divestment (sale of investments) between Fund's advised by DREAM.

DREAM does not generally engage in principal or cross transactions. However, in accordance with the anti-fraud provisions of the Advisers Act and with DREAM's internal compliance policies and procedures, if DREAM were to engage in principal or cross transactions, DREAM will not without obtaining the consent of such the Board of the Fund(s) prior to the settlement of such transaction: (i) as principal, sell a security to, or buy a security from, any Fund; or (ii) to the extent there is more than one Fund, cause the Funds to participate in cross transactions in which DREAM arranges for a Fund to buy an asset from, or sell an asset to, another Fund. In particular, the Funds will not engage in such transactions without providing appropriate disclosure and obtaining the prior informed consent from the Board of the Funds.

## **Item 12 – Brokerage Practices**

### **Selection of Brokers**

DREAM does not adhere to any rigid formulas in making the selection of broker recommendations but weighs a combination of the criteria discussed in this Item 12. DREAM has not fixed internal brokerage allocation procedures designating specific percentages of brokerage commissions to particular firms.

#### *Securities Broker-Dealers*

DREAM does not engage in investment advisory activities that require securities broker-dealers ("**broker-dealers**") in connection with its business. However, from time to time, in relation to the purchase of swaps, options and certain other securities in safeguarding the clients' investments, DREAM may recommend the services of a broker-dealer to the Fund completing such a transaction.

DREAM and its affiliates generally do not recommend the services of related persons or their affiliates to the Funds. In connection with its determination of whether best execution has been obtained, in addition to net price, DREAM will consider the full range of services available from and the characteristics of each broker-dealer. Such services and characteristics may include, but are not limited to the following:

- execution capabilities,
- responsiveness,
- experience,
- reputation and integrity,
- overall reliability,
- willingness and ability to commit capital,
- access to underwritten offerings and secondary market trades,
- research, including the ability to provide useful ideas and market color, either provided by the broker-dealer, or paid for by the broker-dealer (either by direct or reimbursement payments, in whatever form, or by commissions, mark-ups or credits or by any other means (“**compensation**”)) to be provided by others,
- ability to provide access to issuers,
- ability to facilitate analyst visits, and
- brokerage and research products and services.

DREAM is not required to (i) obtain the lowest brokerage compensation rates or (ii) combine or arrange orders to obtain the lowest brokerage compensation rates. DREAM is also not required to solicit competitive bids. DREAM does not negotiate “execution only” compensation rates; thus, the Funds may be deemed to be paying for products and services provided by the broker-dealer which are included in the transaction charges. In addition, some products and services may not be used by the Funds even though their compensation dollars (or other transaction charges) provided for the products and services. If required, DREAM determines in good faith that the amount of compensation charged by a broker-dealer is reasonable in relation to the value of the brokerage and research products or services provided by such broker-dealer. Affiliation with DREAM or its related persons is not a factor allowed to be considered in such recommendations.

#### *Real Estate Brokers*

DREAM will select and recommend real estate brokers for Fund-related transactions. In the case where more than one broker introduces a possible opportunity, DREAM will seek to recommend a broker on the basis of (i) the ability of such brokers to obtain best execution of the transaction and/or less commonly (ii) the reasonableness of commissions as compared to other brokers offering similar services. In all cases, the appointment would be directly established between the Funds and the broker. Affiliation with DREAM or its related persons is not a factor allowed to be considered in such recommendations.

#### **Research and Other Soft Dollar Benefits**

A “soft dollar” arrangement is an arrangement whereby an investment adviser recommends Fund brokerage, or recommends the payments of higher commissions, to a particular broker-dealer in

return for research or other services from or paid for by such broker-dealer. DREAM currently does not enter into soft dollar or comparable commission sharing arrangements with broker-dealers if such broker-dealers were to assist in transactions entered into for the benefit of the Funds, despite the incentive to receive research or other products or services without paying.

Some real estate brokers and broker-dealers may provide DREAM or its affiliates with proprietary or third-party research and/or other products or services, which DREAM may use to service some or all of the Funds. DREAM may also receive:

- Breakfast seminars or other free events on property-related matters covering direct property, insurance, accounting and tax, etc.;
- Meals and access to events sponsored or hosted by service providers for the purpose of maintaining ongoing relationships; and/or
- Corporate hospitality at sporting, music or gala events for the purpose of maintaining ongoing relationships.

All of the above are recorded as part of the DREAM's Anti-Bribery Procedures, which are designed to mitigate against undue influence or preferential treatment in the selection of service providers, brokers, agents etc. on behalf of a Fund.

DREAM is of the view that it would receive such research, products and or services regardless of the volume of transactions executed through such real estate brokers or broker-dealers or the level of compensation generated by such transactions and that, accordingly, it is not causing any Fund to "pay up" for such research, services or products and such research, products and services are not a factor considered by DREAM in recommending brokers for directing client transactions to such broker-dealers. DREAM does not recommend that its Funds pay commissions higher than those charged by other real estate brokers or broker-dealers in return for soft-dollar benefits or direct Fund-related transactions to a particular broker-dealer in return for soft dollar benefits.

### **Brokerage for Client Referrals**

DREAM does not consider whether it has received an investor referral from broker-dealers in selecting or recommending brokers to the Funds.

### **Directed Brokerage**

DREAM does not enter into directed brokerage arrangements.

### **Allocations of Investment Opportunities, Transaction Aggregation and Allocation**

DREAM does not have more than one 'active' client with an open investment period, where the respective clients have the same, or similar investment objectives and strategies.

The Shareholder Committees for each Fund have been established to review any conflicts of interest, particularly in relation to proposed transfers between the Funds and other entities advised by DREAM.

## **Co-Investments**

Certain investors, by virtue of their class of shares held in a Fund, may co-invest in an investment, alongside the Fund to the extent that the Fund Board has determined that such co-investment opportunities are available to those investors as defined in the Fund Documents.

### **Item 13 – Review of Accounts**

#### **Frequency and Nature of Review of Client Fund’s Account**

DREAM prepares quarterly fund management accounts together with an Investment Advisor’s Report and provides these to all Fund investors simultaneously. Together, these reports include commentary on investments, a market summary, a banking summary, financial statistics and cash/drawdown positions. The management accounts are prepared quarterly by the DREAM finance team and are reviewed by the Group Reporting and Financial Controller, Finance Director, Chief Operating Officer, Deputy Chairman, Managing Director and Chief Executive Officer.

On an annual basis, DREAM assists in the preparation and delivery of the annual report and accounts for DV4 Limited, which includes a review of all investments and an update to DV4 Limited on current markets and trends. This report is audited by an independent audit firm Ernst & Young LLP and is prepared in accordance with the International Financial Reporting Standards (“IFRS”). DREAM will also deliver ad hoc reports to all investors in DV4 Limited both via email and directly onto the investor websites as necessary to highlight transactions or significant events in the quarter under review.

### **Item 14 – Client Referrals and Other Compensation**

Neither DREAM nor its related persons directly or indirectly compensate any person who is not a supervised person for investor or client referrals. DREAM does not provide compensation to non-supervised persons for the purpose of obtaining clients. DV3 Limited is in solvent voluntary liquidation and therefore not accepting any new investors. DV4 Limited is a private ‘closed’ fund and is not also accepting new investors.

To the extent that existing investors in DV4 Limited can transfer their interests to a new investor, they may engage a consultant or financial broker to assist them independently of DREAM and/or the Fund. The directors of DV4 Limited may engage a consultant or financial broker for the purpose of coordinating disposals and transfers between existing and new investors. DREAM is precluded from providing any advice to selling investors regarding the sale of their interests in DV4 Limited.

Additionally, DREAM does not pay any commission or referral/introduction fee for the identification of new JV Partners. It is DREAM’s policy not to accept or allow its related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services it provides to its clients.

### **Item 15 – Custody**

To the extent required by law, the Funds’ securities and funds are held by qualified custodians. Since DREAM is an adviser organized, and its principal office and place of business is, outside of the United States, and DV3 Limited and DV4 Limited are funds organized and incorporated outside of the



United States, an audit is not required for DV3 Limited and DV4 Limited, for purposes of the Advisers Act Custody Rule 206(4)-2, in accordance with the American Bar Association Subcommittee on Private Investment Entities, SEC Staff Letter, August 10, 2006. Notwithstanding the foregoing, as described in Item 13, an annual audit is performed with respect to DV4 Limited by an independent public accounting firm and the audited financial statements are distributed to each investor in DV4 Limited. Investors in DV4 Limited are urged to carefully review such audited financial statements.

Under the terms of the Management Agreements with the JV Partners, DREAM may be deemed to have custody of the funds of the JV Clients through bank accounts established for the benefit of the JV Clients over which DREAM together with the JV Partner may have signatory authority in property-level bank accounts.

Additionally, the Funds' directors have access to all of their own accounts via the RBS/EQ Banking systems. DREAM's affiliates may be deemed to have custody of Fund funds by virtue of being signatories to certain of the Funds' bank accounts.

With the exception of DV3 Limited which is in solvent voluntary liquidation and the investors in DV3 Limited, each Fund and JV Client is audited annually by Ernst & Young (independent public accountants), and each investor in such Funds or JV Clients receives audited financial statements prepared in accordance with IFRS.

#### **Item 16 – Investment Discretion**

DREAM does not have the power to direct and has no discretionary authority over the assets of the Funds. All investment recommendations made by DREAM to a Fund must first be approved by DREAM's Investment Committee, and assuming that this proposal is approved, the recommendation may then be accepted or rejected at the discretion of the Fund's Board.

Furthermore, any post-acquisition actions (not defined within the scope of an approved Business Plan) would require a formal recommendation to the Fund Board and subsequent approval before it can be implemented. This process is adopted in a similar manner when JV Clients are involved, although in this case, senior DREAM employees would be representing the interests of the JV Client at a JV Board level and would seek to ensure that any such action as proposed by the JV Board is appropriately communicated to the Fund Board and approval sought before proceeding.

DV4 Limited has the right to enter and has entered into agreements, such as side letters, with certain investors in the Funds. These agreements may have the effect of establishing rights under, altering or supplementing the terms of the Fund Documents in a manner more favorable to such investors but granted based upon criteria that are equitable on an overall basis. Certain side letter terms may be granted to incentivise or permit investors to invest with the Fund or invest certain amounts.

#### **Item 17 – Voting Client Securities**

DREAM neither has authority to vote nor does it ever intend to vote on any security it holds on behalf of a client. In the event that DREAM is ever required to vote a client security by proxy, it has adopted a Proxy Voting Policy that ensures that proxies would be voted in the best interests of the clients and addresses any conflicts of interest that might arise as a result of a proxy voting obligation.

Clients may obtain a complete copy of DREAM's Proxy Voting Policy and Procedures or, to the extent a proxy was voted by DREAM for the client, information on how DREAM voted proxies for the client

free of charge by submitting a written request to DREAM at +44 207 448 1448 or by e-mail at rohit.patel@delancey.com.

#### **Item 18 – Financial Information**

DREAM is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

#### **Item 19 – Requirements for State-Registered Advisers**

Form ADV Part 2 requires responses to Item 19 if an investment adviser is registered with one or more state securities authorities. This item is not applicable to DREAM.