

**Item 1 – Cover Page**

**Form ADV Part 2 Brochure**

**June 26, 2015**

**Delancey Real Estate Asset Management Limited**

Lansdowne House  
57 Berkeley Square  
London, England  
W1J 6ER

Telephone: +44 207.448.1448  
Web Address: [www.delancey.com](http://www.delancey.com)

*This brochure, dated June 26, 2015 ("**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 26, 2014, in order to: (i) update in Item 4 the amount of regulatory assets under management; (ii) reflect changes to the advisory services provided by DREAM in Item 4, which includes notification that the liquidation of DV3 Limited has been finalized; (iii) update Item 8 on the investment methodology, with respect to conflicts of interest; (iv) make clear in Item 10 the involvement of DREAM's affiliates and JV Partners with respect to board representation of JV Clients; (v) update Item 10 to reflect DREAM's affiliate, Delancey Asset Management Limited; (vi) update Item 11 in respect of DREAM's ability to serve as an investment adviser to other funds and clients and clarify the conflicts of interest process with respect to the participation or interest in client transactions; and (vii) provide further update and clarity in Item 12 how investment opportunities are allocated, how conflicts of interest related thereto are resolved.

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**”) through its predecessors was founded 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 the “Fund” (as defined below). DREP is primarily owned by two of the Principals of DREAM, Jamie Ritblat and Paul Goswell.

DREAM acts as investment adviser to DV4 Limited<sup>1</sup> (the “**Fund**”). The Fund is a private real estate fund<sup>2</sup> comprised of institutional and high net worth individual investors. DREAM does not perform direct asset management services for the Fund. The Fund has investments which are set up as joint ventures, with JV partners who either possess specialist expertise in particular disciplines or simply provide additional investment capital opportunities. DREAM provides asset management services and non-discretionary advice to certain of those joint ventures (the “**JV Clients**”, and, together with the Fund, the “**Delancey Clients**”).

DREAM also provides personnel and other resources to its wholly-owned subsidiary, Delancey Asset Management Limited (“**DAM**”), to enable DAM to provide investment advisory and asset management services to its clients.

### Advisory Services

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

DREAM acts as investment adviser to the Fund, a private ‘evergreen’ fund, that 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 non-discretionary advice to the Fund regarding the investment of the property assets and/or the divestment of assets based on each of the stated investment objectives and strategies.

As described above, DREAM also provides asset management services and non-discretionary advice to the JV Clients.

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<sup>1</sup> The Fund is reported to the SEC with the private fund identification number 805-4503200088.

<sup>2</sup> DREAM advises a real estate fund. The sole reason that the “hedge fund” category on the Form ADV Part 1 is applicable to DREAM is the result of the Form PF requirements such that the fund’s potential to borrow to an extent deems the fund to be a hedge fund. It is in all other respects a real estate fund.

The liquidation of DV3 Limited, a fund previously advised by DREAM, was finalized before March 31, 2015.

DREAM has non-discretionary authority with respect to the investment decisions of the Delancey Clients, and any investment and divestment recommendations and advice are subject to a Delancey Client's investment objectives and guidelines (*i.e.*, maximum capital appreciation, growth, income and/or tax considerations), as set forth in the relevant Client Documents. Therefore, it recommends investments to the Delancey Clients based on, and is restricted by, these guidelines (although DREAM executes asset management strategies within a client-approved Business Plan, as described further in Item 16).

The Fund 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 rights to appoint representatives to the Fund's Shareholder Committee. See Item 16 for additional information.

DREAM does not participate in wrap fee programs.

### **Regulatory Assets Under Management**

As of March 31, 2015, DREAM actively advised the investment of \$5,937,789,560 of assets on a non-discretionary basis (and therefore its Regulated Assets Under Management (RAUM) as at March 31, 2015 was \$5,937,789,560).

## **Item 5 – Fees and Compensation**

### **Advisory Services Compensation**

For its services to the Fund, 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 Carried Interest from the Fund, and such arrangements are further described in Item 6. The Fund's Investment Memorandum (the "**Investment Memorandum**") identifies all applicable fees. DREAM invoices these fees directly to the Fund, and these fees are reviewed and formally approved by the Fund Board on a quarterly basis before being paid.

For its services to the JV Clients, DREAM receives management fees based upon an amount as agreed between the partner associated with the JV Client and the Fund, and such fees are paid in advance as set forth in the relevant advisory agreement (each advisory agreement between

DREAM and a Delancey Client, an “**Advisory Agreement**”). DREAM reimburses the Fund for its proportion of the fee as received by DREAM from each JV Client (to avoid any double charging to the Fund).

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

The fees paid to DREAM by the Delancey Clients 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 Client.

### **Termination and Fees**

The events under which the Advisory Agreement with the Fund can be terminated are defined within the relevant Client Documents. Due to the nature of the real estate investments and the terms of the Client Documents, an early termination would not result in a return of any fees to the Fund investors. The Advisory 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.

### **Brokerage Fees or Costs**

Item 12 of this Brochure provides a detailed discussion of DREAM’s brokerage practices and related costs and fees.

### **Indemnification**

Under certain circumstances specified in the Client Documents, each Delancey Client is generally obligated under the Client Documents to indemnify DREAM, and, if specified in the relevant Client Documents, its affiliates, officers, directors, shareholders, agents or employees, against claims, liabilities and expenses incurred by reason of performance of duties under the relevant Client Documents.

### **Other Fees and Expenses**

#### *Fund Expenses*

Costs which are charged or recharged to the Fund include all expenses, direct or indirect, incurred in relation to the administration and business of the Fund including, without limitation, costs of printing and circulating reports and notices, all introduction and similar fees, abort costs, legal fees, administrators’, auditors’ and valuers’ fees, accounting costs and expenses (including any expenses associated with the preparation of the Fund’s financial statements, tax administration and tax returns and costs, fees and expenses (including a proportionate element of employment costs, such as salaries of personnel) of Delancey or any associate in preparing the Fund’s reports, accounts and all related records) and all costs, fees and expenses of Delancey in procuring or providing services whether or not specified in the Fund’s Advisory Agreement (such as Fund-specific travel and subsistence related costs), fees, costs and expenses incurred in relation to any custodian or nominee of the Fund’s assets, establishment and ongoing fees and

expenses of any conduit entity, external consultants' fees, advertising costs, bank charges, costs of annual meetings of the Fund's shareholders, insurance costs, borrowing costs, hedging costs, extraordinary expenses (such as litigation) and all stamp duties and fees of lawyers, auditors, valuers and any external consultants arising in respect of identifying, evaluating, negotiating, acquiring, holding, monitoring, developing, refurbishing, protecting and realizing Fund investments.

Expenses that may be incurred by the other Delancey Clients are set forth in the relevant Client Documents.

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

The Client Documents provide that, in respect of certain of the Delancey Clients, DREAM may earn a performance-based fee.

The terms of the performance-based fees could incentivize DREAM to make recommendations regarding potential investments and the timing and structure of realization transactions that may not be in the best interests of the Delancey Clients. For example, DREAM may be incentivized to recommend more risky or speculative investments than it would otherwise make in the absence of performance-based compensation.

Further, the fact that certain Delancey Clients are not charged any performance-based fees and that certain Delancey Clients are charged higher performance-based fees than other Delancey Clients could incentive DREAM to allocate more time or better investment opportunities to those Delancey Clients that are charged performance-based fees (or higher performance-based fees). See DREAM's allocation policy below in Item 12 for an explanation of its procedures related to the allocation of investment opportunities.

### **Item 7 – Types of Clients**

As noted in Item 4 above, DREAM provides non-discretionary investment advisory and asset management services to the Fund, which is incorporated as a BVI 'Private Limited Company' and operates as an evergreen fund. Interests in the Fund and the Fund itself 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 Fund 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(c)(1) and/or 3(c)(7) of the Investment Company Act.

Investors in the Fund were required to complete and submit a Subscription Agreement binding them to the terms of the relevant Client Documents. There was no minimum investment for participation in the Fund.

Other Delancey Clients include the JV Clients (as described in Item 4 above).

## **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 utilize their expertise and experience to support DREAM in implementing the Delancey Clients' investment strategies (see below), providing a number of defined services as follows (as applicable, based on the relevant Client Documents):

- 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 optimize the clients' financial returns; and/or
- 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 the Delancey Clients.

#### *Investment Strategy*

DREAM makes recommendations, consistent with the relevant Delancey Client's 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 Delancey Client to acquire real estate companies and other businesses with significant underlying real estate exposure;
- advise the Delancey Client to inject both capital and business expertise to establish new business platforms; and
- recommend that the Delancey Client 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, if required by the relevant Advisory Agreement, 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 relevant Delancey Client's 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 mitigated consistent with DREAM's conflict management policy, including consideration and approval by its Conflicts Committee where required by the relevant Client Documents or the conflict management policy. If required, there may be communication with the Delancey Client (or in respect of the Fund, the Fund Board) to ensure that any such conflict is cleared, and in respect of the Fund, if deemed necessary, the conflict may need to be addressed by convening a meeting of the Fund's Shareholder Committee.

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 its 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 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 relevant Delancey Client. If the investment acquisition is approved by the Investment Committee, it will advise DREAM, who will then prepare Investment Committee Minutes together with a formal recommendation, which is submitted to the relevant Delancey Client (or, in respect of the Fund, 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 is in the best interests of the relevant Delancey Client, and will ultimately be responsible for accepting or declining the

recommendation from DREAM. In cases where the Investment Committee does not approve a transaction, DREAM will not make any recommendation to the relevant Delaney Client, but will notify them of the fact that the Investment Committee has rejected the transaction.

### *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 Delancey Clients' 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 Delancey Clients generally 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 a Delancey Client 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 Delancey Client. The returns achieved on an investment by a Delancey Client, which generally has 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 Delancey Client's financial performance 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 a Delancey Client is able to obtain favorable financing terms for real estate investments by the Delancey Client may affect its ability to generate attractive investment returns. While the Delancey Clients do not generally borrow, other than through a short term overdraft or revolver facilities, it is sometimes the case that investment holding companies established by the Delancey Client 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 Delancey Client 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. A Delancey Client's 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 Delancey Client's projections could materially affect actual returns and could materially lower returns. As Delancey Clients 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 Delancey Clients may be satisfactory, it is not expected that any significant amount of income or proceeds will be distributed in the early years of the property ownership period.

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 Fund are not freely transferable and no market for such shares currently exists, nor is one expected to develop. Upon the termination of the Fund, certain investments in unquoted companies may be distributed in specie so that investors in the Fund may then become minority shareholders in a number of unquoted companies. Furthermore, it may prove necessary for the Fund to dispose of properties at values which the Fund considers 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.

Risks Related to Joint Ventures. Any investment commitment by the Fund 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, 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 Fund are synergistic with its own capabilities and with the interests of the Fund.

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 Delancey Clients may invest may require the approval of or compliance with regulations of 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 Delancey Client to manage or dispose of projects in a manner that would be most advantageous to it.

## **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**

As noted in Item 4, DREAM has entered into Advisory Agreements with certain JV Clients for the management of certain JV partners' investments in their respective JV Clients with the Fund. Certain of the services provided by DREAM under these Advisory Agreements are non-investment advisory asset management services. Additionally, in some cases, senior DREAM employees may serve on the Boards or Operational Board of such JV Clients in which the Fund invests, providing an oversight role on behalf of the Fund. Any recommendations made on the Boards or Operational Board of such JV Clients by such a DREAM employee is guided by the investment strategy of the Fund and approved by the Fund Board (either via a client-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 by two individuals who are also investors in the Fund. Therefore, fees paid to DREAM are shared in part with these individuals.

DREAM's 100% owned subsidiary, DAM, provides investment advice and asset management services for a JV client, as well as a UK pension fund (associated with sourcing and asset managing ground rent and other RPI linked investments) and a family office client for the management of an office complex in London. As described in Item 4, the advisory services provided by DAM will be managed and carried out using resources from DREAM's professional and investment staff. Generally, each of the conflicts discussed as related to DREAM in this Brochure are also relevant to DAM.

## **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, its affiliates and their 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 or its affiliate 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 Fund's Memorandum & Articles of Association from serving as principals to any other investment advisers aside from DREAM. However, as disclosed in this Brochure last year, in respect of serving as an investment adviser to other funds or other advisory client mandates, DREAM is no longer precluded from acting as investment adviser to such new clients.

Any potential conflict of interest will be considered and mitigated consistent with DREAM's Portfolio Management Policy and Conflicts of Interest Policy, including review and approval from the Conflicts Committee, and if deemed necessary, addressing the conflicts with the Fund Board or other client. If required, in respect of the Fund, this may also be required to be presented to the Fund's Shareholder Committee.

DREAM does not generally engage in principal or cross transactions. However, in accordance with the anti-fraud provisions of the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**") and with DREAM's internal compliance policies and procedures, DREAM will not, as principal, sell a security to, or buy a security from, a Delancey Client without obtaining the consent of the Fund Board or the other Delancey Client prior to the settlement of such transaction.

## **Item 12 – Brokerage Practices**

### **Selection of Brokers**

DREAM does not adhere to any rigid formulas in selecting brokers to recommend to the Delancey Clients, but instead weighs a combination of the criteria discussed in this Item 12. DREAM has no 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 a Delancey Client.

DREAM and its affiliates generally do not recommend the services of related persons to the Delancey Clients. In connection with its determination of whether best execution has been obtained, in addition to net price, DREAM considers 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, a Delancey Client 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 a Delancey Client even though its 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 recommends real estate brokers for Delancey Client-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 relevant Delancey Client 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 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 a Delancey Client, 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 Delancey Clients. DREAM may also receive:

- Breakfast seminars or other free events on property-related matters covering direct property, insurance, accounting and tax;
- 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 DREAM’s Anti-Bribery Procedures, which are designed to mitigate against undue influence or preferential treatment in the selection of service providers, brokers and agents on behalf of Delancey Clients.

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 Delancey Clients 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 the Delancey Clients pay commissions higher than those charged by other real estate brokers or broker-dealers in return for soft-dollar benefits or direct Delancey Client-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 or client referral from broker-dealers in selecting or recommending brokers to the Delancey Clients.

## **Directed Brokerage**

DREAM does not enter into directed brokerage arrangements.

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

DREAM and its affiliates currently advise multiple clients with open investment periods. Hence, DREAM and its affiliates, in their roles as investment advisers to their clients, have considered how they would address conflict management and asset allocation between clients, with protocols being adopted, and then continually reviewed and enhanced. This ensures that policies and procedures are in place if there were more than one client with the same or similar investment objectives and strategies, whereby such investments can be allocated in accordance with such policies and procedures.

As part of this review, DREAM and its affiliates have updated their policies, which set out:

- identification of circumstances which constitute, or may give rise to a conflict;
- clear guidance on how conflicts are to be considered and dealt with by the business; and
- the necessary protocols to be adopted to manage any such conflicts.

A number of associated protocols have also been introduced, which include employees being advised that they must be at all times sensitive to any form of an actual or potential conflict of interest arising in the course of normal business activities, and immediately report these via a Conflicts Notification Form to the Chief Compliance Officer or Chief Operating Officer, so that it may be appropriately considered and addressed on a timely basis.

Any such conflicts would be considered by the Conflicts Committee, whose role is to review and consider conflicts of interest (i.e., asset allocation between clients, conflicts between the Delancey Advisory Team interests and clients and other potential conflicts) and take appropriate action, which might require notification and consent from the client affected.

DREAM and its affiliates consider that an asset clearly does not meet the investment criteria of one client, but seems like a credible opportunity for another client, they might still revert to the Conflicts Committee to ensure that there is no concern or conflict in offering the opportunity to another client.

Further, in respect of asset allocation between clients, to the extent that an opportunity meets the investment criteria of more than one client, these will be considered, assessed and allocated in relation to how 'best' the investment meets the respective core investment strategies, the

amount of the total investment mandate, the size of the individual asset and the preferred asset types, asset locations and tenure types of the relevant client.

If the opportunity can still not be equitably allocated, it may then be offered on a pro-rata or allocated on a rotational basis between the relevant client, again subject to review from the Conflicts Committee.

### **Co-Investments**

Certain investors, by virtue of their class of shares held in the 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 Client Documents. Additionally, in respect of the Fund, DREAM affiliates and parties associated with DREAM have the option to invest up to 10% in any investment, in accordance with the relevant Client Documents.

### **Item 13 – Review of Accounts**

DREAM prepares quarterly management accounts for each Delancey Client, together with an Investment Advisor's Report, and provides the relevant reports to all Fund investors (simultaneously) and JV partners. Together, these reports include commentary on investments, a market summary, a banking summary, financial statistics and cash/drawdown positions. The management account for each Delancey Client (including reports on current and potential investments and cashflow/liquidity reports) is prepared quarterly by the DREAM finance team and is 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 the Fund, which includes a review of all investments and an update to the Fund 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 the Fund both via email and directly onto the investor websites as necessary to highlight transactions or significant events in the quarter under review.

Reports are provided to the other Delancey Clients based on the terms of the relevant Advisory Agreements (or as otherwise agreed between DREAM and a Delancey Client).

### **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.

To the extent that existing investors in the Fund 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 Fund directors 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 the Fund.

Additionally, DREAM does not pay any commission or referral/introduction fee for the identification of new JV partners or separate accounts. 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 Delancey Clients' securities and funds are held by qualified custodians. Since DREAM is organized, and its principal office and place of business is, outside of the United States, and certain of its clients (including the Fund) are organized and incorporated outside of the United States, DREAM is not required to comply with the Advisers Act Custody Rule 206(4)-2 in respect of those clients, 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 the Fund by an independent public accounting firm and the audited financial statements are distributed to each investor in the Fund. Investors in the Fund are urged to carefully review such audited financial statements.

Under the terms of the Advisory Agreement 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 Fund's 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 the Fund's securities and funds by virtue of being signatories to certain of the Fund's bank accounts.

The Fund and JV Clients are audited annually by Ernst & Young (independent public accountants), and each investor in the Fund and 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 Delancey Clients. All investment recommendations made by DREAM to a Delancey Client may be accepted or rejected at the discretion of the Delancey Client (or, in the case of the Fund, the Fund Board). However, under the terms of the Advisory Agreements and other Client Documents, DREAM (and the other non-DREAM affiliated members of the relevant client board) has the authority to implement asset management services within the parameters of a client-approved Business Plan.

Any post-acquisition actions (not defined within the scope of a client-approved Business Plan) would require a formal recommendation to the Fund or other Delancey Client (as applicable) and subsequent client approval before it can be implemented. In the case of the JV Clients, senior DREAM employees would be representing the interests of the JV Clients on the Board or Operational Board of such JV Clients and would seek to ensure that any such action as proposed by the Board or Operational Board of such JV Clients is appropriately communicated to the Fund Board and approval sought before proceeding.

The Fund has the right to enter and has entered into agreements, such as side letters, with certain investors in the Fund. These agreements may have the effect of establishing rights under, altering or supplementing the terms of the Client 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 incentivize 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.